GLOSSARY AND ACRONYMS OF FREQUENTLY USED TERMS

The Annual Budget contains terminology unique to public finance and budgeting. This glossary was prepared to assist the reader of this document in understanding some of the terms.

Accrual Basis: The basis of accounting under which revenues are recorded when earned and expenses when the liability is incurred.

Appropriation: An authorization for a specific time period granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

Assessed Valuation: A value established for real or personal property to use as a basis for levying property taxes. Illinois law requires real property to be assessed at 33 1/3 percent of fair cash value. (The County Assessor establishes property values.)

Assets: Property owned by a government.

Audit Department: Is used to account for the revenues and expenditures in connection with the annual financial audit that is mandated by state statute. The revenues are received from a specific property tax levy, which can only be used for this purpose. This Department is part of the General Fund.

Basis of Accounting: A term used when revenues, expenditures, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual, or the accrual method.

Bond: A written promise to pay a specified sum of money (called the face value or principal amount) at a specified date in the future (called the maturity date) together with periodic interest at a specified rate.

Bonded Debt: That portion of indebtedness represented by outstanding bonds.

Budget: A fiscal plan showing estimated expenditures; revenue and service levels for a specific fiscal year. The budget is the primary means by which the expenditure and service levels of the District are controlled.

Budget and Appropriation Ordinance: A legal document adopted by the Board authorizing expenditures.

Budget Calendar: The schedule of key dates or milestones that the District follows in the preparation, adoption and administration of the budget.

Budget Surplus: For any given year, the budget surplus is the excess of budget receipts over expenses. The amount of the surplus is the difference between receipts and expenses.

Budgeted Staffing: Total work force expressed as full time Equivalent (FTE) positions. The FTE is calculated on 2080 hours. For example, a position working 40 hours per week for six months, or 960 hours, would be equivalent to .46 of a full-time position.

Budgetary Control: The level at which management must seek government body approval to amend the budget once it has been approved.
**Capital Assets/Improvements:** An acquisition or addition to fixed assets that has a value of $5,000 or more, and an estimated useful life of greater than five years. General categories commonly used include: land, buildings, building improvements, machinery and equipment and construction in progress.

**Capital Improvement Program:** A long-term plan for capital expenditures to provide physical improvements to be incurred over the next ten years. The plan is reviewed and amended annually.

**Capital Improvement Budget:** A Capital Improvement Program (CIP) budget is a separate budget from the operating budget. Items in the CIP are usually construction projects designed to improve the value of the government assets and are included in the first year of the ten year Capital Improvement Plan. Examples of capital improvement projects include new buildings and equipment and large scale remodeling and redevelopment.

**Capital Improvement Fund:** A fund created to account for financial resources to be used for projects in the Capital Improvement Budget for that fiscal year. No taxes are levied specifically for this fund. Funds are provided primarily by transferring revenue from other funds, donations, and grants.

**Capital Outlays:** Expenditures for the acquisition of capital assets.

**Cash Management:** The management of cash necessary to pay for government services while investing temporary cash excesses to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.

**Collar Counties:** The counties in Illinois contiguous to Cook County: DuPage, Kane, Will, Lake, and McHenry counties.

**Consumer Price Index (CPI):** A calculation of the average change in prices for goods and services purchased by households which is measured by the Bureau of Labor Statistics in the U.S. Department of Labor. A tax cap or the CPI, whichever is less, limits the annual property tax revenue received by the Park District.

**Contingency:** An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood, emergencies, federal mandates, increased revenues, and similar eventualities.

**Contractual Services:** The amount budgeted and appropriated for departmental and functional operating services. This includes, but is not limited to, utilities, consultants and outside contractor services, audit fees, printing, insurance, and training.

**Corporate Personal Property Replacement Tax:** Law enacted in 1979 to replace the corporate personal property tax. It consists of a State income tax on corporations, trusts, partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government’s share of Corporate Personal Property tax collections in a base year (1976 in Cook County or 1977 in Downstate Counties).

**Debt Service:** The District’s obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

**Debt Service Fund:** Is established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

**Department:** To meet GASB 34 requirements, certain funds in 2003 were organized by the Department categories as dictated by GASB 34. For example, the IMRF, FICA, Liability, and Audit Funds are now Departments within General Fund.
Depreciation: That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the cost of using up a fixed asset.

Effective Tax Rate: Is a measure of the property tax burden that reflects both the aggregate tax rate and the level of assessment.

Enterprise Fund: A fund established to account for operations that are financed and operated in a manner similar to private business enterprises or where the intent of the governing body is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. This type of fund measures economic performance or that the determination of revenues earned, costs incurred and/or net income is accurate for management accountability.

Equalization: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

Equalization Factor (multiplier): The factor that must be applied to local assessments to bring about the percentage increase or decrease that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

Equalized Assessed Valuation (EAV): The assessed value multiplied by the State equalization factor minus adjustments for exemptions. Taxes are calculated based on this property value.

Exemption: The removal of property from the tax base. An exemption may be partial, as a homestead exemption, or complete as, for example, a church building used exclusively for religious purposes. Park District properties are tax-exempt.

Expenditure: This term refers to the cost incurred to acquire goods or receive services regardless of when the expense is actually paid.

Expense Category: A means of identifying and analyzing the obligations incurred by the District in terms of the nature of the goods or services purchased (e.g., salaries and wages, supplies, contractual services, repairs, capital outlays) regardless of the function involved or purpose of the programs for which they are used.

Extension: The actual dollar amount billed to the property taxpayers of a district. The County Clerk extends all taxes.

FICA Department: Is used to account for the revenues and expenditures associated with the obligation to make payments to the Social Security Administration for the employer portion of the FICA payroll tax. The revenues are received from a specific property tax levy, which produces an amount sufficient to pay the District’s contributions on behalf of the District’s employees. Expenditures are limited to payment of the employer portion of the FICA tax for non-enterprise salaries and wages of park district employees. This Department is part of the General Fund.

Fiscal Year (FY): The time period designating the beginning and ending period for recording financial transactions. Elmhurst Park District uses January 1 to December 31 as its fiscal year.

Fixed Assets: Assets of a long-term character that is intended to continue to be held or used, such as land, buildings, and equipment.

Function: A major administrative division of the District that indicates overall management responsibility for an operation.
Fund: An independent fiscal and accounting entity with a self-balancing set of accounts. Commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds and fiduciary funds.

Fund Accounting: A governmental accounting system that is organized and operates on a fund basis. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Fund Balance: The assets of a fund less liabilities, as determined at the end of each fiscal year. Any reserved portions of fund balance are deducted to result in an “unreserved fund balance”.

Gateway Special Recreation Association: An organization consisting of members whose function is to provide recreation services for individuals with disabilities. The Park District is a contributing member to Gateway.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

General Fund: The principal operating fund of the District. It accounts for all revenues and expenditures of the District not accounted for in other funds. Most governmental services are provided by the General Fund including, but not limited to Park Services and Administrative Services.

General Obligation Bonds: Bonds that finance public projects such as new buildings and major renovation projects. The repayment of these bonds is made from property taxes and the bonds are backed by the full faith and credit of the issuing entity.

Goals: Describe specific plans a department or agency has for upcoming and future years to implement Strategic Plan priorities. Goals identify intended end results, but are often ongoing and may not be achieved in one year.

Governmental Accounting Standards Board (GASB): The ultimate authoritative body that sets accounting and financial reporting standards for state and local governments.

Government Finance Officers Association (GFOA): An association of public finance professionals that have played a major role in the development and promotion of GAAP for state and local government since its inception in 1906.

Governmental Fund Types: Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except those accounted for in proprietary and trust funds. Expendable assets are assigned to a particular governmental fund type according to the purposes for which they may or must be used. Current liabilities are assigned to the fund type from which they are to be paid. The difference between the assets and the liabilities of governmental fund types is referred to as fund balance. The measurement focus in these fund types is on the determination of financial position and changes in financial position (sources, uses and balances of financial resources), rather than on net income determination. The statement of revenues, expenditures and changes in fund balance is the primary governmental fund type operating statement. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers and other changes in fund balance. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

Grant: A contribution by a government or other organization to support a particular function. Typically, these contributions are made to the system from the state or federal government or from private foundations.
Illinois Association of Park Districts (IAPD): A nonprofit service, research and education organization representing park districts, forest preserves, conservation and recreation agencies. The District is a member of IAPD.

Illinois Parks and Recreation Association (IPRA): A non-for-profit organization and public interest group whose goal is to provide training, networking and outreach for Illinois park and recreation professionals.

Illinois Property Tax Extension Limitation Law: In July 1991, the Illinois General Assembly enacted the Property Tax Limitation Act. In January 1994, the provisions of the Property Tax Limitation Act were replaced by the Property Tax Extension Limitation Law, part of the Property Tax Code (the “Property Tax Limitation Law”). This Act limits the increase in property tax extensions to 5% or the percent increase in the national Consumer Price Index (CPI), which ever is less. The Act became effective October 1, 1991, and first applied to the 1991 levy year for taxes payable in 1992. Increases above 5% or the CPI must be approved by the voters in a referendum.

IMRF Department: Is used to account for the revenues and expenditures associated with the Illinois Municipal Retirement Fund. The Illinois Municipal Retirement Fund is a Multiple-Employer Agent retirement plan in which the government participates. The revenues are received from a specific property tax levy, which produces an amount sufficient to pay the Park District’s contributions to the Fund on behalf of the District’s employees. Expenditures are limited to payment of the retirement plan contributions excluding employee contributions. This Department is part of the General Fund.

Inclusion Costs: Expenses associated with the participation of an individual with disabilities in programs.

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

Infrastructure: Capital assets such as roads, bridges and water systems that have a longer life than most capital assets.

Interest Earnings: The earnings from available funds invested during the year in U.S. Treasury Bonds, Certificates of Deposit and other securities as approved in the Board of Park Commissioner’s investment policy.

Investments: A security or other asset acquired primarily for the purpose of obtaining income or profit.

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 the District.

Liabilities: Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date.

Liability Insurance Department: Is used to account for the revenues and expenditures associated with the Park District’s insurance and risk management activities. The revenues are received from a specific property tax levy. This Department is part of the General Fund.

Long Term Debt: Debt with a maturity of more than one year from the original date of issuance.

Maintenance: All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems, and land improvements.

Mission: Describes the purpose of a department and how it supports the overall mission of the organization.

Modified Accrual Basis: Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the basis amount of the transaction can be determined and “available” means collectible within the
current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Multipler:** See equalization factor.

**Museum Department:** Is used for revenues and expenditures needed for the cooperative programming agreement with Elmhurst Art Museum and a portion of the Museum/Conservatory operations in Wilder Park. This Department is part of the Recreation Fund.

**National Recreation and Parks Association (NRPA):** A non-profit organization and public interest group whose goal is to advocate for quality park and recreation opportunities nationally. The Park District is a member of NRPA.

**Net Income:** Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers over operating expenses, non-operating expenses, and operating transfers out.

**Non-Referendum Bonds:** General Obligation Bonds that can be issued without a referendum based on outstanding debt service extensions when the tax cap went into effect.

**Objectives:** Objectives are intended to address either a new service or project, or a significant change in focus or priority in response to a special community need or effort to improve services. Objectives are linked to Strategic Plan goals and accomplished in specific well-defined and measurable terms within a specific time frame.

**Operating Budget:** A financial plan outlining estimated revenues and expenditures and other information for a specified period excluding capital plan revenues and expenses (usually a fiscal year).

**Operating Expenses:** Fund expenses that are directly related to the fund’s primary service activities.

**Ordinance:** In its most common meaning, the term is used to designate the enactments of the legislative body of a local government. An ordinance is the equivalent of a municipal statute, passed by the body, for governing matters not already covered by federal or state law.

**Paving & Lighting Department:** Is used for the purpose of constructing, maintaining and lighting streets/roadways within the areas maintained by the District. This Department is part of the Capital Improvement Fund.

**PDRMA (Park District Risk Management Agency):** An agency that administers a joint risk management pool for government entities. The Park District is a member of PDRMA.

**Program:** An instructional or functional activity.

**Property Tax Revenue:** Revenue from a tax levied on the equalized assessed value of real property.

**Proprietary Fund Types:** The classification used to account for a District’s ongoing organizations and activities similar to those often found in the private sector (i.e., enterprise and internal services funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the
private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

**Public Act 87-17:** The Property Tax Extension Limitation Law that imposed tax caps in Illinois counties, non-home rule municipalities, and special districts such as park and school districts.

**Public Hearing:** The portions of open meetings held to present evidence and provide information on both sides of an issue.

**Prior Year’s EAV:** Equalized Assessed Valuation for the year prior to the year of the levy.

**Recreation Fund:** Is used for establishing and accounting recreational programs such as sports and fitness, visual and performing arts, youth and adult general interest, camps, teens, preschoolers, seniors and aquatics (excluding enterprise fund programs).

**Reserved Fund Balance:** The fund balance that is not available for appropriation or is legally segregated for a special future use.

**Revenue:** Funds that the government receives or earns. Examples of revenue sources include taxes, sponsorships, advertising, program fees, receipts from other governments, grants, shared revenues and interest income.

**Revenue Bonds:** Bonds whose principal and interest are payable exclusively from a revenue source pledged as the payment source before issuance, typically net income derived from the operation of the project or projects they finance.

**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.

**Salaries and Benefits:** The amount budgeted and appropriated for salaries, wages, health premiums, and fringe benefits.

**Source of Revenue:** Revenues are classified according to their source or point or origin (see Revenue).

**Special Recreation Department:** Is used to account for recreational programs and inclusionary services for Elmhurst residents with disabilities. This Department also includes membership in Gateway Special Recreation Association and improvements listed in the District’s Americans with Disabilities (ADA) transition plan. This Department is part of the Recreation Fund.

**Special Revenue Funds:** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

**Strategic Plan:** Long-range planning tool updated every five years and developed through a community planning process. It provides direction regarding the agency’s main focus and activities.

**Supplemental Appropriations:** Appropriations made by the Board of Commissioners, after an initial appropriation, to permit expenditures beyond the original estimates.

**Supplies:** The amount budgeted and appropriated for departmental and functional operating supplies. This includes office supplies, building, ground, equipment and vehicle maintenance supplies and other operating supplies.
**Tax Base:** The total value of all taxable real and personal property in the District as of January 1 of each year. The tax base represents net value after all exemptions.

**Tax Caps:** An abbreviated way of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Law (P. A. 87-17).

**Tax Levy:** The total amount to be raised by general property taxes for operating and debt service purposes.

**Tax Rate:** The amount of a tax stated in terms of a percentage of the tax base.

**Tax Rate Limit:** The maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit. Some levies are unlimited as to rate.

**Taxes:** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. The term does not include charges for services rendered only to those paying such charges such as membership charges.

**Transmittal Letter:** The opening section of the budget which provides the Board of Park Commissioners and the public with a general summary of the most important aspects of the budget and the views and recommendations of the Executive Director.

**Truth in Taxation Act:** Provides taxpayers with the means to check and review local government spending. It requires the District Board to publish a notice and hold a public hearing on their intention to adopt a levy exceeding the property taxes extended for the previous year by more than five percent.

**Unreserved Fund Balance:** In a governmental or private-purpose trust fund, the balance of net financial resources that are expendable or available for appropriation.

**User Fees:** The payment of a fee for direct receipt of a public service by the party benefiting from the service.