

GLOSSARY OF TERMS

ACCOUNT An entity for recording specific revenues or expenditures, or for grouping related or similar classes of revenues and expenditures and recording them within a fund or department.

ACCOUNTING SYSTEM The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of the entity. (Also see Accrual Basis, Modified Accrual Basis, and Cash Basis.)

ACCRUAL BASIS The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

ACTIVITY Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

AD VALOREM TAXES Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

ADOPTED BUDGET Is the financial plan for the fiscal year beginning July 1.

AFSCME American Federation of State, County, Municipal Employees

ALLOT To divide an appropriation into amounts which may be encumbered or expended during an allotment period.

ANNUALIZE Calculating cost for a full year, for the purpose of preparing a mid year or annual budget.

APPROPRIATION An authorization made by the City Council which permits the city to incur obligations and to make expenditures of resources.

ASSESSED VALUATION A value which is established for real and personal property for use as a basis for levying property taxes. (Note: Property values are established by the county.)

ASSESSMENT RATIO The ratio at which the tax rate is applied to the tax base.

ASSETS Property owned by a government which has a monetary value.

AUTHORIZED POSITIONS Employees positions, which are authorized in the adopted budget, to be filled during the year.

AVAILABLE (UNDESIGNATED) FUND BALANCE This refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

BALANCED BUDGET A BUDGET is balanced when current expenditures are equal to revenues.

BEGINNING FUND BALANCE Fund balance available in a fund from the end of the prior year for use in the following year.

BOND A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance.

BOND REFINANCING The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

BUDGET A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term usually indicates a financial plan for a single fiscal year or period.

BUDGET ADJUSTMENT A procedure to revise a budget appropriation either by City Council approval through the adoption of a budget resolution or by City Administrator authorization to adjust appropriations within a departmental division budget.

BUDGET CALENDAR The schedule of key dates which a government follows in the preparation and adoption of the budget.

BUDGET DOCUMENT The official writing statement prepared by the budget office and supporting staff.

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 the current and previous fiscal years, and recommendations made any the City Administrator.

BUDGET ORDINANCE The legal means to amend the adopted budget through recognizing revenue increases or decreases; transferring funds; decreasing funding of a fund or department; or providing supplemental funding to a fund or department or for the establishment of a new capital project. The City Council adopts or rejects all budget ordinances.

BUDGETARY BASIS This refers to the basis of accounting used to estimate financing sources and uses in the budget.

BUDGETARY CONTROL The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

CAPITAL ASSETS Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets. Rio Rancho has set its minimum fixed asset value at one thousand dollars (\$5,000) or more.

CAPITAL BUDGET Is the financial plan of capital projects expenditures for the fiscal year beginning July 1.

CAPITAL IMPROVEMENTS Any significant physical acquisition, construction, replacement, or improvement to a City service delivery system that has a cost of \$5,000 and above and a minimum useful life of two years.

CAPITAL IMPROVEMENTS PROGRAM (CIP) The process of planning, monitoring, programming, and budgeting, over a multi-year period used to allocate the City's capital monies.

CAPITAL OUTLAY One of the expenditures account categories used to account for the purchase of any item whose value exceeds \$5,000 with a useful life greater than two years.

CAPITAL PROJECT (See CAPITAL IMPROVEMENTS).

CARRYOVER Appropriated funds that are encumbered at the end of a fiscal year are allowed to be retained in the budget to be expended in the next fiscal year for the purpose designated.

CASH BASIS A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CDBG Community Development Block Grant.

CHARGES FOR SERVICES Revenues that represent revenue received by the City for service performed by the City for general services.

CHART OF ACCOUNTS The classification system used by a city to organize the accounting for various funds.

CIPCAC Capital Improvement Plan Citizen's Advisory Committee

CIPTAC Capital Improvement Plan Technical Advisory Committee

CITY CHARTER Legal authority approved by the voters of the City of Rio Rancho under the State of New Mexico Constitution establishing the government organization.

COLECTIVE BARGAINING AGREEMENT A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment.

COMMODITIES Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, and asphalt.

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

CONSUMER PRICE INDEX A statistical description of price levels provided by the U.S. Department of Labor and it is used as a measure of the increase in the cost of living (economic inflation).

CURRENT BUDGET The original budget as approved by the City Council, along with any carryover encumbrances from the prior fiscal year, and any transfers or amendments that have been made since July 1.

DEBT SERVICE The amount of revenue that must be provided for payment to insure the extinguishment of all principal, interest and fees on all City bonds.

DEDICATED TAX A tax levied to support a specific government program or purpose.

DEFICIT The excess of an entity's liabilities over its assets or the excess of expenses over revenues during a single accounting period.

DEPARTMENT A major administrative division of the City that indicates overall management responsible for an operation or group of related operations.

DEPRECIATION Expiration in the service life of fixed assets, attributable to wear and tear through use and lapse of time, obsolescence, inadequacy or other physical or functional cause. That portion of the cost of a capital asset which is charged as an expense during a particular period.

DISBURSEMENT The expenditure of monies from an account.

DIVISION A sub unit of a department which encompasses a substantial portion of the duties assigned to a department. May consist of several activities.

DFA New Mexico Department of Finance and Administration

DPS Department of Public Safety

DPSA Department of Public Safety Association

DWI Driving While Intoxicated

EAP Employee Assistance Program

EFFECTIVENESS Is a type of measure category sometimes referred to as quality indicators. Effectiveness measures examine the degree to which services are responsive to the needs and desires of the customers. These measures tell how well the job is being performed, how well the intent is being fulfilled.

EFFICIENCY Is a type of measurement category sometimes called productivity. This is often measured in terms of unit cost over time. Efficiency refers to the ratio of the quantity of service to the cost in dollars or labor, required to produce the service.

EGRT Environmental Gross Receipts Tax

EMS Emergency Medical Services

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 various pension, medical and life insurance plans.

ENCUMBRANCE The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

ENTERPRISE FUND A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

ESTIMATED REVENUE The amount of projected revenue to be collected during the fiscal year.

EXPENDITURE/EXPENSE The outflow of funds paid for an asset, goods, or services obtained.

FAIR MARKET VALUE The value of a piece of real estate in the open market. Used to determine the assessed value of property for taxing purposes.

FHWA Federal Highway Administration

FINES AND FORFEITURES A revenue source that consists primarily of fines from the Municipal Court.

FISCAL YEAR A twelve month period to which the annual operating budget applies and at the end of which the city government determines its financial position and the results of its operations.

FIXED ASSETS Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, and other equipment; also called capital assets.

FT Full-time

FTE Full Time Equivalent Is one full time position funded for a full year or more than one part time positions that equal a full time.

FUNCTION A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g. public safety).

FUND A fiscal and accounting entity with self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances.

FUND BALANCE The excess of beginning fund balance plus revenues over expenditures as measured at fiscal year-end.

FUNDED POSITIONS Is a term referring to the number of authorized positions for which funding is included in a given fiscal year's budget.

FY Fiscal Year refers to the budget for the period beginning July 1 and ending June 30.

GAAP Generally Accepted Accounting Principals

GASB 34 Is a new accounting standard used by the Governmental Accounting Standards Board that is applicable to state and local governments.

GENERAL FUND The largest fund within the City, the general fund, accounts for most of the financial resources of the government not specifically accounted for in other funds.

GENERAL OBLIGATION (G.O.) BONDS Bonds sold by the City to finance capital improvements. Property tax is the source of revenue for payment of these bonds.

GIS (Geographical Information System) A method of mapping locations based on longitude and latitude.

GFOA Government Finance Officers Association

GO General Obligation A debt for construction of infrastructure voted on by the citizens.

GOAL A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

GRANT A contribution of by one governmental unit to another to be used or expended for a specified purpose, activity, or facility.

GREAT Gang Resistance Education and Training. Training of mid-school aged children concerning gangs. A crime prevention program.

GRT Gross receipts tax

HVAC Heating, ventilation and air conditioning

ICIP Infrastructure Capital Improvement Plan. All capital projects that are proposed to be undertaken during the next five fiscal years including estimated costs and funding sources.

IMPACT FEE A fee charged on new development to finance required infrastructure such as roads, parks, bikeways/trails, police and fire stations, water and wastewater utilities, and drainage.

INDIRECT COST The costs assigned to funds in return for support services, such as accounting, which are necessary to support operations.

INFRASTRUCTURE The physical assets of a government (e.g. streets, 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, and payments in lieu of taxes.

INTERNAL SERVICE FUND Funds used to account for the financing of goods and services provided by one department or division to other departments or divisions of the City, on a cost-reimbursement basis.

KRRB Keep Rio Rancho Beautiful

LEVY To impose taxes for the support of government activities.

LICENSES AND PERMITS Revenues that come from the City's efforts to provide licenses to business and inspection services to enforce compliance with minimum code requirements for building and operating safety.

LINE ITEMS Line items refer to the specific accounts used to budget and record expenditures.

LONGEVITY Employee compensation payments made in recognition of a certain number of years employed full time with the same entity.

LONG-TERM DEBT Debt with a maturity of more than one year after the date of issuance.

MANDATE Is a requirement imposed by a legal act of the federal, state, or local government.

MATERIALS AND SERVICES May include articles and commodities which are consumed or materially altered when used, such as office supplies, operating supplies, and repair and maintenance supplies, and all items of expense to any person, firm or corporation rendering a service in connection with repair, sale or trade of such articles or commodities.

MEASURE Is a term referring to any one of four different types of measures: a count, a ratio, a percentage, and a dollar amount.

MILL The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

MISCELLANEOUS REVENUE A revenue category that is comprised of revenue sources that do not fit the other categories of Taxes, Licenses and Permits, Intergovernmental revenue, Shared Revenue, Charges for Services, Fines and Forfeits, and Interest Income.

MISSION STATEMENT Is a broad statement of purpose derived from an organization's and/or community's values and goals.

MODIFIED ACCRUAL BASIS OF ACCOUNTING The method of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for materials and / or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

NMFA New Mexico Finance Authority

NEW REVENUE Amounts estimated to be received from taxes and other sources during the fiscal year.

NOMINAL DOLLARS The presentation of dollars amounts not adjusted for inflation.

O & M Operating and maintenance

OBJECT OF EXPENDITURES An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.

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

OBLIGATIONS Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

OPERATING BUDGET This sets the plan for the day-to-day operations of the City.

OPERATING EXPENSES The cost of personnel, materials and services required for a department to function.

OPERATING REVENUE Funds that the government receives as income to pay for ongoing operations.

ORIGINAL BUDGET The adopted budget as approved by the City Council.

OUTPUT INDICATOR A unit of work accomplished, without reference to the resources required to do the work (e.g. number of permit issued, or number of arrests made). Output indicators do not reflect the effectiveness or efficiency of the work performed.

ORDINANCE A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries unless it is in conflict with any higher form of law, such as a State statute or constitutional provision. An ordinance has higher legal standing than a resolution.

PERA Public Employees Retirement Association

PERFORMANCE INDICATORS Specific quantitative measures of work performed as an objective of specific departments or programs.

PERFORMANCE MEASURES Data collected to determine how effective or efficient a program is in achieving its objectives.

PERSONAL SERVICES Salaries and salary related costs of salaried and hourly employees.

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.

PROJECT NUMBER Used to identify any special activity, especially where specific reporting requirements exist regarding the activity. These numbers are always used with capital project and grants.

PURPOSE A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

PT Part-time

PURCHASE ORDER A document issued to authorize a vendor to deliver specified merchandise or render a specific service for a stated price. Purchase orders establish encumbrances.

RESERVE An account used to indicate that a portion of fund equity is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

RESOLUTION A special order or temporary order of the City Council.

RESOURCES Total amount available for appropriation including estimated revenues, fund transfers, and beginning balances.

REVENUE The yield from sources of income (such as taxes, licenses, fines, etc) that the City collects and receives into the treasury for public use.

REVENUE ESTIMATES Revenues are projected often using trend analysis.

REVENUE BONDS Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund or other designed source, such as Gross Receipts Tax.

ROW Right of way

SAD Special Assessment District. A source of funding for certain capital improvement projects.

SHARED REVENUE Taxes collected by the state are distributed, in part, back to the cities within the state in proportion to their population.

SINKING FUND Established to pay for general obligation bond debt.

SCADA System Control and Data Acquisition. A radio system for monitoring and managing the City's water and wastewater facilities.

SPECIAL ASSESSMENT DISTRICT These are districts that receive capital improvements. Since these improvements increase the value of the property in a specific area, the property owners benefiting from the improvements pay for the improvements, not all property owners.

STRATEGIC PLAN A plan that outlines the broad community and organization vision, expresses fundamental values, and identifies the most important commitments that will move the organization in the direction of the vision.

TAX LEVY The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

TAXES Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people.

TRANSFER IN/OUT Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

UNENCUMBERED BALANCE The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of budget still available for future purposes.

UNRESERVED FUND BALANCE The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

USER FEES The payment of a fee for direct receipt of a public service by the party benefiting from the service (i.e., swimming pools)

WE Wastewater

WORKLOAD INDICATOR A unit of work to be done (e.g. number of permit applications received)

WWTP Wastewater Treatment Plant

XERISCAPE Water conservation through creative landscaping design

ZERO-BASE BUDGETING (ZBB) Is a method of detailed budget analysis and justification that combines elements of management by objectives and program evaluation. It is a vehicle to link management and planning to the budget process.

THIS PAGE LEFT INTENTIONALLY BLANK

