

SECTION 11 – GLOSSARY

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City of Victorville
Glossary
Fiscal Year 2008-2009

Account: A subdivision within a fund for the purpose of classifying transactions.

Accrual Basis or Accrual Method: Accounting method whereby income and expense items are recognized as they are earned or incurred, even though they may not yet have been received or actually paid in cash. The alternative is the Cash Basis. The City uses the widely recognized method of "Modified Accrual."

Adopted Budget: A budget which typically has been reviewed by the public and "Adopted" (approved) by the City Council prior to the start of the fiscal year. The legal authority to expend money for specified purposes in the fiscal year time period.

Allocation: A distribution of funds or an expenditure limit established for an organizational unit.

Appropriation: An authorization by the City Council to make expenditures and to incur obligations for specified amounts and purpose.

Assessed Valuation: An official value established for real estate or other property as a basis for levying property taxes.

Assessments: Charges made to parties for actual services or benefits received.

Audit: A review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations.

Authorized Positions: Ongoing positions which are approved in the final budget adopted by the City Council.

Bonds: A written promise from a local government to repay a sum of money on a specified date at a designated interest rate. Bonds are most frequently used to finance capital improvement projects.

Budget: A plan of financial operation, for a set time period, which identifies specific types of levels of services to be provided, proposed appropriations or expenses, and the recommended means of financing them.

Budget Calendar: The schedule of key dates which City departments follow in the preparation, revision, adoption, and administration of the budget.

Budget Message: The opening section of the budget which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from previous fiscal years, and presents recommendations made by the City Manager.

Capital Improvement Plan (CIP): A comprehensive plan for capital expenditures, to be incurred each year over a fixed period of years, to meet capital needs arising from the long-term work program or other capital needs. It sets forth each project or other contemplated expenditure in which the government is to have a part, and specifies the resources estimated to be available to finance the project expenditures.

Certificate of Participation (COP): Obligations of a public entity based on a lease or installment sale agreement.

Debt Service: Debt service is the amount of money necessary to pay interest and principle on outstanding debt.

Department: A combination of division of the City headed by a general manager with a specific and unique set of goals and objectives.

Encumbrance: A commitment related to unperformed contract for goods or services. Used in budgeting, encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. Encumbrances include, but are not limited to, purchase orders and contracts.

Enterprise Fund: An enterprise fund is established to account for operations financed and operated in a manner similar to private business where the intent of the legislative body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The rate schedules for these services are established to ensure that revenues are adequate to meet all necessary expenditures.

Expenditures: The outflow of funds paid or to be paid for an asset, obtained of goods and/or services. This term applies to governmental fund. The term expense is used for an enterprise fund.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financing sources together with all related liabilities and residual equities or balances and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitation.

Fund Balance: An excess of assets over liabilities and reserve. This term applies to governmental funds only.

General Fund: A governmental fund used to account for all financial resources except those required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP): The uniform standards and guidelines to financial accounting and reporting. GAAP encompass the conventions, rules and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures.

General Obligation Bond: Bonds that are limited by State law as to the amount as well as the length of indebtedness that a government can have. These “Full Faith and Credit” bonds are secured by all of the financial assets of the local government, including property taxes.

Infrastructure: The physical assets of the City, i.e., streets, water, sewer, public buildings, and parks, and the support structures within a development.

Jurisdiction: Geographic or political entity governed by a particular legal system or body of laws.

Landscape and Lighting Maintenance District Funds: Funds to account for revenues derived from annual assessments which are used to pay the cost incurred by the City for landscape maintenance and street lighting maintenance.

Operating Budget: A plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of government are controlled. The use of annual operating budgets is required by law in California.

Program: An accounting and reporting level related to a specific activity or function to be tracked.

Proprietary funds: Funds that account for and record operations similar to those found in a business, such as Enterprise funds and internal service funds.

Refunding: A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding; to reduce the issuer’s interest costs, or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited into escrow to pay debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the refunding bonds and the outstanding obligations being refinanced are referred to as the refunded bonds or the prior issue.

Resolution: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Special Assessment: A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Special Revenue Fund: A governmental fund type used to account for specific revenues that are legally restricted to expenditures for particular purpose.

Subventions: That portion of revenues collected by other government agencies on the City’s behalf.

Tax Increment: The portion of the ad valorem property taxes resulting from increase in the assessed valuation within the redevelopment project area over the base year assessed valuation.

As required by California Health and Safety Code Sections 33334.2 and 33334.3, 20% of the gross tax increment is set aside in a Low and Moderate Income Housing Fund to be used to increase, improve, or preserve the supply of low and moderate income housing.

Transient Occupancy Tax: This tax is collected from the operators of hotels and motels located within the City. A percentage of this tax is then remitted to the City as part of the revenue.

Transfers: Transfers are the authorized exchanges of cash or other sources between funds.

Trust and Agency Fund: Also known as Fiduciary Fund Types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies.