GLOSSARY

Accrual Basis of Accounting

A basis of accounting that recognizes transactions at the time they are incurred, rather than when cash is received or spent. In Albemarle, the basis of budgeting and accounting for all governmental funds is the modified accrual basis of accounting and budgeting, under which revenues and related assets are recorded when measurable and available, and expenditures, other than compensated absences and interest on long-term debt, are recorded as the related fund liabilities are incurred.

Ad Valorem Taxes

Commonly referred to as property taxes, these taxes are levied on both real and personal property according to the property’s assessed valuation and the tax rate.

Adopted Budget

A plan of financial operations for the following year, approved by the County Board of Supervisors, highlighting major changes made to the County Executive’s Recommended Budget. The adopted budget reflects approved tax rates and estimates of revenues, expenditures, and transfers.

Agency

A separate organizational unit of County government established to deliver services to citizens.

Appropriated Budget

In this document, the appropriated budget refers to the budget that was officially appropriated on July 1 of the fiscal year.

Appropriation

A legal authorization to make expenditures and to incur obligations for specific purposes granted by the County Board of Supervisors to a specified unit of County Government. An appropriation is limited in dollar amount and when it may be spent, usually expiring at the end of the fiscal year.

Assess

To place a value on property for tax purposes.

Assessed Valuation

The valuation set upon real estate taxes and certain personal property by the Assessor as a basis for levying property taxes, or the value of all taxable property within the boundaries of Albemarle County. In Albemarle, property is assessed at 100% of market value.

Assets

Resources owned or held by Albemarle County, which have a monetary value.

Authorized Positions

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

Available Fund Balance

The funds remaining from the prior fiscal year that are available to appropriate and spend in the current fiscal year.
GLOSSARY

Auditor of Public Accounts

A State agency that oversees accounting, financial reporting and audit requirements for units of local government in the State of Virginia.

BPOL Tax

Business, Professional, and Occupational License is a license tax that is levied upon the privilege of doing business or engaging in a profession, trade, or occupation in the County, and includes all phases of the business, profession, trade, or occupation, whether conducted in the County or not.

Balanced Budget

A balanced budget is one in which the available revenues and appropriated fund balances equal estimated expenditures for a fiscal year.

Baseline Operating Budget

The baseline operating budget of a department is the sum of all non-salary driven compensation (such as part-time, overtime, shift differential, etc.), operational expenditures, and replacement capital outlay.

Bond

A long-term IOU, or promise to pay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are used to finance capital projects. Virginia Public School Authority (VPSA) bonds, which finance school capital projects, are General Obligation Bonds, backed by the full faith, credit, and taxing power of the government.

Budget

A specific plan of operations for the fiscal year that states the expenditures required to meet that plan of operations, and identifies the revenue necessary to finance the plan. The annual County budget is established (adopted) by the County Board of Supervisors.

Budgetary Basis

The basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP (Generally Accepted Accounting Principles), cash, or modified accrual.

Comprehensive Annual Financial Report (CAFR)

This is the County’s annual financial report of its audited financial statements, which is prepared by the Department of Finance in accordance with generally accepted accounting and reporting principles as determined by the Governmental Accounting Standards Board (GASB), using the financial reporting model as prescribed by GASB 34.

Capital Improvement Program

The Capital Improvement Plan includes the Capital Improvement Plan (CIP) (the upcoming five-year time period) and the Capital Needs Assessment (CNA) (longer range including years six through ten). The Capital Improvement Program serves as a planning and implementation tool for the acquisition, development, construction, maintenance, and renovation of public facilities, infrastructure, and capital equipment of the County’s long-range physical development needs for the next five-year and ten-year periods.
GLOSSARY

Capital Budget

The capital budget is the first year of the approved five-year Capital Improvements Plan (CIP).

Capital Improvements

Expenditures related to the acquisition, expansion, or rehabilitation of the government’s physical plant or infrastructure.

Capital Improvements Plan (CIP)

A five-year plan for public facilities resulting in the construction or acquisition of fixed assets, primarily schools, but also parks, land, landfills, etc.

Capital Needs Assessment (CNA)

The second five-year period of the Capital Improvement Program, the Capital Needs Assessment, identifies capital needs beyond the traditional five-year period. This plan, which includes potential projects in a planning stage, is updated every other year and helps form the basis of the five-year CIP as projects are brought forward.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities. These funds consist of the School Division Capital Improvements Fund, the General Government Capital Improvements Fund, and the Stormwater Control Fund.

Capital Outlay

Expenditures for items of a substantial value (more than $100), such as microcomputers and vehicles.

Carry-over Funds

Unexpended funds available from the previous fiscal year that may be used in the current fiscal year.

Constant or Real Dollars

The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Constitutional Officers

Elected officials whose positions are established by the Constitution of the Commonwealth of Virginia or its statutes. Albemarle County's Constitutional officers include the Clerk of the Circuit Court, the Commonwealth’s Attorney, and the Sheriff. Although these officers and their staff are on the County payroll, the State Compensation Board reimburses the County for a portion of the salaries, benefits, and office expenses as approved by the Compensation Board.
Consumer Price Index (CPI)

A statistical description of price levels provided by the U.S. Department of Labor that is used as a measure of inflation or changes in prices of various goods. The most commonly used index is the Consumer Price Index for Urban Consumers (CPIU), which is an index of prices of various consumer goods. The County uses the average annual (national) CPIU to measure inflationary increases from one year to the next.

Contingency

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

Contingent Funding

Funds/revenues that are undetermined at a given date and dependent upon decisions and/or certain conditions being met outside of agency or department control.

Contingent Liabilities

Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.

County Executive’s Recommended Budget

A plan of financial operations submitted by the County Executive to the Board of County Supervisors. This plan reflects estimated revenues, expenditures, transfers, and departmental goals and objectives. In addition, sections are included to show major budgetary/financial policies and guidelines used in the County’s fiscal management.

CSA

The Comprehensive Services Act (for At-Risk Youth and Families) is the State law governing the funding and provision of services to youth and families who require foster care or special education services, or who are involved with the Juvenile and Domestic Relations Court.

Debt

An obligation resulting from borrowing money or purchasing goods and services.

Debt Service

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

Debt Service Fund

A fund established to account for the payment of general long-term debt, which includes principal and interest. The County has two debt service funds: the School Division Debt Service Fund and the General Government Debt Service Fund.

Department

An organizational unit of government that is functionally unique in its delivery of services (e.g., Police Department, Department of Social Services, etc.). A department may consist of one or more cost centers that are subdivisions that group related expenditures for accounting and budgetary purposes.
GLOSSARY

Distinguished Budget Presentation Awards Program
A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents. To receive the award, governments must have prepared a budget that meets program criteria as a document, an operations guide, a financial plan, and a communications device.

Employee (Fringe) Benefits
Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and Medicare (FICA), employee pensions (administered by the Virginia Retirement System), workers’ compensation, and health, dental, and life insurance.

Encumbrance
A reservation of funds for an anticipated expenditure prior to actual payment of an item. Funds usually are reserved or encumbered once a contract obligation has been signed, but prior to the cash payment actually being dispersed.

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

FTE (Full-Time Equivalent)
See Full-Time Equivalent.

Fiduciary Funds (Trust and Agency Funds)
These funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Non-expendable Trust and Agency Funds, such as the McIntire Trust Fund.

Financial Management Policies
Financial policies adopted by the Board of County Supervisors in October 1994 and amended in March 2013, for the purpose of providing financial guidelines and goals that create a framework within which sound financial decisions may be made. These policies address the operating and capital budgets; asset maintenance, replacement, and enhancement; revenue; investment; accounting, auditing, and financial reporting; debt; and the use of fund balance or reserve.

Fiscal Year
A 12-month period designated as the operating year for accounting and budgetary purposes. The County's fiscal year runs from July 1st to June 30th.

Full-Time Equivalent (FTE)
A part-time position converted to the decimal equivalent of a full-time position based upon 2,080 hours worked per year (40 hours per week). For example, a part-time employee working 20 hours per week (1,040 hours per year) is the equivalent of 0.5 of a full-time employee, or 0.5 FTE. A full-time employee working 2,080 hours per year is 1.0 FTE.
GLOSSARY

Functional Area
A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., administration, public safety, community development, etc.).

Fund
A fiscal or accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. Government funds include the Fire Rescue Services Fund, the General Fund, Special Revenue Funds, School Fund, Other School Funds (Self-Sustaining), Debt Service Fund, and the Capital Projects Funds.

Fund Balance
Fund Balance refers to the amount of money or other resources in a fund at a specific point in time. It is the excess of the assets of a fund over its liabilities, revenues, and carryovers. It usually refers to the year-end balance.

GAAP (Generally Accepted Accounting Principles)
The uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define Generally Accepted Accounting Principles. Budgets for all funds are adopted on a basis consistent with these principles.

GFOA
Government Finance Officers Association

General Fund
This fund is used to account for all revenues and expenditures applicable to the operations of the County, except those transactions accounted for in other funds. This accounts for most traditional local government programs such as police, libraries, parks, human services, etc. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Goal
A broad articulation of a better condition than the one that exists now; an end toward which effort is directed; a desired future state. Goals usually address long-term issues.

Governmental Funds
Governmental funds are those through which most governmental functions of the County are financed. Governmental funds utilize the modified accrual basis of accounting where the measurement focus is on financial position and changes in financial position, rather than on net income determination.

Grant
A contribution by another entity or by one governmental unit to another. The contribution is usually made in support of a specified function, such as health care, housing, crime prevention, etc.
GLOSSARY

HB 599
Reference to a prior Virginia House of Delegates session bill number that proposed state funding allocations to communities and localities with police departments.

Inter-fund Transfers
The movement of monies between funds of the same governmental entity.

Inter-governmental Revenue
Revenue from other governments, such as the State or Federal Government, in the form of grants, entitlements, shared revenue, or payments, in lieu of taxes.

Key Performance Indicators
Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Lapse Factor
This is anticipated savings from staff retirement and replacement, the lag between staff leaving and new staff being hired, and savings from deferred compensation benefits.

Liabilities
Obligations incurred in past or current transactions requiring present or future settlement.

Licenses/Permits
Licenses and permits are legal permission to engage in certain actions (a type of user’s fee). Examples are building permits, and Business, Professional, and Occupational Licenses.

Line Item
An expenditure classification established to account and budget for approved appropriations.

Local Match
County funds or in-kind resources that are required to be expended simultaneously with state, federal, other locality or private sector funding, usually according to a minimum percentage or ratio.

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

Modified Accrual Basis of Accounting
All government funds use the modified accrual basis of accounting under which revenues and related assets are recognized when measurable and available as current assets. Expenditures generally are recognized when the related goods and services are received and the liability is incurred.
Object Classification

A grouping of expenditures on the basis of goods or services purchased; for example, personal services, materials, supplies, equipment, etc.

Objective

Objectives represent incremental progress toward a goal. Objective statements should include either the word increase, decrease, or maintain. Objectives are measurable and time-specific, and can easily be annual.

Operating Expenditures

The cost for personnel, materials, and equipment required by a department in order to function.

Operating Revenue

Funds that the government receives as income to pay for ongoing operations, including such items as taxes, fees from services, intergovernmental revenues, and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance

A bill, resolution, or other means by which appropriations are given legal effect. It is the method by which the appropriation of the annual budget is enacted into law by the Board of County Supervisors, per authority of state statutes.

“Pay-As-You-Go” Basis

A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowed funds.

Permits/Licenses

Licenses and permits are legal permission to engage in certain actions (a type of user’s fee). Examples are building permits, and Business, Professional and Occupational Licenses.

Personal Property

A category of property other than real estate, identified for purposes of taxation, which include personally owned items, corporate property, and business equipment. Examples include automobiles, motorcycles, trailers, boats, airplanes, business furnishings, and manufacturing equipment. Goods held for sale by manufacturers, wholesalers, or retailers are not included.

Planning District 10

A regional grouping of cities and counties, which include the City of Charlottesville and the Counties of Albemarle, Fluvanna, Greene, Louisa, and Nelson.

Proffers

Contributions of land, capital improvement and funding from developers to address the demand for community services created by new development.
GLOSSARY

Pro Rata Tax Rate

A tax rate that is assessed as a proportion according to an exactly calculable factor (as share or liability).

Property Tax Rate

The amount of tax stated in terms of a unit of the tax base expressed as dollars per $100 of equalized assessed valuation.

Real Property

Real estate, including land and improvements (building, fencing, and paving) classified for purposes of assessment.

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 of Appropriation

A legally binding document that delineates, by fund and department, all expenditures and revenues adopted by the Board of County Supervisors that are reflected in the adopted budget.

Resources

The total amount available for appropriation, including revenues, fund transfers, and beginning balances.

Revenue

Income generated by taxes, notes, bonds, investments, income, land rental, fees, user charges, and federal and state grants.

Revenue Sharing (City of Charlottesville/Albemarle County)

An agreement between the City of Charlottesville and the County – approved in a public referendum and effective since 1982 – wherein both contribute portions of their respective real property tax bases and revenues to a shared fund. The fund is distributed between the two annually based upon a set formula.

Revenue Sharing Program (Transportation)

A program sponsored by the Virginia Department of Transportation wherein localities can apply for state funding for transportation projects that must be matched by a local contribution.

Revised Budget

The revised budget represents the total budgeted expenditures and revenues for the fiscal year, including all reappropriations.
School Fund

A governmental fund that reflects revenues and expenditures related to the operations of the County’s school system. The primary sources of revenue, exclusive of transfers from the General Fund, are basic aid payments from the Commonwealth and educational program grants. Major expenditures include instructional costs, transportation, etc. Service for long-term debt is included in the General Fund, not the School Fund.

Self-Sustaining Funds

Self-sustaining funds are separate funds apart from the School Fund that are used for very limited expenditures due to legal or regulatory provisions, and whose operations are self-sustaining or self-supporting. These funds do not require any transfers from the General Fund, but are funded by federal and state categorical funds, fees, and grants. Examples of these funds are the Cafeteria Fund and the Community Education Fund.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special revenue funds include federal and state grant funds, the Vehicle Replacement Fund, and the Tourism Fund.

Supplemental Appropriations

Where requests with sufficient justification exist, special appropriations by the Board of County Supervisors may occur. Such appropriations reflect unanticipated emergency requirements subject to serious time constraints that a normal resource allocation mechanism cannot accommodate.

Tax Base

A part of the economy to which a tax is applied.

Taxes

Mandatory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Tax Rate

The level of taxation stated in terms of either a dollar amount (i.e., $0.766 per $100 of assessed valuation) or a percentage of the value of the tax base (i.e., 5.0% sales tax).

Ten Percent Unassigned Fund Balance

The unassigned General Fund balance, plus the committed fund balance available for fiscal cash liquidity purposes, should be equal to no less than 10% of the County’s total operating revenues, which includes the General Fund plus the School Fund. Funds in excess of the required unassigned fund balance may be considered to supplement “pay-as-you-go” capital expenditures in additions to the fund balance.

Tipping Fees

The cost for use of the landfill; generally, this is levied on tonnage of solid waste.
Transfers

Budget transfers provide the opportunity to shift already budgeted funds to another area. Transfers may occur throughout the course of the fiscal year as needed for an agency’s operation. The Director of Finance is authorized to transfer amounts between line items and between divisions within a department. Transfers between expenditure accounts in different departments are approved by the Board of Supervisors.

Trust and Agency Funds (Fiduciary Funds)

These funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organization, other governmental units, or other funds. These funds include Non-expendable Trust and Agency Funds such as the McIntire Trust Fund, etc.

User’s Fees/Licenses

User’s fees are charges for services such as parks, public property, and parking fees. The fee assures that only the people using a service pay for that service. Licenses and permits are also forms of user fees.