

# GLOSSARY

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**Ad Valorem Tax** - A tax levied in proportion to the value of the property against which it is levied.

**Adopted Budget** - The financial plan for the fiscal year beginning October 1. It is required by law to be approved by the Board of County Commissioners at the second of two public hearings.

**Amendment One** – Approved by the voters of Florida on January 29, 2008, and made the following changes which reduced taxable property values and revenues available to local government:

- “Doubled” the existing \$25,000 homestead exemption (except for school taxes)
- Allows for up to \$500,000 of the Save Our Homes exemption to be applied to another property (portability)
- Imposed a 10.0% cap on assessments for non-homestead property (school taxes exempt)
- Instituted a new tangible personal property exemption of \$25,000

**American Recovery & Reinvestment Act of 2009** - In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) of 2009 at the urging of President Obama, who signed it into law on February 17th. A direct response to the economic crisis, the Recovery Act has three immediate goals: (1) Create new jobs as well as save existing ones; (2) Spur economic activity and invest in long-term economic growth; and (3) Foster unprecedented levels of accountability and transparency in government spending.

**AMT** - Alternative Minimum Tax. An income tax imposed by the United States federal government on individuals, corporations, estates, and trusts. AMT is imposed at a nearly flat rate on an adjusted amount of taxable income above a certain threshold (exemption).

**Appropriation** - The legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in the amount and as to the time when it may be expended. It is the act of appropriation that funds the budget.

**ARM** - Adjustable-rate mortgage.

**Assessed Value** - A valuation set upon real estate or other property by a government as basis for levying taxes. Taxable valuation is calculated from an assessed valuation. The assessed value is set by the Property Appraiser.

**Beginning Fund Balance** - The Ending Fund Balance of the previous period. (See Ending Fund Balance definition.)

**Board of County Commissioners (BCC)** - The Board of County Commissioners is the seven member legislative and governing body for Pinellas County.

**Bond** - Written evidence of the issuer's obligation to repay a specified principal amount on a certain date (maturity date), together with interest at a stated rate, or according to a formula for determining that rate.

**Budget** - A financial plan containing an estimate of proposed revenues and expenditures for a given period (typically a fiscal year).

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**Capital Budget** - The financial plan of capital project expenditures for the fiscal year beginning October 1. It incorporates anticipated revenues and appropriations included in the first year of the ten year Capital Improvements Program (CIP), and any anticipated unspent appropriation balances from the previous fiscal year. The Capital Budget is adopted by the Board of County Commissioners as a part of the annual County Budget.

**Capital Improvement Program (CIP)** - A proposed plan, covering each year of a fixed period of years, for financing long-term work projects that lead to the physical development of the County.

**Capital Outlay or Capital Equipment** - Items such as office furniture, fleet equipment, data processing equipment, and other operating equipment with a unit cost of \$1,000 or more.

**Capital Project** - An improvement or acquisition of major facilities, roads, bridges, buildings, or land with a useful life of at least five years.

**Charge for Services** - Charges for a specific governmental service which covers the cost of providing that service to the user (e.g., building permits, animal licenses, park fees).

**Constitutional Officers** - They are elected to administer a specific function of County government and are directly accountable to the public for its proper operation. Constitutional Officers include the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, the Supervisor of Elections, and the Tax Collector.

**Cost Center** - A budgeting entity which encompasses object level accounts (appropriations) that are used to monitor organization or program level expenditures.

**Debt Service** - The dollars required to repay funds borrowed by means of an issuance of bonds or a bank loan. The components of the debt service payment typically include an amount to retire a portion of the principal amount borrowed (i.e., amortization), as well as interest on the remaining outstanding unpaid principal balance.

**Debt Service Fund** - An account into which the issuer makes periodic deposits to assure the timely availability of sufficient monies for the payment of debt service requirements (i.e., principal and interest). The revenues to be deposited into the debt service fund and payments from there are determined by terms of the bond covenants.

**Debt Service Coverage Ratio** - A ratio indicating the amount of cash available to meet annual principal and interest payments on debt. The general calculation is net operating income divided by the total debt service amount.

**Dependent Special District** - A special district, whose governing body or whose budget is established by the governing body of the County or municipality to which it is dependent.

**Designated Funds** – Funds that are set apart for a specific purpose to fund on-going or one-time expenditure. Examples are bond proceeds, reserves for fund balance, reserve for contingencies (“Rainy Day Fund”) and “pay as you go” reserves for future facility renewal & replacement found mostly in the Enterprise Funds.

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**Elected Officials** - Elected Officials include the Board of County Commissioners, the Judiciary, the State Attorney, the Public Defender and five Constitutional Officers: the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector.

**Ending Fund Balance** - Funds carried over at the end of the fiscal year. Within the fund, the revenue on hand at the beginning of the fiscal year, plus revenues received during the year, less expenses equals ending fund balance. The Ending Fund Balance becomes the Beginning Fund balance in the next fiscal year.

**Enterprise Fund** - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Fannie Mae – Federal National Mortgage Association (FNMA)** – A government-sponsored enterprise (GSE) that was created in 1938 to expand the flow of mortgage money by creating a secondary mortgage market. Fannie Mae is a publicly traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate-, and middle-income Americans. Fannie Mae purchases and guarantees mortgages that meet its funding criteria. Through this process it secures mortgages to form mortgage-backed securities (MBS). The market for Fannie Mae's MBS is extremely large and liquid.

**Fire Protection District** - A designated area in the County where ad valorem revenues are collected from property owners and distributed to local cities and other agencies to finance fire suppression services to the area.

**Fiscal Year** - A twelve-month period of time to which the annual budget applies. At the end of this time, a governmental unit determines its financial position and the results of its operations. The Pinellas County fiscal year begins on October 1 and ends on September 30 of the subsequent calendar year.

**Foreclosure** - A legal process by which a mortgagee's right to redeem a mortgage is taken away, usually because of failing to make payments.

**Freddie Mac – Federal Home Loan Mortgage Corp (FHLMC)** - A stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

**Fund** - An accounting entity with a complete set of self balancing accounts established to account for finances of a specific function or activity. The resources and uses are segregated from other resources and uses for the purpose of carrying on specific activities or attaining specific objectives in accordance with special regulations, restrictions, or limitations.

**Fund Accounting** – Accounting method generally used by governmental agencies. Usually consists of eleven classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds,

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capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**Funding Sources** - The type or origination of funds to finance ongoing or one-time expenditures. Examples are ad valorem taxes, user fees, licenses, permits, and grants.

**General Fund** - This fund accounts for all financial transactions except those required to be accounted for in other funds. The fund's resources, ad valorem taxes, and other revenues provide services or benefits to all residents of Pinellas County.

**Gross Domestic Product** - Gross Domestic Product (GDP) is the generally accepted measure of the size of the national economy. GDP measures the total market value of all final goods and services produced in a country in a given year.

**Gross Metro Product** - Similar to Gross Domestic Product, Gross Metropolitan Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area in a given period of time.

**Independent Agencies** - A variety of agencies, councils, and other organizational entities responsible for administering public policy functions independently of the Constitutional Officers and County Administrator. These entities are subject to Board of County Commissioner appropriation, but operate under the purview of a legislative/policy making body other than the Board of County Commissioners.

**Infrastructure** - Infrastructure is a permanent installation-such as a building, road, or water transmission system - that provides public services.

**Intergovernmental Revenue** - Revenue collected by one government and distributed (usually through some predetermined formula) to another level of government.

**Internal Service Fund** - A fund established to finance and account for services and commodities furnished by one department to other departments on a cost reimbursement basis.

**Mandate** - A requirement imposed by a legal act of the federal, state, or local government.

**Metropolitan Statistical Area (MSA)** – MSA is a formal definition of a metropolitan area established by the United States Office of Management and Budget division. MSA's are used to group counties and cities into specific geographic areas for the purposes of a population census and the compilation of related statistical data.

**Millage Rate** - A rate applied to a property's taxable value to determine property tax due. As used with ad valorem (property) taxes, the rate expresses the dollars of tax per one thousand dollars of taxable value (i.e., a 5 mill tax on \$1,000 equals \$5.00).

**Mission Statement** - A broad statement of purpose, which is derived from organization and/or community values and goals.

**Mortgage backed securities (MBS)** - A type of security whose cash flows come from debt such as mortgages, home-equity loans and subprime mortgages. This is a type of security that

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typically focuses on residential instead of commercial debt. MBS are sold and purchased in the open market. Holders of a MBS receive interest and principal payments that come from the holders of the debt.

**Municipal Services Taxing Unit (MSTU)** - A special district authorized by the State Constitution Article VII and Florida Statutes 125.01. The MSTU is the legal and financial mechanism for providing specific services and/or improvements to a defined geographical area. An MSTU may levy ad valorem taxes without a referendum. An MSTU may also use assessments, service charges, or other revenue to provide its sources of income. In Pinellas County, the MSTU is all the unincorporated areas of the County.

**Net Exports** - Exports minus imports.

**Operating Budget** - The operating budget includes appropriations for recurring and certain one-time expenditures that will be consumed in a fixed period of time to provide for day-to-day operations (e.g., salaries and related benefits; operating supplies; contractual and maintenance services; professional services, and software).

**Personal Services** - Expenses for salaries, wages and related employee benefits provided for all persons, whether full-time, part-time, temporary, or seasonal.

**Predatory lending** - The practice of unscrupulous lenders to enter into unsafe or unsound secured loans for inappropriate purposes.

**Pro-rate** - A budgetary convention (used in Community Development and Fire Administration) that allows for centralized departmental services to be budgeted for in one cost center, with the actual costs being allocated to the specific users of the service in other cost centers. This is technically accomplished by appropriating a negative amount for the total central departmental service. An allocation of the central services total appropriation is then budgeted in each of the user cost centers, thereby reflecting the total cost to that particular function.

**Recession** - A significant decline in activity across the economy, lasting longer than a few months, that is visible in industrial production, employment, real income and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's gross domestic product (GDP).

**Reserves** - Included in this category are funds required to meet both anticipated and unanticipated needs; the balance of anticipated earmarked revenues not required for operation in the budget year; those required to be set aside by bond covenants, and accumulated funds set aside to finance capital construction on a pay-as-you-go basis.

**Revenue** - The amount estimated to be received from taxes, fees, permits, or other sources during a fiscal year.

**Revised Budget** - The current year adopted budget adjusted to reflect all budget amendments approved by the Board of County Commissioners as of a certain date.

**Rolled-Back Rate** - The millage rate which, when applied to the total amount of taxable value of property (excluding new construction), produces the same amount of tax dollars as the previous year. Calculation of the "rolled-back rate" is governed by Florida Statutes.

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**Save Our Homes Amendment** - The amendment was intended to protect homeowners from escalating property tax bills resulting from growth in market value, a situation that was perceived to be forcing some people, particularly residents on fixed incomes, to sell their homes.

**Shadow Banking System** - All financial intermediaries involved in facilitating the creation of credit across the global financial system, but whose members are not subject to regulatory oversight. Shadow Banking System also refers to unregulated activities by regulated institutions. Examples of intermediaries not subject to regulation include hedge funds, unlisted derivatives, and other unlisted instruments.

**Special Assessment Fund** - A fund used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

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

**Statute** - A written law enacted by a duly organized and constituted legislative body.

**Support Funding** - Support funding is provided by the Board of County Commissioners for those activities for which costs do not apply solely to any specific county department's function, but are either applicable to the operation of county government as a whole, or are provided for the public good.

**Taxable Value** - The assessed value of property minus any authorized exemptions (i.e., agricultural, homestead exemption). This value is used to determine the amount of property (ad valorem) tax to be levied.

**Taxes** - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

**Toxic Assets** –The term "toxic asset" was coined in the financial crisis of 2008/09, in regards to mortgage-backed securities, collateralized debt obligations and credit default swaps, all of which could not be sold after they exposed their holders to massive losses. A toxic asset is one that becomes illiquid when its secondary market disappears. Toxic assets cannot be sold, as they are often guaranteed to lose money. Many hedge funds, banks, and financial institutions invested heavily in mortgage-backed securities and collateralized debt obligations, often using borrowed money, and thus increasing their exposure. This strategy proved profitable during the housing boom, but resulted in enormous losses when house prices began to decline and mortgages began to default. These "toxic assets" were purchased by banks around the world contributing to a general sense of panic as mortgage defaults rose and liquidity fell.

**Transfers** - Because of legal or other restrictions, monies collected in one fund may need to be expended in other funds. This is accomplished through Transfer-In (a source of funds) for the recipient fund and an equal Transfer-Out (a use of funds) for the donor fund. When this movement occurs between different funds, it is known as the Interfund Transfer.

**Unincorporated Area** - That portion of the County which is not within the boundaries of any municipality.