



DEFINITION OF TERMS

General, Recreation
and Special Fund
Operating Budget
Fiscal Year 2011/2012

Definition of Terms

In order to assist readers of this budget document, the following glossary of terms is provided.

Accounting Procedures

All processes, which discover, record, classify, and summarize financial information to produce financial reports and to provide internal control.

Accounting System

The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, fund types, balanced account groups, or organizational components.

Accrual Basis

The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flow.

Activity

The smallest unit of budgetary accountability and control for a specific function within the Park District

Appropriation

An authorization granted by the Board of Commissioners to make expenditures and to incur obligations for purposes specified in the Budget and Appropriations Ordinances.

Assessed Valuation

A valuation set upon real estate or other property by the County Assessor and the State as a basis for levying taxes.

Audit

A methodical examination of utilization of resources. It concludes in a written report of its findings. An audit is a test of management's accounting system to determine the extent to which internal accounting controls are both available and being used.

Audit Report

The report prepared by an auditor covering the audit or investigation made. As a rule, the report should include: (a) a statement of the scope of the audit; (b) explanatory comments concerning exceptions by the auditor as to application of generally accepted auditing standards; (c) opinions; (d) explanatory comments (if any) concerning verification procedures; (e)

financial statements and schedules; and (f) sometimes statistical tables, supplementary comments, and recommendations.

Budget Deficit

For any given year, an excess of budget outlays over budget receipts. The amount of the deficit is the difference between outlays and receipts.

Budget Detail

A more thorough breakdown and accounting of line item expenditures providing additional levels of expense information.

Budget Surplus

For any given year, an excess of budget receipts over outlays. The amount of the surplus is the difference between receipts and outlays.

Capital Budget

A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted separately from the operating budget. The capital budget should be based on a capital improvement program (CIP).

Capital Improvement Program

A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, 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.

Capital Projects Fund

A fund or funds created to account for financial resources to be used for the acquisition or construction of major capital facilities, amenities or items.

Contingency

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

Debt Service

Payment of interest and principal on an obligation resulting from the issuance of bonds or other long-term debt.

Deficit

The excess of expenditures over revenues during an accounting period.

Depreciation

Expiration in the service life of fixed assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Expenditures

Decreases in net financial resources. Expenditures include current operating expenses, which require the current or future use of net current assets, debt service, and capital outlays.

Fiscal Year

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

Fund

An accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of a fund are accounted for with separate sets of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund Balance

The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit.

General Corporate Fund

The fund used to account for all financial resources except those required to be accounted for in another fund.

General Obligation Bonds

When a government pledges its full faith and credit to the repayment of the bonds it issues, than those bonds are general obligation (GO) bonds. Sometimes the term also used to refer to bonds, which are to be repaid from taxes and other general revenues.

Income

A term used in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

Levy

(Verb) To impose taxes special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

Line Items

Individual budgeting categories that differentiate expenditure classifications from one another.

Maintenance

The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Modified Accrual Basis

The accrual basis of accounting adapted to the governmental fund type. Under it, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current". Expenditures are recognized when the related fund liability is incurred. All governmental funds are accounted for using the modified accrual basis of accounting.

Operating Budget

Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing acquisition, spending, and service delivery activities of the Park District are controlled. Law requires the use of annual operating budgets.

Operating Funds

Resources derived from recurring revenue sources are used to finance ongoing operating expenditures.

Ordinance

A formal legislative enactment by the governing board of the Park District.

Receipts

Cash received.

Reserve

An account used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure; and (2) an account used to earmark a portion of fund equity as legally segregated for a specific future use.

Resources

Total amounts available for appropriation including estimated revenues and beginning fund balances.

Special Revenue Funds

These funds are used to account for proceeds from specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Funds included in this fund category are Recreation, Illinois Municipal Retirement, Liability Insurance, Audit, Paving & Lighting, FICA/Medicare, and Special Recreation for the Handicapped.

Tax Levy

The total amounts to be raised by property taxes for purposes specified in the Tax Levy Ordinance.

Tax Rate

The amount of tax levied for each \$100 of assessed valuation.

TIF District

Tax Increment Finance District area located downtown La Grange