

## DESCRIPTIONS OF BUDGET TERMS

### **Ad Valorem Tax**

- ◆ A tax based on the assessed value of a property.

### **Adopted Budget**

- ◆ Financial plan which forms the basis and limits for appropriations and is adopted by the City Council.

### **Appropriation**

- ◆ Legal authorization granted by the City Council for spending a specific amount of money for a specific purpose during a specific period of time.

### **Assessed Valuation (AV)**

- ◆ The value set on taxable property as a basis for levying property taxes.

### **Assessment**

- ◆ Any fee, charge or assessment that does not exceed the actual cost incurred by a unit of government for design, construction, and financing of local improvements such as street paving, sidewalks, and sewers.

### **Assets**

- ◆ Resources having a monetary value and that are owned or held by an entity.

### **Beginning Cash Balance**

- ◆ Includes unexpended resources from the previous years. A portion of these resources will appear in the Reserve balances of City funds. Reserves are both dedicated and non dedicated. The non dedicated reserves portion is the amount available to fund City operations. For the General Fund and in some of the Special Revenue funds, reserves must fund operations until the first receipt of taxes, which may be as late as six months into the fiscal year.

### **Bond or Bond Issue**

- ◆ A certificate of debt guaranteeing payment of the original investment plus interest on specific dates.

### **Budget Committee**

- ◆ Fiscal planning board of the City consisting of City Council members plus an equal number of lay members appointed by the Council.

### **Budget Document**

- ◆ A written report showing a government's comprehensive financial plan for a specified period, usually one year, that includes both the capital and operating budgets.

### **Budget Message**

- ◆ Written explanation of the budget and the City's financial priorities for the next fiscal year; prepared by the City Manager.

### **Budget Officer**

- ◆ Person appointed by the City Council to assemble the budget; for the City of Springfield the City Manager serves in this role.

### **Budget Review Team**

- ◆ Team consisting of the City Manager, Assistant City Manager, Finance Director and the Budget Manager.

### **Capital Budget**

- ◆ The City's budget for projects, major repairs, and improvements or additions to the City's fixed assets (streets, sidewalks, traffic signals, sewers, drainage and buildings.)

### **Capital Improvement**

- ◆ A term defined in ORS 310.410(10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life longer than one year.

### **Capital Improvement Program (CIP)**

- ◆ A major budgeting and planning tool through which needed capital projects are identified, evaluated, priced and discussed with the general public and the Budget Committee.

### **Capital Outlay**

- ◆ City policy requires the use of capital outlay for capital items with a cost of \$1,000 or more. It also allows, but does not require, the use of capital outlay for capital items which cost less than \$1,000.

### **Capital Projects**

- ◆ Major repairs, improvements or additions to the City's fixed assets (streets, sidewalks, traffic signals, sewers, drainage and buildings, costing at least \$2,000.)

### **Capital Utilization Team**

- ◆ A team of three to four designated city staff that reviews initial requests for capital outlay purchases and recommends approval and/or declines the request. The review process considers the appropriateness of the request and whether the item is a necessary expenditure in light of either policy or fiscal limitations. Once approved by the utilization team, requests then go to the Executive Team for approval of funds.

### **Cash Basis**

- ◆ A basis of accounting under which transactions are recognized only when cash changes hands.

### **Cash Carryover**

- ◆ Cash that is remaining after subtracting prior year's actual expenditures from prior year's total resources. Cash carryover is classified as revenue. Referred to as Beginning Cash Balance.

### **Charges for Service**

- ◆ Includes a wide variety of fees charged for services provided to the public and other agencies.

### **Community Development**

- ◆ General Budget program category that incorporates the departments of Development Services, Public Works, Metropolitan Wastewater Management and the Community Development Block Grant Program.

### **Comprehensive Annual Financial Report (CAFR)**

- ◆ The annual audited results of the City's financial position and activity.

### **Contingency**

- ◆ A special appropriation set aside for unforeseen and unplanned expenses. Contingencies may not be spent without approval by resolution of the City Council.

### **Debt Service**

- ◆ The payment of general long-term debt, consisting of principal and interest.

### **Electors**

- ◆ A qualified voter who has the right to vote for the adoption of any measure. (ORS 294.336(2))

### **Encumbrance**

- ◆ A contractual commitment for which the payment is contingent upon the future delivery of specified goods or services.

### **Encumbrance Cash Balance**

- ◆ A cash carryover which is used as a resource to provide funds for prior year items which are re-budgeted in the new fiscal year.

### **Ending Working Capital**

- ◆ Funds which allow the City to meet current cash flow requirements, shortfalls in revenue, or unexpected demands until tax revenue is available.

### **Enterprise Funds**

- ◆ Funds that are usually self-supporting and are operated and financed in a manner that is similar to private business enterprises. Enterprise funds are usually financed through some type of user charges.

### **Executive Team**

- ◆ The team consisting of the department executive directors, the Assistant City Manager and the City Manager.

### **Fines and Forfeitures Revenue**

- ◆ Includes fines charged for traffic citations, library fines and fines for City Code violations.

### **Fiscal Year**

- ◆ Twelve month period from July 1 to June 30 of the following year.

### **Fixed Assets**

- ◆ Assets with a long-term character such as land, buildings, streets and major equipment.

### **Full time Equivalent (FTE)**

- ◆ A full-time position is one that is 40 hours per week for the entire fiscal year and is designated as 1.0 FTE.

### **Fund**

- ◆ A budgetary and accounting entity with balancing revenues and appropriations.

### **Fund Balance**

- ◆ The difference between a fund's *resources* and its *requirements*. In budget years, the resources must equal requirements. In actual years, the difference between resources and requirements is the fund balance's Ending Working Capital.

### **Generally Accepted Accounting Procedures (GAAP)**

- ◆ Standards established by the American Institute of Certified Public Accountants for the conduct and reporting of financial audits.

### **General Government Tax Rate**

- ◆ A category of tax rate defined by Measure 5. It includes revenues raised to fund general government operations, such as cities, counties and special districts. The rate of tax on this category is limited to \$10 per \$1,000 of real market value.

### **General Obligation Bonds**

- ◆ Form of debt that is backed by the taxing power of the City of Springfield. General obligation bonds are issued to provide the capital needed to build structures and improvements that will be used by the entire community.

### **Governing Body**

- ◆ City Council, board of trustees, board of directors, or other governing board of a local government.

### **HOME**

- ◆ A grant supported program with the purpose of developing viable urban communities by providing decent, safe and affordable housing for persons of low income.

### **Impact Fees**

- ◆ Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks or sidewalks). See also System Development Charges.

### **Infrastructure**

- ◆ Public domain fixed assets such as roads, bridges, streets and sidewalks and similar assets that are immovable and of value only to the government unit.

### **Indirect Charges**

- ◆ Administrative costs that are incurred in the General Fund support of an operating department. This is a reimbursed revenue to the General Fund and an expense in all other funds.

### **Interfund Transfers**

- ◆ Appropriation category used in the City's budget resolution which includes amounts distributed from one fund to pay for services provided by another fund. Transfers from the other funds appear as non departmental expenditures called "Interfund Transfers".

### **Intergovernmental Revenue**

- ◆ Includes grants from federal, state and local governments as well as state cigarette and liquor taxes.

### **Issue Papers**

- ◆ Summary of departments requests for funding of services that are in addition to those services that have historically been funded through the base budget.

### **Levy**

- ◆ Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectable payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

### **Licenses and Permits Revenue**

- ◆ Includes revenues collected per City ordinance and state law including the collection of fees and franchises.

### **Line Item Budget**

- ◆ The traditional form of budget, where proposed appropriations are based on individual objects of expense within a department or division.

### **Long Range Financial Projections**

- ◆ A multi-year financial projection of revenues and expenditures for the General Fund that is an integral part of the City of Springfield's strategic planning and budget process that enables the Council, Budget Committee and the City staff to evaluate the impact of service level changes, as well as to anticipate the effects of revenue and expenditure trends.

### **Limited Tax General Obligation Bond**

- ◆ A bond that is secured by the pledge of a government's taxing authority that is limited as to the rate or amount.

### **Local Budget Law**

- ◆ Oregon Revised Statutes (ORS) dictates local budgeting practices. ORS Chapter 294 contains Local Budget Law provisions.

### **Local Option Levy**

- ◆ Under Measure 50, local governments and special districts were given the ability to ask voters for temporary authority to increase taxes through approval of a local option levy. The maximum length of time for a local option levy is 10 years, depending on the purpose of the levy. A local option levy must be approved by a majority of voters at a general election of an election with a 50 % voter turnout.

### **Materials and Services**

- ◆ An object classification which includes contractual and other services, consumable materials and supplies, and other operating costs.

### **Measure 5 (M5)**

- ◆ On November 6, 1990, voters of Oregon passed Measure 5, a property tax limitation. Under M5, the combined property tax rate was split into a portion for schools and one for general governments (cities, counties, special districts). The combined rate limit for schools is \$5 per \$1,000 of real market value and the rate for general governments is \$10 per \$1,000 of real market value. These rates are not comparable to the tax rates under Measure 50 because those tax rates are applied to a lower assessed value. See *Assessed Valuation*.

### **Measure 50 (M50)**

- ◆ On May 20, 1997, the voters of Oregon passed Measure 50, which fundamentally changed the Oregon property tax system. Under M50, each jurisdiction was assigned a permanent tax rate limit. In addition the assessed value of each property was reduced in Fiscal Year 1998 and future increases in assessed value were capped. See *Assessed Valuation and Permanent Tax Rate*.

### **Millage**

- ◆ An increment of taxation measured in units of one-tenth of one cent or 0.001 of one dollar. Millage is the rate used in calculating taxes based upon the value of property, expressed in mills per dollar of assessed value.

### **Miscellaneous Receipts**

- ◆ Includes the total revenue from assessments.

### **Miscellaneous Revenue**

- ◆ Includes a variety of miscellaneous revenues received by the City, the most significant being Special Assessments. In the budget document, miscellaneous revenues are more detailed in the “Combined Statement of Revenues, Expenditures and Changes in Fund Balance Statement”. (See Financial Summaries and Statistics section of this document.)

### **Modified Accrual**

- ◆ Basis of accounting in 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, except for material and/or available revenues that should be accrued to reflect taxes levied or revenue earned.

### **Non Department Budget**

- ◆ The part of the budget summarizing expenditures or reductions to reserve accounts that are not associated with nor under the authority of a department budget, including interfund transfers, reserves, contingency, unappropriated fund balance, debt service payments, miscellaneous fiscal transactions, and statutory payments. See Non Department Expenditure.

### **Non Department Expenditure**

- ◆ Non department identified expenditures of a fund that are not associated with nor under the authority of a department budget, including debt service, interfund transfers, contingency, reserves, balance available and unappropriated fund balance.

### **Non Operating Budget**

- ◆ Part of the budget composed of the Insurance Fund and fiscal transactions (interfund transfers, reserves, contingency, unappropriated fund balance, insurance premiums and debt service payments.)

### **Objective**

- ◆ The course of action to obtain a stated goal.

### **Operating Budget**

- ◆ The day to day departmental and program operating costs of the City. Includes expenditures for personal services, materials and services and capital outlay only.

### **Overlapping Tax Rate**

- ◆ The tax rate paid to several governments, such as a City, County and school district.

### **Permanent Tax Rate**

- ◆ Under Measure 50, each school district, local government and special district was assigned a permanent tax rate limit in Fiscal Year 98. This permanent tax rate applies to property taxes for operations. The City of Springfield's permanent tax rate is \$4.7403 per \$1,000 of assessed value.

### **Personal Services**

- ◆ Object classification for costs of employees, including salary, overtime, taxes and benefits.

### **Property Tax**

- ◆ A tax assessed equally against the assessed value of all taxable property within a government's boundaries. The first receipt of property taxes usually occurs in November or December of each year.

### **Proposed Budget**

- ◆ A financial and operating program prepared by the City Manager and submitted to the public and the Budget Committee for review.

### **Real Market Value**

- ◆ The real market value of a property was defined under Measure 50 to be the amount of cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm's length transaction occurring as of the assessment date for the tax year.

### **Reserves**

- ◆ An accumulation of funds for a specific future purpose. Reserves may only be spent by resolution of the City Council.

### **Resolution**

- ◆ A special or temporary order of a legislative body requiring City Council action.

### **Revenue**

- ◆ Funds received by the City from either tax or non-tax sources.

### **Special Assessment**

- ◆ Charges imposed against property in a particular locality because that property receives a special benefit by virtue of some public improvement, separate and apart from the general benefit accruing to the public at large. Special assessments must be apportioned according to the value of the benefit received, rather than the cost of improvement and may not exceed the value of such benefit.

### **Special Assessment Bond**

- ◆ A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements, such as sidewalks or sewer systems.

### **Supplemental Budget**

- ◆ Appropriations established to meet needs not anticipated at the time the budget was originally adopted. A supplemental budget may not increase the tax levy.

### **System Development Charge (SDC)**

- ◆ Designed to finance the construction, extension, or enlargement of a park, street, storm sewer or sewerage or disposal system. SDC's are imposed by a governmental unit as a condition to issuance of any occupancy permit or imposed by a governmental unit at such other time as, by ordinance, it may determine.

### **Tax**

- ◆ Compulsory charges levied by a government for the purpose of raising revenue. Taxes are used to pay for services or improvements provided for the general public benefit.

### **Tax Levy**

- ◆ The total amount of property taxes needed to pay for General Fund operations and for principal and interest on bonds.

**Tax Rate**

- ◆ The amount of tax stated in terms of a unit of the tax base, for example \$6.00 per \$1,000 of assessed value of taxable property.

**Tax Revenue**

- ◆ Includes property taxes, hotel and motel room tax, and 9-1-1-taxes.

**Tax Roll**

- ◆ The official list showing the amount of taxes levied against each property. The Lane County Department of Assessment and Taxation compiles and maintains the tax roll for the City of Springfield.

**Unappropriated Balance**

- ◆ An amount set aside as cash working capital for the next year's budget. Funds designated as unappropriated may not be spent within the current year.

**Use of Money and Property Revenue**

- ◆ Includes a variety of revenues including interest on the City's investments and assessments.

**User Fees**

- ◆ Charges or fees established to recover part or all of the costs incurred in the provision of services by a government; based on the philosophy that the recipient of the benefit should pay for the services. Also called charges for service.