

GLOSSARY OF FUNDS & KEY TERMS

General Fund: The balanced group of accounts used to record all financial resources except those required to be recorded and accounted for in another fund. The General Fund is normally used to record day-to-day operating activities.

Special Revenue Fund: A group of self-balancing accounts where revenues and expenditures are identified for specific and/or restricted uses. Financial activity reported in this fund includes excise Tax proceeds, Local Option Gas Tax proceeds, Half – cent Transportation Tax proceeds, Grant activities, and, when necessary, hurricane or storm related costs.

Capital Projects Fund: A group of accounts used to record the costs (or use of financial resources) for the acquisition or construction of major capital facilities or infrastructure, except those transactions specifically related to proprietary (or enterprise), special assessments, or expendable trust funds. Qualified transactions must be valued at least \$1,000 and have a life expectancy of a minimum of 3 years. All assets valued over \$5,000 are subject to depreciation.

Debt Service Fund: A group of self-balancing funds established to record the accumulation of resources (cash) and corresponding disbursements for the payment of general obligation bond principal and interest costs, and other long-term financing.

Enterprise (or Proprietary) Fund(s): A group of segregated accounts, grouped together to record the costs (whether direct or indirect) for operations financed and operated in the same or similar manner as a private business. The concept of an enterprise fund is that it is an on-going concern and does not legally or formally require legislative authority to operate—except to determine and set up fees. Unlike the general fund, enterprise funds are recorded using the full-accrual method of accounting meaning that revenues are recorded as earned, whether or not received and expenses are recorded as incurred, whether or not paid. Enterprise Funds also include depreciation charges to accumulate Replacement Funds.

Excise Tax Fund: This fund records utility and franchise fees pledged for repayment of debt service to meet loan requirements. Revenues are then transferred to the General Fund as unrestricted revenues.

Internal Service Funds: Individual groups of accounts established to record the financing of goods or services provided by one village division to another. Funding (or the revenue portion) for these funds are based upon cost allocation schedules. The Village uses Internal Service Funds to centralize costs for insurance and fleet. These type funds record all transactions using the full accrual accounting method including depreciation.

Expendable Trust or Agency Fund: Individual groups of funds and accounts used to segregate specific dollars or assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and/or funds. Included in this category are the Law Enforcement Training Trust Fund and Pension Fund.



Ad Valorem Taxes: Taxes paid on the assessed value of land, buildings and personal properties including business inventory and equipment as determined by the Miami-Dade County Property Appraisers Office. The ad valorem taxes represent the largest source of revenues for general operations and are used to support the general operations and debt service obligations of the Village. (*Cross reference “Property Taxes” and “Millage Rate”.*)

Appropriation: Monies, funds or dollars allocated and authorized by the Village Council for specifically designated purposes.

Bond Funds: Proceeds from the sale of general obligation or revenue bonds for the construction of capital facilities. (*Cross reference Capital Projects Fund to which bond funds are occasionally referred.*)

Budget: A balanced fiscal plan for programs, services and construction projects funded within available resource limits during a specific period of time - usually one year. A Balanced Budget is legislatively mandated by Florida State Statute Section 200.065 for the General and Special Revenue Funds each fiscal year.

GLOSSARY OF FUNDS & KEY TERMS - Continued

Fiscal Year: A 365-day period of time during which operations are recorded. Under statutory provisions, the fiscal year for Miami Shores Village is October 1 through September 30.

Fund: A self-balancing group of accounts treated as an entity to meet legal requirements of Generally Accepted Accounting Principles commonly referred to as “GAAP”.

Fund Balance: The Equity position or Net Worth of the general, special revenue and trust funds resulting from the residual cash balance accumulated through the excess of revenues over expenditures from operations. *(Cross reference to “retained earnings” to explain equity positions of proprietary funds).*

Half-Cent Transportation Surtax: Effective January 1, 2003, a new ½-cent tax on products sold in Miami-Dade County, proceeds of which are accumulated and a portion of which is distributed to participating municipalities. Receipts in this fund must be used to promote, enhance, maintain and /or expand transportation and transportation-related activities in the community. Proposed budgets are submitted to the Miami-Dade Transit Authority by the Village by June 1st of each year. The proposed budgets are reviewed and considered by a community board. Once approved, the Village receives proceeds on a monthly basis.

Local Government 1/2-cent Sales Taxes: The value of a state-imposed \$0.005 (1/2-cent tax levy collected on all taxable sales state wide which is subsequently allocated to all Counties then apportioned to the local taxing authorities within the counties’ jurisdiction based upon the population of the municipality.

Local Option Gas Taxes: A two-part county-imposed levy on each gallon of motor fuel or other petroleum related products. The tax, levied with state approval, is comprised to two portions: a six-cent levy and a three-cent levy. These funds are restricted to repairs to roads, rights-of-ways, easements, sidewalks, streetlights, curbs and alleys. General provisions of this tax are defined in

Florida State Statute Section 206, and further defined by the Miami-Dade County Home Rule Charter.

Millage Rate: The value of one dollar (\$1.00) of tax for each \$1,000.00 of assessed value of tangible, real and personal properties as determined by the Miami-Dade County Property Appraisers Office on the first of each calendar year for the subsequent fiscal year.

Operating Budget: A balanced and consolidated fiscal plan to provide governmental programs and services for a single fiscal year.

Personnel costs: The total planned expenditures related to salaries, taxes, and fringe benefits including health insurance premiums, leave time (paid or unpaid), pension, compensatory time when applicable, worker’s compensation premiums, longevity, cost-of-living and merit increases.

Prior year encumbrances: Outstanding financial obligations of the Village to purchase goods and/or services which had not yet been paid at the end of any given fiscal period. It is not necessary to ascertain whether or not the product or service had been received, but that the obligation existed. The transaction to record the obligation is identified in each respective funds’ Reserved Fund Balance of Reserve Retained Earnings account, requiring re-appropriation in the subsequent fiscal budget. This procedure is required to conform with generally accepted accounting principles.

Property Tax: *(See AdValorem Taxes)* - Taxes paid on the assessed or “just” value of land, buildings, or personal property as determined by the Miami-Dade County Property Appraisers Office on January 1st of each year.

Retained Earnings: The accumulated income less the costs incurred during operations and/or transferred out of the funds, resulting in the fund’s net worth. As with Fund Balance, positive retained earnings may be used to accumulate surplus cash for renewal and replacement of the respective funds’ assets or may be used to offset deficit operations.

GLOSSARY OF FUNDS & KEY TERMS - Continued

Revenues: Income derived from taxes, fees and charges for use. In the broad sense, *revenue* refers to all government income regardless of source, used to fund operations.

Rolled-back Millage Rate or Levy: The value of a millage levy which will provide the same amount of property (or ad valorem) taxes as was collected in the previous year, adjusted for the increase or decrease in net property assessments as determined by the Miami-Dade County Property Appraisers' Office. Excluded in the calculation are new levies for construction in progress, additions or deletions to structures, deletions or additions to property resultant from mergers, acquisitions or annexation efforts involving the geographical boundaries of the Village.

State Revenue Sharing: Funds collected and distributed by the State Department of Revenue directly to municipalities and other taxing authorities throughout the state as determined in the respective distribution formulas. The revenues included in this class are the "sin taxes" and other non-petroleum or general sales tax based goods.

