



County of Riverside
OFFICE OF THE AUDITOR-CONTROLLER
STANDARD PRACTICE MANUAL

		SUBJECT: GLOSSARY OF TERMS
SECTION:	1	CATEGORY: GENERAL ACCOUNTING POLICIES
POLICY NUMBER:	102	
REVISED DATE:	4/23/15	APPROVED BY: <i>Paul Angulo</i>

PURPOSE: To provide County departments, agencies, and special districts with a comprehensive list of accounting terminology used in governmental accounting, auditing, financial reporting and budgeting.

SCOPE: Applies to all County departments, agencies, special districts, and authorities that are governed by Riverside County Board of Supervisors and / or which maintain funds in the County Treasury.

POLICY: Terminology will be updated and revised as often as necessary.

PROCEDURE: The terminology included in this SPM relates to all areas within the Auditor-Controller's Office (General Accounting, Property Tax, Auditing and Payroll) and various departments throughout the County of Riverside.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

GLOSSARY OF ACCOUNTING TERMS

The following explanations of terms are presented to aid in understanding the terminology generally used in governmental accounting, auditing, financial reporting and budgeting.

- **AB 8.** Assembly Bill 8, Chapter 282, Statutes of 1979.
- **Abatement.** A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments, and service charges.
- **Abstract.** See **Redemption Roll**.
- **Accountability.** The state of being obliged to explain one's actions, to justify what one does. *Accountability* requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a “right to know,” a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. See **Fiscal Accountability, Financial Accountability, Operational Accountability**.
- **Account.** A record of a type of monetary transaction maintained in a ledger. The Account chartfield specifies the balance sheet or operating account (either expenditures or revenues) on all financial transactions. The Account table stores an account type identifier that indicates whether the value entered in the Account chartfield is an Asset, Liability, Fund Equity, Expenditure or Revenue type account. There is also a delivered statistical account type that allow for the recording of non-monetary statistical amounts. The Account chartfield is required on all transactions. Also See **Object**.
- **Account number.** See **Coding**.
- **Accounting Distribution.** Definition of the chartfield combinations used in the accounting entries recognizing revenue earned from Deposit-Based Fees (ie: Fund-DeptID-Account).
- **Accounting period.** See **Fiscal period**.
- **Accounting Principles Board (APB).** Authoritative private-sector standard-setting body that preceded the Financial Accounting Standards Board. The APB issued guidance in the form of opinions.
- **Accounting procedures.** All processes which discover, record, classify, and summarize financial information to produce financial reports and to provide internal control.
- **Accounting Standards Executive Committee (AcSEC).** An AICPA committee that is authorized to issue Practice Bulletins. A Practice Bulletin specifically targeted to state and local governments and cleared by GASB would enjoy “level 2” status on the hierarchy of authoritative sources of GAAP.
- **Accounting system.** The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.
- **Accounts payable.** A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government).
- **Accounts receivable.** An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).
- **Accreted value.** A valuation basis for certain investments and debt instruments that reports on the balance sheet only that portion of their face value that reflects principal and interest accrued to date.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Accrual basis.** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.
- **Accrued expenses.** Expenses incurred but not paid
- **Accrued interest payable.** A liability account reflecting interest costs incurred but not due until a later date.
- **Accrued revenue.** Revenues earned but not received. See **Modified accrual basis.**
- **Accrued taxes payable.** A liability account reflecting taxes incurred but not due until a later date.
- **Accrued salaries and wages payable.** A liability account reflecting salaries and wages earned by employees but not due until a later date.
- **Accumulated depreciation.** A contra-asset account to report the accumulation of periodic credits made to reflect the expiration of the estimated service life of capital assets.
- **Acquisition costs.** A term used in connection with public-entity risk pools. Costs that vary with and are primarily related to the acquisition of new and renewal contracts. Commissions and other costs that are primarily related to contracts issued or renewed during the period in which the costs are incurred are considered to be acquisition costs.
- **Actual accounts.** Those accounts which show actual financial position and results of operations, such as actual assets, liabilities, fund balances, revenues, expenditures, and expenses, as distinguished from budgetary accounts. See **Budgetary accounts.**
- **AcSEC.** See **Accounting Standards Executive Committee.**
- **Activity.** A specific and distinguishable service performed by one or more organizational components of a government for the purpose of accomplishing a function for which the government is responsible. For example, "food inspection" is an activity performed in the discharge of the "health" function. See **Subactivity.**
- **Activity classification.** Expenditure classification according to the specific lines of work performed by organization units. For example, "sewage treatment and disposal," "garbage collection," "garbage disposal," and "street cleaning" are activities performed in carrying out the function of "sanitation." The segregation of the expenditures made for each of these activities constitutes an activity classification.
- **Actuarial accrued liability.** A term used in connection with defined benefit pension plans. That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension plan benefits and expenses which is not provided for by future normal costs.
- **Actuarial assumptions.** A term used in connection with defined benefit pension plans. Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and government-provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods; and other relevant items.
- **Actuarial basis.** A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. The factors taken into account in arriving at the amount of these contributions include the length of time over which each contribution is to be held and the rate of return compounded on such contribution over its life. A Pension Trust Fund for a public employee retirement system is an example of a fund used to account for a defined benefit pension plan concerned with actuarial basis data.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Actuarial cost method.** A term used in connection with defined benefit pension plans. A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an *actuarial accrued liability*.
- **Actuarial section.** One of five sections of a CAFR of a public employee retirement system. The contents of this section typically include the actuary's certification letter, a summary of actuarial assumptions and methods, a schedule of active member valuation data, a schedule of retirants and beneficiaries added to and removed from rolls, a solvency test, an analysis of financial experience, an independent actuarial review opinion (if available), and a discussion of changes in plan provisions (if the plan has been amended).
- **Actuarial value of assets.** A term used in connection with defined benefit pension plans. The value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. The *actuarial value of assets*, which may represent an average value over time, normally differs from the amount reported in the financial statements, which is a point-in-time measure (i.e., as of the date of the statement of net assets).
- **Additions.** A term used to describe increases in the net assets of fiduciary funds.
- **Administration cost.** Includes only those direct costs for administration, data processing, collection, and appeal that are incurred by county auditors, assessors, and tax collectors.
- **Adopted budget.** The budget document formally approved by the board of supervisors after the required public hearings and deliberations on the recommended budget. See **Final budget** and **Recommended budget**.
- **Ad valorem*.** Value based
- **Ad valorem property tax.** Any assessment imposed on the basis of the value of the real property, including any special *ad valorem* assessment.
- **Ad valorem property taxation.** Any source of revenue derived from applying a property tax rate to the assessed value of property.
- **Advance From _____ Fund.** A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **Due From _____ Fund** and **Interfund Receivable/Payable**.
- **Advance refunding.** A transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. An *advance refunding* occurs before the maturity or call date of the old debt, and the proceeds of the new debt are invested until the maturity or call date of the old debt. Most advance refunding results in defeasance of debt. [SGAS 7]
- **Advance To _____ Fund.** An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **Due To _____ Fund** and **Interfund Receivable/Payable**.
- **Adverse opinion.** An opinion stating the auditor's view that the financial statements do not present fairly the financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles.
- **Agency funds.** One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets = liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. See **Fiduciary funds**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Agent multiple-employer defined benefit pension/OPEB plan.** An aggregation of single-employer plans, with pooled administrative and investment functions. Separate accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan, based on the benefit formula selected by the employer and the individual plan's proportionate share of the pooled assets.
- **Aggregate actuarial cost method.** A term used in connection with defined benefit pension plans. A method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the actuarial present value allocated to a valuation year is called the normal cost. The actuarial accrued liability is equal to the actuarial value of assets.
- **Allocate.** To divide a lump-sum appropriation into parts which are classified for expenditure by specific organization units and/or for specific purposes, activities, or objects. See **Allocation**.
- **Allocated claims adjustment expenses.** A term used in connection with risk financing activities. Expenses associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. In the context of risk financing activities, expenses associated directly with specific claims paid or in the process of settlement, such as legal and adjuster's fees.
- **Allocation.** A part of a lump-sum appropriation which is classified for expenditure by specific organization units and/or for special purposes, activities, or objects. See **Allocate**.
- **Allot.** To divide a budgetary appropriation into amounts that may be encumbered or expended during an allotment period (e.g., a government may choose to allot its annual budget to 12 monthly periods). See **Allotment** and **Allotment period**.
- **Allotment.** A part of an appropriation that may be encumbered or expended during a given period. See **Allot** and **Allotment period**.
- **Allotment ledger.** A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures for the allotment period, outstanding encumbrances, and net balance. See **Appropriation ledger**.
- **Allotment period.** A period of time during which an allotment is effective. Monthly and quarterly allotments are most common. See **Allot** and **Allotment**.
- **Allowance For Uncollectibles.** A contra-asset valuation account used to indicate the portion of a receivable not expected to be collected.
- **Alternate method of tax apportionment.** Allows counties to allocate secured property taxes to jurisdictions at 100% of the billed amount rather than actual tax collections. The county collects all future delinquent payments, penalties and interest, and distributes them to the appropriate funds.
- **Amortization.** (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity
- **Amortization schedule.** A schedule of debt service payments separating the portions of payments attributable to principal and interest.
- **Analytical review.** The process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial and nonfinancial data.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Annual budget.** A budget applicable to a single fiscal year. See **Budget** and **Operating budget**.
- **Annual covered payroll.** A term used in connection with defined benefit pension plans. All elements included in annual compensation paid to active employees on which contributions to a pension plan are based.
- **Annual financial report.** A financial report applicable to a single fiscal year.
- **Annual inflation factor.** See **Cost of living**.
- **Annual operating budget.** See **Operating budget**.
- **Annual required contribution (ARC).** A term used in connection with defined benefit pension plans. The employer's mandated contribution for the year, calculated in accordance with certain parameters. The parameters include requirements for the frequency and timing of actuarial methods and assumptions that are acceptable for financial reporting.
- **Annual tax increment.** The difference resulting from the comparison of base-year to current- year values.
- **Annuities payable.** A liability account reflecting the amount of annuities due and payable to retired employees in a public employee retirement system.
- **Annuity.** A series of equal payments made or received at equal intervals over a specified period of time.
- **Annuity, amount of.** The total amount of money accumulated or paid during an annuity period from an annuity and compound interest at a specified rate.
- **Annuity bonds.** See **Serial bonds**.
- **Annuity period.** The length of time during which annuity payments are to occur.
- **APB.** See **Accounting Principles Board**.
- **Apportionment.** See **Allotment**.
- **Appraisal.** See **Appraise**.
- **Appraise.** To estimate the value, particularly the value of property. If the property is valued for purposes of taxation, the narrower term "assess" is substituted.
- **Appropriated budget.** The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all fund balance classifications, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes.
- **Appropriation.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and time it may be expended. See **Continuing appropriation** and **Indeterminate appropriation**.
- **Appropriation account.** A budgetary account set up to record spending authorizations for specific purposes. The account is credited with the original appropriation and any supplemental appropriations and is charged with expenditures and encumbrances
- **Appropriation balance.** See **Unallocated balance of appropriation, Unencumbered allotment, Unencumbered appropriation, Unexpended allotment, and Unexpended appropriation**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Appropriation bill.** A bill through which appropriations are given legal effect. See **Ordinance, Resolution, Order.**
- **Appropriation expenditure.** An expenditure chargeable to an appropriation. Since virtually all expenditures of governments are chargeable to appropriations, the term expenditures by itself is widely and properly used.
- **Appropriation expenditure ledger.** See **Appropriation ledger.**
- **Appropriation for contingencies.** A budgetary provision representing that portion of the financing requirements set aside to meet unforeseen expenditure requirements.
- **Appropriation ledger.** A subsidiary ledger containing an account for each appropriation. Each account usually includes the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the available balance and other related information. See **Allotment ledger**
- **Approval.** Authorization as defined in system security to approve specific operations or workflows. For Deposit-Based Fees processing, this will be the Supplemental Deposit Request Letter.
- **Approval Check.** Process done at the requisition and P.O. stages to verify asset approval and signature authority has been properly obtained.
- **Arbitrage.** Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.
- **Assess.** To establish an official property value for taxation. See **Appraise.**
- **Assessed value.** One hundred percent of full value for the 1981-82 fiscal year and the following fiscal years. For 1980-81 and prior fiscal years, the assessed value was 25 percent of the full value.
- **Assessed valuation.** A valuation set upon real estate or other property by a government as a basis for levying taxes.
- **Assessee.** The person to whom the property or tax is assessed.
- **Assessment.** (1) The process of making the official valuation of property for taxation. (2) The valuation placed upon property as a result of this process. See **Special assessment.**
- **Assessment year.** The period beginning with a lien date and ending immediately prior to the succeeding lien date for taxes levied by the same agency.
- **Assessor roll.** See **Roll Being Prepared.**
- **Assessment roll.** With real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner usually are listed. With personal property, the assessment roll is the official list containing the name and address of the owner, a description of the personal property and its assessed value.
- **Asset.** A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.
- **Asset allocation.** A term used in connection with pension plans. The process of determining which types of investments are to be included and the percentages that they are to comprise in an overall investment portfolio.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Asset Category.** Classifies assets by type for reporting and accounting entry purposes.
- **Asset Classes.** Used to sort assets for reporting purposes. Can be used in combination with Asset Categories to further breakdown or refine asset classifications.
- **Asset Profile.** A template that contains default values for a type of asset, the corresponding asset book, and other default values such as Category, Deprecation Method, Estimated Life, Asset Description. The Asset Profile is also utilized at requisition/purchase order date entry point or payment voucher date entry point.
- **Assigned fund balance.** This is the portion of fund balance that reflects a government's intended use of resources. Such intent would have to be established at either the highest level of decision making, or by a body (finance committee) or an official designated for that purpose. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the General Fund automatically would be reported as assigned fund balance.
- **Attained age actuarial cost method.** A term used in connection with defined benefit pension plans. A method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability in respect to each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between the valuation date and assumed exit. The portion of this actuarial present value that is allocated to a valuation year is called the normal cost. The actuarial accrued liability is determined using the unit credit actuarial cost method.
- **Audit.** A methodical examination of utilization of resources. It concludes in a written report of its findings. An audit is a test of management's accounting system to determine the extent to which internal accounting controls are both available and being used. See **Internal auditing, Independent audit, Financial audit, Program compliance audit, Single audit, and Performance auditing.**
- **Audit committee.** A group of individuals, selected by the governing body, having specific responsibility for addressing all issues related to audits of the entity. Ideally, audit committees form a direct communication link between the auditor and the governing body; therefore, the majority of the committee's members normally would be expected not to have management responsibilities within the entity under audit.
- **Audit finding.** In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report in conformity with GAGAS. A typical audit finding is composed of a statement of the condition (i.e., weakness or instance of noncompliance) and the criterion or criteria used to define it, an explanation of the cause of the condition, a discussion of its results, and recommendations for improvement. Findings ordinarily are presented together with a response from management, which states management's concurrence or non-concurrence with each finding and its plan for corrective action.
- **Audit guides.** A series of AICPA publications that enjoy "level 2" status on the hierarchy of authoritative sources of GAAP.
- **Audit management.** The process used to procure auditing services to monitor the performance of the auditor, and to ensure the satisfactory resolution of issues raised by the audit.
- **Audit procurement.** The process used to obtain auditing services from independent public accountants.
- **Audit program.** A detailed outline of work to be done and procedures to be followed in any given audit.
- **Auditor's report.** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Audit resolution.** The process whereby corrective action is planned, implemented and monitored to remedy weaknesses discovered and reported in conjunction with an audit.
- **Audit scope.** In the context of a financial statement audit, the coverage provided by the independent auditor's opinion on the financial statements.
- **Audited claims payable.** See **Accounts payable**.
- **Auditor.** See **Internal auditor** and **Independent auditor**.
- **Auditor-Controller.** If the office of the controller is established by the county, the county auditor is the ex-officio controller, charged with the additional duties of auditing and statistical and financial reporting. See **County auditor** or **Director of finance**.
- **Auditor rotation.** Policy that a government periodically change the independent auditor of its financial statements.
- **Auditor's opinion.** An expression in the audit report of the auditor's position on whether the financial information of the entity is presented fairly, in all material respects, in conformity with generally accepted accounting principles (or with other specified accounting principles applicable to the auditee).
- **Auditor's report on internal controls and compliance over financial reporting.** Report issued in conjunction with a financial audit performed in accordance with GAGAS. In this report, the independent auditor reports on internal control weaknesses and instances of noncompliance discovered in connection with the financial audit, but does not offer an opinion on internal controls or compliance.
- **Authority.** A government or public agency created to perform a single function or a restricted group of related activities. Usually, such units are financed from service charges, fees, and tolls, but in some instances they also have taxing powers. An authority may be completely independent of other governments or partially dependent upon other governments for its financing or the exercise of certain powers. See **Special district**.
- **Auto Sourcing.** System automatically sources items on a requisition to contract or vendor based on item/vendor relationships to create a Purchase Order.
- **Available financing.** In governmental fund types, the sum of the components which are available to meet the financing requirements for the accounting period involved. It includes unassigned fund balance, decreases in other fund balance classifications (nonspendable, restricted, committed and assigned), revenues, other financing sources, and transfers in. This is a conventional term and should not be used in the financial statement presentation.
- **Available fund balance.** For budgetary presentation purposes, that portion of the governmental type fund balance which is available for financing the budget requirements for the accounting period involved. This is a conventional term, which is synonymous with the accepted term "unassigned fund balance," of the general fund, and for other governmental fund types, the portion of the assigned fund balance being used to finance budget requirements.
- **Availability criterion.** Principal of the modified accrual basis of accounting, according to which revenues may be recognized only when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- **Availability period.** A specified period immediately following the close of the fiscal year, by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.
- **Award.** Executed agreement between an institution and a sponsor.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Back taxes.** All payments required to be made under any provision of law allowing payment of delinquent taxes in installments, except payments of current taxes due on the property and the penalties and costs on the current taxes.
- **Balance sheet.** The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.
- **Bank balance.** In the context of GASB Statement No. 3, Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements, the amount credited by a financial institution to the government's account as opposed to the government's own ledger balance for the account (e.g., if checks have been written against an account but have not yet cleared the bank, the ledger balance would be lower than the bank balance).
- **Bank holding company.** A company that controls one or more banks and may own subsidiaries with operations closely related to banking. When branch banking was severely limited, bank holding company statutes allowed banking systems to develop by permitting common ownership of several banks. Generally, the Bank Holding Company Act provides that a holding company has control over a bank if it owns, controls, or holds 25 percent or more of the voting stock of the bank..
- **Bank investment contracts (BIC).** A separate account at a financial institution that functions like a *guaranteed investment contract* (GIC).
- **Bankers' acceptances.** Short-term, non-interest-bearing notes sold at a discount and redeemed by the accepting banks at maturity for face value. *Bankers' acceptances* generally are created based on a letter of credit issued in a foreign trade transaction.
- **Banking pools.** One of four different types of public-entity risk pools. An arrangement by which monies are made available for pool members in the event of loss on a loan basis.
- **Base year (assessor).** The assessment year 1975-76 serves as the original base year. Thereafter, any assessment year in which real property, or a portion thereof, is purchased, is newly constructed, or changes ownership shall become the base year used in determining the full cash value for such real property, or a portion thereof.
- **Basic financial statements (BFS).** See **Financial statements**.
- **Basis differences.** Differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP.
- **Basis of accounting.** A term used to refer to when revenues, expenditures, expenses, and transfers—and the related assets and liabilities—are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the modified accrual or the accrual basis.
- **Betterment.** An addition made to, or a change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency. The cost of the addition or change is normally added to the book value of the asset. The term *improvements* is preferred.
- **Bill.** A term used to denote a law or statute passed by certain legislative bodies. A bill has greater legal formality and standing than a resolution. See **Appropriation bill, Ordinance, Resolution, Order**.
- **Bill-To Customer.** The customer role to which the County will send an invoice, claim or statement to request payment of outstanding receivables. For DBF processing, this will be the LMS applicant.
- **Billing Specialist.** For Deposit-Based Fees purposes, this will indicate the office of division manage that will appear on the DBF supplemental Deposit Request Letters.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Bill Inquiry Phone.** The contact phone number that will be printed on DBF Statements and Supplemental Deposit Request Letters.
- **Blanket Purchase Order.** Purchase Order for a specific period with specific quantities or maximum dollar amounts in the previous system. Contracts will be used in the PeopleSoft system in lieu of these.
- **Blending.** The method of reporting the financial data of a component unit that presents the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government.
- **Blue book.** A term commonly used to designate the GFOA's publication, *Governmental Accounting, Auditing, and financial reporting (GAAFR)*.
- **Board Ordered Contract (BOC).** Contract approved by the Board of Supervisors. Submittal of a requisition will be required and Contract will be set up in the PeopleSoft System to reference for payment.
- **Board roll.** See **State assessed roll**.
- **Bond.** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. Sometimes, however, all or a substantial portion of the interest is included in the face value of the security. See **Deep-discount debt** and **Zero-coupon debt**. The difference between a note and a bond is that the latter is issued for a longer period and requires greater legal formality. See **General obligation bonds payable**, **Revenue bonds payable**, and **Surety bond**.
- **Bond anticipation notes.** Short-term interest-bearing notes issued by a government in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related. See **Interim borrowing**.
- **Bond covenant.** A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or indenture (e.g., pledged revenues).
- **Bond discount.** The difference between the present value and the face amount of bonds when the former is less than the latter. In common usage, the term also often includes issuance costs withheld from the bond proceeds by the underwriter.
- **Bond indenture.** A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.
- **Bond ordinance (resolution).** An ordinance or resolution authorizing a bond issue.
- **Bond premium.** The difference between the present value and the face amount of bonds when the former is greater than the latter.
- **Bonded debt.** That portion of indebtedness represented by outstanding bonds. See **Gross bonded debt**, **Net bonded debt**, and **Funded debt**.
- **Bonds authorized and unissued.** Bonds that have been legally authorized but not issued and that can be issued and sold without further authorization.
- **Bonds issued.** Bonds sold by the government.
- **Bonds payable.** Generally, the face value of bonds issued and unpaid. In the case of deep-discount and zero-coupon bonds, however, only the accreted value of the security is reported as bonds payable on the balance sheet.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Book entry system.** A system that eliminates the need to physically transfer bearer-form paper or to register securities by using a central depository facility.
- **Books of original entry.** The record in which the various transactions are formally recorded for the first time (e.g., cash journal, check register, or general journal). With automated bookkeeping methods, one transaction may be recorded simultaneously in several records, one of which may be regarded as the book of original entry. Memorandum books, check stubs, files of duplicate sales invoices, etc., on which first or prior business notations may have been made, are not books of original entry in the accepted meaning of the term, unless they are also used as the media for direct posting to the ledgers.
- **Book value.** Value as shown by books of account. In the case of assets which are subject to reduction by valuation allowances, "book value" refers to cost or stated value less the appropriate allowance. Sometimes a distinction is made between "gross book value" and "net book value," the former designating value before deduction of related allowances and the latter the value after their deduction. In the absence of any modifiers, however, the term *book value* is understood to be synonymous with *net book value*.
- **Budget.** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the board of supervisors for adoption and sometimes the plan finally approved by that body. See **Annual budget, Capital budget, Capital program, Long-term budget, Operating budget, Performance budget, Program budget** and **Traditional budget**.
- **Budget Check.** A process done at both the requisition and purchase order stages to verify budget is available for the purchase. See **Budgetary Checking Module**.
- **Budget Control.** Enforce budgetary control at a specified level by restricting activity to the budget amount.
- **Budget document.** (1) The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect. (2) The instrument used to present the plan of financial operations of the county and of the special district whose affairs and finances are under the supervision and control of the board of supervisors.
- **Budget-GAAP basis differences.** Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable to the fund type when reporting on operations in conformity with GAAP. For example, a cash-basis budget would produce a budget-GAAP basis difference.
- **Budget-GAAP differences.** Differences between the GAAP reporting model and a government's budgetary practices.
- **Budget-GAAP entity differences.** Differences arising from the inclusion or exclusion in the budget of organizations, programs, activities and functions that may or may not be compatible with the criteria defining the government reporting entity.
- **Budget-GAAP perspective differences.** Differences that result when the structure of financial information for budgetary purposes is not compatible with the fund structure prescribed by GAAP (i.e., some governments budget on the basis of organizational or program structures that differ from the funds used for financial reporting purposes).

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Budget-GAAP timing differences.** Variations such as continuing appropriations, project appropriations, automatic reappropriations, and biennial budgeting that separate budgetary accounting from GAAP.
- **Budget message.** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.
- **Budget request.** The sum of the organizational estimates of available financing and financing requirements for the period involved. The budget requests are compiled to prepare the recommended budget. See **Recommended budget**.
- **Budget Translation rules.** Indicate the level at which budget checking will be performed. This allows for a "roll up" of budget checking.
- **Budget unit.** That classification of the budget expenditure requirements into appropriately identified accounting or organizational units deemed necessary or desirable for control of the financial operation.
- **Budget year.** For budgetary purposes, the budget year means the fiscal year (July 1 through June 30) for which the budget is being prepared.
- **Budget Year/Budget Period.** For budgetary purposes, the budget year means the fiscal year (July 1 through June 30) for which the budget is being prepared. As institutionally defined, it is a consecutive, 12-month period to which a financial transaction or summary applies.
- **Budgetary accounts.** In governmental fund types, accounts which integrate the budgeted operations and condition into the general ledger of the fund.
- **Budgetary basis of accounting.** The method used to determine when revenues and expenditures are recognized for budgetary purposes.
- **Budgetary Checking Module.** Referred to as the BCM and also called Budget Checking; allows you to ensure that your commitments and expenses do not exceed total budgets that revenues match estimates, and that appropriations correctly reflect dedicated revenues. The BCM is the component of PeopleSoft Financials for E&G that enforces budgetary control on financial transactions by verifying the following: that the account requires budgetary control; that the transaction date falls within a valid fiscal period; that the transaction type is valid; that the transaction account is not listed as a budget; that the transaction Chart fields translate to the budget Chart Fields as specified on the Budget Checking Definition panel; that the total committed and/or expended amount of each transaction does not exceed the budgeted amount.
- **Budgetary comparisons.** Statements or schedules presenting comparisons between approved budgetary amounts (as amended) and actual results of operations on the budgetary basis.
- **Budgetary control.** The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.
- **Budgetary guidelines.** Recommendations on budgeting issued by the National Advisory Council on State and Local Budgeting (NACSLB). The NACSLB's budgetary guidelines are chiefly of interest to accountants because of the emphasis they place on performance measurement in the context of the budgetary process.
- **Budgetary integration.** The management control technique by which the annual operating budget is recorded in the general ledger through the use of budgetary accounts. *Budgetary integration* is intended to facilitate control over revenues and expenditures during the year.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Budgetary journal entries.** Journal entries involving budgetary accounts. Budgetary journal entries arise in connection with budgetary integration.
- **Budgetary reporting.** The requirement to present budget-to-actual comparisons in connection with financial reporting. *Budgetary reporting* is required in connection with the basic financial statements for both the general fund and individual major special revenue funds with legally adopted annual budgets. Budgetary reporting also is required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.
- **Buildings and improvements.** A capital asset account reflecting the acquisition cost of permanent structures owned or held by a government, and improvements thereon.
- **Business-type activities.** Those activities of a government carried out primarily to provide specific services in exchange for a specific user charge.
- **Business Unit.** An organization or subset of an organization that is independent with regard to one or more operational or accounting functions. An independent unit that needs to segregate data for reporting purposes. PeopleSoft General Ledger business units typically comprise individual entities for accounting purposes. You can set up separate business units when they are governed by significantly different operating or reporting rules and regulations. An Institution or Organization can have more than one Business unit
- **Buyer.** Person with the responsibility and authority to purchase goods and/or services and obligate the County. Generally assigned by commodity code.
- **CAFR.** See **Comprehensive Annual Financial Report.**
- **Calendar year.** The yearly period from the first day of January to the last day of December, inclusive, for which the tax is imposed.
- **Callable bond.** A type of bond with a feature that permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.
- **CAP.** See **Committee on Accounting Procedure.**
- **Capital and related financing activities.** A term used in connection with cash flows reporting. Capital and related financing activities include: (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.
- **Capital assets.** Long-lived tangible and intangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, infrastructure, and land. In the private sector, these assets are referred to most often as property, plant and equipment. Capital Assets also include intangible assets such as easements, land use rights (water rights, timber rights), computer software, patents, and trademarks. See **Intangible assets.**
- **Capital budget.** A plan of proposed capital outlays and the means of financing them. See **Capital program.**
- **Capital expenditures.** Expenditures resulting in the acquisition of or addition to the government's general capital assets.
- **Capital grants.** Grants restricted by the grantor for the acquisition and/or construction of capital assets. See **Operating grants.**
- **Capital improvement program.** See **Capital program.**

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Capital improvement special assessments.** Special assessment projects that are capital in nature and enhance the utility, accessibility, or aesthetic value of the affected properties. Usually, the projects also provide improvements or additions to a government's general capital assets. Typical special assessment capital improvements are streets, sidewalks, parking facilities, and curbs and gutters. Sometimes the improvements provide capital assets that become an integral part of a government's enterprise activities (e.g., water or sewer main construction).
- **Capital lease.** An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time, that meets one or more of the criteria set forth in SFAS No. 13 for lease capitalization.
- **Capital outlays.** See **Capital expenditures**.
- **Capital program.** A 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 projected expenditures.
- **Capital projects fund.** A fund created to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **Capitalization contribution.** A term used in connection with public-entity risk pools. A contribution to meet initial or ongoing capital minimums established by statute, regulation, or the pooling agreement itself. Capitalization contributions generally take the form of cash.
- **Capitalization policy.** The criteria used by a government to determine which outlays should be reported as capital assets.
- **Capitalization threshold.** The dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. See **Capitalization policy**.
- **Capping.** A term used in connection with municipal solid-waste landfills. The cost of final cover expected to be applied near or after the date that the landfill stops accepting solid waste.
- **Carrying amount.** The amount at which assets and liabilities are reported in the financial statements. Carrying amount also is known as book value. See **Book value**.
- **Cash.** An asset account reflecting currency, coin, checks, postal and express money orders, and bankers' drafts on hand or on deposit with an official or agent appointed as custodian of cash and bank deposits. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts. All cash must be accounted for as a part of the fund to which it belongs. Any restrictions or limitations as to its availability must be indicated in the records and statements. It is not necessary, however, to have a separate bank account for each fund unless required by law.
- **Cash basis of accounting.** Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.
- **Cash discount.** An allowance received or given if payment of an account is completed within a stated period of time.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Cash equivalent.** A term used in connection with cash flows reporting. Short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, “original maturity” means the original maturity to the entity holding the investment.
- **Cash-flow underwriting.** The practice of an insurance enterprise depending on investment income rather than on positive underwriting results to achieve a profit.
- **Cash with fiscal agent.** An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of long-term debt principal and interest.
- **Ceded premiums/claims costs.** Terms used in connection with public-entity risk pools. *Ceded premiums* are those transferred to another enterprise in connection with a reinsurance arrangement. *Ceded claims* costs are those transferred to another enterprise through reinsurance.
- **Certificate of Achievement for Excellence in Financial Reporting Program.** A voluntary program administered by GFOA to encourage governments to publish efficiently organized and easily readable CAFRs/CUFRs and to provide peer recognition and technical assistance to the finance officers preparing them.
- **Certificates of Participation (COP).** Certificates issued for the financing of capital assets. *COPs* represent undivided interests in the rental payments under a tax-exempt lease.
- **Certified Public Accountant (CPA).** An accountant who has met all the statutory and licensing requirements of a given state for use of that designation. All U.S. states require accountants, at a minimum, to complete successfully a uniform national examination before being allowed to designate themselves as CPAs.
- **Change in ownership.** A transfer of a percent interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest.
- **Change Order.** A change to any of the variable of a purchase order.
- **Character classification.** Expenditure classification according to the time periods expenditures are presumed to benefit. The four character groupings are: (1) current operating expenditures, presumed to benefit the current fiscal period; (2) debt service, presumed to benefit prior fiscal periods as well as current and future fiscal periods; (3) capital outlays, presumed to benefit the current and future fiscal periods, and (4) intergovernmental expenditures, where one government transfers resources to another.
- **Charge Code.** The Charge Code identifies what is being charged, the price or billing rate and the accounting distributions for the General Ledger.
- **Check.** A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his or her order, or to the bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.
- **Claim.** (1) Potential losses that can rise from (a) employment (e.g., workers’ compensation and unemployment), (b) contractual actions (e.g., delays or inadequate specifications), (c) actions of government personnel (e.g., medical malpractice, damage to privately owned vehicles by government-owned vehicles, improper police arrest), and (d) governmental properties (e.g., personal injuries, property damage). (2) In the context of insurance, a demand for payment of a policy benefit because of the occurrence of an insured event, such as the destruction or damage of property and related deaths or injuries.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Claims-made policy.** A term used in connection with public-entity risk pools. A type of policy that covers losses from claims asserted (reported or filed) against the policyholder during the policy period, regardless of whether the liability-imposing events occurred during the current or any previous period in which the policyholder was insured under the claims-made contract or other specified period before the policy period (the policy retroactive date).
- **Claims-servicing pool.** One of four different types of public-entity risk pools. An arrangement by which a pool manages separate accounts for each pool member from which the losses of that member are paid. Also referred to as an *account pool*.
- **Class.** Class provides another means by which to classify financial information and will be used to capture location information. The Class chartfield is optional on transactions.
- **Classification of property.** Any enumeration or grouping of property by a statute which results in it being treated differently from other property for the purpose of taxation.
- **Classified presentation.** The separate presentation on the statement of position of the current and long-term portions of assets and liabilities.
- **Closed amortization period.** A term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and OPEB plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.
- **Closed-end mutual fund.** An SEC-registered investment company that issues a limited number of shares to investors that are then traded as an equity security on a stock exchange.
- **Code.** See **Coding**.
- **Coding.** A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. To illustrate the coding of accounts, numbers in the 400 range could be used for expenditures, numbers between 420 and 430 for expenditures within the public safety function, and the number 421 for expenditures incurred in connection with the police activity classification. Within the police activity classification, the number 421.5 could be used for support services, and the number 421.51 for communications support services. Accordingly, an expenditure for police radios would be classified as 421.51 (i.e., expenditures for communications services, within support services, within the police activity classification, within the public safety function).
- **Collateral.** Assets pledged to secure deposits, investments or loans.
- **Collateral pool.** As applied to single financial institutions, a group of securities pledged by a single financial institution against all the public deposits it holds. A multiple financial institution collateral pool is a group of securities pledged by various financial institutions to provide common collateral for their deposits of public funds. In such a collateral pool, the assets of the pool and the power to make additional assessments against the members of the pool, if necessary, ensure that there will be no loss of public funds because of the default of a member.
- **Collector's roll.** See **Tax roll**.
- **Combination bond.** A bond issued by a government that is payable from the revenues of a governmental enterprise but that is also backed by the full faith and credit of the government.
- **Combining financial statements.** Financial statements that report separate columns for individual funds or component units. Combining financial statements normally are required in a CAFR to support each column in the basic financial statements that aggregates information from more than one fund or component unit.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Commercial paper.** Unsecured short-term promissory note issued by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days, but most is sold with maturities of up to 30 days. The credit risk of almost all commercial paper is rated by a rating service.
- **Committed fund balance.** The portion of fund balance that represents resources whose use is constrained by the limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.
- **Commitments.** In the context of note disclosure, contingent obligations at the balance sheet date, arising from the terms of executory contracts.
- **Committee on accounting procedure (CAP).** Authoritative private-sector standard-setting body that preceded the Accounting Principles Board and the FASB. The CAP issued guidance in the form of *Accounting Research Bulletins*.
- **Commodities programs.** The distribution of surplus agricultural products as a form of assistance, often in connection with school lunch programs.
- **Commodity Code.** A unique sequence of numbers identifying the group, class and characteristics of an item of goods or services.
- **Comparability.** The principle according to which differences between financial reports should be due to substantive differences in the underlying transactions or the governmental structure rather than the selection of different alternatives in accounting procedures or practices.
- **Comparative data.** Information from prior fiscal periods provided to enhance the analysis of financial data of the current fiscal period.
- **Comparative financial statements.** Financial statements providing all of the information required by GAAP for two or more fiscal periods.
- **Compensated absences.** Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.
- **Compliance auditing.** Auditing for compliance with applicable laws and regulations. Tests of compliance with laws and regulations are substantive tests; therefore, the term “compliance auditing” should not be confused with the similar term “compliance testing,” which usually refers to testing for compliance with internal control procedures.
- **Compliance supplement.** A term used in connection with single audits. A publication of the U.S. Office of Management and Budget outlining compliance requirements for federal awards programs. The publication is designed to assist independent auditors performing single audits.
- **Component unit.** A separate governmental unit, agency, or non-profit corporation that is combined with other component units to constitute the reporting entity in conformity with GAAP.
- **Component Unit Financial Report (CUFR).** A report covering all funds of a component unit.
- **Component unit financial statements.** Financial statements of a component unit that may be issued separately from the component unit financial report.
- **Composite Assets.** Assets similar to the Parent/Child relationship but costs are rolled up from the subordinate assets to the primary assets.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Composite depreciation methods.** Depreciation methods applied to groups of assets rather than to individual assets.
- **Comprehensive Annual Financial Report (CAFR).** A financial report that encompasses all funds and component units of the government. The *CAFR* should contain: (a) the basis financial statements and required supplementary information, (b) combining statements to support columns in the basis financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The *CAFR* is the government unit's official annual report and also should contain introductory information schedules necessary to demonstrate compliance with finance-related legal and contractual provisions and statistical data. The *CAFR* of a public employee retirement system or an investment pool also should provide information on investments. Likewise, the *CAFR* of a public employee retirement system should provide actuarial information.
- **Comprehensive framework of internal controls.** A structure of internal controls that provides for: (a) a favorable control environment, (b) the continuing assessment of risk, (c) the design, implementation, and maintenance of effective control-related policies and procedures, (d) the effective communication of information, and (e) the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.
- **Condensed financial statements.** Abbreviated financial statements sometimes required by GAAP to be presented within the notes to the financial statements in connection with component units, external investment pools, and segments. In addition, GAAP prescribes the presentation of condensed financial information for the prior fiscal year as part of management's discussion and analysis.
- **Conduit debt.** Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.
- **Confidential Business Unit.** An additional Business Unit set up for a Department for the purpose of keeping certain vendors and payment history confidential. These vendors are typically not 1099 reportable.
- **Connection fees.** Fees charged to join or to extend an existing utility system. Often referred to as *tap fees* or *system development fees*.
- **Consistency.** The principle that, once an accounting principle or reporting method is adopted, it will be used for all similar transactions and events. The concept of consistency in financial reporting extends to many areas, such as valuation methods, basis of accounting, and determination of the financial reporting entity.
- **Construction contracts payable.** A liability account reflecting amounts due on contracts for construction of buildings and other improvements.
- **Construction/development in progress.** A capital asset account reflecting the cost of construction or development work for projects not yet completed. The terms Construction in Progress and Development in Progress are used when recognizing project expenditures in the Capital Assets Accounting System for the construction of capital assets, such as, building and improvements, infrastructure or the development of internally generated intangible assets.
- **Consumption method.** The method under which inventories are recorded as expenditures/expenses when used. See **Purchases method**.
- **Contingency appropriation.** See **Appropriation for contingencies**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Contingent liabilities.** Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility that a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.
- **Continuing appropriation.** An appropriation that, once established, is automatically renewed without further legislative action, period after period, until altered or revoked. The term should not be confused with **Indeterminate appropriation**.
- **Contract.** A promise or set of promises the performance of which is recognized in law as a duty and obligation and breach of which the law provides remedies. Each contract document contains a statement of work or a description of the services/products to be provided. Contracts are available in three types: Fixed, Open or Open/Fixed.
- **Contract Header.** Assigned to a Project and ties the Project to Customer for billing purposes. Also assigned to Funding Sources for Billing purposes.
- **Contracts payable.** A liability account reflecting amounts due on contracts of goods or services furnished to a government. Amounts withheld as guarantees on contracts should be classified separately in an account entitled *Retainage Payable*. See **Accounts payable**.
- **Control account.** An account in the general ledger where there is recorded the aggregate of debit and credit postings to a number of related accounts called subsidiary accounts. For example, Taxes Receivable is a control account supported by the aggregate of individual balances in individual property taxpayers' subsidiary accounts. See **General ledger** and **Subsidiary account**.
- **Control cycle.** A term used in connection with the evaluation of internal controls. A series of logically connected transactions/processes and associated control-related policies and procedures.
- **Control deficiency in internal control.** A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
- **Controller.** See **Auditor-Controller** or **Director of Finance**.
- **Corporate Customer.** This customer role links several customers together for processing. This will be used for DBF processing to link "Concurrent Set" projects for calculation of deposit thresholds and balances.
- **Corrective action plan.** A plan that state and local officials are required to submit to appropriate federal officials under the Single Audit Act. The plan details how material noncompliance or weaknesses found in the audit will be eliminated or why corrective action is not necessary.
- **Correspondence Customer.** This customer role identifies the person, agency or department to who the County will send all correspondence concerning outstanding receivables. For DBF processing, this will be LMS Applicant.
- **Cost.** The amount of money or other consideration exchanged for property or services.
- **Cost accounting.** The method of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Cost ledger.** A subsidiary record wherein each project, job production center, process, operation, product, or service is given a separate account to which all items entering into its cost are posted in the required detail. Such accounts should be arranged and kept so that the results shown in them may be reconciled with and verified by a control account or accounts in the general books.
- **Cost of living.** The Annual Percentage Factor as determined by the California Department of Industrial Relations used in determining the annual inflation factor (not to exceed 2%), pursuant to Revenue and Taxation Code section No. 51.
- **Cost of replacement.** See **Replacement cost.**
- **Cost of reproduction.** See **Reproduction cost.**
- **Cost records.** All ledgers, supporting records, schedules, reports, invoices, vouchers, and other records and documents reflecting the cost of projects, jobs, production centers, processes, operations, products, or services, or the cost of any of the component parts thereof.
- **Cost reimbursement basis.** A term used in connection with internal service funds. The setting of charges so that costs are systematically recovered on a break-even basis over time.
- **Cost-sharing multiple-employer defined benefit pension/OPEB plan.** A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.
- **Cost unit.** A term used in cost accounting to designate the unit of product or service whose cost is computed. These units are selected for the purpose of comparing the actual cost with a standard cost or with actual costs of units produced under different circumstances or at different places and times. See **Unit cost** and **Work unit.**
- **Counterparty.** A term used in connection with custodial credit risk. Another part to a transaction. In the case of deposits and investments made by governmental entities, a counterparty could be the issuer of a security, a financial institution holding a deposit, a broker-dealer selling securities, or a third party holding securities or collateral.
- **County auditor.** In counties, a statutory office charged with being the county's chief accounting officer, and with performing various fiscal duties, including the receipt and disbursement of money by the county treasurer, settlement of payment due the county, etc. See **Auditor-Controller.**
- **County board.** The county board of supervisors when sitting as the county board of equalization.
- **County Budget Act.** The section of the Government Code which prescribes county budget matters. Government Code sections 29000 through 29144 and Section 30200.
- **County counsel.** The county counsel or the district attorney of the county if there is no county counsel, and the city attorney of the City and County of San Francisco.
- **County treasurer.** In counties, a statutory office charged with the receipt, custody, and payment of money in the county treasury.
- **Coupon rate.** The interest rate specified on interest coupons attached to a bond. The term *nominal interest rate* is also used in this sense.
- **Covenant.** See **Bond covenant.**
- **Coverage ratio.** The ratio of revenues for debt to related debt service payments. See **Net revenues available for debt service.**

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Crossover refunding.** A type of advance refunding in which the escrow established with the proceeds of the refunding bonds only begins to secure repayment of the refunded debt at some specified future time, known as the *crossover date*.
- **CUFR.** Component Unit Financial Report
- **Current.** As applied to budgeting and accounting, the operations of the present fiscal period, as opposed to past or future periods. It usually connotes items likely to be used up or converted into cash within one year.
- **Current assets.** Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Examples of: cash, temporary investments, and taxes receivable that will be collected within one year.
- **Current costs.** A term used in connection with municipal solid-waste landfills. The amount that would be paid if all equipment, facilities, and services included in the estimate of closure and postclosure care costs were acquired during the current period.
- **Current Financial Resources Measurement Focus.** Measurement focus where the aim of a set of financial statements is to report the near-term (current) inflows, out-flows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.
- **Current liabilities.** Liabilities which are payable within one year.
- **Current refunding.** A refunding transaction in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded. This situation differs from an advance refunding, where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.
- **Current resources.** Resources to which recourse can be had to meet current obligations and expenditures. Examples of: current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and, in the case of certain funds, bonds authorized and unissued.
- **Current roll auditor's/auditor's roll.** The roll containing the property on which current taxes are a lien.
- **Current roll supplemental/supplemental roll.** The roll for the fiscal year during which the change in ownership occurs or the new construction is completed.
- **Current tax rate.** The tax rate applicable to the current roll, including any rate for voter approved indebtedness.
- **Current taxes.** Taxes levied and becoming due within one year.
- **Custodial agreement.** A written contract establishing the responsibilities of a custodian who holds collateral for deposits with financial institutions, investment securities, or securities underlying repurchase agreements.
- **Custodial credit risk.** The risk that a government will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Custodian.** An officer as defined in the Government Code Section 29320: "officer of the county" includes any elective or appointive officer of a county and any person in charge of any office, department, service, or institution of the county, or a division or branch thereof. A custodian can also be a person designated by the officer.
- **Customer.** The person, agency or department that has received services or items from the County and will be responsible for the cost or fee. For DBF processing, the Customer number will be the same as the DBF project number.
- **Customer deposits.** A liability account used in an Enterprise Fund to reflect deposits made by customers as a prerequisite to receiving services and/or goods provided by the fund.
- **Data processing.** (Information Systems) (1) The preparation and handling of information and data from source media through prescribed procedures to obtain such end results as classification, problem solution, summarization, and reports. (2) Preparation and handling of financial information wholly or partially by mechanical or electronic means. See **Electronic Data Processing (EDP)**.
- **DBF Status.** This value is held only in PeopleSoft and is used to identify whether a case is DBF-Open "Y", Not DBF "N", DBF-Closed "C", or DBF-Draw Down Closed "X".
- **Debt.** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes. See **Accounts payable, Bonds, Note payable, General long-term debt**.
- **Debt extinguishments.** See **Advance refunding bonds, Defeasance, In-substance defeasance of debt**.
- **Debt limit.** The maximum amount of outstanding gross or net debt legally permitted.
- **Debt proceeds.** The difference between the face amount of debt and the issuance discount or the sum of the face amount and the issuance premium. Debt proceeds differ from cash receipts to the extent issuance costs, such as underwriters' fees, are withheld by the underwriter.
- **Debt ratios.** Comparative statistics illustrating the relation between the issuer's outstanding debt and such factors as its tax base, income or population. These ratios often are used as part of the process of determining the credit rating of an issue, especially with general obligation bonds.
- **Debt service.** Appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund requirements on indebtedness existing or legally authorized as of January 1, 1979, or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity, voting in an election for such purpose.
- **Debt service fund.** A fund established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in *debt service funds*.
- **Debt service fund requirements.** The resources which must be provided for a *debt service fund* so that all principal and interest payments can be made in full and on schedule.
- **Debt service requirements.** The amount of money required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate moneys for future retirement of term bonds.
- **Deduction.** A term used in connection with fiduciary funds. A decrease in the net assets of a fiduciary fund.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Deep-discount debt.** Debt issued with a stated interest rate significantly less than the effective interest rate (e.g., less than 75 percent of the effective interest rate).
- **Defaulted taxes.** Delinquent secured property taxes that become subject to redemption penalties and fees as of July 1st. Five years after becoming tax defaulted, a property, by operation of law, becomes subject to the Tax Collector's power to sell.
- **Defeasance.** The legal release of a debtor from being the primary obligor under the debt, either by the courts or by the creditor. Also referred to as a legal defeasance. See **In-substance defeasance**.
- **Deferred charges.** Expenditures which are not chargeable to the fiscal period in which they are made but are carried on the asset side of the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation. See **Prepaid items**.
- **Deferred compensation plans.** Plans that offer employees the opportunity to defer receipt of a portion of their salary and the related liability for federal income taxes. Several sections of the Internal Revenue Code authorize certain state and local governments to provide deferred compensation plans for their employees.
- **Deferred credits.** Credit balances or items which will be spread over following accounting periods, either as additions to revenue or as reductions of expenses. Examples of: taxes collected in advance and premiums on bonds issued.
- **Deferred maintenance.** The act of not performing (deferring) maintenance at the time it should have been, or was scheduled to be, performed. Maintenance in this context means more than routine preventive maintenance and repairs. It includes replacement of parts, periodic road resurfacing and other activities needed to maintain the capital asset at its originally contemplated serviceability for its originally estimated life.
- **Deferred revenue.** Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, amounts that are measurable but not available are one example of deferred revenue.
- **Deficiency.** A general term indicating the amount by which anything falls short of some requirement or expectation. The term should not be used without qualification.
- **Deficit.** (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.
- **Defined benefit pension plan.** A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors, such as age, years of service, and compensation.
- **Defined contribution pension plan.** A pension plan having terms that specify how contributions to a plan member's account are to be determined, rather than the amount of retirement income the member is to receive. The amounts received by a member will depend only on the amount contributed to the member's account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member's account.
- **Delinquent abstract.** See **Redemption Roll**.
- **Delinquent roll.** See **Redemption Roll**.
- **Delinquent special assessments.** Special assessments remaining unpaid on and after the date to which a penalty for nonpayment is attached.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Delinquent taxes.** Taxes remaining unpaid on and after the date a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, cancelled, paid or converted into tax liens.
- **Delinquent unsecured roll.** A list of unsecured property declared to be in default by the tax collector in a particular year.
- **Delivery Location.** The smallest definable physical space to which a product or service is delivered. Could be individual or location within a building.
- **Demand bonds.** Long-term debt issuances with *demand* (“put”) provisions that require the issuer to repurchase the bonds upon notice from the bondholder at a price equal to the principal plus accrued interest. To ensure its ability to redeem the bonds, issuers of *demand bonds* frequently enter into short-term standby liquidity agreements and long-term “takeout” agreements.
- **Department / Dept ID.** The Department chartfield represents a divisional breakdown of public sector organizational bodies and identifies the financial management structure associated with a particular financial transaction. The Department chartfield is required on all transactions. A combination of the Current Department and Organization chartfields. Levels contain: Department, Organizations, Division, section and Unit. Example: **430/01/10000 Dept/ Org/div -Unit**
- **Depletion.** The allocation of the cost of wasting assets (e.g., timber, oil, coal) to the periods benefited by their use.
- **Deposit Threshold.** The identified level at which the original DBF deposit is depleted and a Supplemental Deposit Request is made.
- **Deposits.** In the context of required note disclosures, cash and near cash items placed on account with a financial institution or fiscal agent. Some deposits (e.g., checking accounts) are subject to withdrawal upon demand without notice or penalty (demand deposits) and others (e.g., certificates of deposit) can be withdrawn without penalty only upon completion of a fixed period (time deposits).
- **Depository insurance.** Insurance on deposits with financial institutions. FDIC, FSLIC and some state governments provide this insurance.
- **Deposit warrant.** A financial document prepared by an appointed accounting or finance officer authorizing the treasurer of a government to accept for deposit sums of money collected by various departments and agencies of the government. See **Warrant**.
- **Depreciation.** (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.
- **Depreciation schedule.** A schedule listing the annual allocation of the cost of capital assets to future periods, using one of the depreciation methods acceptable under GAAP.
- **Derivative.** A contract whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The term also is applied to similar transactions, such as structured financial instruments (for example, mortgage-backed securities).
- **Derived tax revenues.** Nonexchange revenues that result from assessments imposed on exchange transactions (for example, income taxes, sales taxes, and other assessments on earnings or consumption).

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Developer fees.** Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, sidewalks).
- **Direct charges.** Direct charges are flat fees levied by various taxing entities on a per parcel basis. They are for services or benefits provided directly to a property (i.e. stormwater program, city 911 fund) and are non-*ad valorem* (not based on value). See also **Direct expenses**.
- **Direct costs.** See **Direct expenses**.
- **Direct costing.** A term used in connection with the valuation of capital assets. Use of source data (e.g., invoices) to establish the historical cost of a capital asset.
- **Direct debt.** The debt which a government has incurred in its own name or assumed through the annexation of territory or consolidation with another government. See **Overlapping debt**.
- **Direct expenses.** Expenses specifically traceable to specific goods, services, units, programs, activities or functions. Direct expenses differ from indirect expenses in that the latter cannot be specifically traced and so must be allocated on some systematic and rational basis.
- **Direct labor.** The cost of labor directly expended in the production of specific goods or rendition of specific services.
- **Direct materials.** The cost of materials which become an integral part of a specific manufactured product or which are consumed in the performance of a specific service.
- **Director of finance.** An office, created by the voters, with the power and duties of the Auditor-Controller, treasurer, and tax collector, and such other duties as prescribed by the board of supervisors.
- **Disallowed costs.** Claims for grantor resources that have been rejected by the grantor. *Disallowed costs* are to be distinguished from “questioned costs,” which are potential disallowed costs that have not yet been rejected by the grantor.
- **Disclaimer of opinion.** A report stating that the auditor does not express an opinion on the financial statements. The *disclaimer of opinion* is appropriate when the auditor has not performed an examination sufficient in scope to enable him to form an opinion on the financial statements. A disclaimer of opinion should not be expressed because the auditor believes, on the basis of the examination, that there are material departures from GAAP. In such circumstances, an adverse opinion would be appropriate. See **Adverse opinion** and **Qualified opinion**.
- **Discount.** In the context of bonds payable and investments, the amount by which par value exceeds the price paid for a security. The discount generally represents the difference between the nominal interest rate and the actual or effective rate of return to the investor.
- **Discount rate.** The rate used to adjust a series of future payments to reflect the time value of money. For the purpose of calculating the pension benefit obligation defined by GASB, this rate is equal to the estimated long-term rate of return on current and future investments of the pension plan. For capitalized leases, the *discount rate* used by the lessee is the lessee’s incremental borrowing rate unless the lessee is aware of the lessor’s implicit rate and that rate is less than the lessee’s incremental borrowing rate.
- **Discounted present value.** See **Present value**.
- **Discrete presentations.** The inclusion of a separate column for a component unit in the applicable basic financial statements. GAAP permits *discrete presentations* if a component unit has adopted accounting principles inconsistent with authoritative governmental pronouncements but considered to be generally accepted, and if the inclusion of the component unit would distort a fund type of the reporting entity. State colleges and universities are often presented by means of discrete presentations.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Discussion memorandum (DM).** A document issued by either GASB or FASB as a basis for written comments by respondents, leading to the issuance of one or more GASB or FASB pronouncements. In a DM, neither GASB nor FASB attempts to reach any conclusions about the issues and related arguments and implications presented. A DM is not an authoritative document and should not be used to justify departures from GAAP.
- **Dollar repurchase/reverse repurchase agreement.** An agreement that involves the transfer of securities and in which the parties agree that the securities returned usually will be of the same issuer but will not be the same certificates. Fixed-coupon and yield-maintenance agreements are the most common types of dollar agreements.
- **Dollar Tolerance.** The acceptable cost difference between expected cycle count quantities and actual quantities counted. This value allows a margin of error for an item during cycle count reconciliation based on item cost.
- **Double entry.** A system of bookkeeping that requires, for every entry made to the debit side of an account or accounts, an entry or entries be made in an equal amount to the credit side of another account or accounts.
- **Dry period financing.** The cash required to cover those times when cash receipts are insufficient to meet the cash demands.
- **Due from _____ fund.** An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans. See **Advance from _____ fund** and **Interfund receivable/payable**.
- **Due from _____ government.** An asset account reflecting amounts due to the reporting government from another government. These amounts may represent grants-in-aid, shared taxes, taxes collected by another unit, loans, and charges for services rendered by a reporting unit for another government.
- **Due process.** The procedures followed by GASB to ensure that the views of all interested parties are solicited and considered prior to issuing an authoritative pronouncement. At a minimum, due process requires that all statements and interpretations be preceded by an exposure draft.
- **Due to fiscal agent.** A liability account reflecting amounts due to fiscal agents, such as commercial banks, for servicing a government's maturing interest and principal payments on indebtedness.
- **Due to _____ fund.** A liability account reflecting amounts owed by a particular fund to another fund for goods sold or service rendered. These amounts include only short-term obligations on open account and not interfund loans. See **Advance to _____ fund** and **Interfund receivable/payable**.
- **Dunning Letter.** Collection letters that are sent to the Correspondence Customer when outstanding items or balances are considered past due.
- **Early recognition option.** A term used in connection with debt service funds. The option to recognize an expenditure in the current period in a debt service fund for principal and interest payments due early in the subsequent period. This option is available only in situations involving the nondiscretionary transfer of resources to a debt service fund in the current period for payments due shortly after the end of the fiscal year (i.e., usually within one to several days, and never more than one month later).
- **Earnings.** See **Income** and **Revenues**.
- **Economic gain/loss.** In the context of an advance refunding, the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Economic resources measurement focus.** A measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It also is used by business enterprises and not-for-profit organizations in the private sector.
- **Education revenue augmentation fund (ERAF).** The fund established for the deposit of moneys deducted and transferred from the county, cities and special districts for subsequent distribution to non-basic aid schools.
- **Effective interest rate.** The rate of earnings on a bond investment, based on the actual price paid for the bond, the coupon rate, the maturity date, and the length of time between interest dates, in contrast with the nominal interest rate.
- **Effectiveness.** A term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives.
- **Efficiency.** A term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources.
- **Electronic Data Interchange (EDI).** The computer-application-to-computer-application exchange of business information in a standard electronic format.
- **Electronic data processing (EDP).** Data processing by means of high-speed electronic equipment. See **Data processing**.
- **Eligibility requirements.** A term used in connection with government-mandated and voluntary nonexchange transactions. Conditions established by the provider of resources stipulating matters such as the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.
- **Eminent domain.** The power of a government to acquire private property for public purposes. It is frequently used to obtain real property that cannot be purchased from owners in a voluntary transaction. When the power of *eminent domain* is exercised, owners are compensated by the government in an amount determined by the courts.
- **Enabling legislation.** Authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.
- **Encumbrance.** A financial obligation against an approved budget. A commitment to pay for goods and/or services in order that funds be set aside (spoken for) in the system for this purpose only. Used in budgeting, *encumbrances* are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. Any *encumbrances* remaining at fiscal year-end will need to be classified as restricted, committed or assigned fund balance in the governmental fund balance sheet.
- **Endowment.** Funds or property that are donated with either a temporary or permanent restriction as to the use of principal. *Endowments* with the stipulation that the principal balance not be disbursed are often accounted for in permanent funds. See **Permanent fund**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Enterprise fund.** (1) A fund established to account for operations financed and operated in a manner similar to private business enterprises (e.g., water, gas and electric utilities; airports; parking garages; or transit systems). In this case the governing body intends that the costs (i.e., expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. (2) A fund established because the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.
- **Entitlement.** The amount of payment to which a state or local government is entitled, pursuant to an allocation formula contained in applicable statutes.
- **Entity.** The basic unit upon which accounting and/or financial reporting activities focus. The basic governmental legal and accounting entity is prescribed by GAAP to be the reporting entity for financial statement reporting purposes and it alone may issue CAFRs and BFS.
- **Entity differences.** A difference between the budgetary basis of accounting and GAAP, arising because the appropriated budget either includes or excludes organizations, programs, activities, and functions which may or may not be compatible with the criteria defining the governmental reporting entity.
- **Entry.** The record of a financial transaction in the appropriate book of account.
- **Entry age actuarial cost method.** A term used in connection with defined benefit pension plans. A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the unfunded actuarial accrued liability.
- **Equalized roll.** The combination, as of August 20, of the local valuations certified by the assessor, any changes made by the county board of supervisors in July, and the current state-assessed valuations reported by the State Board of Equalization.
- **Equipment.** See **Machinery and equipment.**
- **Equity accounts.** In those accounts presenting either fund balances or net assets, this is the difference between assets and liabilities of the fund.
- **Equity securities.** Investments that represent an ownership interest in an enterprise.
- **Equivalent single amortization period.** The weighted average of all amortization periods used when components of the total unfunded actuarial accrued liability are separately amortized and the average is calculated in accordance with the parameters.
- **Escheat.** The reversion of private property to a government because there is no one to inherit or because of a breach of condition.
- **Estimated life.** The expected economic useful life of an asset, from the date placed in service to the projected retirement date.
- **Estimated revenue.** The amount of revenue estimated to accrue or to be collected during a fiscal period.
- **Estimated uncollectible accounts.** See **Allowance for uncollectibles.**
- **Estimated uncollectible receivables.** See **Allowance for uncollectibles.**
- **Ethics rule 202.** An ethics rule established by AICPA that places upon auditors the burden of proof for justifying any material departures from the guidance found on levels 2,3, or 4 of the GAAP hierarchy.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Ethics rule 203.** An ethics rule established by AICPA that makes it an ethical violation for an auditor to state that financial statements are “fairly presented in conformity with GAAP” if those statements materially violate standards issued by FASB, GASB, or the Federal Accounting Standards Advisory Board. A special exception applies when unusual circumstances would make the application of an authoritative standard misleading.
- **Exchange transaction.** A transaction in which each party receives and gives up essentially equal values.
- **Exchange-like transaction.** A transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. Examples include certain fees for regulatory or professional licenses and permits, certain tap fees, certain developer contributions, certain grants and donations, and other transactions that, regardless of the label applied to them, are based on an exchange of similar but not equal values.
- **Exempt property.** Property acquired by a public entity, that becomes exempt from taxation under the laws of the state.
- **Expected useful life.** See **Estimated life**.
- **Expenditure-driven grants.** Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as *reimbursement grants*.
- **Expenditures.** Decreases in net financial resources. *Expenditures* include current operating expenses which require the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.
- **Expenses.** Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity’s ongoing major or central operations.
- **Explicit measurable equity interest.** A term used in connection with joint ventures. An asset resulting from a stipulation in the joint venture agreement that the participants have a present or future claim to the net resources of the joint venture and setting forth the method to determine the participants’ shares of the joint venture’s net resources.
- **Exposure draft (ED).** A proposed statement or interpretation issued for public comment by GASB or FASB.
- **Express Vouchers.** Commonly used for single line, non-PO invoices. Invoice Header and Line information on one panel.
- **External auditor.** Independent auditor(s) typically engaged to conduct the audit of a government’s financial statements.
- **External financing sources.** In governmental fund types, includes revenues, other financing sources, and transfers in. This is a conventional term and should not be used in the financial statement presentation.
- **Face value.** As applied to securities, the amount of the issuer’s liability stated in the security document. See **Par value**.
- **Fair value.** A term used in connection with the valuation of investments. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- **Federal award.** Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Federal financial assistance.** For purposes of applying the provisions of the Single Audit Act of 1997 and OMB Circular A-133, Audits of State and Local Governments, assistance provided by a federal agency in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. *Federal financial assistance* does not include direct federal cash assistance to individuals.
- **Federal program.** All Federal awards to a non-Federal entity assigned a single number in the Catalog of Federal Domestic Assistance (CFDA).
- **Fidelity bond.** A written promise to indemnify against losses from theft, defalcation, and misappropriation of public monies by government officers and employees.
- **Fiduciary fund.** A fund used to account for assets held by a government unit in a trustee capacity or as an agent for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. A trustee acquires legal title to the assets entrusted but, in the agency relationship, title rests with the principal.
- **Final amended budget.** A term used in connection with budgetary reporting. The adopted budget adjusted by all fund balance classifications, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.
- **Final budget.** The adopted budget adjusted by all revisions throughout the fiscal year as of June 30. See **Adopted budget**.
- **Financial accountability.** A term used in connection with the definition of the financial reporting entity. The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.
- **Financial Accounting Foundation (FAF).** A not-for-profit organization responsible for overseeing the operations of both GASB and FASB.
- **Financial Accounting Standards Advisory Council (FASAC).** Advisory group that assists FASB. FASAC includes representatives of all of FASB's major constituents.
- **Financial Accounting Standards Board (FASB).** The authoritative accounting and financial reporting standard-setting body for business enterprises and not-for-profit organizations. FASB is the direct successor of the Committee on Accounting Procedure and the Accounting Principles Board. GASB and its predecessors have elected to apply a number of FASB's standards, as well as those of its predecessors, to state and local government.
- **Financial audit.** An audit made to determine whether the financial statements of a government are presented fairly, in conformity with GAAP.
- **Financial reporting entity.** A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Financing requirements.** In governmental fund types, the total financing needs for the accounting period involved. This is a conventional term and should not be used in the financial presentation.
- **Financial resources.** Cash and other assets that, in the normal course of operations, will become cash.
- **Financial resources measurement focus.** A Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.
- **Financial section.** One of the three basic sections of a CAFR. The financial section is used to present the independent auditor's report on the financial statements, the basic financial statements (including the notes to the financial statements); required supplementary information; combining statements; individual fund statements and schedules; and supplementary information, as needed.
- **Financial statements.** A tabulation of amounts, derived from accounting records and expressed in words and dollars, that displays either 1) the financial position of the reporting unit at a moment in time or 2) inflows and outflows of resources from transactions or other events during a period of time.
- **Financial uses.** In governmental fund types, decreases, excluding expenditure refunds, in the net current assets of a fund. "Financing uses" includes expenditures, other financing uses, and transfers out.
- **Finding.** A published communication of an internal control weakness or instance of noncompliance in connection with an audit.
- **Fiscal accountability.** The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year). This term is used in contrast to *operational accountability*.
- **Fiscal agent.** A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.
- **Fiscal dependence.** A term used in connection with the definition of the financial reporting entity. A situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may "arbitrarily" override the financial decisions of the legally separate entity regarding (a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.
- **Fiscal funding clause.** A clause in a lease agreement providing that the lease is cancelable if the legislature or other funding authority does not appropriate the funds necessary for the government unit to fulfill its obligations under the lease agreement.
- **Fiscal period.** Any period at the end of which a government determines its financial position and the results of its operations. Often referred to as an *Accounting period*.
- **Fiscal year.** For financial reporting purposes, any 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. For budgetary purposes, the current 12 month period to which the annual operating budget applies and at the end of which a government determines its position and the results of its operations.
- **Five percent criterion.** The second of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. This test is applied to the combined total assets, liabilities, revenues or expenses/expenditures of all governmental and enterprise funds for which the 10 percent criterion has been met. See **Ten percent criterion**.
- **Fixed budget.** A budget setting forth dollar amounts that are not subject to change based on the volume of goods or services to be provided. See **Flexible budget**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Fixed charge (fixed charge assessment).** A charge in addition to any ad valorem taxes included on a tax bill. *Fixed charges* are not based on the assessed value of the property and are levied on a parcel basis (i.e. for sewer, library, and flood control assessments). See **Special benefit assessment(s)**.
- **Fixed Contract.** Contract for specific items at a specific price.
- **Fixed costs.** Costs of providing goods or services that do not vary proportionately to the volume of goods or services provided (e.g., insurance and contributions to retirement systems).
- **Fixed coupon repurchase/reverse repurchase agreement.** Agreements in which the parties agree that the securities returned will have the same stated interest rate as, and maturities similar to, the securities transferred. See **Repurchase agreement** and **Reverse repurchase agreement**.
- **Fixed-income securities.** Securities that offer a specified, measurable cash flow (e.g., most bonds).
- **Fixtures.** Attachments to buildings that are not intended to be removed and cannot be removed without damage to the buildings. Those fixtures with a useful life presumed to be as long as that of the building itself are considered a part of the building; all others are classified as equipment.
- **Flexible budget.** A budget whose dollar amounts vary according to the volume of goods or services to be provided. See **Fixed budget**.
- **Flow of current financial resources.** See **Current financial resources measurement focus**.
- **Flow of economic resources.** See **Economic resources measurement focus**.
- **Force account.** A method employed in the construction and/or maintenance of capital assets whereby a government's own personnel are used instead of an outside contractor. This method also calls for the purchase of materials by the government and the possible use of its own equipment, but the distinguishing characteristic of the force account method is the use of the government's own personnel.
- **Foreclosure.** The seizure of property as payment for delinquent tax or special assessment obligations. Ordinarily, property foreclosed is resold to liquidate delinquent tax or special assessment obligations, but on occasion governments retain possession for their own needs.
- **Forfeiture.** The automatic loss of cash or other property as a punishment for not complying with legal provisions and as compensation for the resulting damages or losses. This term should not be confused with confiscation. The latter term designates the actual taking over of the forfeited property by the government. Even after property has been forfeited, it cannot be said to be confiscated until the government claims it.
- **Formal budgetary integration.** The management control technique through which the annual operating budget is recorded in the general ledger through the use of budgetary accounts. It is intended to facilitate control over revenues and expenditures during the year.
- **Formula grants.** Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria (e.g., number of full-time equivalent students) other than the incurrence of qualifying expenditures. Also commonly referred to as *shared revenues*
- **Franchise.** A special privilege granted by a government permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Frozen entry age actuarial cost method.** A term used in connection with defined benefit pension plans. A method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation, over the sum of the actuarial value of assets plus the unfunded frozen actuarial accrued liability, is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The frozen actuarial accrued liability is determined using the entry age actuarial cost method. The portion of this actuarial present value allocated to a valuation year is called the normal cost.
- **Full cash value.** The amount of cash or its equivalent that property would bring if exposed for sale in the open market.
- **Full faith and credit.** A pledge of the general taxing power for the payment of debt obligations. Bonds carrying such pledges are referred to as general obligation bonds or full faith and credit bonds.
- **Full scope audit.** An audit covering: (1) Financial and Compliance, to determine (a) whether the financial statements of an audited entity present fairly the financial position, results of operations, and (when applicable) cash flows in accordance with generally accepted accounting principles, and (b) whether the entity has complied with the various legal and contractual requirements that may have a material effect upon the financial statements; (2) Economy and Efficiency, to determine (a) whether the entity is managing and utilizing its resources (such as personnel, property, space) economically and efficiently, (b) the causes of inefficiencies or uneconomical practices, and (c) whether the entity has complied with laws and regulations concerning matters of economy and efficiency; and (3) Program Results, to determine (a) whether the desired results or benefits established by the legislature or other authorizing body are being achieved, and (b) whether the agency has considered alternatives that might yield the desired results at a lower cost.
- **Function.** A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. For example, public health is a function. See **Subfunction**.
- **Functional-basis combining.** The process of grouping or combining similar funds and/or component units on a functional basis (e.g., transportation, economic development) for financial reporting purposes.
- **Functional classification.** Expenditure classification according to the principal purpose for which expenditures are made. Examples are public safety, public health, and public welfare.
- **Fund.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and equities or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations. The fund chartfield is required on all transactions.
- **Fundamental analysis.** A method of estimating the fair value of a security when it is thinly traded or when quoted market prices are not available. *Fundamental analysis* considers assets, liabilities, operating statement performance, management, and economic environment of the issuer in estimating a fair value.
- **Fund balance.** The difference between fund assets and fund liabilities of governmental funds.
- **Fund balance classifications.** Financial statements for governmental funds may report up to five components of fund balance: nonspendable, restricted, committed, assigned and unassigned. (The General Fund is the only governmental fund with a positive unassigned amount.)
- **Fund balance sheet.** A balance sheet for a single fund. See **Fund** and **Balance sheet**.
- **Fund capital assets.** Those capital assets associated with proprietary or trust funds.
- **Fund classifications.** One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Fund financial statements.** Basic financial statements for a governmental fund. In contrast to *government-wide financial statements*.
- **Fund type.** Any one of eleven categories into which all funds are classified in governmental accounting. The governmental fund types are: *General*, *Special Revenue*, *Debt Service*, *Capital Projects*, and *Permanent*. The proprietary fund types are *Enterprise* and *Internal Service*. The fiduciary fund types are *Pension (and Other Employee Benefit) Trust*, *Investment Trust*, *Private-Purpose Trust*, and *Agency*.
- **Funded debt.** The same as *bonded debt*, which is the preferred term.
- **Funded mandate.** Also known as a *government-mandated nonexchange transaction*. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform).
- **Funded ratio.** The actuarial value of assets expressed as a percentage of the actuarial accrued liability.
- **GAAFR.** Acronym for *Governmental Accounting, Auditing, and Financial Reporting* a publication of the GFOA. Also known as the “Blue Book.”
- **GAAP hierarchy.** An authoritative list of the sources of GAAP. The GAAP hierarchy for state and local governments is set forth in Statement of Auditing Standards No. 69, The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report.
- **Generally accepted accounting principles (GAAP).** Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. The principles include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is GASB.
- **Generally accepted auditing standards (GAAS).** Standards established by AICPA for the conduct and reporting of financial audits. There are ten basic standards classed into three broad categories: general standards, standards of fieldwork, and standards of reporting. The Auditing Standards Board of AICPA publishes *Statements on Auditing Standards* (SASs) to comment and expand upon these basic standards. SAS, together with the ten basic standards, constitute GAAS. GAAS sets forth the objectives of the audit and establishes measures that can be applied to judge the quality of its performance.
- **Generally accepted government auditing standards (GAGAS).** Standards established by the GAO in its publication, *Government Auditing Standards* (GAS), commonly known as the “Yellow Book, for the conduct and reporting of both financial and performance audits. GAGAS sets forth general standards applicable to both types of audits and separate standards of fieldwork and reporting for financial and performance audits. The GAGAS standards of fieldwork and reporting for financial audits incorporate and build upon GAAS.
- **General capital assets.** Capital assets that are not assets of any fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds.
- **General fund.** The fund used to account for and report all financial resources, except those required to be accounted for in another fund.
- **General journal.** A journal in which are recorded all entries not recorded in special journals. See **Journal** and **Special journal**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **General ledger.** A record containing the accounts needed to reflect the financial position and the results of operations of a government. In double entry bookkeeping, the debits and credits in the general ledger are equal (i.e., the debit balances equal the credit balances). See **Subsidiary ledger**, **Control account**, and **Subsidiary account**.
- **General long-term debt.** Long-term debt expected to be repaid from governmental funds. See **Long-term debt**.
- **General obligation bonds payable.** Bonds backed by the full faith and credit of government. See **Full faith and credit**.
- **General revenues.** All revenues *not* reported as program revenues in the government-wide statement of activities. All taxes, even those that are levied for a specific purpose, are *general revenues* and should be reported by type of tax (e.g. sales tax, property tax, franchise tax, income tax). All other nontax revenues (interest, grants, contributions) that do *not* meet the criteria to be reported as program revenues should be reported as *general revenues*.
- **Government Accountability Office (GAO).** The investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. The GAO issues the publication *Government Auditing Standards* (GAS), commonly known as the “Yellow Book,” which sets generally accepted government auditing standards (GAGAS).
- **Government Finance Officers Association (GFOA).** Formerly the *Municipal Finance Officers Association*. An organization comprised of accounting and finance professionals from throughout the United States and Canada. The GFOA has played a major role in the development and promotion of GAAP for state and local government and sponsors the Certificate of Achievement for Excellence in Financial Reporting Program. Publishes *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR), commonly known as the “Blue Book.”
- **Governmental external investment pool.** An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the participants not being part of the sponsor’s reporting entity. In California counties, it is typical for external pools to be used; the participants that are not typically part of the county’s reporting entity and may include school districts and local-board-governed special districts.
- **Governmental accounting.** The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.
- **Governmental Accounting Standards Advisory Council (GASAC).** An advisory body established to assist GASB. The membership of GASAC represents all major groups with an interest in accounting and financial reporting for state and local governments.
- **Governmental Accounting Standards Board (GASB).** The authoritative accounting and financial reporting standard-setting body for government entities.
- **Governmental Accounting, Auditing and Financial Reporting (GAAFR).** Publication of the GFOA also known as the “Blue Book.” Provides detailed guidance to the application of principles to the accounting and financial reporting activities of state and local governments.
- **Governmental activities.** Those activities of a government that are carried out primarily to provide services to citizens and that are financed primarily through taxes and intergovernmental grants.
- **Governmental entity.** For accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units. The criteria used to distinguish governmental entities from nongovernmental entities are set forth in the AICPA’s *Audits of State and Local Governmental Units*.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Governmental financial reporting model.** The minimum combination of financial statements, note disclosures, and required supplementary information prescribed for state and local governments by GASB.
- **Governmental funds.** Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the *general fund*, *special revenue funds*, *debt service funds*, *capital projects funds*, and *permanent funds*.
- **Government-mandated nonexchange transactions.** Transactions that occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform) also known as a *funded mandate*.
- **Government-wide financial statements.** Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the *statement of net position* and the *statement of activities*. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.
- **Grant anticipation note (GAN).** Short-term interest-bearing note issued by a government in anticipation of grants to be received at a later date. The notes are retired from proceeds of the grants to which they are related. See **Interim borrowing**.
- **Grants.** Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity or facility. See **Capital grants** and **Operating grants**.
- **Grants-in-aid.** See **Grants**.
- **Gross bonded debt.** The total amount of direct debt of a government, represented by outstanding bonds before deduction of any assets available and earmarked for their retirement.
- **Group Assets.** Assets that are grouped together for ease processing and reporting but are not dependent on other assets within the group. Each asset within the group keeps its own costs and life.
- **Guaranteed investment contract (GIC).** A group annuity contract designed to provide guarantees of principal and interest on funds deposited with an insurance company for a specified party.
- **Historical cost.** See **Cost**.
- **Hold-harmless agreement** A contract under which the liability of one party for damages is assumed by another.
- **Homeowner exemption.** A value reduction provided to homeowners pursuant to Revenue and Taxation Code section No. 218.
- **Impact fees.** Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, sidewalks).
- **Implementation guides.** Guidance on the proper implementation of authoritative accounting and financial reporting standards issued by the staff of GASB. Implementation guides use a question-and-answer format and enjoy "level 4" status on the hierarchy of GAAP for state and local governments.
- **Imposed nonexchange revenues.** Revenues that result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (e.g. property taxes, fines).

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Imprest account.** An account into which an approved fixed amount of money is placed for the purpose of minor disbursements or disbursements for a specific purpose. When disbursements are made, a voucher is completed to record their date, amount, nature and purpose. From time to time, a report with substantiating vouchers is prepared; the account is replenished for the exact amount of the disbursements and appropriate general ledger accounts are charged. The total of cash plus substantiating vouchers always should equal the total fixed amount of money set aside in the imprest account. See **Petty cash**.
- **Improvements.** Buildings, other structures, and other attachments or annexations to land which are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers. Sidewalks, curbing, sewers, and highways are sometimes referred to as “betterments,” but the term “improvements” is preferred. See **Buildings and improvements**.
- **Improvements other than buildings.** Attachments or annexations to land that are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains and sewers. Sidewalks, curbing, sewers and highways are sometimes referred to as *betterments*, but the term *improvements* is preferred.
- **“In-relation-to” opinion.** An indication in the independent auditor’s report that the auditor does *not* render an opinion on the fair presentation *per se* of certain information contained in the financial report (e.g., combining and individual fund financial statements), but does assert that the information in question is fairly presented “in relation to” the audited financial statements).
- **Income.** A term used in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses. See **Operating income**, **Income before transfers**, and **Net income**.
- **Income before transfers.** Proprietary fund operating income plus nonoperating revenues and minus nonoperating expenses.
- **Incurred but not reported (IBNR) claims.** A term used in connection with risk financing. Claims for insured events that have occurred but have not yet been reported to the governmental entity, public entity risk pool, insurer, or reinsurer as of the date of the financial statements. IBNR claims include (a) known loss events that are expected to be presented later as claims, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported.
- **Independent auditor.** Auditor(s) who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered independent.
- **Indeterminate appropriation.** An appropriation which is not limited either to any definite period of time or to any definite amount. A distinction must be made between an indeterminate appropriation and a continuing appropriation. First, whereas a continuing appropriation is indefinite only as to time, an indeterminate appropriation is indefinite as to both time and amount. Second, even indeterminate appropriations that are indefinite only as to time are to be distinguished from continuing appropriations in that such indeterminate appropriations may eventually lapse (e.g., an appropriation to construct a building may be made to continue in effect until the building is constructed; once the building is completed, the unexpended balance of the appropriation lapses). On the other hand, a continuing appropriation may continue forever and can be abolished only by specific action of the legislative body.
- **Indirect charges/costs/expenses.** See **Overhead**.
- **Individual investment accounts.** An investment service provided by a governmental entity for other, legally separate entities that are not part of the same reporting entity. With *individual investment accounts*, specific investments are acquired for individual entities and the income from and changes in the value of those investments affect only the entity for which they were acquired.
- **Industrial development bonds.** Bonds issued by governments, the proceeds of which are used to construct facilities for a private business enterprise.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Information systems.** See **Data processing.**
- **Infrastructure assets.** Public domain capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and can be preserved for a significantly greater number of years than most capital assets.
- **In-substance defeasance of debt.** An advance refunding in which the government is not legally released from being the primary obligor on the refunded debt, but the possibility of the government having to make additional payments is considered remote under criteria provided by GAAP. See **Advance refunding.**
- **Insured defined benefit pension plan.** A pension financing arrangement whereby an employer accumulates funds with an insurance company, while employees are in active service, in return for which the insurance company unconditionally undertakes a legal obligation to pay the pension benefits of those employees or their beneficiaries, as defined in the employer's plan.
- **Intangible assets.** Intangible assets includes easements, land use rights (such as the right to use a water source) computer software, patents, and trademarks. Intangible assets may be externally generated (purchased or received from a third party) or internally generated such as computer software. Generally, an intangible asset possesses all of the following characteristics: a) lack of physical substance, b) nonfinancial nature, and c) initial useful life extending beyond a single reporting period. Intangible assets should be classified as capital assets and should follow the existing authoritative guidance related to the accounting and financial reporting of capital assets. See **Capital assets.**
- **Interest in property.** Includes any legal or equitable interest.
- **Interest method.** In the context of bonds, a method of periodic amortization of issuance costs and premium or discount over the term of the related debt. The objective of the interest method is to arrive at a periodic interest cost (including amortization) that will represent a level effective rate on the sum of the face amount of the debt and (plus or minus) the unamortized premium or discount and issuance costs at the beginning of each period. The difference between the periodic interest cost so calculated and the nominal interest on the outstanding amount of the debt is the amount of periodic amortization.
- **Interest receivable on investments.** An asset account reflecting the amount of interest receivable on investments.
- **Interfund activity.** Activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories: *reciprocal* and *nonreciprocal*. Reciprocal *interfund activity* comprises interfund loans and interfund services provided and used. Nonreciprocal *interfund activity* comprises interfund transfers and interfund reimbursements.
- **Interfund loans.** Loans made by one fund to another, where both funds are included in the primary government's reporting unit. See **Interfund activity.**
- **Interfund receivable/payable.** Short-term loans made by one fund to another, or the current position of an advance to or from another fund, where both funds are included in the primary government's reporting unit. See **Interfund activity.**
- **Interfund reimbursements.** Repayments made by one fund to another, where both funds are included in the primary government's reporting unit. See **Interfund activity.**
- **Interfund services provided and used.** Sales and purchases of goods and services by one fund to/from another at a price approximating their external exchange value, where both funds are included in the primary government's reporting unit. See **Interfund activity.**
- **Interfund transaction.** Transactions between funds of the same government reporting entity. See **Interfund activity.**

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Interfund transfers.** Transfer of assets (cash, goods) between funds of the primary government reporting entity. See **Interfund activity**.
- **Intergovernmental payable.** A liability account reflecting amounts owed by the reporting government to another government.
- **Intergovernmental receivable.** An asset account reflecting amounts due to the reporting government from another government. These amounts may represent grants-in-aid, shared taxes, taxes collected by another unit, loans, and charges for services rendered by the government for another government.
- **Intergovernmental revenues.** Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.
- **Interim borrowing.** (1) Short-term loans to be repaid from general revenues during the course of a fiscal year. (2) Short-term loans in anticipation of tax collections, grants or bond issuance. See **Bond anticipation notes**, **Grant anticipation notes** and **Tax anticipation notes**.
- **Interim financial statements.** Financial statements prepared as of a date or for a period during the fiscal year and including only financial transactions during the current year to date.
- **Internal auditing.** An independent appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved. The term covers all forms of appraisal of activities undertaken by auditors working for and within an organization.
- **Internal control structure.** Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.
- **Internal financial reporting.** Financial reporting specifically designed to meet the needs of management.
- **Internal service fund (ISF).** A proprietary type fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.
- **Interperiod equity.** The measure of the extent to which current-year revenues are sufficient to pay for the services provided by the government entity during the year, and whether current-year citizens are receiving services by shifting part of the payment burden to future years' citizens or by using up previously accumulated resources.
- **Intrafund transfer.** A transfer of central staff costs to the operating units in the same governmental type fund.
- **Introductory section.** The first of three essential components of any CAFR. The introductory section typically provides general information on a government's structure and personnel, as well as information useful in assessing the government's economic condition. The contents of the *introductory section* normally fall outside the scope of the independent audit of the financial statements. The key element of the introductory section is the letter of transmittal.
- **Inventory.** (1) A detailed list showing quantities, descriptions, and values of property and, frequently, units of measure and unit prices. (2) An asset account reflecting the cost of goods held for resale or for use in operations. Under some circumstances, *inventory* is not valued at cost but at the lower of cost or market.
- **Inventory item.** Any material that could be stored in the inventory business unit either physically (like sprocket wrenches) or virtually (like consulting hours). This material may not currently be in the inventory business unit, but it may be received at a later date.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Investing activities.** A term used in connection with cash flows reporting. Investing activities include making and collecting loans (except program loans) and acquiring and disposing of debt or equity instruments.
- **Investment in capital assets net of related debt.** One of three components of net assets that is required by GAAP to be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.
- **Investments.** Most commonly, securities and real estate held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include capital assets used in government operations.
- **Investment section.** One of four sections of a CAFR for an investment pool and one of five sections of a CAFR of a public employee retirement system.
- **Investment trust fund.** A fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government.
- **Invitation to comment (ITC).** A due-process document that may be released by GASB to solicit the views of interested parties on a topic under study by the board prior to the release of an exposure draft.
- **Item Activity.** Provides processing details for all activities related to an AR item – Invoices, payments, write-offs, etc.
- **Item Catalog.** Group of items from the item master that relate to a specific user, department or type of item. Can be personalized for easy use.
- **Item Class.** An identifier that defines inventory items at a high level. Examples might include “Computer Items” and “Office Furniture.”
- **Item Group/Family.** An identifier that defines categories of inventory items at a medium level Example: Computer items (class) Hardware (group) Laptop (family)
- **Item Master.** Table containing item commodity code, descriptions, vendors, purchase history, etc.
- **Item/Vendor Relationship.** Specific goods or services associated with a specific vendor
- **Job account.** An account pertaining either to an operation which occurs regularly (a “standing order”) or to a specific piece of work (“job order”) showing all charges for material and labor used and other costs incurred, together with any allowances or other credits.
- **Joint venture.** A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.
- **Jointly governed organization.** A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.
- **Journal.** A book of original entry. See **General journal**, **Special journal**, and **Register**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Journal voucher.** A standard form provided for the recording of certain transactions or information in place of, or supplementary to, the journals or registers. The journal voucher usually contains an entry or entries, explanations, references to documentary evidence supporting the entry or entries, and the signature or initials of one or more properly authorized officials.
- **Judgment.** An amount to be paid or collected by a government as the result of a court decision, including a condemnation award in payment for private property taken for public use.
- **Judgment bonds.** Bonds issued to finance judgments.
- **Judgments payable.** A liability account reflecting amounts owed as the result of court decisions, including condemnation awards for private property taken for public use.
- **Jurisdiction.** A local agency, school district, community college district, or county superintendent of schools.
- **Jurisdictional change.** Any changes to the boundaries of a jurisdiction, including formations, consolidations and dissolutions.
- **Last Purchase Date.** The item's most recent purchase date in the inventory business unit.
- **Landfill closure and postclosure care costs.** Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and during the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (e.g., leachate collection systems and final cover) as well as the cost of services (e.g., postclosure maintenance and monitoring costs).
- **Lapse.** As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law. Also referred to as the *lapse period*.
- **Leasehold.** The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.
- **Lease-purchase agreements.** Contractual agreements that are termed "leases," but which in substance amount to purchase contracts. See **Capital lease**.
- **Lease rental bond.** A bond usually issued by a non-profit authority and secured by lease payments to be made by the government leasing the project financed by bond proceeds.
- **Ledger.** A group of accounts in which are recorded the financial transactions of an entry. See **General ledger** and **Subsidiary ledger**.
- **Legal debt limit.** See **Debt limit**.
- **Legal debt margin.** The excess of the amount of debt legally authorized over the amount of debt outstanding. See **Debt limit**.
- **Legal defeasance.** A situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument, even though the debt is not actually repaid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability.
- **Legal level of budgetary control.** The level at which spending in excess of budgeted amounts would be a violation of law.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Legal investments.** 1) Investments that savings banks, insurance companies, trustees and other fiduciaries (individual or corporate) are permitted to make by the laws of the state in which they are domiciled, or under the jurisdiction in which they operate or serve. The investments which meet the conditions imposed by law constitute the legal investment list. 2) Investments that governments are permitted to make by law.
- **Legal opinion.** 1) An opinion of an authorized official such as an attorney or county counsel regarding the legal issues applicable to a particular situation. 2) In the case of government bonds, the opinion of a specialized bond attorney as to the legality of a bond issue.
- **Lent securities.** The securities lent by the lender to the borrower in a securities lending transaction. Also referred to as *underlying securities*.
- **Letter of credit.** A financial institution's written guarantee of a customer's drafts, up to a specified amount, for a certain period of time.
- **Level (1-4) guidance.** In the context of the hierarchy of GAAP for state and local governments, a reference to the relative authority of a given source of GAAP guidance.
- **Level of budgetary control.** One of the three possible levels of budgetary control and authority to which organizations, programs, activities and functions may be subject. These levels of budgetary control are (a) appropriated budget, (b) legally authorized nonappropriated budget review and approval process, which is outside the appropriated budget process, and (c) nonbudgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized nonappropriated budget review and approval process, but still are relevant for sound financial management and oversight. See **Legal level of budgetary control**.
- **Level of effort requirements.** A requirement that a grant recipient not use grant resources to reduce its own participation in a given program or activity.
- **Levy.** 1) *verb* To impose taxes, special assessments or service charges for the support of government activities. 2) *noun* The total amount of taxes, special assessments or service charges imposed by government.
- **Liabilities.** Obligations of an entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.
- **Lien.** A form of encumbrance holding property as security for the payment of taxes.
- **Lien date.** For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises. Generally the *lien date* is specified in the relevant enabling legislation. Many governments use the term *lien date* even though a lien is not formally placed on the property at that date. Alternatively, the term *assessment date* is used to describe this same date.
- **Liquidity.** The ability to convert assets to cash quickly without significant losses.
- **Loan premium or fee.** A term used in connection with securities lending arrangements. Payments from the borrower to the lender as compensation for the use of the underlying securities when the borrower provides securities or letters of credit as collateral.
- **Loans receivable.** An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other governments should be recorded and reported separately.
- **Local agency.** Any city, county, special district, or authority.
- **Local improvement tax.** See **Special assessment**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Local roll.** Property on the secured and unsecured roll that is the county assessors duty to assess.
- **Location.** Office location (administering office) used as selection criterial for the DBF Letter Approval panels.
- **Long-term budget.** A budget prepared for a period longer than a fiscal year; or, in some state governments, a budget prepared for a period longer than a biennium. Long-term budgets concerned with capital outlay plans and capital improvement programs are referred to as capital budgets.
- **Long-term debt.** See **General long-term debt.**
- **LMS.** Land Management System administered by the Transportation and Land Management Agency.
- **Lump-sum appropriation.** An appropriation made for a stated purpose, or for a named department, without specifying further the amounts that may be spent for specific activities or for particular objects of expenditure (e.g., a lump-sum appropriation for the police department would not specify the amounts to be spent for uniform patrol, traffic control, etc., or for salaries and wages, materials and supplies, travel).
- **Machinery and equipment.** Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately—within one year—by use.
- **Maintenance.** The act of keeping capital assets in a state of good repair. It includes preventive maintenance; normal periodic repairs; replacement of parts, structural components and so forth and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.
- **Major fund.** A term used in the context of GAAP defined basic fund financial statements for a governmental fund or enterprise fund reported as a separate column. The general fund is always a major fund. Otherwise, criteria for determining major funds is defined in GAAP literature. However, any other governmental or enterprise fund not meeting this criteria may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.
- **Major program.** A term used in the context of single audits. As part of the single audit, the independent auditor must gain an understanding of internal controls over compliance for each major federal award program and then test those controls. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal award program.
- **Management letter.** A term used in connection with the independent audit of the financial statements. A formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements. The *management letter* should be distinguished from the management *representation letter* which is a communication by management to the independent auditor in which management takes formal responsibility for the fair presentation of the financial statements and makes certain specific representations regarding their contents.
- **Management's discussion and analysis (MD&A).** A component of required supplementary information used to introduce the basic financial statements as defined by GAAP. It also provides an analytical overview of the government's financial activities.
- **Manual Sourcing.** Requisition is sourced based on input from purchasing department rather than automated.
- **Margin.** In the context of repurchase agreements and reverse repurchase agreements, the excess of the market value, including accrued interest of the securities underlying a repurchase-reverse repurchase agreement or a fixed-coupon repurchase-reverse repurchase agreement, over the agreement amount, including accrued interest. It is common practice for a *margin* to be built into an agreement to protect against declines in the market value of the underlying securities.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Market risk.** The risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. *Market risk* is affected by the length to maturity of a security, the need to liquidate a security before maturity, the extent to which collateral exceeds the amount invested, and how often the amount of collateral is adjusted for changing market values.
- **Market value.** See **Full cash value**.
- **Mass Cancellation of Requisitions and Purchase Orders.** A utility that allows you to select and cancel groups of requisitions and purchase orders. You can use this utility during the year as well as at year-end in preparation for closing. The utility enables you to specify Chart Field criteria for selecting documents for cancellation. For example, you can select all requisitions or purchase orders for a particular fund and organization, which have a remaining balance. Then you may select a subset of those records to approve for cancellation.
- **Master agreement.** A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements and establishing each party's rights in the transactions. A *master agreement* often will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.
- **Master Contract.** Contract for a group of items within a specific category.
- **Matched position.** When the proceeds from a reverse repurchase agreement are invested in securities that mature at, or almost at, the same time as the reverse repurchase agreement and the proceeds from those securities will be used to liquidate the agreement.
- **Matching.** The process of applying system match control rules against voucher, purchase order, and receiver documents, ensuring that an invoice being entered reflects the amounts ordered and received before it is approved for payment.
- **Matching – 2-Way.** Invoice to Purchase Order (PO)
- **Matching – 3-Way.** Invoiced to Purchase Order to Receiver.
- **Matching – 4 Way.** Invoice to Purchase order to Receiver to Inspection.
- **Matching requirement.** A requirement that a grant recipient contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.
- **Matching Tolerance.** A tolerance set up to stop the process when the dollar amount or quantity does not match original figures such as the purchase order amount verses the invoice amount. Tolerances can be plus or minus a percentage and/or dollar amount.
- **Material weakness.** A deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
- **Materiality.** The magnitude of an omission or misstatement of accounting information that makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement The objective of accountability in governmental financial reporting adds another perspective to materiality. Specifically, accountability requires materiality to be judged not only in a quantitative manner, but also in a qualitative manner. That is, accountability involves such issues as legal and contractual compliance that may not have a *material* effect on the entity's reported operating results and financial position but that would influence or change the judgement of a reasonable person about how the government conducted its affairs during the period.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Matrix pricing.** A method of estimating the fair value of a security when it is thinly traded or when quoted market prices are not available. Matrix pricing estimates a security's fair value by considering coupon interest rates, maturity, credit rating, and market indexes as they relate to the security being valued and to similar issues for which quoted prices are available.
- **Matured bonds payable.** A liability account reflecting unpaid principal on bonds that have reached or passed their maturity date.
- **Matured interest payable.** A liability account reflecting unpaid interest on bonds that have reached or passed their maturity date.
- **Measurement focus.** The accounting convention that determines 1) which assets and which liabilities are included on a government's balance sheet, and where they are reported there, and 2) whether an operating statement presents information on the flow of financial resources (revenues and expenditures) or information on the flow of economic resources (revenues and expenses).
- **Mineral rights.** Provides the right to enter in or upon the land for the exploration, development, and production of minerals, including oil, gas, and other hydrocarbon.
- **Mobile home.** A stationary, non-motorized vehicle designed and equipped for human habitation. For property tax purposes, *mobile home* is defined as containing 320 or more square feet of area, having no more than two dwelling units, and not permanently affixed to land (no foundation).
- **Mobile home base year value.** The full cash value on the date a mobile home is purchased or ownership changes. If the mobile home undergoes any new construction after it is purchased or changes ownership, the base year value of the new construction is its full cash value on the date on which the new construction is completed and, if uncompleted, on the lien date.
- **Modified accrual basis of accounting.** The accrual basis of accounting adapted to the current financial resources measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred except for: 1) inventories of materials and supplies that may be considered expenditures either when purchased or when used, and 2) prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed.
- **Modified approach.** The election *not* to depreciate infrastructure assets that are part of a network or subsystem of a network that meet two specific requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government.
- **Money market investment.** A short-term, highly liquid debt instrument, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are *not* included in this term.
- **Mortgage bonds.** Bonds secured by a mortgage against specified properties of a government, usually its public utilities or other enterprises. If primarily payable from enterprise revenues, they are also classed as revenue bonds. See **Revenue bonds**.
- **Multi-purpose grants.** A term used in connection with the identification of program revenues. Grants intended to finance activities reported in different functional categories in the government-wide statement of activities. Multipurpose grants that do *not* provide for specific identification of the programs and amounts should be reported as *general revenues*.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Municipal.** In its broadest sense, an adjective which denotes the state and all subordinate units of government. In a more restricted sense, an adjective which denotes a city or village, as opposed to other local governments.
- **Municipal bond.** A bond issued by a state or local government.
- **Municipal corporation.** A political and corporate body established pursuant to state statutes to provide government services and regulations for its inhabitants. A municipal corporation has defined boundaries and a population, and is usually organized with the consent of its residents. It usually has a seal and may sue and be sued. Cities and villages are examples of municipal corporations. See **Quasi-municipal corporation**.
- **Municipal Finance Officers Association.** See **Government Finance Officers Association**.
- **Municipal improvement certificates.** Certificates issued in lieu of bonds for the financing of special improvements. As a rule, these certificates are placed in the contractor's hands for collection from the special assessment payers.
- **Municipal solid-waste landfill.** A discrete area of land or an excavation that receives household waste, and that is not a land application unit, surface impoundment, injection well, or waste pile, as those terms are defined in regulations of the Environmental Protection Agency. It may also receive other types of Resource Conservation and Recovery Act Subtitle D wastes such as commercial solid waste, non-hazardous sludge, and industrial solid waste. The term *municipal* indicates the primary type of solid waste received by the landfill, not its ownership.
- **National Advisory Council On State And Local Budgeting (NACSLB).** A working group created by eight public-sector organizations to establish a comprehensive framework for public-sector budgeting that could be used by state and local governments as an ideal against which to measure and improve the quality of their own budget practices. The Government Finance Officers Association (GFOA) has formally recommended NACSLB guidelines to its members.
- **National Committee On Governmental Accounting (NCGA).** A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments from 1946 until the establishment of the National Council on Governmental Accounting (NCGA) in the 1970s.
- **National Committee On Municipal Accounting (NCMA).** A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments prior to 1946. NCMA was one of the predecessors of GASB.
- **National Council On Governmental Accounting (NCGA).** An organization established through the sponsorship of the Government Finance Officers Association to develop, promulgate, and interpret principals of accounting, financial reporting, and related financial management activities for the state and local governments in the United States and Canada. Immediate predecessor of the GASB.
- **Negotiable certificates of deposit.** Transferable certificates of deposit. Because they are transferable, negotiable certificates of deposit are subject to custodial credit risk.
- **Net bonded debt.** Gross bonded debt less any cash or other assets available and earmarked for its retirement and less all self-supporting debt (e.g., revenue bonds). Also referred to as *net general obligation debt*.
- **Net book value.** See **Book value**.
- **Net cost.** A term used in the context of the government-wide statement of activities. The difference between functional expenses and program revenues.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Net income.** The proprietary fund excess of operating revenues, nonoperating revenues, and transfers-in over operating expenses, nonoperating expenses, and transfers out.
- **Net interest cost.** A method used to calculate a bond issuer's interest cost. The *net interest cost* (NIC) does not take into account the time value of money. The NIC is equal to the total interest payments plus discount (or minus premium) divided by the number of bond years.
- **Net pension/OPEB obligation.** A term used in connection with defined benefit pension plans. The cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension liability (asset) at transition, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related debt.
- **Net profit.** See **Net income**.
- **Net revenues.** See **Net income** and **Net revenues available for debt service**.
- **Net revenues available for debt service.** Proprietary fund gross operating revenues less operating and maintenance expenses (which normally does not include depreciation expense or interest expense on bonds). *Net revenues available for debt service* as thus defined is used to compute "coverage" on revenue bond issues. Under the laws of some states and the provisions of some revenue bond indentures, to compute revenue bond coverage, net revenues available for debt service must be computed on a cash basis rather than in conformity with GAAP. See **Coverage ratio**.
- **New construction.** Any addition to real property, whether land or improvements (including fixtures) since the last lien date; and any alteration of land or of any improvement (including fixtures), since the last lien date that constitutes a major rehabilitation thereof or that converts the property to a different use.
- **NIGP Code.** A commonly used commodity code developed and maintained by the National Institute for Government Purchasing.
- **No-commitment special assessment debt.** Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is *not* backed by either the full faith and credit of the government or by any other type of general government commitment.
- **Nominal account.** Those accounts whose balances are transferred to equity or net asset accounts at the close of each fiscal year. Examples are revenue and expense accounts.
- **Nominal interest rate.** The contractual interest rate shown on the face and in the body of a bond and used to compute the amount of interest to be paid, in contrast to the effective interest rate. See **Coupon rate**.
- **Noncapital financing activities.** A term used in connection with cash flow reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments.
- **Nonexchange transaction.** A transaction in which a government (including the federal government, as a provider) either gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange.
- **Nonfinancial assets.** A term used in connection with the current financial resources measurement focus and the modified accrual basis of accounting. Assets that are expected to be used in the provision of goods or services rather than converted to cash. Financial statement preparers have the option of treating prepaid items and inventories of supplies as either a financial asset (consumption method) or as a nonfinancial asset (purchases method).

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Nonoperating expenses.** Proprietary fund expenses which are not directly related to the fund's primary activities (e.g., interest).
- **Nonoperating nonunitary.** Properties that do not operate as a unit and are not part of the primary function of the assessee.
- **Nonoperating properties.** Properties owned by an enterprise fund but not used in the provision of the fund's primary service activities.
- **Nonoperating revenues.** Proprietary fund revenues incidental to or byproducts of the fund's primary activities.
- **Nonparticipating interest-earning investment contracts.** Investment contracts whose value is not affected by market (interest rate) changes (e.g., nonnegotiable certificates of deposit with redemption terms that do not consider market rates). This definition excludes investment contracts that are negotiable or transferable, or whose redemption value considers market rates.
- **Nonreciprocal interfund activity.** The internal counterpart to nonexchange transactions. This category includes both interfund transfers and interfund reimbursements.
- **Nonspendable fund balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example, inventories and prepaid amounts or (b) legally or contractually required to be maintained intact (e.g. corpus or principal of a permanent fund. The "not in spendable form" criterion includes items that are not expected to be converted to cash. Also, long-term loan and notes receivables, and capital assets held for resale would be reported as nonspendable unless the proceeds are restricted, committed or assigned.
- **Nonspendable Fund Balance - Advance To Other Funds.** An account used to segregate a portion of the fund balance to indicate that noncurrent portions of long-term interfund receivables do not represent expendable available financial resources.
- **Nonspendable Fund Balance - Endowments.** An account used to indicate that the trust fund balance amounts representing endowment principal are legally restricted.
- **Nonspendable Fund Balance - Capital Assets Held For Resale.** An account used to segregate a portion of the fund balance to indicate that capital assets held for resale do not represent expendable available financial resources.
- **Nonspendable Fund Balance - Inventories.** An account used to segregate a portion of the fund balance to indicate that, under the purchases method, inventories of supplies do not represent expendable available financial resources, even though they are a component of net current assets.
- **Nonspendable Fund Balance - Noncurrent Loans Receivable.** An account used to segregate a portion of the fund balance to indicate that noncurrent portions of long-term loans receivable do not represent expendable available financial resources.
- **Nonspendable Fund Balance - Prepaid Items.** An account used to segregate a portion of the fund balance to indicate that prepaid items do not represent expendable available financial resources, even though they are a component of net current assets.
- **Nonunitary.** See **Operating nonunitary.**
- **Normal cost.** In the context of defined benefit pension and OPEB plans, that portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Normal costing.** A term used in connection with the valuation of capital assets. Estimate of historical cost based on current cost of reproduction new indexed by a reciprocal factor of the price increase of a specific item or classification from the appraisal date to the estimated date of acquisition. That is, the historical cost of an asset is estimated by taking the value of acquiring the asset new today and then discounting that amount by an appropriate inflation factor back to the date of acquisition.
- **Normally.** A term used in connection with the application of the modified accrual basis of accounting to certain long-term liabilities. Specifically, certain accrued liabilities are recognized as expenditures in governmental funds only when they are “normally” expected to be liquidated with current available financial resources (e.g., compensated absences, claims and judgements, special termination benefits, landfill closure and postclosure care costs). For this purpose, the term “normally” should be interpreted from the perspective of the practice of state and local governments generally.
- **Note payable.** In general, an unconditional written promise signed by the maker to pay a certain sum in money on demand or at a fixed or determinable time, either to the bearer or to the order of a person designated therein. See **Temporary loans**.
- **Note receivable.** A legal right to receive payment of a certain sum of money on demand or at a fixed or determinable time, based on an unconditional written promise signed by the maker.
- **Notes to the financial statements.** The summary of significant accounting policies and other disclosures required for a fair presentation of the financial statements of a government in conformity with GAAP and not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of a CAFR/CUFR.
- **Number of funds principle.** The principle that only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.
- **Object.** As used in expenditure classification, this term applies to the article purchased or the service obtained, rather than to the purpose for which the article or service was purchased or obtained (e.g., personal services, contractual services, materials, and supplies). See **Activity, Account, Character, Classification, Function, and Object class**.
- **Object classification.** Expenditure classification according to the types of items purchased or services obtained (e.g., personal services, materials, supplies and equipment).
- **Object of expenditure.** See **Object**.
- **Obligated in some manner.** A term used in connection with special assessment debt and the determination of the financial reporting entity. A government is *obligated in some manner* for debt if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) the government may take certain actions to assume secondary liability for all or part of the debt and the government takes, or has given indications that it will take, those actions. Stated differently, the phrase *obligated in some manner* is intended to include all situations other than those in which (a) the government is prohibited (by constitution, charter, statute, ordinance, or contract) from assuming the debt in the event of default or (b) the government is not legally liable for assuming the debt and makes no statement, or gives no indication, that it will, or may, honor the debt in the event of default.
- **Obligation.** Amounts a government may be legally required to meet out of its resources. They include not only actual liabilities but also unliquidated encumbrances. This level of reserving funds follows a commitment, when an agency has a legal contract with a vendor. Sometimes called “undelivered orders.”
- **Obsolescence.** The decrease in the value of capital assets, resulting from economic, social, technological or legal changes.
- **Office of Management and Budget (OMB).** An agency of the federal government with regulatory oversight of Single Audits. In fulfillment of this responsibility the OMB has issued Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Official statement.** A document published by a government planning to issue long-term debt that provides information on the proposed long-term debt issue, the purpose of the issue, and the means of servicing the indebtedness, as well as other information about the issuer that may be helpful in evaluating credit-worthiness.
- **On-behalf payments of fringe benefits and salaries.** Direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employees of another, legally separate entity (the employer entity or employer government). They include payments made by governmental entities on behalf of nongovernmental entities and payments made by nongovernmental entities on behalf of governmental entities, and may be made for volunteers as well as for paid employees of the employer entity.
- **Open amortization period.** A term used in connection with defined benefit pension and OPEB plans. An open amortization period (open basis) is one that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, 30 years), the period may increase, decrease, or remain stable.
- **Open Contract.** Contract for a non-specified quantity or item controlled by a maximum dollar amount.
- **Open-end mutual funds.** An open-end mutual fund is one that continuously offers its shares for sale to the public, compared with a closed-end company, which may issue only a limited number of shares. Mutual funds generally do not issue share certificates; instead, they send out periodic statements showing deposits, withdrawals, and dividends credited to the investor's account.
- **Open Items.** Refers to all AR lines on a customer's account that have not been **match** off (i.e. payments or adjustments not applied to individual invoices).
- **Open space land (Williamson Act).** (1) Land within an agricultural preserve and subject to a contract or an agreement, (2) Land subject to a scenic restriction, (3) Land subject to an open-space easement.
- **Open space use.** The use or maintenance of land in such a manner as to preserve its natural characteristics, beauty, or openness for the benefit and enjoyment of the public, to provide essential habitat for wildlife, or for the solar evaporation of sea water in the course of salt production for commercial purposes, if such land is within: a scenic highway corridor; a wildlife habitat area; a saltpond; a managed wetland area; or a submerged area.
- **Operating activities.** A term used in connection with cash flow reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities.
- **Operating budget.** Plans of current expenditures and the proposed means of financing them. The annual operating budget (for some state governments: the biennial operating budget) is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even where not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government. See **Budget**.
- **Operating expenses.** Proprietary fund expenses related directly to the fund's primary activities.
- **Operating grants.** Grants that are restricted by the grantor to operating purposes or that may be used for either capital or operating purposes, at the discretion of the grantee. See **Capital grants**.
- **Operating income.** The excess of proprietary fund operating revenues over operating expenses.
- **Operating lease.** A lease agreement that does not meet the criteria for capitalization set forth in GAAP pronouncements.
- **Operating nonunitary.** A group of properties that operate as a unit but are not part of the primary function of the assessee.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Operating revenues.** Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.
- **Operational accountability.** Governments' responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future.
- **Operator Preferences.** A set of default values assigned to a specific operator which automatically completes much of the data when the operator opens a screen in the system. Defaults can be overridden depending on security set up.
- **Optional bond.** See **Callable bond**.
- **Order.** A formal legislative enactment by the governing board of certain local governments that has the full force and effect of law (e.g., county governing bodies in some states pass *orders* rather than *laws*, *resolutions* or *ordinances*).
- **Ordinance.** A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an *ordinance* and a *resolution* is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions that must be by *ordinance* and those that may be by *resolution*. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances. See **Resolution**.
- **Other financing source.** An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the *other financing sources* category is limited to items so classified by GAAP.
- **Other financing use.** A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the *other financing uses* category is limited to items so classified by GAAP.
- **Other postemployment benefits (OPEB).** Postemployment benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income. OPEB includes postemployment health care benefits provided through a public employee retirement system or pension plan. In addition to postemployment health care benefits (such as illness, dental, vision, and hearing), OPEB may include, for example, life insurance, disability income, tuition assistance, legal services, and other assistance programs.
- **Other sources of GAAP.** Potential sources of accounting and financial reporting guidance that may be used in the absence of authoritative guidance on one of the four levels of the hierarchy of GAAP for state and local governments. Examples of other sources of GAAP for state and local governments include concept statements of GASB, pronouncements of FASB that are not authoritative for government, professional publications, textbooks, and position papers of professional organizations. GASB concepts statements take precedence as an other source of GAAP.
- **Outlays.** Synonymous with *expenditures*. See **Capital expenditures**.
- **Outcome measures.** A term used in connection with service efforts and accomplishments reporting. Indicators that measure accomplishments or results that occur (at least partially) because of services provided. Results also include measures of public perceptions of outcomes.
- **Output measures.** A term used in connection with service efforts and accomplishments reporting. Indicators that measure the quantity of services provided. Output measures include both measures of the "quantity of service provided" and measures of the "quantity of a service provided that meets a certain quality requirement."

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Overdraft.** (1) The amount by which checks, drafts or other demands for payment on the treasury or on a bank exceed the amount of the credit against which they are drawn. (2) The amount by which requisitions, purchase orders, or audited vouchers exceed the appropriation or other credit to which they are chargeable.
- **Overhead.** Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure which do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management and supervision (indirect costs/charges/expenses).
- **Overlapping debt.** The proportionate share that property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.
- **Overlapping governments.** All local governments located wholly or in part within the geographic boundaries of the reporting government.
- **Oversight responsibility.** A basic criterion for including a government department, agency, institution, commission, public authority or other organization in a government unit's reporting entity for basic financial reports. Oversight responsibility is derived from the government unit's power and includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.
- **Oversight unit.** In defining the reporting entity, the component unit that has the ability to exercise oversight responsibility. Typically, an oversight unit is the primary unit of government directly responsible to the chief executive and the elected legislative body.
- **Par value.** In the case of bonds, the amount of principal that must be paid at maturity. Par value is referred to as the face value of the security.
- **Parent/Child Assets.** Assets that are grouped together for ease of processing and reporting and where subordinate (child) assets are normally dependent on the primary (parent) asset and inherit the life of the parent.
- **Participating interest-earning investment contracts.** Interest-earning investment contracts whose value is affected by market changes in interest rate (e.g. contracts that are negotiable or transferable or whose redemption value considers market rates).
- **Pass-through grants.** Grants and other financial assistance received by a governmental entity to transfer to or spend on behalf of a secondary recipient.
- **Pay-as-you-go basis.** In the context of pension accounting and risk management, the failure to finance retirement obligations or anticipated losses on a current basis, using an acceptable actuarial funding method.
- **Paying agent.** An entity responsible for paying long-term debt principal and interest on behalf of the government.
- **Payment in lieu of taxes (PILOT).** A payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that normally are financed through property taxes.
- **Payment Worksheet.** The on-line process for matching payments to invoices.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Pension (and other employee benefit) trust fund.** A trust fund used to account for public employee retirement systems and other employee benefit plans. Pension (and Other Employee Benefit) Trust Funds use the accrual basis of accounting and have a *capital maintenance* measurement focus.
- **Pension cost.** A measure of the periodic cost of an employer's participation in a defined benefit pension plan.
- **Pension obligation bonds.** Bonds issued by employers to finance one or more elements of their pension obligation to employees. Pension obligation bonds may be used 1) to reduce or eliminate the employer's net pension obligation, 2) to pay the employer's annual required contribution for the year, or 3) to reduce or eliminate the plan's unfunded actuarial accrued liability.
- **Pension plan.** An arrangement for the provision of pension benefits in which all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan.
- **Pension-related debt.** All long-term liabilities of an employer to a pension plan, the payment of which is *not* included in the annual required contributions of a sole or agent employer or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan.
- **Pension trend data.** Actuarially based data over time concerning the funding progress of a defined benefit pension plan and employers' actual and annual required contributions to the plan.
- **Performance auditing.** A systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function or activity. Evaluation is made in terms of its economy and efficiency of operations and its effectiveness in achieving desired regulations, for the purpose of ascertaining the degree of correspondence between performance and established criteria and communicating the results to interested users. The performance audit function provides an independent, third-party review of management's performance and the degree to which the performance of the audited entity meets pre-stated expectations.
- **Performance budget.** A budget that bases expenditures primarily upon measurable performance of activities and work programs. A performance budget may also incorporate other bases of expenditure classification, such as character and object class, but these are secondary to activity performance.
- **Performance measurement.** A commonly used term for service efforts and accomplishments reporting.
- **Permanent fund.** A governmental fund type used to report resources held in a fiduciary capacity that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's program(s) for the benefit of the government or its citizenry.
- **Perpetual inventory.** A system whereby the inventory of units of property at any date may be obtained directly from the records, without resorting to an actual physical count for each item or group of items to be inventoried. This system provides an ongoing record of goods ordered, received, and withdrawn, and the balance on hand, in units and frequently also in value.
- **Personal property.** Includes all property that is not real property, both tangible or intangible.
- **Perspective differences.** Differences between the budgetary basis of accounting and GAAP that result when the structure of financial information used for GAAP financial reporting differs from the structure of financial information used for budgetary purposes.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Petty cash.** A sum of money set aside on an imprest basis to make change or to pay small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming. Generally, this small authorized amount can be cash in the form of currency, a bank checking account, or both. Petty cash accounts are sometimes referred to as petty cash “funds.” However, they are not “funds” in the sense of governmental accounting. Petty cash accounts should be reported as assets of the fund of ownership. See **Imprest account**.
- **Petty cash voucher.** A form used to record individual disbursements of petty cash.
- **Pledged revenues.** Funds generated from revenues and obligated to debt service or to meet other obligations specified by the long-term debt contract.
- **Policyholder dividends.** A term used in connection with public-entity risk pools. Payments made or credits extended to the insured by the insurer, usually at the end of a policy year, that result in reducing the net insurance cost to the policyholder. These dividends may be paid in cash to the insured or applied by the insured to reduce premiums due for the next policy year.
- **Popular annual financial reporting.** Supplementary financial reporting designed to meet the special needs of interested parties who are either unable or unwilling to use the more detailed financial information provided in traditional CAFR.
- **Popular Annual Financial Reporting Award.** An awards program sponsored by the GFOA with the objective of encouraging and assisting governments to prepare and publish high-quality popular annual financial reports.
- **Population.** The population of any entity of government other than a school district shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce, or successor agency of the United States Government. The population of any school district shall be such school district’s average daily attendance as determined by a method prescribed by the Legislature.
- **Possessory interests.** Possession of, claim to, or right to the possession of land or improvements, except when coupled with ownership of the land or improvements in the same person. Taxable improvements of tax-exempted land.
- **Postemployment healthcare benefits.** Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.
- **Posting.** The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.
- **Potential component unit.** A separate government unit, agency or nonprofit corporation that needs to be evaluated to determine if it is to be included with other component units and the oversight unit to constitute the reporting entity.
- **Potentially misleading to exclude.** A term used in connection with defining the financial reporting entity. The basis for including a legally separate entity within the financial reporting entity even though that separate entity does not meet either of the normal criteria for inclusion as a component unit (i.e., board appointment or fiscal dependency).
- **PO Type.** A designation for purchase orders that allows grouping of similar purchase orders on reports and inquiries. You can label purchase orders as delivery orders, reimbursable agreements, travel orders, task orders, and so on. Then you can group together transactions of the same PO type (travel orders, for example) on your reports and inquiries.
- **PO Vouchers.** Used when invoice is associated with a Purchase Order. Ability to copy information into voucher from PO and Receiver.
- **Policy.** Mandated regulation or restriction **than** must be met.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Pre-encumbrance.** An imminent encumbrance, equivalent to a requisition. This is a preliminary indication that a business unit intends to make a purchase. It is not usually mandatory that a pre-encumbrance exist in order to create an encumbrance. Essentially, a pre-encumbrance is the intention to buy a certain product or service (i.e. a requisition).
- **Preliminary project stage.** A term used in connection with computer software developed or obtained for internal use. Costs incurred prior to the development stage of computer software (e.g., the conceptual formulation of alternatives, the evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives).
- **Preliminary views (PV).** A due-process document issued by GASB that solicits comments from interested parties on a proposed authoritative pronouncement prior to the issuance of an exposure draft.
- **Premium.** (1) The excess of the price of a security over its face value, excluding any amount of accrued interest bought or sold. (2) The consideration paid for an insurance contract.
- **Premium deficiency.** A term used in connection with public-entity risk pools. A situation that occurs if the sum of 1) expected claims costs (including incurred but not reported claims) and all expected claim adjustment expenses and 2) expected dividends to policyholders or pool participants exceeds related unearned premiums.
- **Prepaid items.** Payment in advance of the receipt of goods and services in an exchange transaction. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. See **Deferred charges**.
- **Prepayment of taxes.** The deposits of money with a government on condition that the amount deposited is to be applied against the tax liability of a designated taxpayer after the taxes have been levied and such liability has been established. See **Taxes collected in advance**.
- **Present value.** The discounted value of a future amount or amounts of cash, assuming a given rate of interest.
- **Primary government.** A term used in connection with defining the financial reporting entity. A state government or general-purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entity.
- **Primary users of general-purpose external financial reports.** Those groups of financial statement users whose needs guide the development of GAAP. For state and local governments, the primary users of general-purpose external financial reports are (a) those to whom government is primarily accountable (the citizenry), (b) those who directly represent the citizens (legislative and oversight bodies), and (c) those who lend or participate in the lending process (investors and creditors).
- **Principal.** In the context of bonds other than deep-discount debt, the face value or par value of a bond or issue of bonds payable on stated dates of maturity. See **Face value** and **Par value**.
- **Prior secured roll.** See **Redemption roll**.
- **Prior unsecured roll.** Unsecured taxes unpaid as of February 28 of each fiscal year.
- **Prior years' tax levies.** Taxes levied for fiscal periods preceding the current one.
- **Private-purpose trust fund.** A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension and other employee benefit trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.
- **Procedure.** Approved method to perform a function or reach a desired goal.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Product Catalog.** A customized list of available products, which may be of interest to a specific customer. You can create two types of catalogs-inclusive catalogs that contain all the products you want made available to a customer and exclusive catalogs that contain the products you want to withhold from your customer. By attaching product catalogs to a Sold To customer, you define the products they can buy.
- **Pro forma.** *Latin:* “as a matter of form,” “an example.” Term is used in conjunction with a noun to denote merely a sample form (i.e.pro forma document, statement, certificate, or presentation) the contents of which may be either wholly or partially hypothetical. Typically it is an estimate or draft invoice that does not change the status of the bill nor send the accounting entries to the General Ledger. This therefore allows for changes to be made before finalizing the invoice
- **Program.** The program groups activities, operations or organizational units directed to attaining specific purposes or objectives. This chartfield identifies particular activities or groups of related activities toward the accomplishment of recognized objectives. The Program chartfield is optional on transactions unless budgeting at this level.
- **Program budget.** A budget wherein expenditures are based primarily on programs of work and secondarily on character and object classification, on the one hand, and performance on the other. See
- **Performance budget** and **Traditional budget.**
- **Program compliance audit.** An examination leading to the expression of an opinion on the degree of the audited entity’s compliance with requirements imposed by intergovernmental grantors and the audited entity’s eligibility for grant monies.
- **Program loan.** A term used in connection with cash flows reporting. A loan made and collected as part of a governmental program that provides a “direct” benefit to “individual” constituents.
- **Program revenue.** A term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself (fees and charges) or from parties outside the reporting government’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s general revenues.
- **Project/Grant.** The Project/Grant chartfield is designed to track and control project/grant information. For projects, this information can be tracked down to 4 levels: Project, Segment, Phase, or Activity. The Project/Grant chartfield is optional on transactions unless budgeting at this level.
- **Project Manager.** For DBF processing this will identify the Planner, Inspector, Map Checker, etc. that is responsible for managing the DBF project. These values will be identified as the “Salesperson” on the Customer panel. The Project Manager is also used as Selection Criteria for the DBF Letter Approval panels.
- **Projected unit credit actuarial cost method.** A method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the *normal cost*. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the *actuarial accrued liability*.
- **Property.** Includes all matters and things, real, personal and mixed, capable of private ownership.
- **Property taxes*.** Ad valorem property taxes plus non-ad valorem direct charges included on a tax bill which are attributable to real property
- **Proposal Number.** A unique number created by PeopleSoft to track the proposal throughout the proposal development and submission process.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Proprietary funds.** Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.
- **Provisions.** In governmental fund types, budgeted amounts to provide for increases or decreases in fund balance classifications.
- **Public authority.** See **Authority**.
- **Public corporation.** See **Municipal corporation** and **Quasi-municipal corporation**.
- **Public employee retirement system (PERS).** A state or local governmental entity entrusted with administering one or more pension plans; it also may administer OPEB plans and deferred compensation plans. A public employee retirement system also may be an employer that provides or participates in a pension plan or other types of employee benefit plans for employees of the system.
- **Public-entity risk pool.** A cooperative group of governmental entities joining together to finance an exposure, liability, or risk. Risk may include property and liability, workers' compensation, or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor.
- **Purchase Option.** A detailed model that specifies a method of purchasing an item. Purchase options specify a vendor, associated lead times, and costs, for this item.
- **Purchase order (PO).** A document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them. This document is issued by a buyer to a seller that detail the terms of the sale under which the buyer will purchase the seller's goods.
- **Purchase Order Defaults.** Information on the Purchase Order that defaults from other sources such as the requisition, vendor table and item master.
- **Purchase Order Dispatch.** Method of distributing the P.O. to the Vendor, including mail, fax or EDI.
- **Purchase Order Origin Code.** Identifies the place in the system from which transaction originates. Could be user department, group, or method such as fax or email.
- **Purchase Price Variance.** A Payables matching feature that compares purchase order and inventory prices for any variance in the prices.
- **Purchasing or Product Kit.** A commodity that consists of a fixed set of components that are sold together. It appears as a single line on an order, but is represented by multiple lines on shipping documents.
- **Purchases method.** The method under which inventories are recorded as expenditures when acquired. See **Consumption method**.
- **Pure cash conduit.** A term used in connection with pass-through grants. A grantor that merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program.
- **Purpose restrictions.** A term used in connection with government-mandated and voluntary nonexchange transactions. Legal limitations that specify the purpose or purposed for which resources are required to be used (as distinguished from eligibility requirements).

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Qualified opinion.** An opinion stating that, “except for” the effect of the matter to which the qualification relates, the financial statements present fairly the financial position, results of operations, and (when applicable) cash flows in conformity with GAAP. Such an opinion is expressed when a lack of sufficient, competent evidential matter or restrictions on the scope of the auditor’s examination have led the auditor to conclude that an *unqualified opinion* cannot be expressed, or when the auditor believes, on the basis of the examination, that (1) the financial statements contain a departure from GAAP, the effect of which is material, (2) there has been a material change between periods in accounting principles or in the method of their application, or (3) there are significant uncertainties affecting the financial statements, and the auditor has decided not to express an *adverse opinion* or to *disclaim an opinion*. See **Adverse opinion** and **Disclaimer of opinion**.
- **Quasi-municipal corporation.** An agency (e.g., a county or school district) established by the state primarily to help the state to carry out its functions. Some counties and other agencies ordinarily classified as quasi-municipal corporations have been granted the powers of municipal corporations by their states. See **Municipal corporation**.
- **Questioned cost.** A determination by an auditor that an expenditure under a grant does not meet all of the grantor’s requirements and therefore may be subject to disallowance and subsequent refund to the grantor.
- **Rate base.** The value of utility property used in computing an authorized rate of return as authorized by law or a regulatory commission.
- **Rating.** In the context of bonds, normally an evaluation of credit-worthiness performed by an independent rating service.
- **Real account.** An account, the balance of which is carried forward into the next fiscal year (a balance sheet account). See **Nominal account**.
- **Real estate or Real property.** (a) The possession of, claim to, ownership of, or right to possession of land; (b) all mines, minerals, and quarries in the land, all standing timber whether or not belonging to the owner of the land, and all rights and privileges appertaining thereto, and/or (c) improvements.
- **Realized gains and losses.** The cumulative effect of appreciation and depreciation in the value of investments reported at fair value at the time those investments are sold.
- **Reappropriation.** The inclusion of a balance from the prior year’s budget as part of the budget of the subsequent fiscal year. Reappropriation is common for encumbrances outstanding at the end of a fiscal year that a government intends to honor in the subsequent fiscal year.
- **Reasonable assurance.** A term used in connection with financial auditing. The principle that the goal of the independent audit of the financial statements is to ensure that financial statements are free from “material” misstatement. The principle of reasonable assurance rests upon the assumption that it is not cost beneficial to attempt to ensure that financial statements are free of immaterial misstatements.
- **Rebatable arbitrage.** A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.
- **Receiving.** Receipt of goods or services input into the system. Required for 3 way match.
- **Receiving Inspection.** Inspection of goods after the receipt of the product. Required for 4 way match.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Recommended budget.** The recommended budget is prepared from compiled budget requests by the administrative officer or the auditor, as designated by the board and is recommended to the board by the designated county official on or before June 30 each year, as the board directs. The recommended budget document is formally approved by the board of supervisors to serve as the basis for public hearings prior to the determination of the adopted budget. See **Adopted budget** and **Budget request**.
- **Reciprocal interfund activity.** The interfund counterpart to exchange and exchange-like transactions. This category includes both interfund loans and interfund services provided and used.
- **Recoverable expenditure.** An expenditure that is made for or on behalf of another government, fund, or department or for a private individual, firm or corporation and that will subsequently be recovered in cash or its equivalent.
- **Redemption.** The realization of a right to have the title of property restored free and clear of the lien of any taxes, through payment of money.
- **Redemption amount.** The total amount that would be necessary to redeem tax-defaulted property at the time an election is made to pay delinquent taxes.
- **Redemption roll.** All secured taxes defaulted as of June 30 of each fiscal year.
- **Refund.** 1) *noun* An amount paid back or credit allowed because of an overcollection or because of the return of an object sold. 2) *verb* To pay back or allow credit for an amount because of an overcollection or because of the return of an object sold. 3) *verb* To provide for the payment of an obligation through cash or credit secured by a new obligation.
- **Refund Vendor.** Person / agency to whom a refund check will be processed. This is a one-time vendor.
- **Refunding.** New long-term debt issued to retire long-term debt already outstanding. The refunding debt may be used to provide the resources for redeeming the outstanding long-term debt, in cash, or the refunding debt may be exchanged with holders of the outstanding debt. See **Advance refunding**.
- **Register.** A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required details. See **Journal**.
- **Registered bond.** A bond whose owner is registered with the issuing government. A registered bond cannot be sold or exchanged without a change of registration.
- **Registered security.** A security that has the name of the owner written on its face. A registered security cannot be negotiated except by the endorsement of the owner.
- **Registered warrant.** A warrant which is registered by the paying officer for future payment due to a present lack of monies and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See **Warrant**.
- **Regular serial bonds.** Serial bonds in which all periodic installments of principal repayment are equal.
- **Regulated enterprises.** Enterprises for which (a) rates for regulated services or products are either established by, or subject to approval by, an independent, third-party regulator (or the governing board itself if it is empowered by statute or contract to establish rates that bind customers), (b) the regulated rates are designed to recover the specific enterprise's costs of providing regulated services or products, and (c) it is reasonable to assume that the regulated activity can set and collect charges sufficient to recover its costs. Regulated enterprises have the "option" of adopting certain specialized guidance issued by FASB. In practice, the term "regulated enterprise" normally is applied only to enterprises that elect this option.
- **Reimbursable expenditures.** See **Recoverable expenditure**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Reimbursement grant.** A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as “expenditure-driven grants.”
- **Reimbursements.** (1) Repayments of amounts remitted on behalf of another party. (2) Interfund transactions that constitute reimbursements of a fund for expenditures or expenses initially made from it that properly apply to another fund (e.g., an expenditure properly chargeable to a Special Revenue Fund is initially made from the General Fund and is subsequently reimbursed). These transactions are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.
- **Reinsurance.** A transaction in which an assuming enterprise (reinsurer), for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer (ceding enterprise). However, the legal rights of the insured are not affected by the reinsurance transaction, and the ceding enterprise issuing the original insurance contract remains liable to the insured for payment of policy benefits.
- **Related organization.** A term used in connection with defining the financial reporting entity. An organization for which a primary government appoints a voting majority of the board, but for which it is *not* “financially” accountable.
- **Related party transaction.** A transaction that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transaction. The term often is used in contrast to an *arm’s length transaction*.
- **Relative order of liquidity.** An order for presenting assets and liabilities on the statement of net assets, based upon how readily they may be converted to cash or will require the use of cash.
- **Relevance.** The principle that there should be a close logical relationship between the financial information provided and the purpose for which it is needed. Information is relevant if it is capable of making a difference in a user’s assessment of a problem, condition, or event.
- **Reliability.** The principle that financial information should be verifiable, free from bias, and faithfully represent what it purports to represent.
- **Religious exemption.** The tax exemption allowed on property used exclusively for religious purposes.
- **Remit from Customer.** The customer role that identifies the person, department or agency that will be paying for the outstanding receivable.
- **Replacement cost.** The amount of cash or other consideration that would be required today to obtain the same asset or its equivalent. See **Reproduction cost**.
- **Report.** *noun* A statement or description. *verb* The process of communicating information.
- **Reporting entity.** The oversight unit and all of its related component units, if any, that are combined in the CAFR/BFS.
- **Reporting package.** A term used in connection with single audits. A package that the auditor must communicate to the Federal Audit Clearing House that includes (a) the government’s financial statements, (b) the government’s supplementary schedule of expenditures of federal awards, (c) the auditor’s reports, (d) a summary schedule of prior audit findings, and (e) a corrective action plan. The reporting package must be accompanied by a special data collection form that summarizes the information contained in the reporting package.
- **Reproduction cost.** The cost as of a certain date of reproducing an exactly similar new property in the same place. Sometimes this term is designated as *reproduction cost new* to distinguish it from *depreciated reproduction cost*, which is the *reproduction cost* of a given property less the estimated accumulated depreciation applicable to it. In the absence of any modifier, however, *reproduction cost* is understood to be synonymous with *reproduction cost new*. See **Replacement cost**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Repurchase agreement.** A generic term for an agreement in which a government entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for the same securities or for different securities.
- **Request for proposal (RFP).** A formalized method used in the procurement of services by soliciting information concerning the qualifications, experience and proposed compensation arrangements of prospective firms. The *RFP* sets forth the services being sought and requests information from firms interested in procuring the engagement. A Bid document is created to obtain pricing, terms and proposal for solving a problem or performing a function base on a scope of work and result required when exact details or method are unknown by requestor.
- **Request for Qutoe (RFQ).** Bid document for well-defined need to know minimum specification and solution method.
- **Required supplementary information (RSI).** Statements, schedules, statistical data, or other information which, according to GASB, is necessary to supplement, although not required to be a part of, the basic financial statements.
- **Requisition.** A formal written demand or request, usually from one department to the purchasing officer or to another department, to obtain specified articles/goods or services.
- **Resolution.** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance of statute. See **Ordinance**.
- **Resource.** An element of the means available to a government to carry out its functions and activities. This includes money, property, equipment, manpower and other assets both tangible and intangible.
- **Restricted assets.** Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Restricted fund balance.** Fund balance should be classified as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Restricted fund balance - debt service.** An account used to segregate a portion of the fund balance for resources legally restricted to the payment of general long-term debt principal and interest maturing in future years.
- **Restricted net assets.** A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.
- **Restricted net position.** One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. It consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow of resources related to restricted assets if the asset results from a resource flow that also results in the recognition of a liability/deferred inflow of resources or if the liability will be liquidated with the restricted assets reported.
- **Retained earnings.** An equity account reflecting the accumulated earnings of a commercial business in the private sector. The term is not used in governmental accounting, which uses a "net assets" concept instead.
- **Retention.** A liability account reflecting amounts due on construction contracts not paid pending final inspection of the project or the lapse of a specified period, or both. The unpaid amount is usually a stated percentage of the contract price.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Retirement allowances.** Amounts paid to government employees who have retired from active service or to their survivors.
- **Retirement fund.** See **Pension (and other employee benefits) trust fund.**
- **Retrospectively (experience) rated policy.** A term used in connection with public-entity risk pools. An insurance policy for which the final amount of the premium is determined by adjusting the initial premium based on actual experience during the period of coverage (sometimes subject to maximum and minimum limits). A retrospectively rated policy is designed to encourage safety by the insured and to compensate the insurer if larger-than-expected losses are incurred.
- **Revenue and claims development trend data.** Required supplementary information mandated by GASB for public-entity risk pools.
- **Revenue anticipation note (RAN).** A short-term, interest-bearing note issued by a government in anticipation of revenues to be received at a later date. The note is retired from the revenues to which it is related.
- **Revenue bonds.** Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.
- **Revenue bonds payable.** A liability account which reflects the face value of revenue bonds issued and outstanding.
- **Revenue district.** Includes every city and district for which the county officers assess property and collect taxes or assessments.
- **Revenues.** (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and transfers. Also, general long-term debt proceeds and transfers in are classified as *other financing sources* rather than as *revenues*. (2) Increases in the net total assets of a proprietary fund type, net total assets from other than expense refunds, capital contributions, and transfers. Also, transfers-in are classified separately from *revenues*.
- **Reverse repurchase agreement.** An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a government entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or different securities.
- **Revolving fund.** An imprest account which is accounted for as an asset of a fund. The authorized amount can be a combination of cash in the form of currency, a bank checking account, or both.
- **Risk-sharing pools.** One of four different types of public-entity risk pools. An arrangement by which governments pool risks and funds and share in the cost of losses.
- **Roll being prepared.** 1) Assessor's Roll: the roll being compiled by the assessor for the ensuing fiscal year prior to certification of valuations to the county auditor. 2) Supplemental Roll: the roll for the fiscal year following the fiscal year in which the change in ownership occurs or new construction is completed.
- **Salary-related payments.** A term used in connection with compensated absences. Payments by an employer that are directly and incrementally associated with payments made for compensated absences on termination. Such salary-related payments include the employer's share of Social Security and Medicare taxes and also might include the employer's contributions to pension plans.
- **Salvage value.** The estimated value that will be realized upon sale of an asset at the end of its useful life.
- **Schedule.** Ability to schedule multiple deliveries and locations on a single P.O.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Schedule of employer contributions.** A term used in connection with defined benefit pension and OPEB plans. Trend data on employers' annual required contribution to a plan and actual contributions.
- **Schedule of funding progress.** A term used in connection with defined benefit pension and OPEB plans. Trend data on the relationship between the actuarial value of pension plan assets and **the related actuarial accrued liability**.
- **Schedules.** See **Supporting schedules**.
- **School district or entity.** Any school district, community college district, or county superintendent of schools.
- **Scope of public service.** One of the criteria used to determine whether the statements of a potential component unit should be included in the financial statements of a reporting entity. This criterion embraces two aspects: (1) is the activity for the benefit of the reporting entity and/or its residents? and (2) is the activity conducted within the geographic boundaries of the reporting entity and is it generally available to the citizens of that entity?
- **Scrap value.** The value that will be realized upon sale of an asset if sold for its materials.
- **Scrip.** An evidence of indebtedness, usually in small denomination, secured or unsecured, interest-bearing or noninterest-bearing, stating that the government, under conditions set forth, will pay the face value of the certificate or accept it in payment of certain obligations.
- **Secured roll.** State-assessed property and property which, in the opinion of the assessor, has sufficient value to guarantee payment of taxes levied, which if unpaid can be satisfied by the sale of the property by the tax collector.
- **Security.** A negotiable or nonnegotiable instrument that signifies an ownership interest, the right to an ownership interest, or creditor status.
- **Securities lending transactions.** Transactions in which governmental entities transfer their securities to broker-dealers and other entities for collateral—which may be cash, securities, or letters of credit—and simultaneously agree to return the collateral for the same securities in the future.
- **Segment.** An identifiable activity (or grouping of activities) required to be accounted for separately which is reported as or within an enterprise fund or another stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments (such as certificates of participation) are outstanding. A *segment* has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified.
- **Segment information.** In the context of governmental financial reporting, the presentation of selected information on certain individual enterprise funds. Such disclosures are required by GAAP for primary governments with activities meeting the definition of *segments*.
- **Segregation of incompatible duties.** The principle of internal control that no single employee should be placed in a position that allows that employee both to commit and to conceal an irregularity in the ordinary course of the employee's duties.
- **Self-supporting debt or self-liquidating debt.** Debt obligations whose principal and interest are payable solely from the earnings of the enterprise for whose construction or improvement the bonds were originally issued. See **Revenue bonds**.
- **Serial bonds.** Bonds whose principal is repaid in periodic installments over the life of the issue. See **Regular serial bonds** and **Straight serial bonds**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Service Address.** The location or address that will be identified on the invoice as having received the service that is being billed.
- **Service assessments.** Special assessment projects for operating activities that do not result in the purchase or construction of capital assets. Often such service assessments are for services that are normally provided to the public as general government functions and that would otherwise be financed by the general fund or a special revenue fund. Those services include street lighting, street cleaning and snow plowing. Financing for these routine services typically comes from general revenues. However, when routine services are extended to property owners outside the normal service area of the government or are provided at a higher level or at more frequent intervals than that provided the general public, special assessments are sometimes levied. Only the affected property owners are charged for the additional services.
- **Service efforts and accomplishments reporting.** A term used by GASB to describe the presentation of performance measures in connection with general purpose external financial reporting.
- **SetID.** The label that identifies a grouping of tables.
- **Shared revenues.** Revenues levied by one government but shared on a predetermined basis—often in proportion to the amount collected at the local level—with another government or class of governments.
- **Shared taxes.** See **Shared revenues**.
- **Ship to Location.** Physical address for shipping purposes. Generally building or street address.
- **Short Description.** An abbreviated description used to search for a record.
- **Short-term debt.** Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes variable-rate debt, bond anticipation notes, tax anticipation notes, and revenue anticipation notes.
- **Significant deficiency.** A significant deficiency is a deficiency or combination of deficiencies in internal control that is *less severe than a material weakness, yet important enough to merit attention by those charged with governance*.
- **Single audit.** Audit designed to meet the needs of all federal grantor agencies and performed in accordance with the Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed
- **Single Audit Act of 1984.** Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.
- **Single-program government.** A term used in connection with financial reporting for special purpose governments. A government that budgets, manages, and accounts for its activities as a single program. Single-program governments that use only governmental funds have the option to combine their fund financial statements and their government-wide financial statements into a single, combining presentation.
- **Sinking fund.** See **Debt service fund**.
- **Sinking fund bonds.** Bonds issued under an agreement which requires the government to set aside periodically out of its revenues a sum that, with compound earnings thereon, will be sufficient to redeem the bonds at their stated date of maturity. Sinking fund bonds are usually term bonds.
- **Situs Location.** The LMS Situs will be identified here on the DBF_CUST record.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Solvency test.** A term used in connection with pension plan financial reporting. Comparison of a pension plan's present assets to its aggregate accrued liabilities classified into the following categories: (a) liability for active member contributions on deposit, (b) liability for future benefits to present retired lives, and (c) liability for service already rendered by active members. In preparing this schedule, valuation assets are arbitrarily allocated first to the liability for active member contributions on deposit, second to the liability for future benefits to present retired lives, and third to the liability for service already rendered by active members, regardless of the method used for asset allocation.
- **Special assessment.** A compulsory levy made against certain properties to defray part or all of the cost of a specific capital improvement or service deemed to primarily benefit those properties; in addition to any ad valorem taxes. See **Special benefit assessment** and **Fixed charge assessment**.
- **Special assessment bonds.** Bonds payable from the proceeds of special assessments. If the bonds are payable only from the collections of *special assessments*, they are known as *special assessment bonds*. If, in addition to the assessments, the full faith and credit of the government are pledged, they are known as *general obligation special assessment bonds*.
- **Special assessment liens receivable.** Claims a government has upon properties until special assessments levied against them have been paid. The term normally applies to those delinquent special assessments the government has taken legal action to collect through the filing of claims.
- **Special assessment roll.** The official list showing the amount of special assessments levied against each property presumed to be benefited by an improvement or service.
- **Special Assessments Receivable - Current.** Account for uncollected special assessments that a government has levied and are due within one year and are not yet considered delinquent.
- **Special Assessments Receivable - Delinquent.** Account for special assessments remaining unpaid on and after the date to which a penalty for nonpayment is attached.
- **Special Assessments Receivable - Noncurrent.** Account for uncollected special assessments that a government has levied but that are not due within one year.
- **Special benefit assessment.** See **Special assessment**, **Fixed charge assessment**, and **Service assessment**.
- **Special district.** An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.
- **Special district bonds.** Bonds issued by a *special district*.
- **Special funding situations.** A term used in connection with pensions. A situation in which a governmental entity is legally responsible for contributions to pension or OPEB plans that cover the employees of another governmental entity or entities. For example, a state government may be legally responsible for the annual "employer" contributions to a pension plan that covers employees of school districts within the state.
- **Special items.** Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.
- **Special journal.** A journal in which are entered all entries of a particular type (e.g. cash receipts journals, cash disbursement journals, and purchases journals). See **Journal** and **General journal**.
- **Special lien bonds.** Special assessment bonds that are liens against particular pieces of property.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Special revenue fund.** A governmental fund used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. *Special revenue funds* should not be used to account for resources held in trust for individuals, private organizations, or other governments.
- **Special termination benefits.** Benefits offered for a short period of time to employees in connection with their termination of employment. Special termination benefits serve as an inducement to take early retirement, and often are used to help alleviate near-term budgetary problems.
- **Stand Alone Asset.** An asset that has no relationship with any other asset(s).
- **Stabilization arrangements.** These represent formal arrangements to maintain amounts for budget or revenue stabilization, working capital needs, contingencies or emergencies, and other similarly titled purposes. The authority to set aside these amounts generally comes from statute, ordinance, resolution, charter, or constitution. Stabilization amounts may be expended only when certain specific circumstances exist and those circumstances should be such that they would not be expected to occur routinely. Stabilization funds can be classified as either restricted or committed fund balance if they meet the criteria; if the criteria is not met, then stabilization agreements should be reported as unassigned.
- **Standard cost.** The predetermined cost of performing an operation or producing a product when labor, materials and equipment are utilized efficiently under reasonable and normal conditions. Normal conditions exist when there is an absence of special or extraordinary factors affecting the quality or quantity of the work performed or the time or method of performing it. This cost represents a detailed estimate of each element of cost entering into the purchasing or manufacturing of an item. Standard Cost is used when minor variations in an item's cost are not needed. The use of Standard Costs also enable management to determine how much an item should cost (Standard), look at how much it does cost (Actual), and analyze the differences between the two and their causes (Variances).
- **Standard costing.** Method of estimating the historical cost of a capital asset by establishing the average cost of obtaining the same or similar asset at the time of acquisition.
- **Standard Vouchers.** Commonly used for multi-line, non-PO invoices. Invoice Header and Line information on separate panels.
- **State and local government series (SLGS, *slugs*).** Direct obligations of the federal government that the U.S. Treasury issues specifically to provide state and local governments with required cash flows at yields that do not exceed Internal Revenue Service arbitrage limits.
- **State-assessed roll.** Utility properties assessed by the State Board of Equalization that are comprised of both unitary and nonunitary value which is considered part of the secured roll.
- **State Controller.** The elected state fiscal officer prescribed by the constitution with such additional powers, duties, and functions as the legislature may confer or impose upon the office.
- **Statement of cash receipts and disbursements.** A financial presentation summarizing an entity's cash transactions in an accounting period. This statement is not currently required by GAAP.
- **Statistical section.** The third of three essential components of any CAFR. The *statistical section* provides a broad range of trend data covering key financial indicators from the past 10 fiscal years (e.g., general government revenues and expenditures, property tax collections, debt burden). It also contains demographic and miscellaneous data useful in assessing a government's financial condition. The contents of the statistical section normally fall outside the scope of the independent audit of the financial statements.
- **Statistical tables.** Presentations included in the *statistical section* of the CAFR/CUFR providing detailed data on the physical, economic, social and political characteristics of the reporting government.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Statistics Code.** The Statistics Code chartfield records statistical amounts and the related chartfield distribution. The Statistics Code chartfield is optional on transactions.
- **Statute.** A written law enacted by a duly organized and constituted legislative body. See **Ordinance**, **Resolution**, and **Order**.
- **Stop Work Report.** DBF report that identifies all DBF Customers whose DBF balance is either at or below \$0.
- **Straight serial bonds.** Serial bonds in which the annual installments of bond principal are equal or nearly equal.
- **Structured settlement.** A term used in connection with risk financing. A means of satisfying a claim liability, consisting of an initial cash payment to meet specific present financial needs combined with a stream of future payments designed to meet future financial needs, generally funded by annuity contracts.
- **Subactivity.** A special line of work performed in carrying out a governmental activity. (e.g., “cleaning luminaries” and “replacing defective street lamps” would be subactivities under the activity of “street light maintenance”).
- **Subfunction.** A grouping of related activities within a particular governmental function. (e.g., “police” is a subfunction of the function “public safety”).
- **Subobject.** A subdivision within an expenditure object classification (e.g., “regular employees” is a possible subobject classification within the “personal services - salaries and wages” expenditure object classification). May be used in a similar context when revenues utilize object classifications.
- **Subsidiary account.** One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account (e.g., the individual property taxpayers’ accounts for the taxes receivable control account in the general ledger). See **Control account**.
- **Subsidiary ledger.** A group of subsidiary accounts, the sum of the balances of which should equal the balance of the related control account. See **General ledger**.
- **Subvention.** Provision of aid, support, subsidy, grant, endowment, etc.
- **Summary of significant accounting policies (SSAP).** A disclosure of accounting policies, required by GAAP, that should identify and describe the accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the determination of financial position, cash flows or results of operations. In general, the disclosure should encompass important judgments as to the appropriateness of principles relating to the recognition of revenue and the allocation of asset costs to current and future periods; in particular, it should encompass those accounting principles and methods that involve any of the following: (1) a selection from existing acceptable alternatives, (2) principles and methods peculiar to government, and (3) unusual or innovative applications of accounting principles, including those peculiar to government.
- **Supplemental Deposit Request Letter.** DBF letter sent to the Remit to Customer requesting payment of additional monies due to the deposit balance falling below the designated threshold.
- **Supplemental roll.** The roll prepared or emended in accordance with the provisions of the Revenue and Taxation Code section 75 et seq. and containing properties which have changed ownership or had new construction completed.
- **Supplementary information (SI).** Financial information presented together with basic financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is mandated by the GASB, it is referred to as “required supplementary information.”

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Supporting schedules.** Financial presentations used: (1) to demonstrate compliance with finance-related legal and contractual provisions; (2) to aggregate and present in greater detail information spread throughout the financial statements (e.g., cash balances, investments, current and delinquent taxes); (3) to present in greater detail information reported in the financial statements (e.g., additional revenue sources detail, changes in general capital assets by function); and (4) to present information not disclosed in GAAP basic financial statements (e.g., cash receipts and disbursements, changes in Agency Fund assets and liabilities).
- **Surety bond.** A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation (e.g., a surety bond might be required of an independent contractor). Surety bonds also include fidelity bonds covering government officials and employees.
- **Susceptible to accrual.** A term used in connection with the application of the modified accrual basis of accounting. Revenues that are collected or collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- **Suspense account.** An account which carries charges or credits temporarily, pending the determination of the proper account or accounts to which they are to be posted.
- **System development fees.** See **Connection fees**.
- **Tap fees.** See **Connection fees**.
- **Task Code.** Used in HRMS Time & Labor to identify specific functions being performed. This will map to Charge Codes in DBF processing.
- **Taskgroup.** Used in HRMS to identify groups of employees that can charge their time to Projects. Each employee is assigned one Taskgroup however multiple Taskgroups can be associated to individual projects.
- **Tax anticipation note (TAN).** Notes or warrants issued in anticipation of collection of taxes, usually retired only from tax collections, and frequently only from the proceeds of the tax levy whose collection they anticipate.
- **Tax anticipation warrants.** See **Tax anticipation notes**.
- **Tax certificate.** A certificate issued by a government as evidence of the conditional transfer of title to tax-delinquent property from the original owner to the holder of the certificate. If the owner does not pay the amount of the tax arrearage and other charges required by law during the specified period of redemption, the holder can foreclose to obtain title. Also called *tax sale certificate* and *tax lien certificate* in some jurisdictions. See **Tax deed**.
- **Tax deed.** A written instrument by which title to property sold for taxes is transferred unconditionally to the purchaser. A *tax deed* is issued upon foreclosure of the tax lien and is obtained by the purchaser at the tax sale. The tax lien cannot be foreclosed until the expiration of the period during which the owner may redeem the property by paying the delinquent taxes and other charges. See **Tax certificate**.
- **Tax-defaulted property.** See **Defaulted taxes**.
- **Tax-exempt bonds.** State and local government securities whose interest is exempt from taxation by the federal government or within the jurisdiction issued.
- **Tax-increment financing.** Financing secured by the anticipated incremental increase in tax revenues resulting from the redevelopment of an area.
- **Tax levy ordinance.** An ordinance through which taxes are levied.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Tax liens.** Claims governments have upon properties until the taxes levied against them have been paid. This term is sometimes limited to those delinquent taxes the government has taken legal action to collect through the filing of liens.
- **Tax liens receivable.** Legal claims against property that have been exercised because of nonpayment of delinquent taxes, interest and penalties. Amounts accumulated in this account include delinquent taxes, interest and penalties receivable thereon, and costs of converting delinquent taxes into tax liens.
- **Tax notes.** See **Tax anticipation notes.**
- **Tax rate.** The amount of tax stated in terms of a unit of the tax base (e.g. 25 mills per dollar of assessed valuation of taxable property).
- **Tax rate area (TRA).** A geographic area served by a unique combination of jurisdictions.
- **Tax-rate limit.** The maximum rate at which a government may levy a tax. The limit may apply to taxes raised for a particular purpose or to taxes imposed for all purposes, and may apply to a single government or to a class of governments operating in a particular area. Overall tax-rate limits usually restrict levies for all purposes and of all governments, state and local, having jurisdiction in a given area.
- **Tax roll.** The official list showing the amount of taxes levied against each taxpayer or property. Frequently, the tax roll and the assessment roll are combined, but even in these cases the two can be distinguished.
- **Tax supplement.** A tax levied by a local government having the same base as a similar tax levied by a higher level of government, such as a state. The local tax supplement is frequently administered by the higher level of government along with its own tax (e.g. locally imposed, state-administered sales tax).
- **Tax title notes.** Obligations secured by pledges of the government's interest in certain tax liens or tax titles.
- **Taxable assessed value.** The total assessed value minus all exemptions other than the homeowner's exemption.
- **Taxable value.** Means and includes the base year full cash value, adjusted for any given lien date as required by law, or the full cash value for the same date, whichever is less.
- **Taxes.** Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges (e.g. sewer service charges).
- **Taxes collected in advance.** A liability account reflecting taxes collected before they are formally levied.
- **Taxes levied for other governments.** An asset account reflecting taxes that are levied by the reporting government for other governments that, when collected, are to be paid over to those governments.
- **Taxes Receivable - Current.** Account for the uncollected portion of taxes which a government has levied, which are due within one year and which are not considered delinquent.
- **Taxes Receivable - Delinquent.** Account for taxes remaining unpaid on and after the date on which a penalty for nonpayment attaches. Delinquent taxes receivable are classified as such until paid, abated, canceled, or converted into tax liens.
- **Taxing agency.** Includes the State, county, city, and every district that assesses property for taxation purposes and levies taxes or assessments on the property so assessed.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Technical agenda.** A term used in connection with GASB's due process procedure. A list of research projects formally undertaken by GASB as part of its development of authoritative standards of accounting and financial reporting.
- **Technical bulletin.** A document issued by the staff of GASB to provide guidance for applying GASB statements and interpretations and resolving accounting issues not directly addressed by them. The Accounting Standards and Procedures Committee of the County Auditor's Association of California issues similar documents that relate to specific accounting issues and their related treatments that are unique to California counties.
- **Teeter plan.** See **Alternate method of tax apportionment.**
- **Temporary loans.** Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable or warrants payable. They may be unsecured or secured by specific revenues to be collected. See **Tax anticipation notes.**
- **Ten percent criterion.** The first of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. For governmental funds, this test is applied to the total assets, liabilities, revenues, and expenditures of all governmental funds. For enterprise funds, this test is applied to the total assets, liabilities, revenues, and expenses of all enterprise funds. The test need be met for only one of these four items. See **Five percent criterion.**
- **Term bonds.** Bonds that mature, in total, on one date.
- **Termination payments method.** A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on a governmental entity's past experience of making termination payments for sick leave, adjusted for the effect of changes in its termination policy and other factors.
- **Timber Advisory Committee.** A standing committee appointed by the board and composed of one representative of the Board of Equalization, one representative of the Board of Forestry, five assessors from the rate adjustment counties, one member representing small-scale timber owners, and one member representing large-scale timber owners.
- **Timberland. (Timber yield tax).** Privately owned land, or land acquired for state forest purposes, which is devoted to and used for growing and harvesting timber and compatible uses, and which is capable of growing an average annual volume of wood fiber of at least 15 cubic feet per acre.
- **Timeliness.** The principle that financial statements must be issued soon enough after the reported events to affect decisions.
- **Timing differences.** Differences between the budgetary basis of accounting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting (e.g., a special revenue fund that uses a grant-year budget rather than a fiscal-year budget).
- **Trade discount.** An allowance, usually varying in percentage with the volume of transactions, made to those engaged in certain businesses and given without respect to when the account is paid. These discounts are commonly considered a reduction of the sales or purchase price, not earnings. The term is not to be confused with *cash discount*.
- **Traditional budget.** A term sometimes applied to the budget of a government wherein expenditures are based entirely or primarily on objects of expenditure. See **Program budget** and **Performance budget.**
- **Transfers.** See **Interfund transfers** and **Intrafund transfers.**
- **Tree.** A graphical hierarchy in PeopleSoft that displays a relationship between values within a chartfield and determines how they roll-up for budget checking and reporting.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Trial balance.** A list of the balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be "in balance."
- **Trust funds.** See **Fiduciary fund.**
- **Trustee.** A fiduciary holding property on behalf of another.
- **Type A program.** A term used in connection with the determination of major programs for purposes of single audits. Type A programs are defined on the basis of the relationship between program expenditures and total federal awards expended.
- **Type B program.** A term used in connection with the determination of major programs for purposes of single audits. A Type B program is any program with insufficient program expenditures to qualify as a Type A program.
- **Umbrella/Child Assets.** Where the Umbrella asset (a parent with no life) ties together the subordinate (child) assets for reporting purposes but the child assets keep their own life.
- **Unallocated balance of appropriation.** An appropriation balance available for allotment.
- **Unallocated claim adjustment expenses.** A term used in connection with risk financing. Costs that cannot be associated with specific claims but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool's claims department.
- **Unallocated depreciation.** A term used in connection with the government-wide statement of activities. Depreciation not properly reported as a direct expense of a functional category.
- **Unamortized discounts on bonds sold.** A contra-liability account used to reflect that portion of the face value of bonds exceeding the amount received from their sale (excluding amounts paid for accrued interest) which remains to be amortized over the remaining life of the bonds.
- **Unamortized premiums on bonds sold.** A liability account used to reflect that portion of the excess of bond proceeds over exceeding par value and which remains to be amortized over the remaining life of such bonds.
- **Unamortized premiums on investments.** An asset account used to reflect that portion of the excess of the amount paid for investments (excluding amounts paid for accrued interest) over their face value which remains to be amortized over the remaining life of such investments.
- **Unanticipated available financing.** Material sums of available financing not included in the budget which may legally be made available for the financing requirements of the county.
- **Unassigned fund balance.** This is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.
- **Unavailable fund balance.** That portion of the governmental-type fund balance which is unavailable for financing the budget requirements for the accounting period involved. This is a conventional term, which identifies the nonspendable, restricted, committed and assigned portion of the fund balance, and should not be used in a GAAP financial presentation.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Unbilled accounts receivable.** An account designating the estimated amount of accounts receivable for service that have not yet been billed (e.g., if a utility bills its customers bimonthly but prepares monthly financial statements, the amount of goods sold or services rendered during the first month of the bimonthly period would be reflected in the balance sheet under this account title).
- **Uncommitted balance of appropriations.** The portion of an appropriation remaining after the deduction of expenditures and encumbrances.
- **Underlying securities.** Securities transferred in accordance with a repurchase/reverse repurchase agreement.
- **Understandability.** The principle that information in financial reports should be expressed as simply as possible.
- **Underwriter.** In the context of bonds, a dealer who purchases a new issue for resale.
- **Underwriting.** The process of selecting, classifying, evaluating, rating and assuming risks.
- **Undivided interest.** An arrangement (also known as a “joint operation”) that resembles a joint venture but no entity or organization is created by the participants. An undivided interest is an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party’s interest. Implied in that definition is that each participant is also liable for specific, identifiable obligations (if any) of the operation. Because an undivided interest is not a legal entity, borrowing to finance its operations often is done individually by each participant. An additional consequence of the absence of a formal organizational structure is that there is no entity with assets, liabilities, expenditures/expenses, and revenues—and thus, equity—to allocate to participants.
- **Unearned revenue.** A type of deferred revenue account used in connection with resources that have not yet been earned.
- **Unencumbered allotment.** That portion of an allotment not yet expended or encumbered.
- **Unencumbered appropriation.** That portion of an appropriation not yet expended or encumbered.
- **Unexpended allotment.** That portion of an allotment not yet expended.
- **Unexpended appropriation.** That portion of an appropriation not yet expended.
- **Unfunded actuarial accrued liability.** The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a *negative unfunded actuarial accrued liability*, the *excess of the actuarial value of assets over the actuarial accrued liability*, or the *funding excess*.
- **Unit cost.** In the context of cost accounting, the cost of producing a unit of product or rendering a unit of service (e.g., the cost of treating and purifying 1,000 gallons of sewage).
- **Unitary property.** A group of properties that operate as a unit as part of the primary function of the assessee.
- **Unit of Measure (UOM).** A type of unit used for qualifying in PeopleSoft systems. Depending on the application, units of measure might describe dimensions, weights, volumes, or amounts of locations, containers, or business activities. Examples include inches, pounds, work hours, and standard cost dollars.
- **Unliquidated encumbrances.** Encumbrances outstanding. See **Encumbrances**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Unqualified opinion.** An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.
- **Unrealized gains and losses.** A term used in connection with the valuation of investments. Cumulative change in the market value of investments prior to their disposition.
- **Unrealized revenues.** A term used in connection with budgeting. The difference between estimated revenues and actual revenues.
- **Unrestricted net assets.** That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).
- **Unsecured roll.** The county assessor's certified assessment listing of properties which, in his opinion, do not constitute sufficient "permanence." either through immovability or other intrinsic qualities, to guarantee payment of taxes levied against them.
- **Use Tax.** Sales tax paid to the state for taxable items purchased when no California sales tax was charged by the vendor (i.e. out of state purchases).
- **Value.** As used in governmental accounting, (1) the act of describing anything in terms of money or (2) to measure in terms of money. The term should not be used without further qualification. See **Book value** and **Face value**.
- **Vanilla.** The County's desire to keep PeopleSoft software as standard as possible by utilizing "out of the box" options. Vanilla allows for thousands of different setting, and processes, but does not change the programming code.
- **Variable interest rate.** A rate of interest subject to adjustment (e.g., the rate of interest specified may be a percentage of the prime rate on certain set dates).
- **Vendor.** Supplier of goods and/or services.
- **Vendor Quote Group.** Groups of vendors able to respond to RFP/RFQ's for the same group of items.
- **Vendor Status.** Availability to use a vendor. Vendors can be available for use (active) or not available for use (inactive).
- **Vessel.** See **Documented vessel**.
- **Vesting method.** A method of calculating the liability from earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on the sick leave accumulated at the date of the statement of position for those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. In calculating the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination payments.
- **Voucher.** A written document that evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.
- **Voucher Register.** Listing of all vouchers processed during a Period per Business Unit.
- **Voucher system.** A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry, known as a voucher register, in the order in which payment is approved.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Vouchers payable.** Liabilities for goods and services, evidenced by vouchers that have been pre-audited and approved for payment but that have not been paid.
- **Voluntary nonexchange transactions.** Transactions that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations).
- **Voting majority.** A term used in connection with defining the financial reporting entity. A situation in which the number of the primary government's appointees to a component unit's board is sufficient to control decisions of the component unit.
- **Vulnerability assessment.** A term used in connection with evaluations of internal controls. The risk-based systematic prioritization of internal control evaluations.
- **Warrant.** An order drawn by the legislative body or an officer of a government upon its treasurer, directing the latter to pay a specified amount to the person named or to the bearer. It may be payable upon demand, in which case it usually circulates the same as a bank check; or it may be payable only out of certain revenues when and if received, in which case it does not circulate as freely. See **Registered warrant** and **Deposit warrant**.
- **Warrants payable.** The amount of warrants outstanding and unpaid.
- **Wasting assets.** Mines, timberlands, quarries, oil fields and similar assets that diminish in value by the removal of their contents.
- **Welfare exemption.** A tax exemption on property used exclusively for religious, hospital, scientific, or charitable purposes, owned and operated by community chests, funds, foundations, or corporations organized and operated for religious, hospital, scientific, or charitable purposes.
- **Widely recognized and prevalent practice.** A term used in connections with the hierarchy of GAAP for state and local governments. The principal that accounting and financial reporting practice should itself serve as a source of GAAP in the absence of higher level guidance.
- **Williamson Act.** See **Open space land**.
- **Workflow.** Automated flow of work or documents for approvals, input etc.
- **Work in process.** The cost of partially completed products manufactured or processed, such as a partially completed printing job. Sometimes referred to as *work in progress*. See **Construction in progress**.
- **Work in progress.** See **Construction in progress** and **Work in process**.
- **Work order.** A written order authorizing and directing the performance of a certain task and issued to the person who is to direct the work. Among the items of information included on the order are the nature and location of the job, specifications of the work to be performed, and a job number, which is referred to in reporting the amount of labor, materials and equipment used.
- **Work program.** A plan of work proposed to be done during a particular period by the administrative agency in carrying out its assigned activities.
- **Work unit.** A fixed quantity that will consistently measure work effort expended in the performance of an activity or the production of a good.
- **Working capital fund.** See **Internal service fund**.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15

- **Yellow book.** Term commonly used to describe the General Accounting Office's publication, *Government Auditing Standards*, the source of GAGAS.
- **Yield.** See **Effective interest rate**.
- **Yield-maintenance repurchase/reverse repurchase agreement.** A type of dollar repurchase/reverse repurchase agreement in which the securities returned provide the seller-borrower with a yield specified in the agreement. see **Repurchase agreement** and **Reverse repurchase agreement**.
- **Zero-coupon debt.** Deep discount debt issued with a stated interest rate of zero percent.

SECTION	1
POLICY NUMBER	102
REVISED DATE	4/24/15