

## **GLOSSARY OF TERMS**

### **Account**

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

### **Accounting System**

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

### **Accrual Basis**

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

### **Ad Valorem Taxes**

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

### **Adopted Budget**

The financial plan for the fiscal year beginning July 1.

### **American Federation of State, County and Municipal Employees (AFSCME)**

The largest trade union of public employees in the United States.

### **Allot**

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

### **Annualize**

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

### **Appropriation**

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

### **Assessed Valuation**

A value which is established by the County for real and personal property for use as a basis for levying property taxes.

### **Assessment Ratio**

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

### **Assets**

Property owned by a government which has a monetary value.

**Authorized Positions**

Employee positions, which are authorized in the adopted budget, to be filled during the year.

**Balanced Budget**

A budget is balanced when current uses (expenditures) are equal to sources of revenues.

**Basic Program Attributes**

Common characteristics shared by all programs.

**Beginning Fund Balance**

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

**Bond**

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

**Bond Refinancing**

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

**Budget**

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

**Budget Adjustment**

A procedure to revise a budget appropriation either by City Council approval through the adoption of a budget resolution or by City Manager's authorization to adjust appropriations within a cost center budget.

**Budget Calendar**

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

**Budget Message**

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

**Budget Resolution**

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

**Budgetary Basis**

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

**Budgetary Control**

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

**Capital Assets**

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

**Capital Budget**

The financial plan of capital projects expenditures for the fiscal year beginning July 1.

**Capital Improvements**

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

**Capital Improvements Program (CIP)**

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

**Capital Outlay**

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

**Capital Project**

A project that helps maintain or improves a City asset, often called infrastructure.

**Carryover**

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

**Cash Basis**

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

**Community Development Block Grant (CDBG)**

A grant that funds local community development activities such as affordable housing, anti-poverty programs, and infrastructure development.

**Charges for Services**

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

**Chart of Accounts**

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

**Capital Improvement Plan Citizen's Advisory Committee (CIPCAC)**

Advises and assists the City in the preparation, implementation and update of the impact fees capital improvement plan.

**City Charter**

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

**Collective Bargaining Agreement**

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

**Constant or Real Dollars**

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

**Consumer Price Index**

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

**Current Budget**

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

**Debt Service**

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

**Dedicated Tax**

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

**Deficit**

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

**Department**

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

**Depreciation**

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

**Disbursement**

The expenditure of monies from an account.

**Division**

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

**New Mexico Department of Finance and Administration (DFA)**

Provides sound fiscal advice and problem solving support to the Governor, and budget direction and fiscal oversight to state agencies and local governments.

**Driving While Intoxicated (DWI)**

Also known as Driving Under the Influence (DUI) is a crime or offense of driving a motor vehicle while impaired by alcohol or other drugs, including recreational drugs and those prescribed by physicians, to a level that renders the driver incapable of operating a motor vehicle safely.

**Employee Assistance Program (EAP)**

An employee benefit program that assists employees with personal problems and/or work-related problems that may impact their job performance, health, mental and emotional well-being.

**Effectiveness**

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

**Efficiency**

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

**Environmental Gross Receipts Tax (EGRT)**

Revenue from the municipal environmental services gross receipts tax, to be used for the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, wastewater facilities, sewer systems and related facilities.

**Emergency Medical Services (EMS)**

A system that provides emergency medical care.

**Employee Fringe Benefits**

Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for various pension, medical and life insurance plans.

**Encumbrance**

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

**Enterprise Fund**

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

**Estimated Revenue**

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

**Expenditure/Expense**

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

**Fair Market Value**

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

**Federal Highway Administration (FHWA)**

A division of the United States Department of Transportation that specialized in highway transportation.

**Fines and Forfeitures**

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

**Fiscal Year (FY)**

A twelve month period to which the annual operating budget applies and at the end of which the city government determines its financial position and the results of its operations. Fiscal Year refers to the budget for the period beginning July 1 and ending June 30.

**Fixed Assets**

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

**Franchise Fee**

A fee/tax paid to a municipality from a utility company operating within city limits for the use of city streets, public rights-of-ways and property easements.

**Full Time (FT)**

Occupying or using the whole of someone's available working time, typically 40 hours in a week.

**FTE**

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

**Function**

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

**Fund**

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

**Fund Balance**

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

**Funded Positions**

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

**Generally Accepted Accounting Principles (GAAP)**

A common set of accounting principles, standards, and procedures that companies must follow when they compile their financial statements.

**GASB 34**

An accounting standard used by the Governmental Accounting Standards Board that is applicable to state and local governments.

**General Fund**

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

**General Obligation (GO)**

General Obligation is a debt for construction of infrastructure voted on by the citizens.

**General Obligation Bonds**

Bonds sold by the City to finance capital improvements. Property tax is the source of revenue for payment of these bonds.

**Geographical Information System (GIS)**

A method of mapping locations based on longitude and latitude.

**Government Finance Officers Association (GFOA)**

A professional association of approximately 18,500 state, provincial, and local government finance officers in the United States and Canada.

**Goal**

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

**Grant**

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

**Gross Receipts Investment Policy (GRIP)**

The City may choose to refund a developer or company gross receipts taxes paid in exchange for public infrastructure.

**Gross Receipts Tax (GRT)**

A tax on the total gross revenues of a company, regardless of their source.

**Heating, Ventilation, and Air Conditioning (HVAC)**

Technology of indoor and vehicular environmental comfort.

**Infrastructure Capital Improvement Plan (ICIP)**

A plan which identifies capital projects that are proposed to be undertaken during the next five fiscal years including estimated costs and funding sources.

**Impact Fee**

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

**Indirect Cost**

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

**Infrastructure**

The physical assets of a government (e.g. streets, water, sewer, public buildings and parks).

**Intergovernmental Revenue**

Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

**Internal Service Fund**

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

**Keep Rio Rancho Beautiful (KRRB)**

An affiliate of Keep America Beautiful since 1989. Its mission is to educate, facilitate, and inspire the community to take pride and ownership in proper solid waste handling practices, recycling, litter prevention, beautification, and environmental education.

**Levy**

To impose taxes for the support of government activities.

**Licenses and Permits**

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

**Line Items**

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

**Longevity**

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

**Long-term Debt**

Debt with a maturity of more than one year after the date of issuance.

**Mandate**

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

**Materials and Services**

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

**Measure**

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

**Mill**

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

**Miscellaneous Revenue**

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

**Mission Statement**

A broad statement of purpose derived from an organizations and/or community's values and goals.

**Modified Accrual Basis of Accounting**

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

**Memorandum of Understanding (MOU)**

A nonbinding agreement between two or more parties outlining the terms and details of an understanding, including each parties' requirements and responsibilities.

**New Mexico Finance Authority (NMFA)**

Created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties and cities and certain departments of state government.

**New Revenue**

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

**Nominal Dollars**

The presentation of dollars amounts not adjusted for inflation.

**Operating and Maintenance (O&M)**

Formulated plan of training, cleaning, work practices, and surveillance to maintain asbestos-containing materials within buildings in good condition.

**Objective**

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

**Object of Expenditures**

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

**Obligations**

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

**Operating Budget**

A budget that sets the plan for the day-to-day operations of the City.

**Operating Expenses**

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

**Operating Revenue**

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

**Original Budget**

The adopted budget as approved by the City Council.

**Output Indicator**

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

**Ordinance**

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

**Part-time (PT)**

A form of employment that carries fewer hours per week than a full-time job.

**Peer Review**

A cross-functional effort to review department scores.

**Performance Indicators**

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

**Performance Measures**

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

**Personal Services**

Salaries and salary related costs of salaried and hourly employees.

**Priority Based Budgeting**

A budgeting process that allows for spending within the means of the local government, by continuously focusing on the results most relevant to their communities and the programs that influence those results to the highest possible degree.

**Program**

A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

**Program Cost Report**

A report of all personnel and non-personnel expenditures by programs.

**Program Inventory Report**

List of all services and programs provided throughout the City with accompanying descriptions.

**Program Scoring**

The process of prioritizing department programs against results.

**Project Number**

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

**Public Employees Retirement Association (PERA)**

A retirement system for New Mexico public employees established in 1947.

**Purpose**

A broad statement of the goals, in terms of meeting public service needs.

**Purchase Order**

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

**Quartiles**

Allocation of costs prioritized according to basic program attributes and strategic goals.

**Reserve**

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

**Resolution**

A special order or temporary order of the City Council.

**Resources**

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

**Revenue**

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

**Revenue Estimates**

Revenues are projected often using trend analysis.

**Revenue Bonds**

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

**Right of Way (ROW)**

A right-of-way is a right to make a way over a piece of land, usually to and from another piece of land.

**Special Assessment District (SAD)**

A source of funding for certain capital improvement projects.

**Shared Revenue**

Taxes collected by the state are distributed, in part, back to the cities within the state.

**Sinking Fund**

Established to pay for general obligation bond debt.

**System Control and Data Acquisition (SCADA)**

A system for monitoring and managing the City's water and wastewater facilities.

**Special Assessment District**

These are districts that receive capital improvements. Since these improvements increase the value of the property in a specific area, the property owners in the district benefiting from the improvements pay for the improvements.

**Strategic Plan**

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

**Tax Levy**

The resultant product when the tax rate per one thousand dollars is multiplied by the tax base.

**Taxes**

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

**Transfer In/Out**

Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

**Unencumbered Balance**

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

**United States Department of Energy's Energy Efficiency and Conservation Block Grant (EECBG)**

Program to reduce fossil fuel emissions and total energy use and create jobs by working with cities, counties, states, U.S. territories, and Indian tribes to implement and manage energy efficiency and conservation projects and programs; in the transportation, building, and other sectors.

**Unreserved Fund Balance**

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

**User Fees**

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

**Wastewater (WW)**

Any water that has been adversely affected in quality by anthropogenic influence.

**Workload Indicator**

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

**Wastewater Treatment Plant (WWTP)**

A typical municipal sewage treatment plant in an industrialized area.