

GLOSSARY OF TERMS

Administrative Charge: A transfer of monies to the General Fund to reimburse the General Fund for work performed in other funds by an employee whose salary is budgeted in the General Fund.

Appropriation: Legal authorization by the City Council to make expenditures and to incur obligations for specific purposes.

Appropriations Limit: Article XIII B of the California Constitution was amended by Proposition 4, "The Gann Initiative," in 1979. This Article limits growth in government spending to changes in population and inflation, by multiplying the limit for the prior year, by the percentage change in the cost of living (or per capita personal income, whichever is lower); then multiplying the figure resulting from the first step, by the percentage change in population. The base year limit (FY1978-1979) amount consists of all tax proceeds appropriated in that year. The Appropriations Limit calculation worksheet can be found in the Appendix of the budget.

Assessed Valuation: The dollar value assigned to real estate or other property, by Los Angeles for the purpose of levying property taxes.

Balanced Budget: as generally applied in local government, requires a City to adopt a budget including appropriations that fall within total estimated revenues and unencumbered fund balances available at the close of the current fiscal year. Palos Verdes Estates adopts a structurally balanced budget for General Government (its Operating/General Fund) wherein its beginning fund balance may not be used as a revenue source to balance nor use incoming external transfers from other funds to do so. Expenditure appropriations are limited to current year revenues.

Beginning Fund Balance: The balance of a fund including restricted, assigned, committed and unassigned values carrying over into the following year.

Bond: A city may raise capital by issuing 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, together with periodic interest, at a special rate.

Budget: The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the proposed means of financing those expenditures.

Budget Message: A general outline of the budget which includes comments regarding the City's financial status at the time of the message and recommendations regarding the financial policies for the coming period.

GLOSSARY OF TERMS

CalPERS: A short name for the California Employee Public Retirement System.

Capital Fund Balance – accumulated balances existing within the City’s Capital Improvement fund to be applied to the advancement and completion of approved, active and existing projects as well as future planned projects at the discretion of Council.

Capital Improvement Plan (CIP): A financial plan of proposed capital improvement projects. CIP projects typically improve City-owned assets such as buildings, parks, streets and other infrastructure components. Capital projects often span more than one fiscal year.

Capital Outlay: A budget category which budgets major equipment purchases and capital improvement projects.

Capital Improvement Projects: Significant infrastructure improvements that have a useful life of one year or more and selected studies related to such activities that are expected to lead to a capital project. Examples include constructing a new park, street resurfacing, building remodels/repairs and construction of water mains.

Debt Service: Annual principal and interest payments owed on money the City has borrowed.

Department: An organizational unit comprised of divisions or programs. The City of Palos Verdes Estates has four departments: Administration, Finance, Police and Planning & Building. Paramedic & Fire Services are provided on a contract basis.

Division/Program: A common purpose combination of programs or activities within a department, which furthers the objectives of the City Council by providing services or a product.

Encumbrances: Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. Encumbrances end when the obligations are paid or otherwise terminated.

Enterprise Funds: Funds established to account for the total costs of those governmental facilities and services that are operated in a manner similar to private enterprise. These programs are mainly self-supporting.

Expenditure: The cost of goods received or services rendered for the government unit.

Fiscal Year: A 12-month period of time to which an annual operating budget applies. The City’s fiscal year is July 1 through June 30.

GLOSSARY OF TERMS

Fund: A self-balancing set of accounts. Governmental accounting information is organized into funds, each with separate revenues, expenditures and fund balances. The major types of funds include: General, Proprietary, Special Revenue, Capital, Debt Service, Permanent and Trust & Agency.

Fund Balance/Reserve: The difference between a fund's assets and its liabilities. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

Funds Definitions:

General Fund: The primary fund of the City used to account for all revenues and expenditures of the City not legally required to be accounted for in another fund.

Gas Tax Fund - to account for state and county gas taxes, funds that may be used for street maintenance, right-of-way acquisition and street construction.

Special Projects - to account for funds received from other governmental agencies that are earmarked for specific projects.

Police/Fire/Paramedic - to account for funds received from City Proposition A for police and paramedic services.

Drug Intervention - to account for funds received from L.A. IMPACT, an association of local governmental agencies, related to drug enforcement activities. The funds are earmarked for the City's drug intervention programs.

CLEEP - California Law Enforcement Equipment Program (CLEEP) - to account for funds received from the State of California for law enforcement technology equipment.

SLESF - Supplemental Law Enforcement Services Fund - to account for Community Oriented Policing Services (COPS) police U.S. Department of Justice grant funds received through the State of California.

Corrections - to account for funds received from the State Department of Corrections.

Proposition A - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition A to finance transit projects within the City.

GLOSSARY OF TERMS

Proposition C - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition C to finance transit projects within the City.

GASB: Government Accounting Standards Board regulates the rules and standards for all governmental units.

Grants: Contributions, or gifts of cash or other assets from another entity. Grants are typically to be used or expended for a specific purpose.

Infrastructure: The underlying foundation or basic framework of a system or organization, such as the roads, sewers and storm drains, etc.

Internal Service Fund: Internal Service Funds (also known in the City budget as Shared Services) are used to account for the financing of equipment and services of the City on a cost-reimbursement basis. The City uses the following Internal Service Funds:

Equipment Replacement – to account for the purchase and maintenance of vehicular equipment on behalf of all City departments.

Insurance - to account for the City's insurance activities.

Line-item: Refers to any individual expenditure object or appropriation detailed in the department's budget.

Materials & Services: This budget category accounts for all non-personnel and non-capital expenses. Such expenditures include building maintenance, contract services, equipment maintenance, office supplies and utility costs.

Municipal Code: The collection of City Council approved ordinances currently in effect. The Municipal Code defines City policy in various categories (i.e. building regulations, planning and zoning regulations, sanitation and health standards, and traffic regulations).

Operating Budget: The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the estimated means of financing those expenditures.

Ordinance: A formal legislative enactment by the City Council. An ordinance has the full force and effect of law within the City boundaries, unless it is in conflict with any higher form of law, such as a State statute or constitutional provision. An ordinance has a higher legal standing than a resolution.

GLOSSARY OF TERMS

Overhire: An authorized position without monies budgeted for salary and fringe benefits. The overhire concept assumes that a department (particularly Public Safety) experiences several position vacancies during a fiscal year, and that the salary and fringe benefit savings from these vacancies will off-set the cost of the overhire personnel. The overhire personnel in-turn ensures that the department will not be forced to limit operations because of staffing shortages and can better control overtime expenditures.

Program: An activity or division, within a department, which furthers the objectives of the City Council, by providing services or a product.

Reserve: Used to earmark a portion of the fund balance as segregated for a specific use.

Resolution: A special order of the City Council, which requires less legal formality than an ordinance in terms of public notice and the number of public readings prior to approval. A resolution has lower legal standing than an ordinance. The Operating Budget is approved by resolution and requires a majority vote of the Council Members present.

Restricted Funds: As used in the budget presentation, restricted fund dollars are those that are qualified as to use by either a council set policy and or an external agency/contract requirement. A fund restriction can also apply to internal service funds that have accumulated dollars earmarked for future use i.e. – Equipment Replacement / Insurance Funds.

Salaries: A budget category, which accounts for full-time and part-time employees, salary and benefits, overtime expenses, and fringe benefits.

Special Revenue Funds: Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Special Projects Fund: See City fund definitions above

Supplies & Services: A budget category, which accounts for the materials, goods and contract services necessary to run a city program and function.

Transfer: Monies appropriated from one fund to another, in order to reimburse the fund for expenses or to finance the operation of the other fund. Transfers between a Proprietary Fund and a Governmental Fund are budgeted as revenues and expenditures in the various funds, to comply with governmental accounting principles.