

TERMS AND DEFINITIONS

PURPOSE

This section is intended to better familiarize the users of the Budget document with various terms and appropriate definitions of those terms that are both important and commonly used in understanding governmental budgets.

TERMS

A

Accrual - - A method of recognizing the financial effect of transactions and activities when they “occur”, rather than when cash is exchanged.

Adopted Budget - - The final budget adopted by the Board of Supervisors, enacted subsequent to a public hearing on the Tentative Budget.

Amended Budget - - Subsequent to the approval of the Adopted Budget, the Board of Supervisors may make changes to the budget; the budget which includes all of the approved amendments is known as the Amended Budget.

Appropriation - - An authorization made by the Board of Supervisors which permits the County to incur obligations and expend resources.

Arbitrage - - the interest income (or profit) issuers of tax-exempt bonds may be able to earn by investing bond proceeds obtained from the sale of tax-exempt bonds in higher-yielding taxable securities.

A-(Concluded)

Assessed Value - - The calculated value of a property to which a property tax rate is applied; assessed value is typically a percentage of the market value of a property. Owner-occupied residential property typically has an assessed value equal to 10% of its full market value.

Assessment Ratio - - The percentage of full cash value applied to different categories of property as determined by the State legislature. Assessment ratios are used to determine the assessed value of property.

Auto in Lieu Payments - - Fees received from the State based on taxes it receives from the sales of vehicles. These payments are also referred to as Vehicle License Fees.

B

Balanced Budget - - Ensures that the use of resources for operating purposes does not exceed available operating resources over the course of the budget year.

Benchmark - - A specific target or standard to be achieved.

Benchmarking - - A continuous process of collecting information or benchmarks for assessing performance.

Blended Component Unit - - This is a legal entity technically separate from Yuma County but for which the County’s Board of Supervisors serves as the unit’s Board of Directors; and which, as a practical matter, operates as part of the County’s government structure.

Bonds - - A written promise to pay a specified sum of money (called the face value or principal amount) at a specified date in the future (called the maturity date), together with periodic interest at a specific rate.

Budget - - A work and financial plan consisting of an estimate of proposed expenditures and their purposes for a given period and the proposed means of financing them.

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TERMS (CONTINUED)

C

Capital Expenditure - - Expenditures to acquire or improve long-term assets such as land, facilities, equipment, and infrastructure. This term is synonymous with Capital Improvements and includes those improvements that exceed \$50,000.

Capital Improvement Plan - - A five (5) year plan outlining projects, generally construction types of projects, having a development cost exceeding \$50,000. The Plan covers the budget year and the following four (4) years.

Capital Lease - - An agreement that conveys the right to use property, plant, or equipment for a stated period of time, that meets one or more of the criteria set forth in Statement of Financial Accounting Standards No. 13 for lease capitalization.

Capital Outlay - - An expenditure from a department's operating budget for acquisition, or addition to, a capital asset. A capital asset is an item that costs in excess of \$4,999 and has a useful life of greater than one year.

Capital Projects Sales Tax - - A voter approved sales tax levy used to finance specific construction projects, most related to criminal justice facilities.

Cash Balance - - Used to identify the amount of cash held by a specific fund on a specific date.

C (Concluded)

Certificates of Participation (COP) - - A method of structuring and securitizing lease payments to investors by dividing the lease payments into fractionalized interest or shares for individual sale to investors. A formal certificate represents each share, much like a bond. However, unlike bonds, COP's are typically subject to annual appropriation and do not represent a "debt: of the issuer or other lessor", but rather a proportionate interest in a flow of lease payments that are pledged to a trust.

Chart of Accounts - - A listing of the asset, liability, equity, expenditure, revenue and interfund transfer accounts used in the accounting, operations and budgeting process.

Contingency - - Funds reserved by the Board of Supervisors for services or programs which the Board may release for departments to use during the course of the fiscal year.

Criminal Justice Agencies - - County agencies most directly concerned with criminal justice matters: Adult Probation, Clerk of Superior Court, Constables, County Attorney, Justice Courts, Juvenile Courts, Legal Defender, Public Defender, Sheriff and Superior Court.

Customer - - Refers to users of County services. Also refers to those paying for County services (generally taxpayers). For County departments whose function is to provide services to other County departments, the "customer" is the department using the service.

Customer Feedback - - Structured methods used by the County to obtain taxpayer and customer opinions about services provided by the County.



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TERMS (CONTINUED)

D

Debt Service - - The long term payment of principal and interest on borrowed funds, such as bonds.

Department - - Used to identify primary organizational subdivisions of the County government. This term is also used in the Chart of Accounts to identify a major cost center within a Fund.

Depreciation - - Consumption of the service life of fixed assets, due to normal wear, deterioration, environmental elements, passage of time, and obsolescence. The portion of the cost of a fixed asset charged as an expense during a specified period based on service life of the asset and ultimately expending the entire cost of the asset.

E

Expenditure - - Refers to the outflow of funds paid for assets, goods, or services obtained.

Expenditure Limitation - - A limitation imposed by the State Constitution prescribing a spending limit for Counties, Cities and Towns, and School Districts. Its purpose is to control expenditures and limit future increases in spending to adjustments for inflation, deflation, and population growth.

F

Fiscal Year - - A 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 Yuma County, the fiscal year is from July 1 through June 30.

Full Cash Value - - The appraised value of property approximating the “market value”. The full cash value is the basis for determining the secondary assessed value, which is then used to levy Secondary Property Taxes.

Full Time Equivalent - - Used to describe the degree to which a particular employee position is equivalent to a 40 hour per week employee’s position. It is a position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time life-guard serving for 20 hours per week would be the equivalent to a 0.5 FTE.

Fund - - A self balancing group of accounts that records all financial transactions for specific activities in a government entity. The fund categories used by the County are the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Trust and Internal Service Funds.

Fund Balance - - The difference between fund assets and fund liabilities of governmental funds.

Funded Projects - - As used in the Capital Improvement Plan, this label identifies projects for which funding is likely to be available during the life of the plan. Budget authority is provided only for those projects shown with funding in the current budget year.

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TERMS (CONTINUED)

G

Generally Accepted Accounting Principles - - A set of rules governing the way in which the County's revenues and expenditures are accounted for in its interim and annual financial statements. The rules are codified by the Governmental Accounting Standards Board and the National Council on Governmental Accounting.

General Obligation (GO) - - Refers to general obligation bonds, which are bonds secured by the issuer's general taxing power. They are subject to a two tiered constitutional debt limit. Arizona Counties may issue general obligation bonds up to 6% of the jurisdiction's net secondary assessed valuation without voter approval. Voter approval is required for issues over the 6%. With voter approval, counties may issue general obligation bonds up to 15% of the jurisdiction's net secondary assessed valuation.

Goal - - A statement of broad direction, purpose or intent based on the needs of the County's customers.

Grant - - A contribution or gift of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

I

Improvement District - - A specific geographic area which is subject to unique taxes or assessments in order to finance construction, acquisition of assets or the maintenance of certain public improvements.

Indigent Defense - - Legal representation provided to eligible residents by the County's Legal Defender, Public Defender or Conflict Administrator.

Indirect Cost Revenue - - Used to identify revenue collected by the General Fund to recover its costs for services provided to other funding sources.

Interfund Transfer - - Flow of assets, such as cash or goods, between funds and blended component units of the County without equivalent flows of assets in return and without a requirement for repayment.

Initiatives - - Used in the budget document to identify new programs, or changes to existing programs, that will occur within a department during the budget year.

Intergovernmental Revenue - - Revenue received from federal, state, or other local governmental sources in the form of grants, shared revenues, or payments in lieu of taxes.

Internal Service Fund - - A fund used to account for the financing of goods and services provided by a County department to other County departments on a cost reimbursement basis.



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TERMS (CONTINUED)

L

Levy - - Imposition of taxes and / or special assessments for the support of governmental activities.

Levy Limitation - - A State imposed limitation on the annual growth rate of the property tax primary levy.

Limited Property Value - - The basis for establishing the Primary Tax on a property. This value is established through application of a State imposed formula which limits the increase in assessed value that can occur from one year to the next.

Line Item Budget - - A detailed printout of the County's budgeted revenues and expenditures, organized by department and by account number.

Local Government Investment Pool - - A pooled investment fund maintained by the State Treasurer for the collective investment of State monies and any such monies as counties, cities and towns, school districts, and other governmental entities supply.

M

Maintenance of Effort - - Generally, a condition set by a regulatory agency or a grant provider requiring the County to spend at least as much of its own local match funds on a particular service as it had in the past.

Mission - - A succinct statement describing an organizational unit's purpose, identifying the value that entity adds to the quality of life or level of service available throughout Yuma County.

O

Objective - - Specific statements of results, community conditions, or service levels expected to be achieved.

Operating Budget - - Includes all Personnel, Supplies and Services, Capital Outlay, and Debt Service allocations excluding those listed in the Capital Improvement Plan.

TERMS AND DEFINITIONS



TERMS (CONTINUED)

P

Payment in lieu of taxes (PILT) - - A payment that a property owner who is not subject to taxation, generally governmental entities, makes to compensate the government for services that the property owner receives that normally are financed through property taxes.

Performance Measure - - Used in the budget to report statistics identifying changes in work output, demand for services, efficiency, productivity and outcomes (results).

Personnel Services - - All costs of compensating the County's employees including employee benefit costs such as the County's contributions for retirement, social security, health, and workers' compensation insurance.

Position - - A specific employment, whether occupied or vacant, involving duties requiring the services of one person. A position may be full or part-time as reflected in the FTE (full-time equivalent) value.

Primary Net Assessed Value - - This amount is used to determine the primary property taxes due from property. It is determined by multiplying the Limited Value times the assessment ratio for the property and subtracting the value of any applicable exemptions.

Primary Property Tax - - A levy of property taxes based on Limited Property values, a primary source of revenue for County operations provided to the General Fund.

R

Recommended Budget - - The budget proposal submitted annually to the Board of Supervisors, containing the specific recommendations of the County Administrator.

Revenue - - Money received as income. It includes, but not limited to, such items as tax payments, fees for specific services, receipts from other governments, fines, and interest income.

Reversions - - When actual expenditures are less than appropriations or actual revenues exceed budgeted revenue, the amounts representing the differences are referred to as reversions.

S

Secondary Net Assessed Value - - This value is used to determine the secondary property taxes due on property. This value is determined by multiplying the full cash value of a property times the proper assessment ratio and subtracting the value of any applicable exemption.

Secondary Property Tax - - A levy of property taxes based on the Full Cash Value. Generally applies to property taxes for general bonded debt obligations and for voter approved budget overrides.

Section 8 - - A federal housing assistance program providing rental housing subsidies for eligible residents.



TERMS AND DEFINITIONS

TERMS (CONTINUED)

S (Concluded)

Special Revenue Fund - - A fund category used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

State Forms - - Used to identify forms provided by the State on which counties, cities and towns, and school districts report required information relative to its adoption of an annual budget.

Strategic Plan - - The Countywide Strategic Plan is a five year plan identifying the levels of service and the quality of life objectives the Board of Supervisors intends to achieve within this timeframe; the annual budget is intended to allocate resources necessary to achieve the results set forth in the Countywide Strategic Plan.

Sufficiency Rating - - A numerical rating of a bridge condition; 100 is for a new bridge.

Supplies and Services - - A group of related accounts identifying a department's expenditures for products and services necessary for meeting operating needs, not including capital outlay, debt service, or payroll related costs.

T

Tax Levy - - The amount of the general property taxes collected for purposes specified in the Levy Ordinance.

Tax Rate - - As applied to property taxes, the tax rate per \$100 of net assessed value at which a property will be taxed. Both the Primary and Secondary Tax rates are set by the governing boards or councils of the appropriate jurisdictions. The rate is determined by dividing the levy by the sum total of the Primary or Secondary Net Assessed Value within the jurisdiction. The rate is then applied to the Primary or Secondary Net Assessed value of each individual property to determine the amount of taxes due on that property.

Tentative Budget - - The annual preliminary budget voted upon by the Board of Supervisors which, after a public hearing, is the basis for the Board's final action to adopt an annual County Budget.

Truth in Taxation - - A state mandated public notification process informing residents of the Board of Supervisors' consideration of a possible tax increase. The process may occur during the Board's consideration of the Tentative Budget.

W

Warrants - - In the field of traffic engineering, "warrant" refers to criteria being met to merit installation of a traffic control improvement.