

GLOSSARY

ACCRUAL BASIS: regardless of the timing of the related cash flows, this is an accounting method recognizing the financial effect of transactions, events, and interfund activities upon occurrence.

AMORTIZATION: the process of periodically transferring the acquisition cost of an intangible asset to an expense account.

APPROPRIATION: to incur obligations for specific purposes, an expenditure authorization granted by the City Council. Appropriations are usually limited to an amount, purpose and time.

ASSET: property owned by the City of Portsmouth.

AUDIT: the review of financial statements to assess their fairness and adherence to generally accepted accounting principals.

BALANCED BUDGET: A government's budget is balanced when revenues equal expenditures. City Code requires that City Council adopt a balanced budget for each ensuing budget year.

BEHAVIORAL HEALTHCARE SERVICES FUND: a special revenue fund used to account for the operations of the Behavioral Healthcare Services Program. Received revenues pay for client service administrative functions and contracts.

BONDS: a general obligation bond is a common type of municipal bond that is secured by a local government's pledge to use legally available resources, including tax revenues, to repay bond holders.

BUDGET: a financial plan for a specific period of time (i.e., fiscal year) matching all planned revenues with various municipal services. The City of Portsmouth prepares an Annual Operating Budget and a Capital Improvement Program. (CIP)

BUDGET FOR OUTCOMES: having a budgeting process align with strategic-planning outcomes an performance assessments.

BUDGET STABILIZATION: The use of savings to stabilize cyclical fluctuations in the budget.

CAPITAL: a financial investment creating equity.

CAPITAL EXPENDITURES: the money expended to buy, improve or maintain an asset. It must be for physical objects like equipment, infrastructure or buildings.

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CAPITAL IMPROVEMENT PROGRAM (CIP): a capital projects fund, accounted for in the Capital Improvements Fund, scheduling the financing and construction of major municipal facilities, roads, schools, buildings and water and sewer lines, as well as ongoing infrastructure maintenance. This program is linked directly to the City Council policies, plans and goals.

CAPITAL OUTLAY: the purchase or construction of a capital asset. This is essentially the exchange of one asset for another. It also represents an asset exchange that can be spent (cash) for an asset that cannot be spent resulting in a net decrease in current financial resources for the governmental fund types.

CAPITAL PROJECTS FUND: a fund to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary funds).

CAPITAL RESERVE: money that is built up by a municipality that can be used for large capital expenditures.

CEMETERY FUND: a permanent fund used to account for the sale of cemetery lots, perpetual care payments, donations, and legacies for the care of cemetery lots.

CHARGES FOR SERVICES: City fees charged to the government services users such as recreation fees, court cost, judicial cost, public safety cost, public works cost, community development cost, and library fines.

CHART OF ACCOUNTS: an account list used by the City of Portsmouth to record its financial transactions.

CITY GARAGE FUND: an internal service fund used to account for the City's general rolling equipment and operating cost distributed amongst the various departments and funds using the equipment.

COMMUNITY DEVELOPMENT FUND: pursuant to the provisions of the 1974 Housing and Community Development Act, including CDBG, HOME, and ESG, a capital projects fund used to account for the implementation of various capital project programs.

COMPONENT UNIT: a legally separate organization in which the primary government's elected officials are financially accountable. In addition, component units can be other organizations when excluded from the primary government causes the reporting entity's financial statements to be misleading or incomplete.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): a financial report encompassing all funds and governmental component units. The CAFR should contain (a) the basic financial statements and required supplemental information, (b) combining statements, and (c) individual fund statements as needed. The CAFR should also contain introductory information, schedules to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

COMPREHENSIVE SERVICES FUND: a special revenue fund used to account for At Risk Youth operational programs.

CONTINGENCY: fund included in the budget for the purpose of providing a means to supplement minor fiscal year unexpected cost.

CONTRACTUAL SERVICES: outside source services acquired on a fee or fixed time contract basis.

DEBT SERVICES: principal and interest payments for the City debt incurred in acquiring capital outlay or constructing municipal facilities.

DEPARTMENT: a major City administrative division having overall management responsibility for an operation or a group of related operations within a functional area.

DEPRECIATION: allocation of the cost of a long-term asset to operations during its expected useful life.

DIRECT COST: costs specifically associated with a service, product, or department and are clearly identifiable with a particular function.

DONATIONS FUND: a contribution account made by the public for various specified activities such as museum and art centers activities.

ECONOMIC DEVELOPMENT: the sustained concerted effort of policy makers and the community to promote the standard of living and economic health in the city.

ENCUMBRANCES: commitments related to unperformed contracts for goods or services.

ENTERPRISE FUND: proprietary fund used to report activities where fees are charged to external users for goods or services. Includes the Public Utilities Fund, Golf Fund, Waste Management Fund, Port Facilities and Economic Development Fund.

ENTITY: anything having its own separate identity such as a town.

EQUITY: the City's financial interest in its operations.

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ESTIMATED REVENUES: the amount of the revenue estimated to be accrued during a fiscal year.

EXPENDITURES: a decrease in net financial resources under the current financial resource measurement model.

FICA: see *Social Security Tax*.

FIDUCIARY FUNDS: funds used to account for the assets held in trust by the government for the benefit of individuals or other entities.

FINES AND FORFEITURES: revenues generated for violations of local government ordinances. Example includes fines remitted to the City by the courts for violation of City ordinances, or fines collected by the City Treasurer for violations of City parking regulations.

FISCAL YEAR: the twelve-month period of the budgetary year. The fiscal year for the City begins July 1st and ends June 30th.

FRINGE BENEFITS: job-related benefits for employees as part of their total compensation such as disability income, employee allowances, employer's FICA portion, retirement, and insurance (health, life and dental).

FUND: a fiscal and accounting entity with self-balancing accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: the difference between assets and liabilities reported in a governmental fund.

GENERAL FUND: one of five governmental fund types typically serving as the government's chief operating fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL PROPERTY TAXES: taxes on real and personal properties, both tangible and intangible. They include current real property, public service corp. real property, delinquent real property, current personal property, public service corp. personal property, boat personal property, delinquent personal property, machine and tool taxes, penalties, interest, and other charges, interest (no penalties), and current/delinquent PPTRA-state.

GENERAL ACCEPTED ACCOUNTING PRINCIPLES (GAAP): accounting standards developed and applied by professional accountants

GOLF FUND: an enterprise fund used to account for the operations of the City's golf courses. This operation includes Bide-a-Wee, the Links at City Park, Sleepy Hole, and Suffolk golf courses.

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GOVERNMENTAL FUND TYPES: used to account for tax-supported activities. Includes the General Fund, Special Revenue Funds, Capital Project Funds and Permanent Funds.

GRANT: an endowment provided by a governmental unit or other type organization. It aids or supports a particular governmental function or program.

GRANT FUNDS: a special revenue fund used to account for Federal, State and other grants.

HEALTH INSURANCE FUND: an internal service fund providing the necessary money to pay employee and retire health insurance claims and for future claim fund accumulation.

INDIRECT COST: costs not specifically associated with a given service program, or department, consequently associated with a particular functional category.

INFORMATION TECHNOLOGY FUND: an internal service fund used to account for the City's general computer and office automation equipment, and operating cost are allocated to various departments and other agencies using the equipment.

INTANGIBLE ASSETS: assets that lack a physical substance, such as goodwill, patent copyrights, and computer software.

INTEREST: the fee charged for the use of money.

INTERFUND TRANSFERS: an asset flow between primary government funds excluding equivalent asset flows in return or remuneration.

INTERGOVERNMENTAL REVENUES: revenues from the state, federal government, and other governmental sources.

INTERNAL SERVICE FUND: a proprietary fund type reporting activities where goods or services are provided to other primary government funds, departments, or agencies and component units or to other governments on a cost - reimbursement basis. Included the City Garage, Health Insurance Fund, Information Technology Fund, School Board Risk Management and Insurance Fund, School Reprographics Fund, and Risk Management an Insurance Fund.

INVESTMENT INCOME: interest earned

LAW LIBRARY FUND: a special revenue fund used to account for the Public Law Library operations, maintenance and book purchases.

LIABILITIES: the City's debts or obligations.

LONG-TERM LIABILITY: City debts due more than a year in the future.

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MEDICARE TAX: a tax levied on City employees and the City to provide medical care for the employee and the employee's spouse after each has reached age 65.

MISSION: a broad and purposeful function statement about an agency's goals and objectives.

MODIFIED ACCRUAL BASIS: a basis of accounting in which (a) when revenue becomes available and measurable, they are recognized in the accounting period and (b) when a funds liability is incurred, expenditures, if measurable, are recognized in the accounting period. This excludes immature general long-term debt interest, and similar accrued obligations recognized when due.

NET ASSETS: the difference between assets and liabilities reported in entity-wide financial statements and proprietary fund financial statements.

ORDINANCE: a formal legislative statute or regulation adopted by City Council having force and effect of law within the City boundaries.

OTHER FINANCING SOURCE: to avoid distorting revenue trends, an increase in current financial resources reported separately from revenues. The use of this category is governed by GAAP. Examples would include bond proceeds, transfers, and payments in lieu of taxes.

OTHER FINANCING USES: to avoid distorting expenditure trends, a decrease in current financial resources reported separately from expenditures. The use of this category is governed by GAAP.

OTHER LOCAL TAXES: established within the State Code, a tax the Commonwealth allows localities to use. Examples are the sales tax, business licenses, local vehicle registration fees and cigarette taxes, etc.

OTHER POST EMPLOYMENT BENEFITS (OPEB): benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

PARKING AUTHORITY: a component unit used to account for resources to operate and maintain off-street parking facilities and parking meters.

PENSION TRUST FUND: a fiduciary fund type used to account for the resources held in trust for members and beneficiaries of a defined benefit pension plan.

PERFORMANCE MEASUREMENTS: commonly used term for service effort and accomplishment reporting.

PERMANENT FUND: a fiduciary fund type used to report resources legally restricted to earnings alone, and not principal. The fund may be used for purposes supporting the reporting of the governments programs.

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PERSONAL PROPERTY TAX RELIEF ACT (PPTRA): state paid portion of personal property taxes.

PORT FACILITIES AND ECONOMIC DEVELOPMENT FUND: an enterprise fund used to account for the Universal Maritime operations marine terminal and the Virginia Port Authority's lease-purchase of land.

PRINCIPAL: the amount shown on the face of a note.

PRIVATE SECTOR: the business sector.

PROPRIETARY FUND TYPES: funds focusing upon the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two proprietary fund types: enterprises funds and internal service funds.

PUBLIC SECTOR: the government sector.

PUBLIC SERVICE CORPORATION: publicly owned corporations such as water and sewer.

PUBLIC UTILITY FUND: an enterprise fund used to account for the operation of the City's water and sewer system. Through user charges, this operation is designed to be self-supporting.

REAL PROPERTY: assets such as land, land environments, buildings, and other structures attached to the land.

REALIZATION PRINCIPAL: the concept that revenue occurs when goods or services, merchandise, or other assets are exchanged for cash or claims to cash.

RECOVERED COST: reimbursed cost.

RETAIL BUSINESS: a business that sells directly to individual consumers.

RISK MANAGEMENT AND INSURANCE: an internal service fund providing the necessary moneys to defend and pay self-insured public liability claims and claims arising from the operation of the City government. It establishes funding for insurance policy deductibles and accumulates for unpaid claims.

SALVAGE VALUE: an estimate of the amount that could be received by selling or disposing of an asset at the end of its useful life.

