

GLOSSARY OF TERMS

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Accrual Basis

The basis of accounting under which revenues are recognized when earned and expenditures are recorded as soon as they result in liabilities for benefits received, notwithstanding that the receipt of the revenue or the payment of the expenditure may take place, in whole or in part, in another accounting period. The accrual basis of accounting is used for the proprietary funds (enterprise and internal service funds). The modified accrual basis is used for budget preparation of all governmental fund types.

Appropriation

An authorization granted by a legislative body to make expenditures or to incur obligations for a specific purpose. The expenditures are limited to the fiscal year, July 1 of each year to June 30th of the next year.

Capital Improvement Program

A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program. Funds are usually accumulated to provide funding for replacement or major maintenance of buildings or equipment.

Contingency

Contingency budgets are utilized for unforeseen expenditures, which may arise during the fiscal year.

Entitlement

Term used by the State to designate replacement revenue to local governments for revenues to be assumed by the State, which previously had been distributed to local governments based on mill levy or other formulas. See House Bill 124.

Enterprise Funds

Enterprise funds are utilized to report and account for the activities of businesslike operations, which are primarily supported from user fees and charges for services. The County reports the METRA's operations and the solid waste (refuse disposal) fund as enterprise funds.

General Obligation Debts

Bonds Issues approved by the voters that are direct obligations and pledge the full faith and credit of the County and are funded by property taxes.

Geographic Information System (G.I.S.)

A system of hardware, software, and procedures designed to support the capture, management, manipulation, analysis, modeling and display of spatially referenced property data for solving complex planning and management problems.

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Governmental Funds

Reflects the type of funds used by local governments which are segregated for the purpose of carrying on specific activities or sustaining certain objectives in accordance with special regulations, restrictions or limitations. The fund types utilized by Yellowstone County are General, Special Revenue, Debt Service and Capital Project.

Fiscal Year

Most governmental operations report their financial position and the results of their operations on an annual cycle of July 1 through June 30. Appropriations are authorized for the same period.

Fund

A fund is used to account for the operations and financial position of a specific purpose or use of money.

Fund Balance

The difference between assets and liabilities reported in a governmental fund.

Initiative 105 - (I-105)

Passed by voters in November of 1986. The original initiative put a freeze on class 3, 4, 6, 9, 12 and 14 properties to 1986 assessments. The 1987 legislative session expanded the freeze to all classes of property. The freeze did not effect special assessments, property taxes for general obligation debt, or emergency levies. In addition, the freeze did not restrict local government from generating more tax dollars because of new construction reappraisal. The freeze was imposed by taxing districts boundaries. Most of the impact of this legislation has been modified by subsequent legislation.

Market Value

As it relates to property, market value represents the State's determination of relative value of piece of property as of a specific date using valuation techniques established by the Department of Revenue.

Millage (Mills)

Taxing jurisdictions, which utilize ad valorem taxes or taxes assessed based on the value of an item, set millage to determine tax revenue. Millage is multiplied times a property's taxable value (as determined by the State) to determine a taxing district's tax revenue. Millage is generally levied by local governing bodies, but is usually limited under statute.

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Modified Accrual

The basis of accounting under which revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred. Tax revenues are recognized when collected. The budget is set utilizing this method of accounting.

Protested Property Tax

A property owner who feels that their property has been incorrectly assessed may pay their property taxes under protest. They must state the grounds for the protest. Funds properly paid under protest are deposited into a trust fund until they are resolved. Local governing bodies may request distribution of their interest in the protested funds but may have to repay them if the owner is successful in their protest.

Reserve

Represents a designated portion of Fund Balance or Retained Earnings to indicate that it is to be used for a specific purpose. **Unobligated reserves** indicate that portion of the prior year-end cash balance plus current receivables less current payables which is available to assist the funding of current year appropriations.

Special Assessment

A fund set up to finance and account for the construction of improvements or provision of services which are to be paid for, wholly or in part, from special assessments charged to benefited property.

Special Revenue

A fund used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government. After the fund is established, it usually continues year after year and discontinued or revised by proper legislative authority.

Taxable Market Value

Taxable market value is market value adjusted by statutory exemptions. Taxable market value times the tax rate results in taxable value.

Taxable Valuation

Taxable valuation is determined by the State utilizing formulas set by statute. The recent change to properties' taxable values has made comparison with prior years less meaningful. Changes to various components of the formula have had impacts to tax levies in order to generate revenues equal to prior year amounts as adjusted by statutory allowances.

(Market value) less (exemptions) = taxable market value

(Taxable market value) times (tax rate) = taxable value

(Taxable value) times (mill levy) = general taxes