

GLOSSARY

Administrative Charge: A transfer of moneys 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 capital personal income, whichever is lower); then multiplying the figure resulting from the first step, by the percentage change in population. The base year limit (FY 1978-79) 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: A dollar value placed upon real estate or other property, by Santa Clara County, as a basis for levying property taxes.

Beginning Fund Balance: Fund balance of a fund, from the end of the prior year, including both available, designated and restricted reserves 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.

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 has borrowed.

GLOSSARY

Department: An organizational unit comprised of divisions, or programs. The City of Los Altos has seven departments: Legislative & Administration, Finance & Technology, Human Resources, Public Safety, Community Development, Maintenance Services, and Recreation.

Division: 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 entirely, or predominately, 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 of Los Altos fiscal year is July 1 through June 30.

Fund: A self-balancing set of accounts. Governmental accounting information is organized into funds, each with separate revenues, expenditures and fund balances. There are four major types of funds: General, Proprietary, Special Revenue, 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.

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.

Grant: 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: The City of Los Altos operates four internal service funds: Workers Compensation; General Liability; Unemployment, and Dental Plan

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.

GLOSSARY

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 proposed 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.

Overhire: An authorized position without moneys 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.

PERS: A short name for the California Employee Retirement System

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

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.

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

Transfer: Moneys 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.