

# Appendix A

## Glossary of Terms

The Capital Improvement Program contains terminology used frequently in public finance, governmental accounting and government budgeting. The following definitions are provided to aid the reader.

**Acquisition:** Process of purchasing goods and services (including construction) for the use of a governmental activity through purchase, rent, or lease. Includes the establishment of needs, description of requirements, selection of procurement method, selection of sources, solicitation of procurement, solicitation for offers, award of contract, financing, contraction administration, and related functions.

**Airport Levy:** The City applies a general tax levy against taxable property located in St. Cloud for the purpose of paying a portion of airport capital costs.

**Bond:** A written promise to pay a specified sum of money called the face value or principal amount, at a specified date or dates in future, called the maturity date(s), together with periodic interest at specified rate. The difference between a note and a bond runs for a longer period of time and requires more legal formality.

**Bond Rating:** A rating from a schedule of grades indicating the probability of timely repayment of principal and interest on bonds issued by the rating entity.

**Budget:** A plan of financial operation showing an estimate of proposed expenditures for a given period and the proposed ways of financing them. The term usually indicated a financial plan for a single year.

**Budget Year:** The fiscal year for which the budget is being considered, that is the fiscal year following the current year.

**Capital Improvements Plan:** An expenditure plan for capital spending to be incurred each year over a fixed period of five years, setting forth each capital project, identifying the expected beginning and ending date of each project, the amount to be spend each year, and the method of financing the project.

**Comprehensive Plan:** The current adopted land use plan for the City of St. Cloud. This plan guides the future growth and development of the city.

**County State Aid:** Counties receive an allocation of funding from the State of Minnesota that is spent on road construction projects on eligible streets and highways.

**Debt:** An obligation resulting from borrowed money or from the purchase of goods and services. Debts of governments include bonds and notes.

**Department:** A major administrative division of the city which manages an operation or group of related operations within functional area.

**Development Fund:** This fund was established in the St. Cloud City Charter for the purpose of providing funds for short-term and long-range planning for the City.

**Environmental Impact Statement:** A detailed analysis of the probable environmental consequences of proposed federal legislation, major federal actions, or large-scale construction making use of federal funds, likely to have significant effects on environmental quality; such a statement is required by the National Environmental Policy Act of 1969.

**Expenditure:** The issuances of checks, disbursement of cash, or electronic transfer of funds made to liquidate obligation. Where accounts are kept on an accrual or modified accrual basis, expenditures are recognized whether or not cash payments have been made. Where accounts are kept on cash basis, they are recognized only when cash payments have been made.

**Expenses:** The outflow of assets or incurrence of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.

**Fiscal Year:** The new year for most government agencies starts October 1st.

**Federal – TEA21:** This is a Federal Transportation Funding for Federal projects within the City of St. Cloud.

**Fund:** A budgetary and accounting entity which is segregated from other funds for the purpose of performing specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

**Future Sales Tax:** Refers to the potential extension of the existing Sales Tax levy. Extension is dependent upon legislative approval.

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

**General Obligation Bonds:** Bonds that are backed by full faith and credit of the issuing government.

**Grant:** A contribution by a government or other organization to support a particular function.

**Land Bank Credit:** The current federal participation rate in airport projects is 95%, which makes our local share 5%. By purchasing land with state and local dollars, it allows us to use that "credit" as our local share for federal projects as we develop into the future. For example, when we purchase land for \$1M by using state and local funds that we've acquired through bonding, that allows us to leverage up to \$20M in federal funding. By purchasing the land we are, in essence, spending our local share in advance.

**Levy:** To impose taxes or special assessments for the support of governmental activities.

**Municipal State Aid:** The City receives an allocation of funding from the State of Minnesota that is spent on road construction projects on eligible streets and highways.

**Neighborhood Revitalization Project:** The reconstruction of City infrastructure including but not limited to streets, water, sewer and sidewalks.

**Operating Budget:** A budget for general expenditures such as salaries, utilities, and supplies.

**Parking System:** The City operates a Parking System which includes several City operated parking lots, three ramps, and metered on-street parking in the downtown corridor of St. Cloud

**Project:** An undertaking, composed of one or more elements of work, planned and executed in a fixed time period.

**Project Budget:** The sum established by the owner as available for the entire project, including the budget, material costs, equipment costs, financing costs, compensation of professional services, contingency costs, and other similar established or estimated costs.

**Project Cost:** The total cost of a project.

**Reserve:** An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

**Revenue:** Monies received or collected by the City as income, including such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

**Revenue Bonds:** Bonds whose principal and interest are payable exclusively from earnings of Enterprise Fund.

**Reserve Fund:** A fund maintained in a stated or determinable amount sufficient to cover some unusual operation or maintenance expense or some interruption of General Revenues.

**Sales Tax:** A tax levied on the retail price of merchandise and collected by the retailer.

**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.

**Unprogrammed Priority Project:** Most of the projects in the CIP are identified to begin in the next five years. But there are other important projects identified in the Unprogrammed Priority Project (UPP) category. Most of the projects end up in the UPP category due to the inability to find adequate funding for the project or an uncertain timeframe.

**Utility Revenue - Water:** The City operates a municipal water system that provides services including water treatment, distribution, water meters and facility upgrades. The City has issued General Obligation Revenue Bonds to finance significant projects in the water system. The bond payments are paid by charges to the utility bill for water service by City customers.

**Utility Revenue – Sewer:** The City is responsible for treatment of sanitary, commercial, and industrial waste from all customers within St. Cloud and five surrounding cities on a contract basis (St. Augusta, Sartell, Sauk Rapids, St. Joseph, and Waite Park). The City has issued General Obligation Revenue Bonds to finance significant projects in the sewer system. The bond payments are paid by charges to the utility bill for sewer service by City customers.

**Zoning:** The partitioning of a city, borough or township by ordinances into sections reserved for different purposes (i.e. residential, offices, manufacturing).