

APPENDICES COMMUNITY PROFILE

GENERAL DESCRIPTION OF AREA

The City of Detroit is located in Southeastern Michigan and is the nation's eighteenth (18th) largest city based on the 2010 census. It is the central city of a metropolitan area with a population of 4.4 million. Detroit is the largest city in Michigan and comprises 39% of Wayne County's population. Settled in 1701 and incorporated in 1815, Detroit today encompasses 139.6 square miles.

Like other older, major cities in the Northeast, Detroit has experienced significant population decline and erosion of its economic base since 1950. Since the mid-1970's, the City and private interests have made substantial investments to spur economic diversification and development. Detroit is a major manufacturing center for the United States, and a regional center of finance, commerce and tourism. Detroit City is located in a regional economy that is highly susceptible to swings in the national economy due to its high concentration of employment in the durable goods industries, particularly the automobile industry.

Economically, Detroit relates primarily to the Tri-County (Wayne, Oakland and Macomb) area. Officially, it is a part of a Primary Metropolitan Statistical Area ("Detroit PMSA") that also includes Monroe, Livingston, Lapeer and St. Clair counties.

Population

The City's official population count determines its legislative apportionment in Congress and in the State Legislature, and can impact participation in Federal and State programs allocated on a per capita basis. The City's special statutory authority to levy its municipal income tax and the utility users excise tax, among other laws, is now based on its population exceeding 600,000.

Since 1950, the City has experienced major changes in the characteristics of its population, with out-migration resulting in an official total population decline of 62%. A substantial share of the City's population relocated to the outer suburban ring. The City's share of total State and metropolitan area population has fallen significantly.

The decade of the largest net population loss was the 1970s. By 2000, the City had a smaller proportion of its total population aged 25 to 64 (48.8%) than the nation had (52.2%).

Social Compact, a nonprofit market research organization headquartered in Washington D.C., is promoting successful business investment and effective revitalization strategies in lower-income communities across the nation. This organization, based on a careful analysis of multiple municipal and proprietary datasets, estimated the 2007 population of Detroit to be 933,043 or nearly 62,000 above the 2006 Census estimates, and quantified a substantial informal local economy.



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Population Trends, 1950-2010

Year	City of Detroit		Wayne County		Detroit PMSA		United States
	Population	% Change	Population	% Change	Population	% Change	% Change
1950	1,849,568	--	2,435,235	--	3,169,649	--	--
1960	1,670,144	(9.7%)	2,666,297	9.5%	4,050,840	27.8%	18.5%
1970	1,514,063	(9.3%)	2,666,751	0.0%	4,549,869	12.3%	13.4%
1980	1,203,339	(20.5%)	2,337,891	(12.3%)	4,488,072	(1.4%)	11.4%
1990	1,027,974	(14.6%)	2,111,687	(9.7%)	4,382,299	(2.3%)	10.2%
2000	951,270	(7.5%)	2,061,162	(2.5%)	4,598,502	4.9%	14.1%
2005	898,495	(5.6%)	1,966,909	(4.6%)	4,428,941	(3.7%)	4.9%
2010	713,777	(20.6%)	1,820,584	(7.4%)	4,296,250	(-6.6%)	9.7%

Source: U.S. Department of Commerce, Bureau of Census; Decennial Census and American Community Survey

**Distribution of Population by Age, 1970-2010
(Persons in Thousands)**

Age (Years)	1980		1990		2000		2010	
		%Total		%Total		%Total		%Total
Under 5	95.0	8.3	93.1	18.5	76.2	10.4	53.0	7.06
5 to 14	206.9	18.14	N.A.	N.A.	N.A.	N.A.	119.2	15.7
15 to 20	62.5	5.5	52.0	10.3	40.0	5.8	70.4	9.3
21 to 24	93.2	8.2	63.6	12.6	52.1	7.1	52.2	6.9
25 to 34	195.9	17.2	N.A.	N.A.	144.3	19.7	95.7	12.6
35 to 44	111.9	9.8	N.A.	N.A.	136.7	18.7	101.1	13.3
45 to 54	111.6	9.8	88.9	17.6	116.0	15.9	104.4	13.8
55 to 64	123.1	10.8	81.3	16.1	67.4	9.2	79.7	10.5
65 to 74	84.5	7.4	74.0	14.7	52.9	7.2	43.1	5.7
75 to 84	43.2	3.8	38.4	7.6	35.2	4.8	29.3	3.9
85 and over	12.7	1.1	12.5	2.5	11.0	1.5	11.3	1.5
TOTAL	1,140.5	100%	503.8	100%	731.8	100%	759.4	100%

Source: U.S. Department of Commerce, Bureau of Census

Data may not add to "Total" due to rounding.

Employment and Economic Base

Detroit's economy is heavily influenced by trends in the domestic automobile industry. General Motors and Chrysler represent less than 10% of the City's Taxable Valuation today, and are major employers.

All three major automotive companies continue to experience problems, which in turn, adversely affect the area economy.

Among the complex factors affecting the automotive industry are: national consumer spending patterns; the value of the U.S. dollar relative to foreign currencies; foreign trade restrictions; federal and state regulatory policies with respect to auto imports, safety, fuel efficiency and pollution emissions; the availability and price of

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gasoline; and organizational demand for fleet or specialized vehicles.

Unemployment rates in the city are high in part because of Detroit’s historical reliance on heavy manufacturing, which has been affected by nationwide deindustrialization patterns. Trends date to the 1950s when the largest absolute loss of manufacturing employment in the city occurred, and were exacerbated by the bankruptcies of General Motors and Chrysler in the current recession.

The largest employers today are governmental, health care and automotive manufacturing organizations. Since 1995, Detroit-Warren-Livonia MSA has reduced

its dependence on manufacturing, transportation and trade. In 2006, manufacturing employed 13% of Detroit’s workers, down from 20% approximately ten years ago. In 1995, 19% of Detroit workers were in the trade and transportation industry. The leisure/hospitality and professional/business sectors now employ a larger percentage of Detroit’s population.

The City has had some economic development success in its greater downtown area since the 1990s. The City is pursuing wireless communications, fuel cell technology, health technology and entertainment industries to further diversify its base.

Manufacturing Sector in Detroit City since 1947

	Manufacturing Firms	% Change in Firms	Manufacturing Employment	% Change in Employ
1947	3,272	-----	338,400	-----
1954	3,453	5.53%	296,500	-12.38%
1958	3,363	-2.61%	204,400	-31.06%
1963	3,370	0.21%	200,600	-1.86%
1967	2,947	-12.55%	209,700	4.54%
1972	2,398	-18.63%	180,400	-13.97%
1977	1,954	-18.52%	153,300	-15.02%
1982	1,518	-22.31%	105,700	-31.05%
1987	1,255	-17.33%	102,200	-3.31%
1992	1,061	-15.46%	62,200	-39.14%
1997	825	-22.24%	47,487	-23.65%
2002	647	-21.58%	38,019	-19.94%
2007	472	-27.05%	22,962	-39.60%

source: U.S. Bureau of the Census, City and County Data Books (various). Economic data released every five years.

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Retail Sector in Detroit City since 1948 (establishments with payroll)

	Retail Firms	% Change in Firms	Retail Employment	% Change in Employment	Retail Sales
1948	18,242	-----	114,038	-----	2,084,748
1954	13,253	-27.35%	108,163	-5.15%	2,442,932
1958	12,120	-8.55%	94,500	-12.63%	2,274,281
1963	10,292	-15.08%	72,149	-23.65%	2,200,557
1967	N/A	N/A	N/A	N/A	N/A
1972	6,945	-32.52%	62,811	-12.94%	2,724,228
1977	5,142	-25.96%	48,457	-22.85%	2,966,783
1982	4,125	-19.78%	37,821	-21.95%	2,884,000
1987	3,847	-6.74%	38,529	1.87%	3,094,548
1992	3,448	-10.37%	33,033	-14.26%	3,096,200
1997	2,253	-34.66%	17,886	-45.85%	3,188,731
2002	2,179	-3.28%	14,760	-17.48%	3,268,378
2007	2,157	-1.01%	12,933	-12.38%	3,271,837

Sales in \$1,000's, not adjusted for inflation

source: U.S. Bureau of the Census, City and County Data Books (various).

Wholesale Sector in Detroit City since 1948

	Wholesale Firms	% Change in Firms	Wholesale Employment	% Change in Employment	Wholesale Sales
1948	3,606	-----	45,079	-----	4,397,343
1954	3,549	-1.58%	46,959	4.17%	6,171,257
1958	3,806	7.24%	45,722	-2.63%	6,458,847
1963	3,628	-4.68%	44,615	-2.42%	6,827,025
1967	N/A	N/A	N/A	N/A	N/A
1972	2,392	-34.07%	33,691	-24.49%	6,089,059
1977	1,657	-30.73%	24,772	-26.47%	6,851,000
1982	1,389	-16.17%	19,200	-22.49%	8,359,100
1987	1,176	-15.33%	17,664	-8.00%	12,609,362
1992	961	-18.28%	14,297	-19.06%	11,536,700
1997	740	-23.00%	12,878	-9.93%	14,616,400
2002	611	-17.43%	10,153	-21.16%	8,315,946
2007	450	-26.35%	7,278	-28.32%	7,112,126

Sales in \$1,000's, not adjusted for inflation

source: U.S. Bureau of the Census, City and County Data Books (various).

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Ten Largest City of Detroit Property Holders by Taxable Value, Fiscal 2011

	Total Taxable Valuation
Detroit Edison	\$297,850,840
Chrysler LLC	278,875,116
Vanguard Health Systems- Hospitals	249,651,559
MGM Grand Detroit LLC	213,156,620
Riverfront Holdings, Inc.	144,923,711
Marathon Oil Company	125,303,257
General Motors Corporation.	84,643,791
Michigan Consolidated Gas Co.	82,112,076
Greektown Casino LLC	79,309,640
Detroit Entertainment LLC	72,983,002
Total	\$1,628,809,612
Total City Taxable Valuation	\$8,755,413,994
Ten Largest Taxpayers as a % of Total City Valuation	18.6%

Source: City of Detroit Finance Assessor's Division

**Annual Civilian Unemployment Rates
(% by Place of Residence)**

	City of Detroit	Detroit PMSA	U.S.
2011	19.9	11.0	8.9
2010	29.0	11.1	9.4
2009	27.0	14.9	9.7
2008	16.0	8.8	5.8
2007	14.3	7.5	4.8
2006	13.5	7.0	4.6
2005	14.2	7.2	5.1
2004	14.1	6.9	5.4
2003	14.0	6.0	6.0
2002	12.0	6.0	5.8
2001	9.2	5.0	4.8
2000	6.3	3.0	4.0
1999	6.9	2.7	4.2
1998	7.0	3.4	4.5
1997	7.9	3.9	4.9
1996	8.7	4.3	5.4
1995	10.1	5.1	5.6
1994	11.1	5.8	6.1
1993	13.6	7.3	6.9
1992	17.0	9.2	7.4
1991	16.9	9.3	6.7

Sources: Michigan Employment Security Commission;
U.S. Department of Labor, Bureau of Labor Statistics (revised rates).
Detroit: Michigan Department of Labor and Economic Growth

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Community Information

The City has a strong base of community organizations upon which to build. According to the Metro Christian Council, 700-800 churches are in the city, including seventy Christian and Islamic denominations; Christian Internet Marketing lists 700 Christian churches (www.churchangel.com). The Detroit City Planning Commission database of block clubs, public service agencies, and resident, business and community development organizations, has over 1800 entries.

Significant development occurred in Detroit from the mid-1990s until the recession of 2008. In 1999, the Planning and Development Department reported \$5 billion in new development completed and \$7 billion underway. The total figure hit \$21 billion in 2001, \$10.5 billion in the city's federal Empowerment Zone. From 2002 to 2005, \$5.6 billion in construction projects were completed, with an estimated \$10.8 billion more underway in 2006.

The annual value of residential new construction permits grew from \$10 million in 2002 to over \$70 million in 2004, \$60 million in 2005, and \$56 million through November 2006. The Buildings and Safety Environmental Department issued over 5,000 permits for new construction, additions and alterations in 2006, worth over \$600 million.

Downtown, sixty-six businesses opened from 2003-2005. The Lower Woodward Improvement Program, a partnership of the city, Downtown Detroit Partnership, and Detroit Renaissance, has resulted in over 1,000 new housing units, 50 new businesses, and attractive, safe public areas. As of 2007,

343 completed housing units, and 1,148 planned units, were in historic buildings. The first project along the \$2 billion riverfront, the Riverfront Promenade, was showcased during the Detroit 300 festival in 2001. Campus Martius Park and the Boll Family YMCA, are award-winning spaces.

The Brookings Institution Urban Markets Initiative in 2006 completed a market study that found the foundation for further development of downtown into a 24-hour mixed-use district. Looking at midtown, New Center, Lafayette Park and spaces oriented to downtown, it documented more population, income and density.

Detroit has often been recognized as tops in residential and non-residential development in the period since 1998. Site Selection Magazine gave Michigan the "Governor's Cup" Award for corporate expansions or new development (2001). Hosting the Major League Baseball All-Star Game (2005), National Football League Super Bowl (2006), and NCAA Final Four (2009) also gained widespread praise.

Other public sector initiatives include: Michigan Smart Zones; Federal Community Renewal Zones; Federal American Heritage River and Automotive National Heritage Area designations; State Renaissance Zones; City Neighborhood Enterprise Zones (NEZ). City government reforms include: employee turnaround teams and quality management methods (1994); Goal-Based Governance, continuous improvement process (1995); Labor-Management Quality Improvement Teams (1997); Committee on Operational and Financial Reengineering (2002); "Next Detroit" Transformation Team (2006); Crisis Turnaround Team (2009).

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Health, Public Lighting, Public Works, and Recreation departments. The Budget Department hosts the meeting, and in some years administers a survey of citizen priorities and youth opinion.

CITIZEN BUDGET OPINIONS:

2011 PUBLIC BUDGET MEETINGS

The Public Meetings are held every October per the Detroit City Charter, addressing the services and proposals of the Police, Fire,

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History of Public Meeting Outreach and Participation

Meeting Site	<i>Outreach</i>				<i>Participation</i>			
	Mail Units	Flyers to sites / Events	Print Info Packs	Voice ads: radio/tv or meetings	Number Attending Meetings	Meeting Surveys Received	Mailed in/ Internet Surveys	Youth Surveys Received
11th Police Precinct LASED Comm. Ctr 1998 Totals	600	1600	200	n.a.	66 44 110	95²	n.a.	141²
9th Police Precinct 6th Police Precinct 1999 Totals¹	600	1500	537	1	55 31 86	65	n.a.	n.a.
Adams-Butzel Center Coleman Young Ctr 2000 Totals	3424	5000	316	n.a.	71 26 97	46	106	n.a.
Dominican High Williams Rec Center 2001 Totals	3517	4150	170	n.a.	47 37 84	63	218	159
Blight Busters' Center Howe Elementary 2002 Totals¹	3824	11,350	215	7	111 99 210	108	393	303
Holy Redeemer Farwell Rec Center 2003 Totals	3829	15,500	360	7	88 103 191	179	341	297
5 th Police Precinct EMS Training Acad. 2004 Totals	3896	6000	200	4	19 23 42	36	226	85
Focus:HOPE Charity Lutheran 2005 Totals	3919	10,000	0	3	98 36 134	389³		148
Lasky Recreation DHWP Kiefer 2006 Totals	3982	5000	0	1	17 40 57	48	127	0
Northwest Activities Butzel Family Center 2007 Totals	3955	8000	0	1	58 48 106	56	224	4
Operation Get Down Blight Busters 2008 Totals	4013	8,000	0	1	12 27 39	145³		0
Clemente Recreation Chaldean Comm. Center 2009 Totals	4013	1000	0	0	8 10 20	n.a.		0
Northwest Activities Heilmann Recreation 2010 Totals	4000	1000	0	0	18 10 28	n.a.		40
Greater Grace Heilmann Recreation 2011 Totals	0	0	0	0	21 30 58	n.a.		0

1. Starting in 1999, an announcement booklet was distributed; in 2002, a post card went to each site's Zip+4 (=7553)
 2. In 1998, youth participated at the 11th Precinct meeting; from 2001 to 2005, meetings were held in schools
 3. Meeting participants were invited to mail in surveys, so no separate totals.

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Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Activity - Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

Ad Valorem Taxes - Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Allot - To divide an appropriation into amounts which may be encumbered or expended during an allotment period.

Annualize - Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget.

Appropriation - A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation - The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Assessment Ratio - The ratio at which the tax rate is applied to the tax base.

Asset - Resources owned or held by a government which have monetary value.

Attrition - A method of achieving a reduction in personnel by not refilling the positions vacated through resignation,

reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions - Employee positions, which are authorized in the adopted budget, to be filled during the year.

Bond - A long-term I.O.U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

General Obligation (G.O.) Bond - This type of bond is backed by the full faith, credit and taxing power of the government.

Revenue Bond - This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budgetary Basis - This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally take one of three forms: GAAP, cash, or modified accrual.

Budget Calendar - The schedule of key dates which a government follows in the preparation and adoption of the budget.

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Budgetary Control - The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Business process - a sequence of tasks organized within or across programs to accomplish city services.

Capital Assets - Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities, and other infrastructure.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvements Program - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Outlay - Fixed assets which have a value of \$250 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Capital Project - Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CIP - Continuous Improvement Process This is a systematic approach to identify and eliminate waste or non-value added activities through continuous improvement in all products and services.

Collective Bargaining Agreement - A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Constant or Real Dollars - The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Consumer Price Index (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contractual Services - Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

Debt Service - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

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Dedicated Tax - A tax levied to support a specific government program or purpose.

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department - The basis organizational unit of government which is functionally unique in its delivery of services.

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Disbursement - The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

DDA - Downtown Development Authority. The DDA was created to promote and develop economic growth in the City's downtown business district. Funding is provided by an ad valorem tax of one mill on real and personal property in the downtown development district, a levy on increased assessed value of a tax increment district and issuance of revenue and tax increment bonds.

DRMS - Detroit Resource Management System. New financial and human resource computer system.

DTC - Detroit Transportation Corporation. The DTC was established in 1985 to oversee

construction and operation of the Central Automated Transit System (People Mover) in downtown Detroit.

EDC - Economic Development Corporation. The EDC was established to create and implement project plans for designated project areas with the City, and thus encourage the location and expansion of industrial and commercial enterprises within the City. The EDC is primarily funded by means of grants from the City.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Entitlements - Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Fiscal Policy - A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

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Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization.

Fixed Assets - Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Fringe Benefits - Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to .5 of a full-time position.

Function - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

Fund - A fiscal entity with revenues and expenses, which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance - The excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GBG - Goal Based Governance. A system of evaluating programs.

GDRRA - Greater Detroit Resource Recovery Authority. The GDRRA was established by cities of Detroit and Highland Park for the acquisition, construction and operation of a waste-to-energy facility.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Grants - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Hourly - An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads, or to address temporary staffing needs. Hourly employees are paid on a per-hour basis, and receive limited benefits.

Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure - The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

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Interfund Transfers - The movement of monies between funds of the same governmental entity.

Levy - To impose taxes for the support of government activities.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Materials and Supplies - Expendable materials and operating supplies necessary to conduct departmental operations.

Mill - The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

Nominal Dollars - The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

Object of Expenditure - An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.

Objective - Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Revenue - Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Operating Expenses - The cost for personnel, materials and equipment required for a department to function.

Pay-as-you-go Basis - A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

Performance Budget - A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

Performance Indicators - Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure - Data collected to determine what an operation is doing in relationship to what it is supposed to be doing. There are four such measures:

- Input – the resources invested in the operation (e.g., allotted funds, staff).
- Output – the amount of work accomplished, the goods or service produced by the operation.
- Efficiency – the cost, unit cost, or productivity associated with a given output or outcome.
- Outcome – the extent to which operational or customer objectives have been met, or the effect or public good produced by the efforts.

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Personal Services - Expenditures for salaries, wages, and fringe benefits of a government's employees.

Prior-Year Encumbrances - Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Program Budget - A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Program Performance Budget - A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. The effectiveness and efficiency of providing the service by the program is measured by performance indicators.

Program Revenue (Income) - Revenues earned by a program, including fees for services, license and permit fees, fines.

Purpose - A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

Reserve - An account used either to set aside budgeted revenues that are not required for expenditures in the current budget year or to earmark revenues for a specific future purpose.

Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Revenue - Sources of income financing the operations of government.

Service Lease - A lease under which the lessor maintains and services the asset.

Service Level - Services or products which comprise of actual or expected output of a given program. Focus is on results, not measures of workload.

Source of Revenue - Revenues are classified according to their source or point of origin.

Supplemental Appropriation - An additional appropriation made by the governing body after the budget year has started.

Supplemental Requests - Programs and services which departments would like to have added (in priority order) over their

APPENDICES GLOSSARY

target budget, or if revenue received is greater than anticipated.

Target Budget - Desirable expenditure levels provided to departments in developing the coming year's recommended budget. Based on the prior year's adopted budget, excluding one-time expenditures, projected revenues, and reserve requirements.

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unencumbered Balance - The amount of an appropriation that is neither expended nor

encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Variable Cost - A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.

Work Years - The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year" is equal to one full-time, year-round employee. For most categories, this equals 2,080 hours per year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.