



IX.

GLOSSARY OF TERMS

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Account: A classification of appropriation by type of expenditure.

Account Number: The identification number by which the City Auditor categorizes an appropriation. For budget purposes, this is also known as appropriation code.

Accrual Basis: The method of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Allotment: The amount that can be expended quarterly for personnel as submitted to the City Auditor at the beginning of each fiscal year.

Appropriation: The legal authorization to expend funds during a specific period, usually one fiscal year. In the City of Boston, the City Council is the appropriating authority.

ARPA: The American Rescue Plan Act; a \$1.9 trillion economic stimulus bill enacted by the federal government in 2021.

Audit: A systematic review of an organization's financial records.

Authorization: The legal consent to expend funds.

Balanced Budget: A budget in which revenues equal expenditures. A requirement for all Massachusetts cities and towns.

BERDO: Building Emissions Reduction and Disclosure, a City of Boston ordinance enacted in 2021 that gives the City authority to set emissions standards for large buildings.

BIPOC: Black, Indigenous, and People of Color.

Bond: An interest-bearing promise to pay, with a specific maturity.

Bonds Authorized and Unissued: The portion of approved bond authorizations or loan orders that has not yet been borrowed for or issued as bonds.

Boston Retirement System (BRS): Agency that manages the City's defined-benefit pension benefit through the management of retirement assets of employees and payment of pensions to retired employees. The Retirement board is an independent board under MGL Chapter 306 of the Acts of 1996, and is funded through investment earnings.

Budget: A formal estimate of expenditures and revenues for a defined period, usually for one year.

Budget Amendment: A change from originally budgeted quotas requested by departments to the Human Resources Department and the Office of Budget Management who authorize these changes.

Budget, Level-Service: A budget that describes the funding required for maintaining current levels of service or activity.

Budget/Credit Transfer: The transfer of appropriations from one expenditure account code to another within a department.

Capital Budget: The planned expenditures during the first year of the capital plan.

Capital Expenditure: Expenditure for acquiring fixed assets such as land, buildings, equipment, technology and vehicles or for making improvements to fixed assets such as a building addition or renovation.

Capital Plan: A multi-year plan for major investments in our facilities and infrastructure assets, and the means for financing those acquisitions, usually by long-term debt.

Capital Improvement: An expenditure that adds to the useful life of the City's fixed assets.

Capital Improvement Program: A multi-year plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs.

CARES: The Coronavirus Aid, Relief, and Economic Security Act (CARES); an economic stimulus bill enacted by the federal government in March 2020.

Cash basis: A method of accounting under which transactions are recognized only when cash changes hands.

Chapter 90 Funds: A state-funded program for payments to cities and towns for 100% of the costs of construction, reconstruction, and improvements to public ways.

Chargeback: A method of billing departments for costs incurred by them for which they are not billed directly (e.g., telephone, postage, and printing). This method can also be used for departmental expenditures that are paid for with external or capital funds.

Cherry Sheet: Originally printed on a cherry-colored form, this document reflects all Commonwealth charges, distributions and reimbursements to a city or town as certified by the state Director of the Bureau of Accounts.

Collective Bargaining: The negotiation process between the City administration and bargaining units (unions) regarding the salary and benefits of city employees.

Commission: An appointed policy-setting body.

Community Development Block Grant (CDBG): A federal entitlement program that provides community development funds based on a formula.

Credit Balance: Account or departmental deficit. See departmental deficit.

Credit Rating: A formal evaluation of credit history and capability of repaying obligations. The bond ratings assigned by Moody's Investors Service and Standard & Poor's.

CRF: The Coronavirus Relief Fund (CRF) is CARES Act funding specifically for states, tribal governments and units of local government from the United States Treasury.

CRM: The Constituent Relationship Management (CRM) system tracks citizen requests received through the Mayor's Hotline (311 Call Center), online self-service forms, the BOS:311 mobile application, and direct department contacts.

Debt: Money owed to another party, such as a lender.

Debt Limit: The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements. The limitation is usually a percentage of assessed valuation and may be fixed upon either gross or net debt.

Debt Outstanding: The sum of remaining debt from all general obligation bonds that the City has sold to cover the costs of the City's capital outlay expenditures.

Debt Service: The annual amount of money necessary to pay the interest and principal on outstanding debt.

Department: A major service-providing entity of city government.

Departmental Deficit: A condition that exists when departmental expenditures exceed departmental appropriations.

Departmental Income: Income generated by a specific city department, usually as a result of user revenues applied for services rendered. Parking meter charges, building permit fees, and marriage licenses are examples of departmental income.

Depreciation: The decrease in value of an asset over time.

Division: A budgeted sub-unit of a department.

DNR: Did not report.

Encumbrance: Funds set aside from an appropriation to pay a known future liability.

ESSER II & III: Elementary and Secondary School Emergency Relief; funding for school districts allocated in the \$900 billion federal Coronavirus Response and Relief Supplemental Appropriations Act in 2020 and the \$1.9 trillion federal American Rescue Plan Act (ARPA) bill in 2021.

Excise: A tax applying to the value of a specific good or service. The jet fuel tax and the hotel/motel room occupancy tax are examples of excises.

Expenditure Account Code: An expenditure classification according to the type of item purchased or service obtained, for example, emergency employees, communications, food supplies, or automotive equipment.

Expenditure: An actual payment for goods or services received.

Expense/Debit Transfer: The transfer of actual expenditures from one expenditure account code to another within or between departments.

External Fund: Money that is not generated from city general fund sources, but is received by an agency, such as grants or trusts.

FEMA: Federal Emergency Management Agency.

Fiscal Year: The twelve-month financial period used by the City beginning July 1 and ending June 30 of the following calendar year. The City's fiscal year is numbered according to the year in which it ends.

Fixed Debt: Long-term obligations other than bonds, such as judgments, mortgages, and long-term notes or certificates of indebtedness.

Free Cash: The amount of budgetary fund balance available for appropriation and certified by the MA Department of Revenue. Free Cash is typically used to offset certain fixed costs or to fund extraordinary and non-recurring events.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Full-time Equivalent Position (FTE): A concept used to group together part-time positions into full-time units.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources with all related liabilities, obligations, reserves, and equities that are segregated for specific activities or objectives. The General, Special Revenue, Capital Projects, Trust, and Enterprise Fund are examples of fund used by the City.

Fund Balance: Fund balance represents the net position, revenues less expenditures, available in a fund. Fund balances can differ based on accounting method. Generally, balances consider all revenues and expenditures. With GAAP accounting, balances may be divided into separate categories.

GAAP: Generally Accepted Accounting Principles. The basic principles of accounting and reporting applicable to state and local governments, including the use of the modified accrual or accrual basis of accounting, as appropriate, for measuring financial position and operating results. These principles must be observed to provide a basis of comparison for governmental units.

General Fund: The fund into which the general (non-earmarked) revenues of the municipality are deposited and from which money is appropriated to pay the general expenses of the municipality.

GFOA: Government Finance Officers Association, a trade organization of federal, state, and local finance officials.

General Obligation (G.O.) Bonds: Bonds for whose payment, the full faith and credit of the issuer has been pledged. More commonly, but not necessarily, general obligation bonds are payable from property taxes and other general revenues.

Goal: A statement, in general terms, of a desired condition, state of affairs or situation. By establishing goals, departments can define their missions and the methods for achieving those goals.

Governmental Fund: A fund used in government accounting to support standard functions of a government.

Grant Year: The grant accounting period designated by the requirements of a specific grant.

Headcount: The actual number of full-time or full-time equivalent employees in a department at any given time.

Housing Accelerator Program: A \$110 million appropriation from Free Cash in 2025 intended to assist housing projects with funding that have been approved but unable to start construction.

Interest: Compensation paid or to be paid for the use of money, including interest payable at periodic intervals or discount at the time a loan is made.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time.

K1 and K0 seats: Kindergarten 0 and 1 refer to the early childhood designations for three- and four-year olds respectively.

Line item: See Expenditure Account Code.

Massachusetts Water Pollution Abatement Trust (MWPAT): A statewide revolving fund that started in 1990 to address necessary environmental actions outlined in the Federal Clean Water Act.

Mayoral Reallocation: A transfer of appropriations of up to \$3 million that may be authorized by the Mayor until April 15 in a given fiscal year to relieve departmental deficits or address unanticipated financial problems.

Mission: A general overview of the purposes and major activities of a department or program.

Modified Accrual Basis: The accrual basis of accounting adapted to the governmental fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets and the fund operating statements present financial flow information (revenues and expenditures). Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

MSBA: Massachusetts School Building Authority, a state agency that collaborates with Massachusetts municipalities to fund school facilities.

New Growth: Value of new development and previously untaxed property for the purpose of Real and Personal Property Tax.

Official Statement: The municipal equivalent of a bond prospectus.

Operating Budget: A legally adopted plan for anticipated expenditures for personnel, contractual services, supplies, current charges, and equipment in one fiscal year.

Payments-In-Lieu-of-Taxes: Income to replace the loss of tax revenue resulting from property exempted from taxation.

Performance Measure: An indicator of progress toward a goal or strategy. Measures can be defined for identifying output, work or service quality, efficiency, effectiveness, and productivity.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: An organized group of activities and the resources to execute them.

Program Evaluation: The process of comparing actual service levels achieved with promised levels of service with the purpose of improving the way a program operates.

Proposition 2 1/2: A statewide ballot initiative implemented in 1982 that limits the property tax levy in cities and towns in the Commonwealth to 2.5% of the full and fair cash valuation of the taxable real and personal property in that city or town. The statute also places an annual growth cap of 2.5% on the increase in the property tax levy, with exceptions for new growth.

Proprietary Fund: A fund used in government accounting to show activities that operate more like those of commercial enterprises.

Quota: The planned number of positions that can be filled by a department, subject to the availability of funds. The quota can refer either to specific titles or to the number of personnel in the entire department. The quota of positions may change by means of a budget amendment. The actual number of personnel working in a department at any given time may differ from the quota.

Reimbursement Grant: A federal or state grant that is paid to the City once a project is completed and inspected for conformance to the grant contract. The City must provide the full funding for the project until the reimbursement is received.

Renew Boston Trust: Renew Boston Trust (RBT): A City program that began in 2017 that conducts energy audits and invests conservation upgrades for municipal buildings.

Reserve Fund: An appropriation for contingencies.

Revenue: Income received by the City.

Salary Savings: For budget purposes, savings that accrue due to employee turnover or unfilled budgeted positions in a department.

SLA: A Service Level Agreement (SLA) represents a department's stated expectation of the amount of time it will take to close out specific types of constituent service requests in CRM. The SLA can then be used as a standard of department performance.

SLFRF: State and Local Fiscal Recovery Funds, the government aid program authorized by the American Rescue Plan Act in response to the COVID-19 public health emergency.

Special Appropriation: An authorization to expend funds for a specific project not encompassed by normal operating categories.

Special Revenue Fund: Used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or sources for major capital projects) legally restricted to expenditures for specific purposes. A special revenue fund is accounted for in the same manner as a General Fund.

STAT: Statutory accounting and reporting adopted by a legislative body of a governmental entity. The method of recording and reporting actual expenditures and revenues within a plan of financial operations that establishes a basis for the control and evaluation of activities financed through the General Fund.

State Distributions: All City revenue flowing from the state. Major categories include educational distributions and reimbursements, direct education expenditures, general government reimbursements, and other distributions.

Structural Balance: Budgeting policy where current revenues equal or exceed current expenditure levels and can be maintained for future years.

Supplementary/Supplemental Appropriation: An appropriation that is submitted to the City Council after the operating budget has been approved. Such appropriations must specify a revenue source.

Tax Exempt Bonds: Bonds exempt from federal income, state income, or state or local personal property taxes.

TBR: To be reported.

Third Party Payment: Medical payments, usually from an insurance carrier to a health care provider on behalf of an injured or infirm party.

Trust Funds: Funds held by the City in a fiduciary role, to be expended for the purposes specified by the donor.

Unliquidated Reserve: A fund established at year-end, used to pay for goods and services received this year, but not billed until next year.