

Although the goal of the County's budget is to provide information that is concise and understandable; the complexities of public finance and Oregon State Budget law can be confusing for those not familiar with the budget process.

The Glossary contains many of the key words and terms used in the County's budget to help the reader.

-A-

Accrual Basis. Method of accounting in which revenue is recorded when measurable and earned, and expenses are recognized when a good or a service is used. (ORS 294.311(1))

Adopted Budget. Financial plan adopted by the Board of County Commissioners for the fiscal year that forms the basis for appropriations.

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

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. The appropriation can be changed during the year by board transfer, grants or the supplemental budget.

Approved Budget. The budget that has been approved by the Board of County Commissioners.

Assessed Value. The value set on real and personal taxable property as a basis for levying taxes. It is the lesser of the property's maximum assessed value (the value that grows by 3 percent) or real market value.

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

Audit. The review and appraisal of the County's accounts and fiscal affairs conducted by an accountant. A report is issued by the auditor expressing an opinion about the financial statements and compliance with requirements.

-B-

Balanced Budget. A balanced budget occurs when the total sum of money a government collects in a year is equal to the amount it spends on goods, services, and debt interest.

Basis of Accounting. Means the cash basis, the modified accrual basis or the accrual basis.

Beginning Working Capital - An accounting term used to describe financial resources that are available in the current fiscal year because they were not expended in the previous fiscal year.

Board of Commissioners. As set forth in the Multnomah County Home Rule Charter, the Board of County Commissioners consists of five members, elected by district for a four year term, who are devoted full-time to County's business.

Bond. A written promise to pay a specified sum of money (called the face value or principal amount), at a specified date or dates in the future, called the maturity date(s), together with periodic interest as a specific rate. Bonds issued by state governments or municipalities are generally exempt from tax.

-C-

Bonded Debt (“local improvement”). Borrowed monies for a capital construction project, approved by voters to be repaid by a tax levy.

Budget. Basis of the legal authorization for the expenditure of funds. A written plan of financial operation for estimating expenditures for one year, and the proposed means of financing the estimated expenditures. Must include a balanced statement of actual revenues and expenditures during each of the last two years, estimated revenues and expenditures for the current and upcoming year. (ORS 294.311.(4))

Budget Committee. Fiscal planning board of a local government, consisting of the five Commissioners authorizes the maximum for the tax levy. (ORS 294.336)

Budget Cycles. The various developmental stages: REQUESTED (prepared by departments), the PROPOSED (prepared by County Chair), APPROVED (adjusted by the Board) and ADOPTED (adjusted/approved by the Board).

Budget Director’s Message. Written explanation of the budget and the local government’s financial priorities prepared and presented by the County Chair. (ORS 294.391)

Budget Officer (Director). Person designated to assemble budget material and information and to physically prepare the proposed budget. (ORS 294.331)

Budget Period/Fiscal Year. A 12-month period from July 1 through June 30 to which the annual operating budget applies. (ORS 294.311(7))

Capital Outlay. Items which have a useful life of one or more years and exceed \$5,000 such as machinery, land, furniture, equipment, or buildings. (ORS 294.352(6))

Capital Project. Any major repair, renovation or replacement of a current fixed asset that extends the useful operational life by at least five years or expands the capacity of an existing facility. Also includes construction of a new asset with a useful operational life of at least five years including roads, bridges, parks, marinas, and buildings.

Capital Projects Fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital purchase or construction projects. May be used for one or more projects.

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(8))

Categories of Measure 5 Limitation. The three categories in which taxes on property are placed before the constitutional limits can be tested: Education, General Government, Excluded from Limitation. (ORS 310.150(1))

Compression. The difference between property taxes actually imposed in a given year and property taxes that would have been imposed if Measure 5 limits did not exist. See Measure 5.

Classification. A group of positions which are enough alike in duties, authority, and responsibilities to require the same qualifications and the same pay for all positions in the group.

Constraint. Used in budgeting, a limitation set on the amount of General (or other funds) that may be used by a program or department in a given fiscal year. Multnomah County sets a *constraint* on the amount of General Fund that departments may plan for.

Contingency. An estimate in an operating fund for unforeseen spending that may become necessary.

Continuous Improvement. On-going, incremental and measurable steps taken to enhance service delivery by improving efficiency and/or effectiveness.

Contracted Services. Expense of services rendered under contract by personnel who are not on the payroll of the jurisdiction, including all related expenses covered by the contract.

Current Assets. Assets available to finance current operations or to pay current liabilities.

Current Liabilities. Liabilities due within one year.

Current Year. The fiscal year in progress.

-D-

Debt Service Fund. A fund established to account for payment of general long-term debt principal and interest.

Discretionary Revenue. Revenue not dedicated or restricted for a specific purpose. Local government can spend these funds on any activity.

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.

-E-

Employee Benefits. Amounts paid on behalf of employees; these amounts are not included in the gross salary. They are fringe benefit payments, and, while not paid directly to employees, they are part of total compensation. For example, health and life insurance, social security taxes, workers' compensation, and unemployment insurance.

Efficiency Measure (Productivity). Efficiency measurement is a method for examining how effectively a program is performing the activities it is doing. This is an indicator that measures the cost of resources (e.g., in dollars, FTE, employee hours, time, etc.) per unit of output (e.g., per repair, per case, etc.).

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved. (ORS 294.311(10)).

Enterprise Fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises.

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis. (ORS 294.311(13))

-F-

Factor. Provides a cause-effect link to a result within a results map.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the County.

Financial Forecast. A type of report prepared by the budget office that provides annual profile of the revenues and expenditures for several years. The forecast uses both short and long-term forecasts to plan for the General Fund.

Fiscal Year. A 12-month period from July 1 through June 30 to which the annual operating budget applies. (ORS 294.311(17))

FTE. Full Time Equivalent. The equivalent of one employee working full-time for one year.

Full Faith and Credit. A pledge of the general taxing power of a government for the payment of a debt obligation. See General Obligation Bonds.

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 types include: general, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve. (OAR 150-294.352(1)-(A))

Fund Balance. The excess of assets of a fund over its liabilities and reserves during a fiscal year.

-G-

GASB. Governmental Accounting Standards Board (GASB) establishes and improves standards of state and local governmental accounting and external financial reporting.

General Fund. A fund used to account for most fiscal activities except for those activities requiring to be accounted for in another fund. Consists of discretionary and dedicated revenues.

General Ledger. Financial accounting system for recording and reporting actual expense and revenue activity.

General Obligation Bond. A common type of municipal bond backed by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are secured by the government's pledge to use legally available resources, including tax revenues, to repay bond holders. No assets are used as collateral.

Grant. Donation or contribution of cash or other assets to government from a third party, to be used or spent for a specified purpose, activity, or facility. (ORS 294.311(17))

-H-

Home Rule Charter. Voter-approved charter amendment that grants Multnomah County the authority to make its own laws.

-I-

Indicator. A report or signal, based on one or a combination of measures, that allows the observer to know whether performance is in line, ahead of, or behind expectations – e.g. “Average trip time” as an indicator of mobility.

Indirect Charges. Administrative costs incurred by centralized activities and charged back to funds. Administrative costs include general administration, human resources, legal services, payroll and finance.

Input Indicator. Reports amount of resources such as financial, personnel, material that are devoted to a program. Financial and personnel data are the most common input measures.

Interfund Loans. Loans made by one fund to another. Loans must be repaid by the end of the ensuing year. (ORS 294.460)

-L-

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

Liabilities. 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.

Line-item Budget. The traditional form of budgeting where proposed expenditures are based on individual objects of expense within a department or division. (ORS 294.352(3))

Local Government. Any city, county, port, school district, community college, public or quasi-public corporation commission operated by a separate board or commission; a municipal.

Local Option Tax. Voter approved temporary taxing authority 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.

-M-

Mandates. Activities required to be performed by local government. Requirements are legislated by state and federal government.

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

Measure 5 Constitutional Limits. In 1990, Oregon voters passed Measure 5 which established the maximum amount of tax on property that can be collected from an individual property in each category of limitation. (Art. XI, sect.11b, Or Const.). Property taxes dedicated for schools were capped at \$15.00 per \$1,000 of assessed value, and gradually lowered to \$5. Property taxes for other purposes were capped at \$10 per \$1,000.

Measure 50. In 1997, Oregon voters passed Measure 50, a revision of Measure 47 passed the prior year. These measures fundamentally changed the Oregon property tax system. Each jurisdiction was assigned a permanent tax rate limit. In addition, the assessed value of each property was reduced to FY 1998 and future increases in assessed value were capped. See Assessed Value and Permanent Tax Rate.

Modified Accrual Basis. Method of accounting where revenues and other financial resource increments, such as bond proceeds, are recognized when they become susceptible to accrual, that is, when they become both measurable and available (collectible) to finance

expenditures for the current period. (ORS 294.311(21)(a))

-O-

OAR. Oregon Administrative Rule. Written to clarify Oregon law. Has the authority of law.

OF. Legal Opinion issued by the Oregon Attorney Generals Office.

ORS. Oregon Revised Statute. Oregon laws established by the legislature.

Object Classification. A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements. (ORS 294.311(28))

Obligations. The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment during the same or a future period.

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 functions, such as a department, office or division. (ORS 294.311(26))

Outcome Measure (Results). Designed to report

the results of the service. It can often be described as a short-term (e.g., successful treatment completion), intermediate term (e.g., success by 3 or 6 months), or long-term outcome (e.g., 1 year or more). There should be a logical connection from outputs to meaningful outcomes, with activities supporting the results in a sequential fashion. The data can be reported as either numbers, percentages (assuming percentages of the output), or rates (xxx per 1,000).

Output Measure. The most common type of indicator found in most performance measurement systems and reports the number units produced or services provided by the program. It describes the activities that a program has completed, but not necessarily their results. Data are typically reported as numbers and not percentages.

-P-

Payroll Expenses (Personal). Health and accident insurance premiums, Social Security, retirement contributions, workers' compensation and unemployment taxes are examples.

Performance Management. Using performance measurement information to help set performance goals; allocate and prioritize resources; inform managers to either confirm or change current policy or program direction to meet those goals; and report on the success of meeting those goals.

Performance Measurement. Process of developing meaningful, objective indicators that can be systematically tracked to assess progress made in achieving predetermined goals. Only after the development of meaningful measures and matched with regular review and use is an organization able to move to performance management.

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.

Program Budget. A budget based on programs of work or projects. (ORS 294.311(25))

Program Evaluation. Systematic collection of information about activities, characteristics and outcomes of programs to make judgments about the program, improve program effectiveness and/or informed decisions about future programming. The application of scientific research methods to estimate how much observed results, intended or not, are caused by program activities.

Program Offer. A proposal from a department(s) that is submitted to Board of County Commissioners. The offer states what priority is addressed, the services to be provided, the performance expectations, and the cost.

Property Taxes. Ad valorem tax certified to the County Assessor by a local government unit.

Proposed Budget. Financial and operating plan prepared by the County Chair. It is submitted to the public for review and the Board of County Commissioners for approval.

-Q-

Quality Measure. Reflects effectiveness in meeting customer expectations. Measures include reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with the product or service. Customer

satisfaction reflects the degree to which the customer's expectations of a service are met/exceeded. Lack of quality can also be measured.

-R-

Real Market Value (RMV). Amount of cash which could reasonably be expected by an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Receipts. Cash received unless otherwise qualified. (ORS 294.311(31))

Requirement. Sum of all appropriated and unappropriated items in a fund. Total requirements must always equal total resources in a fund.

Reserves - general reserves are the unappropriated ending fund balance maintained at an equivalent of 10% of the corporate revenues (Financial Policies). These are the resources maintained to ensure the future financial stability of the County.

Reserve Fund. Established to accumulate money for a specific purpose, such as purchase of new equipment. (ORS 280.100)

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

Resource. Estimated beginning funds on hand plus anticipated receipts. See Revenues. (ORS 294.316)

Revenues. Money received or anticipated by a local government from either tax or non-tax sources. (ORS 294.311(33))

-S-

Serial Levy. A voter approved tax levy for a specific purpose, over a specific time no greater than five years, and for a specified maximum amount.

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.

Supplemental Budget. A financial plan prepared after the regular budget has been adopted to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. (ORS 294.480)

-T-

Tax. Any charge imposed by a governmental unit upon property or upon a property owner as a direct consequence of ownership of that property except incurred charges and assessment for local improvements.

Tax Levy. Total amount of taxes imposed by a local government unit.

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(1)).

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

Tax Roll. The official list showing the amount of taxes levied against each property. (ORS 294.450)

Transfers. Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund. (ORS 294.450)

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

-U-

Unappropriated Ending Fund Balance.

Amount set aside in the budget to be used as a cash carryover to the next fiscal year or period 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, unless necessitated by a qualifying emergency (ORS 294.371).

Unappropriated Reserves. The unappropriated ending balance is called a “requirement”, not an expenditure. The law specifically requires the unappropriated ending fund balance to become a budget resource in the next fiscal year (cash balance). During a current year, unappropriated funds are not available under *any* circumstance.

Unincorporated Area. The areas of the County outside city boundaries.

-W-

Web-Tool: An internet-based program offer input template for use with the Multnomah County Budgeting Process.