

## GLOSSARY OF TERMS

**ADJUSTED BUDGET** The annual operating budget with up-to-date modifications resulting from operations of County agencies since the budget adoption.

**AGRICULTURE TRANSFER TAX** Tax on the sale of property located within an area zoned for agriculture; proceeds are used to help fund the Agricultural Land Preservation Program.

**ANNUALIZE** Taking changes that occurred during the year and calculating their cost or savings for a full year for comparison purposes in the preparation of the annual budget.

**APPROPRIATION** The County's legal authorization to spend a specific amount of money for a particular purpose during a fiscal period.

**ASSESSABLE TAX BASE** The total valuation placed upon real and personal property, less certain exemptions, by the State Department of Assessments and Taxation for the purposes of levying property taxes. The Board of County Commissioners determines the tax rate to be applied against the tax base to generate tax revenues to support the annual budget. Tax-exempt property is excluded from the assessable base.

**ASSESSED VALUATION** The valuation established for individual real estate or other property by the State for purposes of taxation. **The assessment for real property is currently established at 100% of market value.**

**AUTHORIZED POSITION** An employee position, which is approved in the adopted budget, to be filled during the fiscal year.

**BALANCED BUDGET** A budget in which total expenditures equal total revenues. By State Law, the County's budget must be balanced.

**BOND** An investment grade interest-bearing certificate of indebtedness sold by the County or another governmental agency to generate funds. The bond guarantees payment of the original investment plus interest by a specified date or dates in the future. Bonds typically involve long-term indebtedness to pay for capital projects.

**BOND RATING** Evaluation of the credit quality of bonds usually made by independent rating services. Ratings generally measure the probability of the timely repayment of principal and interest on municipal bonds. Before a bond issuance, rating agencies may require information on demographics, debt burden, economic base, finances and management structure. The information is evaluated and the bond issue is assigned a letter rating which reflects the credit worthiness of the bonds. The higher the credit rating, the more favorable the effect on the marketability of the bond.

**BUDGET** A comprehensive financial plan describing proposed expenditures and the means for financing those expenditures.

**BUREAU** A sub-unit within a department with its own budget. The Bureau of Accounting is a bureau within the Department of the Comptroller.

**CAPITAL BUDGET** The budget, which funds major construction and improvement projects such as schools, bridges, and roads.

**DEBT SERVICE** The annual payment of principal and interest on the County's bonded debt.

**DEPARTMENT** A County agency or office consisting of one or more bureaus. Examples are the Department of Human Resources and the Department of Public Works.

**ENTERPRISE FUND** A fund established to account for the financing of certain self-supporting services provided by the County government. The services generate their own revenues from fees, charges and other receipts. Carroll County presently has five enterprise funds: one to operate sewer and/or water facilities, one to manage the septage facility, one that manages solid waste and recycling efforts, one for the operations of the Airport, and one for the Firearms Facility.

**EXPENDITURE** The cost of goods delivered or services rendered.

**FISCAL YEAR** A twelve-month period of time to which the annual operating and capital budgets apply. Carroll County's fiscal year commences July 1 and ends the following June 30<sup>th</sup>.

**FRINGE BENEFITS** Contributions made by the County government to meet its commitments or obligations for Social Security, and the various retirement, medical and insurance plans for employees.

**FULL TIME EQUIVALENT POSITION (FTE)** A position converted to the decimal equivalent based on 37.5 – 40 hours per week. Positions in the Circuit Court are considered full time at 35 hours per week. For example, a part-time employee working 20 hours per week would be equivalent to .5 of a full-time position and a person working 40 hours a week would be equivalent to 1.0 full-time position.

**FUND** A separate budget/accounting grouping with its own revenues and appropriations. The general fund, for example, covers most of the daily operations of the County agencies and is funded by a variety of taxes and other revenues.

**FUND BALANCES** These accounts serve as the function of the owner's equity account in for-profit entities. Available balances in these accounts are the cumulative result of actual revenues exceeding expenditures over time. Bond rating agencies use Fund Balance levels as a means of evaluating a government's ability to cover unanticipated shortfalls in revenue projections or emergency expenditures that arise during the year.

**GAAP** Generally Accepted Accounting Principles. A common set of accounting conventions, standards and procedures followed when preparing financial statements.

**GASB 34** Governmental Accounting Standards Board Statement 34. Financial reporting requirements for state and local governments related to capital assets and depreciation accounting.

**GENERAL GOVERNMENT** The function of government comprised of the central administrative offices such as: Comptroller, Economic Development, Human Resources, Budget, Planning, and County Commissioners.

**GOALS** A broad statement of purpose. A goal represents a framework of outcomes to be achieved on behalf of the customers and reflects realistic constraints upon the unit providing the service.

**GOVERNMENTAL PARTNERS** These are agencies, such as Sheriff's Services and State's Attorney, that are funded by the County, but not under the direct control of the Board of County Commissioners. Many of these agencies also receive State and other sources of funding.

**GRANT** A contribution of assets (usually cash) from one governmental unit (typically the State or Federal government) or other organization to another. The contribution is usually provided in support of a particular public function, project or program.

**IMPACT FEES** One-time charges assessed against new development that attempts to recover from the developer the capital cost of the additional public facilities needed to serve that development.

**INCOME TAX** Counties in Maryland have the authority to levy a local income tax rate, which is expressed as a percentage of State taxable income. **The current local income tax rate is 3.05% of taxable income.**

**INVESTMENT** Securities purchased and held for the production of income in the form of interest and dividends. An investment instrument is the specific type of security which a government purchases and holds.

**LEACHATE** A liquid produced when rain water and other moisture travels through the waste.

**LICENSES/PERMITS** Documents issued in order to regulate various kinds of businesses and other activity within the community. Inspection may accompany the issuance of a license or permit as in the case of liquor licenses or building permits. In most instances, a fee is charged in conjunction with the issuance of a license or permit, to cover all or part of the related cost.

**MUNICIPALITY** City or town incorporated for local self-government.

**OPERATING BUDGET** The annual budget that supports the day-to-day operations of County agencies.

**ORDINANCE** Regulation enacted by the government.

**OVERLAY (Roads)** Consists of deep milling and patching of failed areas then applying hot mix asphalt over the existing road.

**PAYGO** A fiscal policy by which capital projects are funded with current revenue rather than long-term or bonded debt. In Carroll County, in addition to transfer to capital, other sources of current revenue are appropriated directly to the capital budget: property tax devoted to capital, local income tax devoted to capital, enterprise funds, bond interest and impact fees. Current sources of Paygo represent approximately 57% of the total capital budget revenues.

**PAYROLL ACCRUAL** Due to changes in governmental accounting procedures, all days worked in the fiscal year must be accounted for in the same year. When the pay period ends prior to June 30, all days worked between the last day of the pay period and June 30 need to be accrued to match expenditures to the fiscal year in which they occurred.

**PEG ACCESS** television production equipment, training and airtime on a local cable system so members of the public, educational system, and the government can produce their own shows and televise them to a mass audience.

**PRIDE** Academic tutoring and intensive counseling services.

**PROJECT** An identified cost center within the County's accounting system. Costs are summarized as follows:

**PERSONNEL** Within a project's budget these are the costs associated with the payment of County personnel. Included are labor costs for salaries and wages, hourly, part-time, overtime, and seasonal employee expenses.

**OPERATING** Within a project's budget these are the non-labor, non-capital related costs associated with the day-to-day operations of County agencies. Included are expenses such as travel-business conferences, contractual services, rents and utilities, and supplies and materials.

**CAPITAL** Within a project's budget these are the expenses associated with the purchase of an asset. An asset is defined as any tangible material that is non-expendable.

**PROPERTY TAX** Tax on the value of real and personal property and is levied almost exclusively by local governments. In Maryland, the State Department of Assessments and Taxation is responsible for the valuation and assessment of all property in the State. The local government is responsible for setting the tax rate to be applied to the property assessments to generate revenues in support of the local budget. The property tax is the major revenue source in Maryland County governments. **The current local property tax rate in Carroll County is \$1.048 per \$100 of assessed value.**

**RECORDATION** A fee calculated on the value of recorded mortgages, deeds and other documents conveying title or creating liens on real and personal property.

**RESERVE FOR CONTINGENCIES** Funds budgeted to provide for unforeseen expenses or emergencies that arise during the fiscal year.

**RESOLUTION** Formal statement presented to Commissioners for decision.

**RETAINED EARNINGS** Net earnings retained by the enterprise fund to be reinvested in its core business or to pay debt.

**REVENUES** Monies received by the County to support its budget and enable the employees to provide service needed by the public. Property taxes, building permits and receipts from State and Federal sources are examples. By law, revenues must meet or exceed appropriations.

**SEMI-AUTONOMOUS AGENCIES** Agencies of the County which are not subject to full County appropriation authority due to State Law, such as Carroll Community College, Carroll County Public Library, Health Departments, the Board of Education and the Carroll County Volunteer Emergency Services Association.

**STATE AGENCIES/INDEPENDENT BOARDS** Certain organizational entities are either State agencies or legally independent boards and not directly responsible to the Board of County Commissioners. However, the County is responsible for providing partial or full funding support. Examples include the Board of Elections and the Board of Education.

**TRUST FUND** A special fund, administered by the County as trustee, consisting of resources to be expended or invested under the terms and conditions of the trust.

**UNAPPROPRIATED RESERVE** Revenue in excess of budget and unspent appropriated dollars.