# GLOSSARY

## SUMMARY

This section is an alphabetical listing of terms or words, and an explanation of their meanings, used throughout the CIP document.

# Glossary

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| **Ad Valorem** | The application of a rate percent of value. Taxes are imposed at a rate percentage of the value of goods. |
| **Amortization of Debt** | The process of paying the principal amount of an issue of securities by periodic payment either directly to security holders or to a sinking fund for the benefit of security holders. |
| **Amortization Schedule** | A table showing the gradual repayment of an amount of indebtedness, such as a mortgage or bond, over a period of time. This table is often set up to show interest payments in addition to principal repayments. |
| **ARPA** | The American Rescue Plan Act (ARPA) included funding for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to help state, local, and municipal governments to continue providing pandemic relief. The ARPA Fiscal Recovery Fund gives broad flexibility in how funding can be used. |
| **Authorized but Unissued Bonds** | Bonds authorized by the Board of Supervisors following a referendum, but not issued to the bond markets. Bonds approved after July 1, 1991, have a maximum of 10 years available by law in which to be issued. |
| **Board of Supervisors** | The Code of Virginia (§ 15.2-802) provides that the powers of the County as a body politic and corporate shall be vested in an urban county board of supervisors, to consist of one member from each district of such county and to be known as the board of supervisors (the board). Each member shall be a qualified voter of his or her district and shall be elected by the qualified voters thereof. In addition to the above-board members, the voters shall elect a county chairman who shall be a qualified voter of the county. The Board of Supervisors of Fairfax County is composed of ten members, one from each of the nine County magisterial districts, plus a chairman. Supervisors are elected for four-year terms. |
| **Bond** | A written promise to pay a specified sum of money (called the principal), at a specific date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service. Bonds may be used as an alternative to tax receipts to secure revenue for long-term capital improvements. The two major categories are General Obligation (GO) Bonds and Revenue Bonds. The majority of bonds issued for County and School construction projects are known as General Obligation Bonds. |
| **Bond Proceeds** | The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract. |
| **Bond Rating** | A rating (made by an established bond rating company) from a schedule of grades indicating the probability of timely repayment of principal and interest on bonds issued. Fairfax County uses the services of the nation's three primary bond rating services, Moody's Investors Service, Standard & Poor's, and Fitch, to perform credit analyses to determine the probability of an issuer of debt defaulting partially or fully. Fairfax County has maintained a Triple A bond rating status from Moody's since 1975, Standard and Poor's since 1978, and Fitch since 1997. |

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| **Bond Referendum** | A process whereby the voters of a governmental unit are given the opportunity to approve or disapprove a proposed issue of municipal securities, most commonly required for the approval of General Obligation Bonds. Requirements for voter approval may be imposed by constitution, statute, or local ordinance. |
| **Bonded Indebtedness** | Outstanding debt by issue of bonds which is repaid by ad valorem or other revenue. |
| **Budget** | A plan for the acquisition and allocation of resources to accomplish specified purposes. The term may be used to describe special purpose fiscal plans or parts of a fiscal plan, such as "the budget of the Police Department," "the Capital budget" or "the School Board's budget," or it may relate to a fiscal plan for an entire jurisdiction, such as "the budget of Fairfax County." |
| **Capital Asset** | Property that has an initial useful life longer than one year and that is of significant value. The useful life of most capital assets extends well beyond one year and includes land, infrastructure, buildings, renovations to buildings that increase their value, equipment, vehicles, and other tangible and intangible assets. |
| **Capital Expenditure** | A direct expenditure that results in or contributes to the acquisition or construction of major capital assets (e.g., lands, roads, buildings). The expenditure may be for new construction, addition, replacement, or renovations to buildings that increase their value, or major alteration of a capital asset. Capital assets include land, infrastructure, buildings, equipment, vehicles, and other tangible and intangible assets that have useful lives longer than one year. |
| **Capital Facilities** | Fixed assets, such as buildings or land. |
| **Capital Improvement Program (CIP)** | A plan for future capital project expenditures. The multi-year plan serves as a roadmap for creating, maintaining and funding present and future infrastructure requirements. The CIP serves as a planning instrument to identify needed capital projects and coordinate the financing and timing of these improvements. |
| **Capital Outlay** | Expenditures for capital-related expenditures. |
| **Capital Paydown** | Capital construction funded with current year General Fund revenues as opposed to construction financed through the issuance of bonds. This is also referred to as “pay-as-you-go” construction. |
| **Capital Project** | Major construction, acquisition, or renovation activities which add value to a government’s physical assets or significantly increase their useful life. |
| **Capital Projects Funds** | Funds, defined by the State Auditor of Public Accounts, that account for the acquisition and/or construction of major capital facilities or capital improvements other than sewers. |
| **Comprehensive Plan** | The plan that guides and implements coordinated, adjusted, and harmonious land development that best promotes the health, safety, and general welfare of County residents. It contains long-range recommendations for land use, transportation systems, community services, historic resources, environmental resources, and other facilities, services, and resources. |

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| **Coronavirus Disease 2019 (COVID-19)** | A viral infection that can spread from person-to-person caused by a new coronavirus that initially emerged in December 2019 and spread throughout the world. |
| **Costs of Issuance** | The expenses associated with the sale of a new issue of municipal securities, including such items as printing, legal, rating agency fees, and others. |
| **Debt Limit** | The maximum amount of debt which an issuer of municipal securities is permitted to incur under constitutional, statutory, or charter provisions. |
| **Debt Service** | The amount of money necessary to pay interest on an outstanding debt; the principal of maturing serial bonds and the required contributions to a sinking fund for term bonds. Debt service on bonds may be calculated on a calendar year, fiscal year, or bond fiscal year basis. |
| **Debt Service Fund** | A fund established to account for the payment of general long-term debt; which includes principal and interest. |
| **ENSNI** | Estimate, No Scope, No Inflation. Term used in the Fairfax County CIP to describe funding estimates for future capital projects which have not yet been scoped and are developed using today's dollars without considering inflation. |
| **General Obligation (GO) Bond** | Bonds for which the full faith and credit of the issuing government are pledged. County general obligation debt can only be approved by voter referendum. The State Constitution mandates that taxes on real property be sufficient to pay the principal and interest of such bonds. |
| **Infrastructure** | Public domain, fixed physical assets including roads, curbs, gutters, sidewalks, drainage systems, lighting systems, and other similar items that have value only to the users. |
| **Infrastructure Replacement and Upgrades** | Infrastructure replacement and upgrades, also known as Capital Renewal, refers to the planned replacement of building subsystems, such as roofs, electrical systems, HVAC systems, and plumbing systems, that have reached the end of their useful life. Major investments are required in facilities to replace old, obsolete building subsystems that have reached the end of their life cycle. |
| **Interest** | The amount paid by a borrower as compensation for the use of borrowed money. This amount is generally an annual percentage of the principal amount. |
| **Issuing Bonds** | To "issue" bonds means to sell, deliver, and receive payment for bonds. The County may issue bonds throughout the year upon determining the amount of cash necessary to implement projects during that year. |
| **Lease Purchase** | This method of financing allows the County to construct or acquire property and pay for it over a period of time by installment payments rather than an outright purchase. The time payments include an interest charge which is typically reduced because the lessor does not have to pay income tax on the interest revenue. |
| **Long-Term Debt** | Debt with a maturity of more than one year after the date of issuance. |
| **Pay-As-You-Go Financing** | The portion of capital outlay which is financed from current revenue, rather than by borrowing. |

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| **Paydown Construction** | Capital construction funded with current year General Fund revenues as opposed to construction financed through the issuance of bonds. This is a method of paying for capital projects that relies on current tax and grant revenues rather than by debt. This is also referred to as "pay-as-you-go" construction. |
| **Per Capita Debt** | The amount of an issuing municipality's outstanding debt divided by the population residing in the municipality. This is used as an indication of the issuer's credit position since it can be used to compare the proportion of debt borne per resident with that borne by the residents of other municipalities. |
| **Principal** | The face amount of a security payable on the maturity date. |
| **Rating Agencies** | The organizations which provide publicly available ratings of the credit quality of issuers. The term is most often used to refer to the nationally recognized agencies, Moody's Investors Service, Inc., Standard & Poor's Corporation, and Fitch Investors. |
| **Referendum** | A referendum is a means by which a legislative body requests the electorate to approve or reject proposals, such as constitutional amendments, long-term borrowing, and other special laws. |
| **Revenue Bond** | A municipal bond secured by the revenues of the project for which it is issued. Revenue Bonds are those bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. Sewer and utility bonds are typically issued as revenue bonds. The County also issues Lease Revenue bonds, a form of revenue bond in which the payments are secured by a lease on the property built or improved with the proceeds of the bond sale. |
| **Sewer Funds (Enterprise Funds)** | A group of self-sufficient enterprise funds that support the Wastewater Management Program. Revenues consist of bond sales, availability fees (a one-time fee paid before connection to the system and used to defray the cost of major plant and trunk construction), connection charges (a one-time fee to defray the cost of the lateral connection between a building and the trunk), service charges (quarterly fees based on water usage which defray operating costs and debt service), and interest on invested funds. Expenditures consist of construction costs, debt service, and the cost of operating and maintaining the collection and treatment systems. |
| **Short-Term Debt** | Debt with a maturity of less than one year after the date of issuance. |
| **Total Project Estimate (TPE)** | A capital project Total Project Estimate (TPE) is composed of funds already expended, currently appropriated, proposed or adopted in the budget year, and proposed for future years. In short, it is the total amount proposed to be expended over the life of the project. |