BUDGET GLOSSARY

Accrual Basis A method of accounting recognizing transactions when they occur without regard toward cash flow timing.

Ad Valorem Tax A property tax computed as a percentage of the value of taxable property. See "Assessed Value."

Annexation The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation A legal authorization made by the City Council to incur obligations and make expenditures for specific purposes, and shall be limited to a single fiscal year.

Assessed Value The value set on real and personal property in order to establish a basis for levying taxes. It is the lesser of the property's maximum assessed value or real market value.

Balanced Budget A budget is considered balanced when the fund's total resources of beginning fund balance or working capital, revenues and other financing sources is equal to the total of expenditures, other financing uses and ending fund balance, contingency or working capital.

Bancroft Bond To provide purchasers of homes or multi-family dwellings with Bancroft financing of system development charges as an alternative to absorbing those charges into the long-term permanent financing of their homes.

Bond A written promise to pay a specified sum of money on a specific date at a specified interest rate. Bonds are most frequently used to finance large capital projects, such as buildings and streets.

Budget A written report showing the local government's comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year.

Budget Calendar The schedule of key dates which the City follows in the preparation and adoption of the budget.

Budget Committee A fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters.

Budget Document The estimates of expenditures and budget resources as set forth on the estimated sheets, tax levy and the financial summary.

Budget Message A general discussion of the proposed budget as presented in writing by the Mayor to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the governmental unit's experience during the past period and its financial policy for the coming period.

Budget Transfers Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital Expenditure Items with a value of $5,000 or more which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings. These items are recorded in the City's fixed asset system and depreciated over their useful lives.

Capital Improvements Program (CIP) A plan for capital expenditures to be incurred each year over a period of years to meet capital needs arising from the long term work program.

Capital Outlay Items with a value of $5,000 or more which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings. These items are recorded in the City's fixed asset system and depreciated over their useful lives.

Capital Projects A long term major improvement or acquisition of equipment or property for public use.

CCI Committee for Citizen Involvement.

CDBG Community Development Block Grant Fund. A fund used to account for entitlement grant funds from the U.S. Department of Housing and Urban Development (HUD).

Contingency An appropriation of funds to cover unforeseen events and emergencies which occur during the fiscal year.

Debt Service Payment of general long-term debt principal and interest.

Debt Service Fund A fund established to finance and account for the payment of interest and principal on all general obligation debt, serial and term, other than that payable exclusively from special assessments and revenue debt issued for and serviced by a governmental enterprise.

BUDGET GLOSSARY

Departments A major administrative division of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy of obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

EMS Emergency Management Services

Encumbrance Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

Enterprise Fund A fund established to account for operations that are financed and operated in a manner similar to private business enterprise in that the costs of providing services to the general public on a continuing basis are recovered primarily through user charges. An example would be the Water Fund or Sewer Fund.

Expenditure This term refers to the outflow of funds paid or to be paid for an asset or goods and services obtained regardless of when the expense is actually paid.

Fiscal Year A twelve 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. (July 1 through June 30 for all Oregon municipalities.)

Forfeiture The automatic loss of cash or other property as a punishment for not complying with provisions and as compensation for the resulting damages or losses.

FTE Full time equivalent position.

Fund A sum of money or other resources set aside for a specific purpose. A division in a budget segregating independent fiscal and accounting requirements.

Fund Balance The excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period. A negative fund balance is sometimes called a deficit.

General Fund A fund used to account for financial operations of the City which are not accounted for in any other fund. The primary source of revenue are property taxes, franchise fees, state and local shared revenues, licenses and permits, and charges for services provided to other funds. Primary expenditures in the General Fund are made for police and fire protection, public works and general government.

General Obligation Bonds Bonds for which the full faith and credit of the insuring government are pledged for payment.

Goal A statement of broad direction, purpose or intent; the purpose toward which an endeavor is directed.

Grant A donation or contribution by one governmental unit to another unit. The donation or contribution may be made to aid in the support of a specified purpose or function or general purpose.

Interfund Loans A loan made by one fund to another and authorized by resolution or ordinance.

Internal Service Fund A fund used to account for fiscal activities when goods or services are provided by one department to other departments.

Levy The amount of ad valorem tax certified by a local government for the support of governmental activities.

Local Improvement District The property which is to be assessed for the cost or part of the cost of local improvement and the property on which the local improvement is located.

Maximum assessed value (MAC) The maximum taxable value limitation placed on real or personal property by the constitution. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

Modified accrual basis A form of accrual accounting in which expenditures are recognized when the goods or services are received and revenues, such as taxes, are recognized when measurable and available to pay expenditures in the current accounting period.

NAC Neighborhood Association Committees.

Objective A statement of specific direction, purpose or intent based on the needs of the community and the goals established for a given program.

BUDGET GLOSSARY

Operating Budget The portion of the budget that pertains to daily operations providing basic governmental services. The operating budget contains appropriations for such expenditures as personal services, supplies, utilities, materials, and capital outlay.

Operating rate The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

Ordinance A formal legislative enactment by the governing board of a municipality.

Organizational unit Any administrative subdivision of the local government, especially one charged with carrying on one or more specific function (such as a department, office or division).

PERS The Public Employees Retirement System. A State of Oregon defined benefit pension plan to which both employees and employer contribute.

Performance Measures Specific quantitative measures of work performed within an activity or program.

Permanent rate limit The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government can increase a permanent rate limit.

Personal Services Payroll expenses, such as wages, Social Security, medical and dental insurance benefits and retirement contributions.

Program A group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.

Property taxes Ad valorem tax certified to the county assessor by a local government unit.

Real Market Value (RMV) The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's length transaction as of the assessment date. In most cases, the value used to test the constitutional limit.

Reserve Fund A fund established to accumulate money from year to year for a specific purpose, such as purchase of new equipment.

Resolution A formal order of a governing body, lower legal status than an ordinance.

Resources Total amount available for appropriation, consisting of estimated beginning funds on hand plus anticipated revenues.

Revenues Funds that the government receives as income such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds Bonds issued pledging future revenues, usually water, sewer, or storm drainage charges, to cover debt payments in addition to operating costs.

Risk Management An organized attempt to protect a government's assets against accidental loss in the most economical manner.

Special Revenue Fund A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes.

System Development Charges (SDC) A charge levied on new construction to help pay for additional expenses created by this growth or to compensate for already existing capacity in key facilities and systems already in place which support the new development.

Supplemental Budget A financial plan prepared to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax levy.

Tax Rate The amount of property tax paid by property owners for each $1,000 of their property's assessed value.

Transfers Amounts distributed from one fund to finance activities in another fund. Shown as a requirement in the originating fund and a revenue in the receiving fund.

Trust Fund A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated Ending Fund Balance An amount set aside in the budget to be used as a cash carryover to the next year's budget. It provides the local government with cash until tax money is received from the county treasurer in November. This amount cannot be transferred by resolution or used through a supplemental budget.

Working Capital See unappropriated ending fund balance.