

Appendix E: GLOSSARY

Accrual Basis A basis of accounting that recognizes transactions at the time they are incurred, rather than when cash is received or spent..

Appropriation A legal authorization of the Board of Supervisors to incur obligations and to make expenditures for specific purposes.

Assessed Valuation The valuation set upon real estate and certain personal property as a basis for levying property taxes.

Assessment Ratio The ratio at which the tax rate is applied to the tax base.

Asset Resources owned or held by a government, which have monetary value.

Authorized Positions Employee positions, which are authorized in the adopted budget, to be filled during the fiscal year.

Undesignated Fund Balance This refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

Balanced Budget A balanced budget is a budget that has total expenditures equal to total revenues, including use of fund balance.

Balance Sheet The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date.

Base Budget Cost of continuing the existing levels of service in the current budget year.

Bond A long-term promise to pay. It is a promise to repay a specified amount of money (the face value of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects. General Obligation This type of bond is backed by the full faith, credit, and taxing power of the (GO) Bond government. Revenue Bond This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

Bond Rating An evaluation performed by an independent rating service of the credit quality of bonds issued. Ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities.

Bond Refinancing The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget A plan of financial activity for a specific period of time indicating all planned revenues and expenses for the budget period.

Budget Appropriation The legal means to amend the budget through recognizing revenue increase or Amendment decreases; transferring a previous appropriation from an existing capital project to a new capital project; decreasing funding of a fund or department; or providing supplemental funding to a fund or department or for the establishment of a new capital project. The County Board of Supervisors adopts or declines all budget appropriation/supplements/amendments.

Budgetary Basis The refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual. The County utilizes the GAAP basis.

Budget Calendar The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budgetary Control The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Budget Transfer The removal of appropriated funds from one expenditure line and placement of funding in another expenditure line.

Capital Assets Assets greater than \$20,000 and having a useful life of several years.

Capital Improvements Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life.

Capital Improvement Plan(CIP) A five-year plan for capital outlay to be incurred each year over five years to meet capital needs arising from the government's long-term needs.

Capital Outlay Fixed assets which have a value of \$5,000 or more and have a useful economic lifetime of at least 5 years; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Cash Basis A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CSA or Comprehensive Services Act In 1992, the Virginia General Assembly passed the Comprehensive Services Act for At-Risk Youth & Families. This act is intended to improve efforts to meet the needs of families with children and youth who have or who are at risk of having serious emotional or behavioral difficulties.

Constitutional Officers Refers to the officers or agencies directed by elected officials (Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer) whose positions are established by the Constitution of the Commonwealth of Virginia or its statutes.

Contingency A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

Debt Service The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Deficit The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department An organizational unit of government which is functionally unique in its delivery of service.

Depreciation The incremental decrease in value of an asset due to normal wear and tear.

Disbursement The expenditure of monies from an account.

Encumbrance The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund A fund to account for operations financed and operated similar to a private business where the cost of providing a good or service is recovered primarily through user charges.

Expenditure The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss. Expense Charges incurred (whether paid immediately or unpaid) on operations, maintenance, interest, or other charges.

Fiscal Year A twelve month period (July 1 – June 30) designated as the operating fund for accounting and budgeting purposes in an organization.

Fringe Benefits Contributions made for the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

FTE Full-time equivalent staff, considering all staff members, including full-time and part-time employees.

Function A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (public safety for example).

Fund A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance The excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP Generally accepted accounting principles. Uniform minimum standards for financial accounting and recording.

GASB The Governmental Accounting Standards Board which is the ultimate authoritative accounting and financial reporting standards setting body for state and local governments.

General Fund The general operating fund of the County.

GFOA Government Finance Officers Association of the United States and Canada. The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit.
Grants A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Infrastructure The physical assets of a government (streets, water, sewer, parks, buildings).

Levy To impose taxes for the support of government activities.

Objective Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Obligation Amounts to which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Revenue Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Operating Expenses The cost for personnel, materials, and equipment required for a department to function.

Performance Specific quantitative and qualitative measures of work performed as an objective within a department.

Personal Property A category of property, other than real estate, identified for purposes of taxation. It includes resident owned items, corporate property, and business equipment. Examples of personal property include automobiles, motorcycles, trailers, boats, airplanes, business furnishings and manufacturing equipment.

PPTRA or Personal Property Tax Relief Act Implemented in 1998, it provides tax relief for passenger cars, motorcycles, and pickup or panel trucks having a registered gross weight of less than 7,501 pounds. To qualify, a vehicle must be owned by an individual or leased by an individual under a contract requiring the individual to pay the personal property tax; and be used 50% or less for business purposes.

Proffers Cash or property offered by contractors/developers to the City/County in land development projects.

Program A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Property Tax Rate The dollar amount applied to the assessed value of various categories of property used to calculate the amount of taxes to be collected. The tax rate is usually expressed as an amount per \$100 of assessed valuation.

Real Property Real estate, including land and improvements (buildings, fencing, paving) classified for purposes of tax assessment. The tax rate is usually expressed as an amount per \$100 of assessed valuation.

Reserve An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resolution A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

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

Revenue Sources of income financing the operations of government.

Salaries and Fringe Benefits Expenditures for salaries, wages, and fringe benefits of an employee.

Service Level is the measurable output of a given program.

Source of Revenue Revenues are classified according to their source or point of origin.

Special Revenue Fund This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Tax Levy The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

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

Transfers In/Out Amounts transferred from one fund to another to assist in financing the services for the recipient government.

Unencumbered The amount of an appropriation that is neither expended nor encumbered. It is Balance essentially the amount of money still available for future purposes.

Unreserved Fund Balance The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fee A monetary amount charged for a public service.

Variable Cost A cost that increases/decreases with increases/decreases in the amount of service provided.

VPSA Virginia Public School Authority, which was created by the General Assembly in 1962 for the purpose of supplementing the existing method of capital programs for public schools.