

# Glossary

## Accrual basis

Method of accounting recognizing transactions when they occur without regard toward cash flow timing [ORS 294.311(1)].

## Activity

That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these [ORS 294.311(2)].

## Adopted budget

Financial plan that is the basis for appropriations. Adopted by the governing body (ORS 294.456).

## Ad valorem tax

A property tax computed as a percentage of the value of taxable property. See “Assessed Value.”

## Appropriation

Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

## Approved budget

The budget that has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.428).

## Assessed value

The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property’s maximum assessed value or real market value. The growth is limited to 3 percent unless an exception applies (for example, new or enlarged structure).

## Assessment date

The date on which the real market value of property is set—January 1.

## Audit

The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State (ORS 297.425).

## Audit report

A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders, and regulations.

## Bequest

A gift by will of personal property; a legacy.

## Biennial budget

A budget for a 24-month period.

## Billing rate

A district's tax rate used to compute ad valorem taxes for each property. The billing rate is expressed in dollars per \$1,000 of assessed property value.

## Budget

Written document showing the local government's comprehensive financial plan for one fiscal year or biennium. 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 [ORS 294.311(5)].

## Budget committee

Fiscal planning board of a local government, consisting of the governing body plus an equal number of registered voters appointed from the district (ORS 294.414).

## Budget message

Written explanation of a local government's budget and financial policies, including any changes from the prior fiscal year. It is prepared and presented under the direction of the executive officer or chairperson of the governing body (ORS 294.403).

## Budget officer

Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

## Budget period

For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also "Fiscal year."

## 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 outlay

Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings.

## Capital projects fund

A fund used to account for resources, such as bond sale proceeds, and expenditures to be used for major capital item purchase or construction [OAR 150-294-0420(2)(c)].

## Cash basis

System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(9)].

## Category of limitation

The three categories of taxes on property for the purpose of the constitutional limits—education, general government, excluded from limitation (ORS 310.150).

## Compression

A reduction in taxes required by Measure 5 (1990) property tax limits. Compression is computed on a property-by-property basis, and is first applied towards local option tax levies, then permanent rate levies.

## Consolidated billing tax rate

The consolidated billing tax rate is the combined total of the billing rates for all taxing districts in a limitation category in the code area but does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

## Constitutional limits

The maximum amount of tax on property that can be collected from an individual property for education and for other government activities (Article XI, Section 11b, Oregon Constitution).

## Contingency

An amount appropriated in anticipation that some operating expenditures will become necessary which cannot be foreseen and planned in the budget. A general operating fund may contain one line for operating contingency (ORS 294.388).

## Debt service fund

A fund established to account for payment of general long-term debt principal and interest [OAR 150-294-0420(2)(d)].

## Devise

A gift by will of the donor of real property.

## District

See “Local government.” A local government entity that imposes property taxes (for example, county, city, K-12 school district).

## Division of tax

Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, aka tax increment revenue.

## Double majority

A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question. (*Any March or September election*)

## Education category

The limitation category for taxes that will be used to support the public school system and that are not used to pay exempt bonded indebtedness [ORS 310.150(1)(b)].

## Encumbrance

An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(13)].

## Enterprise fund

A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294-0420(2)(f)].

## Excluded from limitation category

The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(1)(a)].

## Exempt bonded indebtedness

1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(7)(b)].

## Existing plan

An existing urban renewal plan is defined as a plan that existed in December 1996, and, 1) chose an option and, 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.435(4)(a)].

## Expenditures

Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis. Does not include amounts budgeted for interfund transfers, contingency, reserved for future expenditure or unappropriated ending fund balance. [ORS 294.311(16)].

## Fiscal year

A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

## Fund

A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

## Fund balance

The excess of the assets of a fund over its liabilities and reserves. [ORS 294.311(18)].

## Fund type

One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve (OAR 150-294-0420).

## General fund

A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294-0420(2)(a)].

## General government category

The limitation category for taxes used to support general government operations that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(1)(c)].

## Governing body

County court or board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(20)].

## Grant

A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(21)].

## Interfund loan

Loan made from one fund to another and authorized by resolution or ordinance (ORS 294.468).

## Interfund Transfer

Transfer from an existing appropriation category in one fund to another existing appropriation category in another fund. [ORS 294.463].

## Intrafund Transfer

Transfer from one existing appropriation category to another within the same fund. (ORS 294.463).

## Internal service fund

A fund used to account for fiscal activities when goods or services are provided by one organizational unit to another on a cost-reimbursement basis [ORS 294.311(23) and 294.343].

## Levy

Amount of ad valorem tax certified by a local government for the support of governmental activities.

## Liability

Debt or other legal obligation arising from transactions in the past which must be liquidated, renewed, or refunded at a future date; does not include encumbrances [ORS 294.311(24)].

## Local government

Any city, county, port, school district, community college, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipal corporation or municipality [ORS 294.311(26)].

## Local option tax

Taxing authority approved by voters that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose, or capital projects. They are limited to five years unless they are for a capital project, then they are limited to the useful life of the project or 10 years, whichever is less [Article XI, Section 11(4), Oregon Constitution].

## Materials and services

Expenses for operating costs and supplies and contracted services, such as utilities, rent, liability insurance, repair parts, fuel, accountant's fees, etc.

## Maximum assessed value (MAV)

The maximum taxable value limitation placed on real or personal property by the Article XI, section 11 of 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. (ORS 308.146)

## Maximum authority

The limitation on the amount of revenue that can be raised each year for an existing urban renewal plan area [ORS 457.435(3)(a)]. Plans that are not existing plans do not have a maximum authority amount. This amount is adjusted each year based on the growth of excess value in the plan area.

## Maximum indebtedness

The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.190(3)(a)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

## Measure 5

A constitutional tax rate limitation (Article XI, Section 11b, Oregon Constitution) passed by the voters in 1990, which restricts the amount an individual property can be taxed. Measure 5 limits school taxes to \$5 per \$1,000 of "real market value." All other general government taxes are limited to \$10 per \$1,000 of "real market value."



## Measure 50

Initially this measure was passed as Measure 47 in 1996 and was found to be unworkable, so was rewritten and submitted to the voters as Measure 50 in 1997 and passed. Measure 50 reduced every property's 1995-96 assessed value by 10%, and also limited the amount of annual growth of the assessed value to 3 percent. Measure 50 also established permanent rate limitations for each taxing district in the state based on the current year tax in 1997, and then reduced 13 percent for most districts. If a district did not have a tax levy in 1997 and had never levied a tax, they could later request a permanent rate limit by going to the voters through a ballot measure.

## Municipal corporation

See "Local government."

## Municipality

See "Local government."

## Net working capital

The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(27)].

## Object classification

A grouping of expenditures, such as personnel services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(29)].

## Operating rate

The rate determined by dividing the local government's tax amount by the estimated assessed value in district. This rate is calculated by the assessor when a local government imposes its operating tax as an amount, rather than a tax rate.

## Ordinance

A formal 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 functions such as a department, office, or division. [ORS 294.311(31)].

## Personnel services

Expenses related to the compensation of salaried employees, such as health and accident insurance premiums, Social Security and retirement contributions, and civil service assessments.

## 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 or its voters can increase or decrease a permanent rate limit. A district can levy any rate or amount up to their permanent rate authority each year.

## Prior years' tax levies

Taxes levied for fiscal years preceding the current one.

## Program

A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311(33)].

## Property taxes

An ad valorem tax, another other “tax on property” or fees, and charges and assessments that are specifically authorized by statute to be certified to the county assessor by a local government unit.

## Proposed budget

Financial and operating plan prepared by the budget officer. It is submitted to the public and the budget committee for review.

## Publication

Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address, PO Box, and Rural Route within the boundaries of the local government; or hand delivery to each street address, PO Box and Rural Route address within the boundaries of the local government.

## 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 (January 1) [ORS 308.205].

## Reserve for future expenditure

An amount budgeted, but not appropriated, that is not anticipated to be spent in the fiscal year, but rather carried forward into future fiscal years. The correct way to “save” money under Local Budget Law.

## Reserve fund

Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.346; 280.050).

## Resolution

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

## Resource

Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

## Special levy

A special levy is an ad valorem tax imposed for an existing urban renewal plan. It is not a result of a division of tax but rather imposed directly for the plan.

## Special revenue fund

A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes [OAR 150-294-0420(2)(b)].

## Special payment

A budget expenditure category for distributions, pass-through payments, grants made to other organizations and other one-time or unusual expenditures where goods or services are not received in return, and that do not fall into the other categories of personal services, materials and services, capital outlay, etc.

## Supplemental budget

A revised 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 additional taxes (ORS

294.471).

## Tax increment financing

A financial mechanism for urban renewal plans, which captures the tax from the growth in property value within a designated geographical area, aka urban renewal division of tax.

## Tax on property

Any tax, fee, charge, or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(18)].

## Tax rate

The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

## Tax roll

The official list showing the amount of taxes imposed against each taxable property.

## Tax year

The fiscal year from July 1 through June 30.

## Trust fund

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

## Unappropriated ending fund balance

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 operating 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, unless necessitated by a qualifying emergency (ORS 294.398).