

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.

Full-time Equivalent Position (FTE) – The number of hours per year that a full-time employee is expected to work, usually 2080 hours. If there are two workers, each of whom works half that number of hours per year, the two workers together equal one full-time equivalent.

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.

Fund Transfer - The movement of money between funds of the same governmental entity.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Operating Budget – The primary operating fund of the City which accounts for most tax funded functions such as general government, police and fire protection, parks and recreation, planning and community development, etc.

General Obligation Bond - A bond that is backed by the full faith and credit of the government to repay the debt .

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 grantor.

HOME Investment Partnerships Grant – A Federal grant designed to expand the supply of affordable and decent housing for low income persons and families.

Infrastructure - The physical assets of the City (e.g., street, water, sewer, public buildings, and parks).

Intergovernmental Revenue - Funds received from Federal, State and other local government sources in the form of grants, shared revenues, or payments in lieu of taxes.

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

Levy - Imposition of taxes for the support of City activities.

Line-item Budget - A budget prepared along departmental lines that focuses on what is to be bought.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Modified Accrual Basis - A basis of accounting where revenue is recorded when measurable and available, and expenditures are recorded when made.

Materials and Supplies - Expendable materials and operating supplies necessary to conduct departmental operations.

Non-Categorical Aid - Revenue from the State or Federal government that may be spent at the local government's discretion.

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

Obligations - Amounts which the City legally may be required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

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

Operating Revenue - Funds that the City 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.

Other Post Employment Benefits (OPEB) – An accounting and financial reporting provision of the Governmental Accounting Standards Board (GASB) requiring government employers to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB) such as post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan.

Outsource - The practice of contracting out a service to a private entity.

Pay-as-you-go Basis (Pay-Go) - A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

Performance Measure - Indicators that show the amount of work that is accomplished, the efficiency with which tasks were completed, and the effectiveness of a program.

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.

Reassessment Impact - The effective change of the real estate tax burden as a result of the newly assessed value of real property.

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.

Revenue - Sources of income that finance the operations of city government.

Risk Stabilization Reserve – Funding set aside in a special fund by the City for the payment of expenses associated with general liability, health insurance, and worker's compensation. The City has established a financial policy to maintain a rate stabilization reserve in an amount equal to 20% of the anticipated annual premium costs.

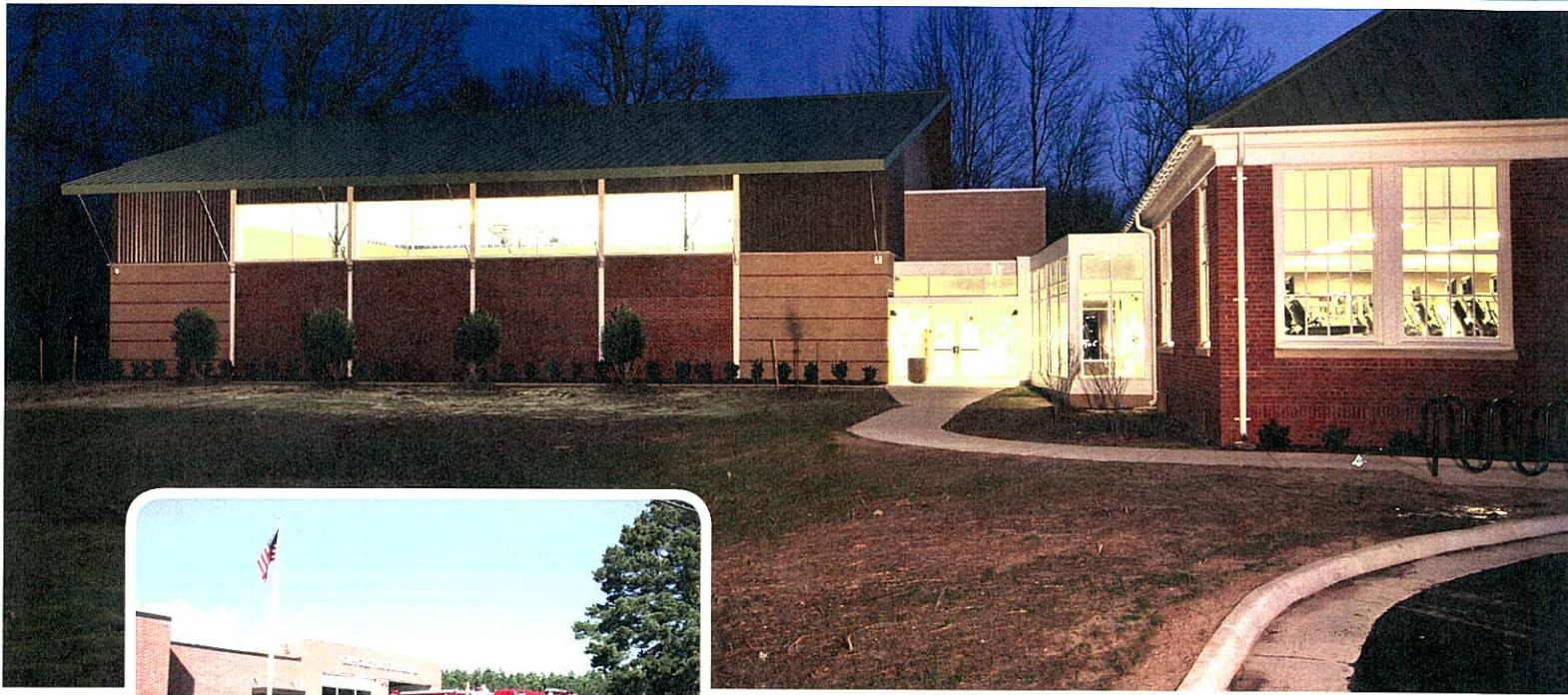
Shortfall – The difference between the amount of funding required and the amount available.

Tax Levy - The resultant product when the tax rate is multiplied by the tax base.

Taxes - Compulsory charges levied by the City for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

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

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.



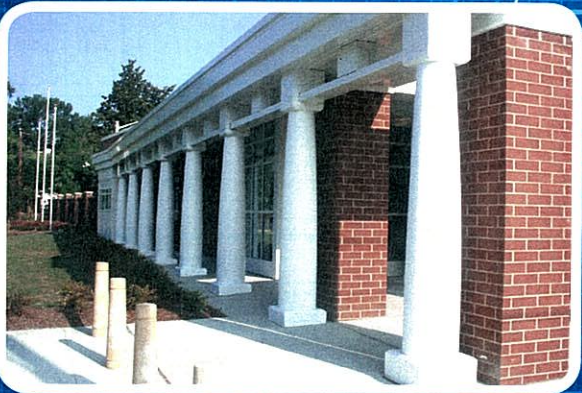
EAST SUFFOLK RECREATION CENTER



FIRE STATION #10



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