

GLOSSARY OF TERMS

Accrual Basis - A basis of accounting in which transactions are recognized at the time incurred, as opposed to when cash is received or spent.

Appropriation - A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation - The valuation set upon real estate and certain personal property by the City Assessor as a basis for levying property taxes.

Asset - Resources owned or held by the City that have monetary value.

Authorized Positions - Employee positions authorized in the adopted budget to be filled during the year.

Balanced Budget – A budget in which current revenues equal current expenditures in accordance with the Code of Virginia.

Bond Proceeds – The money paid to the City through the sale of bonds.

Bond Rating – A measure of creditworthiness which indicates the City’s ability to meet its financial obligations.

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budgetary Basis - 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.

Budget Calendar – A timetable showing when particular tasks must be completed in order for the council to approve the spending plan before the beginning of the next fiscal year.

Capital Cash Contribution – A payment toward the financing of a project with existing cash flow.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

Capital Improvements Program (CIP) - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the City’s long-term needs.

Capital Project - Major construction, acquisition, or renovation activities which add value to the City’s physical assets or significantly increase their useful life.

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

Cash Match - The amount of local funding that is required to support an activity, project, program, or service that is funded in part by State or Federal aid or a private funding source.

Categorical Aid – Funding support from State or Federal governments that is targeted for particular categories of the population, programs and services, or for special purposes.

Community Development Block Grant (CDBG) – A Federal grant which funds local community development activities such as affordable housing, blight removal, infrastructure development, and other public services (e.g. community health, homelessness, poverty) which aim to improve the lives of low income persons and families.

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.

Cost-of-Living Adjustment (COLA) - An increase in salaries to offset the adverse effect of inflation on compensation.

Cost Share – The allocation of expenses between two or more government entities.

Debt Service - The cost of paying principal and interest on borrowed funds through instruments such as bonds.

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 - The basic organizational unit of the City which is functionally unique in its delivery of services.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Efficiency Review - The evaluation of programs and services to determine their effectiveness and whether opportunities exist to make improvements that would lead to cost savings.

Employee (or Fringe) Benefits - Contributions that are made to meet commitments or obligations for employee fringe benefits. Included are the City's share of costs for Social Security, the Virginia Retirement System, medical, and life insurance plans.

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.

Equivalent Residential Unit (ERU) – A measure of the amount of service or impact to the water and sewer utility system that would be required from a typical residence.

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, or service or settling a loss.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance interest or other charges.

Fee Schedule – The collection of all fees charged by the City for various services.

Fiscal Policy – The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City's fiscal year begins July 1, and ends the following June 30.

Fixed Assets - Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.