

Office of the Comptroller Directive 1-11

Glossary

The following glossary is a compilation of accounting terms taken from the CAPP Manual, the Commonwealth's CAFR, various sections of the Comptroller's Directives, the GAAFR, and various GASB and FASB standards.

Accounts payable Accounts payable represent short-term liability accounts reflecting amounts owed to private persons or organizations for goods and services received by a government.

Accounts receivable Amounts owed on open accounts from private individuals or organizations for goods and services furnished by a government (excluding amounts due from other funds or intergovernmental receivables). For financial reporting purposes (i.e., Quarterly Report or Comprehensive Annual Financial Report), a receivable should be reported when the underlying economic event occurs that results in amounts being owed to the Commonwealth.

Agency funds These funds account for assets held by a government in a purely custodial capacity.

American Recovery and Reinvestment Act (ARRA) An act making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization.

Amortize To write off expenditures by prorating over a fixed period.

APA Acronym for the Auditor of Public Accounts, the state agency responsible for providing oversight of the Commonwealth's financial management of public funds. The APA provides objective information and unbiased recommendations on financial management issues to the General Assembly and other decision makers based on the results of audits and analyses.

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Glossary, Continued

Assigned fund balance	As defined by GASBS No. 54 , <i>Fund Balance Reporting and Governmental Fund Type Definitions</i> , these are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for certain stabilization arrangements.
Build America Bonds (BAB)	Build America Bonds are taxable bonds for which the US Treasury Department pays a direct subsidy of 35 percent of the interest costs to the issuer.
CAFR	Acronym for the Comprehensive Annual Financial Report, a financial report for a state or local government that contains, at a minimum, three sections: 1) introductory, 2) financial, and 3) statistical, and whose financial section provides information on each individual fund and component unit.
Capital asset	Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
Capital asset impairment	Significant, unexpected decline in the service utility of a capital asset.
Capital grants and contributions (program revenue)	This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for capital purposes.

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Glossary, Continued

Capital lease A lease obligation that has to be capitalized because it meets one or more of the following criteria:

- The lease transfers ownership of the property to the lessee by the end of the lease term
- The lease contains a bargain purchase option
- The lease term is equal to 75 percent or more of the remaining estimated economic life of the leased property, unless the beginning of the lease term falls within the last 25 percent of the total economic life of the leased property, and / or
- The present value, at the beginning of the lease term, of the minimum lease payments (reduced for executory costs and profit thereon) equals or exceeds 90 percent of the fair value of the leased property to the lessor, at the inception of the lease, less any related investment tax credit retained by the lessor and expected to be realized by him. This criterion does not apply if the beginning of the lease term falls within the last 25 percent of the total economic life of the leased property.

Capital projects funds Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capitalize To record an asset (as opposed to expensing the item) and then depreciate or amortize as appropriate for items with useful lives longer than one year.

Capitalized assets **For CAFR financial reporting purposes**, capitalized assets are equipment related to projects valued greater than or equal to \$50,000 and all other asset categories valued greater than or equal to \$100,000.

CARS Acronym for the Commonwealth Accounting and Reporting System, the official automated accounting records of the Commonwealth which are centrally operated and maintained by the Department of Accounts.

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Glossary, Continued

Cash The standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

Cash basis Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Cash equivalents Instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money-market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP) pool. Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

Charges for services (program revenue) This represents exchange or exchange-like transactions. These revenues arise from charges to customers, applicants or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Charges for services are reported as program revenue of the function in which they are generated, even if used for some other purpose.

CIP Acronym for construction in progress. CIP is a non-depreciable capital asset “accumulation” account used to accrue project expenditures during the construction/development phase of a capital project that will ultimately be capitalized in the “building”, “infrastructure” or “equipment” asset categories when the project is completed. Typically the “land” asset category should not be included in CIP but recorded directly as “land”. Internally generated intangible assets are reported as CIP until substantially complete and operational, at which time they are transferred to the appropriate category in FAACS. Increases or decreases to CIP are recorded in FAACS using the Form 4 data entry. At the completion of the construction / development phase of the capital project, the accumulated CIP balance is reversed and the completed asset is recorded. See CAPP Topic 30310, *Asset Categorization*, for additional information.

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Glossary, Continued

Classified format or presentation

Separate reporting in the Statement of Net Assets of the current and noncurrent portions of assets and liabilities to permit the calculation of working capital. A classified format is required for the proprietary fund Statement of Net Assets.

Committed fund balance

As defined by **GASBS No. 54**, *Fund Balance Reporting and Governmental Fund Type Definitions*, these amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Component unit

Component Units are legally separate public corporations and agencies for which the elected officials of the reporting government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the reporting government are such that exclusion would cause the reporting government's financial statements to be misleading or incomplete.

Compounded interest

In some financing agreements, the outstanding principal balance of the loan increases because the scheduled monthly payments do not cover the full amount of interest owed. The unpaid (compounded) interest is added to the outstanding principal, to be repaid later.

Consigned inventory

Inventory in which ownership is retained, but the inventory has been placed with another entity for the purposes of selling.

Controlled assets

For CAFR financial reporting purposes, controlled assets are equipment valued at less than \$50,000 and all other capital asset categories valued at less than \$100,000.

Credit risk

Risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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Glossary, Continued

Current leave liability	The portion of accrued leave liability associated with employees who are terminated on or before June 24 and who will not be paid for compensated leave until after June 30.
Current refunds	Refund 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.
Debt service fund	The Debt Service Fund accounts for the accumulation of resources for, and the retirement of, governmental long-term debt principal and interest.
Defeasance	The borrower's debt and the offsetting cash or bonds are removed from the balance sheet because cash or bonds sufficient to service the borrower's debt are set aside. Defeased debt is no longer reported as a liability on the face of the statements.
Deferred revenue	Deferred revenue represents revenues accrued but not available to finance expenditures of the current fiscal period.
Derivative	In the context of GASBS 53 , <i>Accounting and Financial Reporting for Derivative Instruments</i> , a derivative is an instrument 1) whose value derives from the application of some variable (“underlying”) to a contractually determined amount (“notional amount”) or from the association of an underlying with a payment provision, 2) that involves little or no initial investment, and 3) that allows for net settlement.
Donated inventory	Any inventory that was not purchased but was received during the fiscal year.
Donor restricted endowments	Specific type of endowment that is subject to donor-imposed restrictions.

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Glossary, Continued

Energy performance contracts	Agreements provided by an approved energy performance contractor which provide a guarantee to significantly reduce energy operating costs of an essential Commonwealth facility through one or more energy conservation or operational efficiency measures. As a reminder, the Treasury Board must approve all Energy Performance Contracts. See CAPP Manual Topic 30320, <i>Energy Performance Contracts</i> , for additional information.
Enterprise funds	Enterprise funds account for activities for which a fee is charged to external users for goods or services.
Exchange transaction	Transactions in which each party receives and gives up essentially equal values.
Expenditure-driven grant	Grant for which a potential recipient must first incur qualifying expenditures to be eligible. Expenditure-driven grants are also referred to as <i>reimbursement grants</i> . This type of grant requires that State funds be spent before receiving grant funded reimbursements.
External party	An entity other than the reporting government.
Extraordinary items	Significant transactions or events that are both unusual in nature and infrequent in occurrence.
FAACS	Acronym for the Fixed Asset Accounting and Control System.
Fair value	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.

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Glossary, Continued

Fiduciary funds These funds account for assets held by the government as trustee or agent and that cannot be used to support the government's own programs. This includes Private Purpose Trust Funds, Pension and Other Employee Benefit Trust Funds, Investment Trust Funds, and Agency Funds.

FIFO / LIFO Methods used to apply the basis used to value inventories (first-in-first-out, last-in-first-out).

Final budget Original budget adjusted by all reserves, 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.

Financial statement template Generally, Excel spreadsheets that agencies with financial activity not recorded on CARS complete and submit to the Department of Accounts to report off-CARS activity for CAFR preparation purposes. There are some funds that are on CARS that are required to complete a template due to the nature of the fund.

Financial statements The minimum financial presentation required by GASBS 34 for governments is composed of three sections: 1) management's discussion and analysis (M D & A), which is required supplementary information, 2) the basic financial statements, and 3) required supplementary information other than M D & A. The basic financial statements have three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Fluctuation analysis The identification and explanation of significant differences in financial data from the current period compared to data from a prior period.

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Glossary, Continued

Formula grant Non-reimbursement (formula) grants are government-mandated or voluntary nonexchange transactions involving the provision of resources **based upon established criteria (for example, population) other than the incurrence of qualifying expenditures**. This type of grant allows an agency to receive grant funds without having to spend state funds, as opposed to an expenditure-driven grant.

Full accrual Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Function codes Functional codes are the first number in every service area. For example, service area code 1031000 “Community Services” would fall under the “Education” function. Each functional code and its corresponding description are below.

- 1 - Education
 - 3 - Administration of Justice
 - 4 - Individual and Family Services
 - 5 - Resources and Economic Development
 - 6 - Transportation
 - 7 - General Government
 - 8 - Enterprise
 - 9 - Capital Outlay Projects
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Fund Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund balance Difference between assets and liabilities reported in a governmental fund.

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Glossary, Continued

Fund balance reporting Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund financial statements Basic financial statements presented on the basis of funds, in contrast to *government-wide* financial statements.

GAAFR Acronym for *Governmental Accounting, Auditing, and Financial Reporting*, a publication of the Government Finance Officers Association. Also known as the "Blue Book," various editions of this book have been published since the mid-1930s.

GAAP Acronym for "Generally Accepted Accounting Principles," promulgated by the Governmental Accounting Standards Board (GASB) and other standard-setting entities.

GASB Acronym for the Governmental Accounting Standards Board, the ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. It was established in June 1984 to replace the National Committee on Governmental Accounting (NCGA).

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Glossary, Continued

GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments

GASBS No. 34, **GASBS No. 37**, and **GASB Interpretation No. 6** define the financial reporting model.

The following sections provide some of the **GASBS No. 34** requirements. This is **not a complete listing**.

The following is a listing of minimum requirements for the CAFR and/or agency published financial statements:

- Management Discussion and Analysis
- Basic Financial Statements:
 - Government-wide financial statements (governmental funds only)
 - Fund financial statements
 - Reconciliation between government-wide and fund financial statements
 - Notes to the financial statements
- Required Supplemental Information

General fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

General revenues

All revenues that are *not* required to be reported as program revenues in the government-wide Statement of Activities.

GFOA

Acronym for the Government Finance Officers Association.

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 assets and the statement of activities.

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Glossary, Continued

Governmental activities (government-wide financial reporting)	These activities account for balances related to governmental funds that are only reported in the government-wide statement of net assets.
Governmental fund	Governmental funds are used to account for most, if not all, of a government's tax-supported activities. The Commonwealth has five governmental funds: general, special revenue, debt service, capital projects, and permanent.
Impairment	Significant, unexpected decline in the service utility of a capital asset.
Implementation guides	Authoritative guidance published by the GASB for selected statements. These include questions and answers with scenarios to help apply the statements. In addition, an annual comprehensive guide is issued.
Installment purchases	Financing agreements to acquire assets for which title passes immediately to the agency. Financing arrangements covered by the Treasury Board's Master Equipment Leasing Program (MELP) are considered installment purchases.
Intangible assets	Something of value that cannot be physically touched, such as easements, water rights, timber rights, patents, trademarks, computer software, etc.
Internal service funds	Internal Service Funds account for the financing of goods or services provided by one fund, department, or agency to other funds, departments, or agencies of the financial reporting entity, or to other governments, on a cost-reimbursement basis.
Inventory	Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are offset by a portion of fund balance that is not available for spending because it is legally or contractually required to be maintained intact.

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Glossary, Continued

Inventory accounting (consumption method)

In the consumption method of inventory accounting, an expenditure is charged with the actual amount of materials and supplies consumed. Inventory may be kept on the consumption method using either a periodic or perpetual system.

Invested in capital assets, net of related debt

One of three components of net assets that must 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 attributable to the acquisition, construction, or improvement of capital assets of the government.

Investment trust fund

Investment Trust Funds account for the external portion of investment pools (including individual investment accounts) reported by the sponsoring government.

Investments

Securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

Involuntary termination benefits

Involuntary termination benefits include benefits provided as a direct result of an involuntary termination not related to job performance or misconduct. Examples include severance pay, continued access to health insurance through the employer's group insurance plan, career counseling, and outplacement services.

Lag pay

A system of processing employee compensation payments in which paychecks are calculated and produced following the end of the pay period.

LAS

Acronym for the Lease Accounting System.

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Glossary, Continued

Lease	A financing agreement in which the title may pass by the end of the lease term (capital) or may not pass at all (operating).
Localities	Are cities, towns, and counties (does not include regional authorities).
Long-term leave liability	The liability for accrued annual, sick or disability credits, compensatory, overtime, on-call leave, recognition, and applicable sabbatical leave for all leave-eligible employees employed by the State on June 25.
Long-term leave liability due in greater than one year	The portion of long-term leave liability that is due in greater than one year after the fiscal year-end. For fiscal year 2011, it is the liability due after June 30, 2012.
Long-term leave liability due within one year	The portion of long-term leave liability that is due within one year after the fiscal year-end. For fiscal year 2011, it is the liability due by June 30, 2012.
Long-term debt	Obligations including bonds, notes payable, pensions, and other liabilities having a maturity of more than one year from the date it was issued.
MD & A	Acronym for Management Discussion and Analysis, a component of required supplementary information used to introduce the basic financial statements and provide an analytical overview of the government's financial activities.
Material weakness	A significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.
MELP	Acronym for the Treasury Board's Master Equipment Leasing Program.

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Glossary, Continued

Modified accrual

Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways: 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

Net assets

The difference between total assets and liabilities reported on the government-wide and proprietary fund statements.

Nonexchange transaction

Nonexchange transactions are those transactions where a government gives (or receives) value **without** directly receiving (or giving) equal value in return. The four types of nonexchange transactions are as follows:

Derived Tax Revenues – assessments imposed by governments on exchange transactions.

Imposed Nonexchange Transactions – assessments by governments on nongovernmental entities, including individuals, other than assessments on exchange transactions.

Government-mandated Nonexchange Transactions – a government at one level provides resources to a government at another level and requires that government to use the resources for a specific purpose or purposes established by the provider's enabling legislation.

Voluntary Nonexchange Transactions – result from legislative or contractual agreements, other than exchanges, entered into willingly by two parties.

Non-reimbursement grant

Non-reimbursement (formula) grants are government-mandated or voluntary nonexchange transactions involving the provision of resources **based upon established criteria (for example, population) other than the incurrence of qualifying expenditures.** This type of grant allows an agency to receive grant funds without having to spend state funds, as opposed to an expenditure-driven grant.

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Glossary, Continued

Nonspendable fund balance As defined by **GASBS No. 54**, *Fund Balance Reporting and Governmental Fund Type Definitions*, this includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, long-term amount of loans and notes receivable, as well as property acquired for resale. Examples of nonspendable fund balance are inventories, prepaid items, loans, and property acquired for resale.

Off-balance sheet obligations These are financial obligations of the Commonwealth which are not disclosed on the financial statements.

§2.2-813.2 of the *Code of Virginia* requires the State Comptroller to disclose biannually all off-balance sheet financial obligations of the Commonwealth, itemized by agency, board, institution, or authority, and other obligations that are estimated to be incurred.

Operating grants and contributions (program revenue) This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for either operating or capital purposes.

Operating lease The classification of a lease that does not meet any of the 4 (four) criteria for a capital lease (lessee) or that does not meet all of the criteria of a sales type, direct financing or leveraged lease (lessor).

Original budget The budget as signed into law (unadjusted) or otherwise legally authorized.

Other financing sources Increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends

Other financing uses Decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends

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Glossary, Continued

Other post-employment benefit (OPEB) plans

In addition to pensions, many state and local governmental employers provide *other postemployment benefits* (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB **includes** *postemployment healthcare*, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. **GASBS No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense / expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. A listing of state OPEBs follows:

- **Pre-Medicare Retiree Healthcare** – The Commonwealth provides a healthcare plan for retired state employees who are not yet eligible to participate in Medicare.
- **Retiree Health Insurance Credit Program** – The Commonwealth provides this benefit to retired state employees of a maximum of \$4/month per year of service credit towards their monthly health insurance premiums.
- **Line of Duty Death and Disability Program** – The Commonwealth provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.
- **Group Life Insurance Benefits** – Eligible State employees who retire are entitled to postemployment life insurance benefits.
- **Disability Insurance Trust Fund** – The Commonwealth provides disability insurance benefits to eligible retired state employees.

Pass-through grants

Grants in which the recipient from the original source will pass the funding on to a sub-recipient to complete the stipulations of the grant.

Pension (and other employee benefit) trust funds

These funds account for assets of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans held by a government in a trustee capacity.

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Glossary, Continued

Permanent funds	Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizenry).
Plan of involuntary termination	A plan that (a) identifies, at a minimum, the number of employees to be terminated, the job classification or functions that will be affected and their locations, and when the terminations are expected to occur and (b) establishes the terms of the termination benefits in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated.
Pledged inventory	The specific inventory used to secure a loan or financing.
Pledged receivables	The specific receivables used to secure a loan or financing.
Pledged revenue	Specific type of revenue that is to be used for specific debt issues.
Pollution remediation obligation	<u>GASBS No. 49</u> , <i>Accounting and Financial Reporting for Pollution Remediation Obligations</i> , addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of <i>existing</i> pollution by participating in pollution remediation activities such as site assessments and cleanups.
Prepaid items	Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

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Glossary, Continued

Private-purpose trust funds

These funds account for trust arrangements, including those for escheat property, where principal and income benefit individuals, private organizations, or other governments.

Program revenues

In the context of the government-wide Statement of Activities, revenues that derive directly from the program itself 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. Program revenues are divided into three categories: Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions.

Proprietary funds

Proprietary Funds account for a government's business-type activities (enterprise and internal service activities supported at least in part by fees or charges).

Reimbursement basis federal grant

Reimbursement grants are government-mandated or voluntary nonexchange transactions in which **expenditure is the prime factor for determining eligibility**. If the grant agreement indicates that the resources belong to the provider until allowable costs are incurred, the grant is expenditure-driven. This type of grant requires that State funds be spent before receiving federal grant funded reimbursements.

Reimbursement grant

Grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as *expenditure-driven grants*. This type of grant requires that State funds be spent before receiving grant funded reimbursements.

Relative order of liquidity

Assets are placed in order of their ease of converting to cash. Liabilities are placed in the order they are expected to be paid.

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Glossary, Continued

Restricted fund balance As defined by **GASBS No. 54**, *Fund Balance Reporting and Governmental Fund Type Definitions*, these are amounts that have constraints placed on the use of resources 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 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 cash and cash equivalents Cash and cash equivalents (investments with an original maturity of 90 days or less) that have constraints on their use.

Restricted net assets Component of net assets calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt.

Retainage payable Amounts due on contracts which represent a percentage of the total contract price that is not paid pending final inspection, the lapse of a specified time, or both.

RSI Acronym for Required Supplementary Information. The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at fiscal year-end. It also includes information concerning funding progress for pension and other postemployment benefits, as well as trends for Commonwealth-managed risk pools.

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Glossary, Continued

Securities lending

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.

Security

Generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Service Concession Arrangement (SCA)

As defined by **GASBS No. 60**, *Accounting and Financial Reporting for Service Concession Arrangements*, an SCA is generally an arrangement between a government (transferor) and a governmental or nongovernmental entity (operator) in which (a) the government conveys the right and related obligation to provide services through a public asset in exchange for significant consideration and (b) the operator either collects or is compensated by third-party fees.

Short-term debt

Debt with a party **external** to the Commonwealth including anticipation notes, lines of credit, and similar loans usually with a maturity of one year or less.

Significance / materiality

The notion that an omission or misstatement of accounting information is of such significance as to make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Soft costs

These costs include freight and transportation charges, installation costs, site preparation expenditures, professional fees (including title costs and surveying fees if appropriate), and legal costs directly attributable to asset acquisition.

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Glossary, Continued

Special item	Significant transactions or other events that are either unusual in nature or infrequent in occurrence and within management's control.
Special revenue fund	Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
Straight-line basis	A methodology of depreciation in which the asset is depreciated uniformly over the life of the asset.
Supplementary information	Financial information presented in the CAFR that is not included within the audit of the basic financial statements.
Termination benefits	Benefits provided by employers to employees as an inducement to hasten the termination of services or as a result of a voluntary early termination or as a consequence of involuntary early termination of services. Examples include early-retirement incentives, severance benefits, and other termination-related benefits.
Unearned revenue	Unearned revenue represents monies received or revenues accrued but not earned as of year-end.
Unassigned fund balance	As defined by GASBS No. 54 , <i>Fund Balance Reporting and Governmental Fund Type Definitions</i> , this represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.
Unrestricted net assets	That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

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Glossary, Continued

**Virginia
Sickness and
Disability
Program**

The Virginia Sickness and Disability Plan (VSDP) provides state employees with income security when they cannot work because of a partial or total disability. The program includes sick, family and personal leave; short-term disability benefits; long-term disability benefits and a long-term care program. VSDP benefits cover non-work-related and work-related conditions.

**Voluntary
termination
benefits**

Voluntary termination benefits include inducements to hasten separation from employment as a result of voluntary termination. Examples include cash payments (one-time or series), enhancements to defined benefit pension or other postemployment benefit (OPEB) formulas, and healthcare coverage when none otherwise would be provided.

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