

# Glossary

---

*FY2023 Proposed Budget*

---

( *Intentionally left blank* )

**Accrual Basis of Accounting** – A method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.

**Actuarially Determined Contribution (ADC) or Actuarially Required Contribution (ARC)** – A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan and is calculated utilizing the principles of actuarial science.

**Adopted Budget** – The original adopted operating and capital budget approved by the City Council after public hearings and amendments to the proposed budget; becomes legal guidance to City management and departments for spending levels.

**Advisory Referendum** – A measure voted on by the general public in an election; refers to a specific question posed on a ballot which is non-binding and used to provide guidance to the elected representatives.

**Appropriation** – An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are granted for a one-year period.

**Assessed Value** – The fair market value placed upon real and personal property by the City as the basis for levying property taxes.

**Assessment/Sales Ratio** – Assessed value for each sale of real property divided by its selling price; used to determine if real property is assessed within a reasonable range of fair market value. The Commonwealth of Virginia requires that real property be assessed at 100 percent of fair market value. An acceptable assessment/sales ratio percentage is 70 percent or higher.

**Balanced Budget** – By law, local government budgets must be balanced; i.e., expenditures may not exceed revenues.

**Basis of Accounting** – The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes.

**Bond Debt Instrument** – A written promise to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal. Bonds are typically used for long-term debt to pay for specific capital expenditures.

**Bond Ratings** – A rating of quality given on any given bond offering as determined by an independent agency in the business of rating such offerings.

**BPOL Tax** – Business license or gross receipts tax, this item taxes the total revenues of a business.

**Budget** – A plan of financial operation including an estimate of proposed means of financing them (revenue estimates). The term also sometimes is used to denote the officially approved expenditure ceilings under which the City and its departments operate.

**Budget Calendar** – The schedule of key dates or milestones the City follows in the preparation and adoption of the budget.

**BZA** – Board of Zoning Appeals.

**Capital Projects Fund** – Each year, the City adopts a six-year Capital Improvements Program (CIP) that serves as a blueprint for the long-term physical improvements the City wishes to make. The Capital Fund is funded through a transfer from the general, storm water and sewer funds, State aid and proceeds from bond issuances. The current year CIP is included as part of the annual budget.

**Capital Improvements Program (CIP)** – A six-year plan of proposed capital expenditures for long-term improvements to City facilities including water, sewer, transit and schools; identifies each project and source of funding. To be included in the CIP a project must be estimated to cost more than \$150,000 and have a useful life in excess of five years.

**Capital Outlay** – An appropriation or expenditure category for government assets with a value of \$5,000 or more and a useful economic life of one year or more.

**Carryforward (carryover)** – Funds in the School budget that are unexpended in one year that are used as a funding source for the subsequent year. This is required by 6.18 of the City Charter.

**Coefficient of Dispersion** – Represents the mean percentage deviation from a median.

**Annual Comprehensive Financial Report (ACFR)** – The annual report that represents a locality's financial activities and contains the independent auditor's reports on compliance with laws, regulations and internal controls over financial reporting based on an audit of financial statements performed in accordance with "Government Auditing Standards."

**COG/MWCOG** – Metropolitan Washington Council of Governments – an independent, nonprofit association of 17-member governments located in the Washington metropolitan region.

**Constitutional Officers** – Officials elected to four-year terms of office who are authorized by the Constitution of Virginia to head City departments; the Treasurer, the Commissioner of Revenue, and the Sheriff in the City.

**Consumer Price Index (CPI)** – A measure, calculated by the United States Department of Labor, commonly used to indicate the rate of inflation.

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures for which no other budget exists.

**CSA** – Comprehensive Services Act.

**CY** – Calendar year.

**Debt Per Capita** – Total outstanding debt divided by the population of the City.

**Debt Ratio** – A measure used that determines the annual debt service or outstanding debt as a percentage of some other item which is generally an indication of the ability of the City to repay the debt; examples include annual debt service as a percentage of total annual expenditures and total outstanding debt as a percentage of total assessed value.

**Debt Service** – The payment of interest and principal to holders of the City's debt instruments.

**Economic Development Authority (EDA)** – Responsible for encouraging industrial and commercial development in the City.

**Encumbrance** – A reservation of funds that represents a legal commitment, often established through contract, to pay for future goods or services.

**Enterprise Funds** – Account for the financing of services to the general public whereby all or most of the operating expenses involved are recorded in the form of charges to users of such services. The enterprise funds consist of the Sewer Utility Fund and the Water Utility Fund.

**Expenditure** – Actual outlay of monies for goods or services.

**Fair Market Sales** – Defined as an “arm’s length” transaction where there is a willing buyer and a willing seller, neither of which is under pressure to sell or buy. This excludes transfers such as sales within a family, foreclosures, or sales to a governmental unit.

**Fringe Benefits** – The employer contributions paid by the City as part of the conditions of employment. Examples include, among other things, health insurance, Virginia Retirement System, and the City retirement system, post-retirement health benefits, life insurance, long-term disability.

**Fiscal Year (FY)** – Section 6.01 of the City’s charter sets the fiscal year as July 1 through June 30.

**Full-Time Equivalent (FTE)** – A measure of determining personnel staffing, computed by equating 2,080 hours of work per year with one full-time equivalent position.

**Fund** – An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities that are segregated for the purpose of carrying on specific activities or attaining certain objectives.

**Fund Balance** – The excess of an entity’s assets over its liabilities; also known as excess revenues over expenditures. A negative fund balance is sometimes called a deficit.

**GAAP** – Generally Accepted Accounting Principles. These form the basis of the City’s accounting and financial reporting.

**GASB** – Governmental Accounting Standards Board – an organization that provides the ultimate authoritative accounting and financial reporting standards for state and local governments.

**General Fund** – Used to account for all general operating expenditures and revenues, this is the City’s largest fund. Revenues in the general fund primarily are from property taxes, sales tax, the business license tax and State aid.

**General Obligation Bond** – A bond for which the full faith and credit of the City is pledged for payment.

**Infrastructure** – Public systems and facilities, including water and sewer systems, roads, bridges, public transportation systems, schools and other utility systems.

**Internal Service Charges** – Charges to City departments for assigned vehicle repairs and maintenance provided by the motor pool division.

**IT** – Information Technology.

**Lease Financing Instrument** – Financial obligation which is not the general obligation debt of the City for which the full faith and credit of the City is pledged for payment.

**Median Household Income** – Median denotes the middle value in a set of values, in this case, household income.

**Modified Accrual Basis of Accounting** – Basis of accounting according to which revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which are recognized when due.

**Non-Departmental Accounts** – Accounts used to record expenditures that cannot or have not been allocated to individual departments.

**NVTA** – Northern Virginia Transportation Authority.

**NVTC** – Northern Virginia Transportation Commission.

**Object** – As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples are personnel services, contractual services and materials and supplies.

**OPEB** – Other Post-Employment Benefits. These are benefits offered to retirees in addition to a retirement plan. The City offers retiree health insurance and life insurance.

**Personal Property Tax (PPT)** – A City tax levied on motor vehicles and boats based on published listings of values, and on machinery and tools based on a percentage of cost.

**Proposed Budget** – The operating and capital budgets submitted to the City Council by the City Manager.

**Proprietary Fund** – A fund that accounts for operations that are financed in a manner similar to private business enterprise; consists of enterprise funds.

**Public Service Corporation (PSC)** – An entity defined by the Commonwealth of Virginia as providing utilities to residents and businesses; includes power companies, phone companies, gas companies, and other similar type organizations.

**Real Estate Tax (RE Tax)** – A tax levied by the City Council on real property in the City of Fairfax; real property is defined as land and improvements on the land (buildings).

**Reserve** – An account used to indicate that a portion of accumulated fund balance is committed for certain expenditures. Reserves may also be funded in a given year's operation, either for contingencies for specific items, or for future expenditures.

**Reserve for Contingencies** – An account used to appropriate current revenues for unknown expenditures that may arise during the fiscal year.

**Revenue** – The income received by the City in support of a program of services to the community; includes such items as property taxes, fees, user charges, grants, fines and forfeitures, interest income and miscellaneous revenue.

**Revenue Estimate** – A formal estimate of how much revenue will be earned from a specific revenue source for some future period – typically a future fiscal year.

**ROW** – Right-of-way.

**Salaries** – The amounts paid for personal services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime and temporary help.

**Supplies and Material** – The expenditure classification used in the budget to cover office and operating supplies, construction materials, chemicals, fuels, and repair parts.

**Tax Rate** – The amount of tax levied for each \$100 of assessed value.

**Transient Occupancy or Lodging Tax** – Tax on stays at hotels and motels of less than 30 days duration.

**User Fees** – The payment of a fee for direct receipt of a public service by the person benefiting from the service.

**Utility Funds** – Sanitary sewer and Stormwater services are accounted for in the utility funds. The sanitary sewer fund and storm water fund are enterprise funds. Enterprise funds are those funds in which the cost of providing goods or services is financed primarily through user charges.

**VML** – Virginia Municipal League – a nonprofit association of City, town and county officials that provides member services to Virginia local governments.

**WMATA** – Washington Metropolitan Area Transit Authority, the regional agency that operates the METRO bus and subway systems expenditures.

**Prepared by  
Finance Division  
City of Falls Church  
300 Park Avenue, Ste. 204 East  
Falls Church, VA 22046  
(703) 248-5120**