

GLOSSARY OF BUDGET TERMS

ADOPTED BUDGET: The official budget as approved by the City Council at the start of each fiscal year.

AMENDED BUDGET: The official budget as adopted and as amended by the City Council through the course of a fiscal year.

APPROPRIATION: A legal authorization by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time when it may be expended.

BUDGET: A plan of financial operation comprised of estimated expenditures for a given period (a single fiscal year for the City) and the proposed means of financing the expenditures (through revenues).

BUDGET MESSAGE: A written discussion of the proposed budget presented by the City Manager to the City Council.

CAPITAL PROJECTS FUND: In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditure program which accumulates until the project is completed, at which time the program ceases to exist and the asset is capitalized for financial accounting purposes.

CAPITAL IMPROVEMENT PROGRAM: A plan for capital improvements to be implemented each year over a fixed period of years to meet capital needs arising from the assessment of long-term needs. It sets forth each project in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CAPITAL IMPROVEMENT PROJECT: The budget unit to group all activities and costs necessary to implement a specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or infrastructure improvement. Projects often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

CAPTIAL OUTLAY: Expenditures which result in the acquisition of or additions to fixed assets. Examples include machinery, equipment and vehicles.

CDBG (COMMUNITY DEVELOPMENT BLOCK GRANT): Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City from the County of Orange. The City primarily uses these funds for housing rehabilitation and eligible capital improvements.

CONTRACTED SERVICES: Services rendered in support of City operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

DEBT SERVICE FUND: A fund established for the payment of interest and principal on all debt other than payable exclusively from special assessments.

DEPARTMENT: A major organizational group of the City with overall management responsibility for an operation or a group of related operations within a functional area.

DIVISION: An organizational subgroup of a department.

GLOSSARY OF BUDGET TERMS

EXPENDITURES: Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlays (projects and assets).

EXPENSES: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

FISCAL YEAR: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position, the results of the operations, and adopts a budget for the coming year. The City of Cypress' fiscal year is from July 1 to June 30.

FIXED ASSETS: Equipment costing \$1,000 or more, including tax, that has a life of over one year and does not qualify as a capital improvement project.

FRINGE BENEFITS: These include retirement/pension, health, life and disability insurance, worker's compensation, vacation, administrative, medical, and other leave of absence time.

FUND: A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities of attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: A term used to express the equity (assets minus liabilities) of governmental fund types. However, for budgeting purposes, a working capital definition of current assets minus current liabilities is used for the computation.

GENERAL FUND: The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and other costs which are not paid through other restricted funds.

INTERNAL SERVICE FUND CHARGES: Charges paid to other City funds for services rendered and/or materials supplied.

INTERNAL SERVICE FUND: The Internal Service Fund is used to finance and account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

LICENSES AND PERMITS: Revenue earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

MEASURE M: An initiative that increases sales taxes by one-half percent approved by Orange County Voters in 1990, which provides funding for transportation improvements.

OBJECTIVE: A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

OBJECT CODE: The classification of expenditures in terms of what is bought and paid for grouped into major object codes by subject.

OPERATING TRANSFERS: Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, such as transfers from the General Fund to the Capital Projects Fund.

GLOSSARY OF BUDGET TERMS

PRELIMINARY BUDGET: A budget in its preliminary preparation stage prior to review and formal adoption by the City Council. In the preliminary stage, a budget attempts to forecast current costs into the future and establishes new or modified spending proposals for the future.

PROGRAM BUDGET: A budget organized by programs. A program used in this application is a grouping of related activities, projects and services which are similar in purpose. The expenditure focus of a program budget is related to the nature of work and services performed.

PROPOSED BUDGET: The budget as formulated and proposed by the City Manager. It is submitted to the City Council for review and approval.

RDA: Redevelopment Agency

REDEVELOPMENT: The planning, development, re-planning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of such residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

RESOLUTION: A special or temporary order of a legislative body requiring less formality than an ordinance.

RESOURCES: Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

REVENUE: Money that the City receives as income such as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

SALARIES AND BENEFITS: Compensation paid to or on behalf of City employees for salaries and wages, including overtime. Benefits include retirement/pension, health, life and disability insurance, worker's compensation and vacation, administrative, medical and other leave of absence time.

SELF-INSURANCE: A term often used to describe the retention of liabilities, arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. The City currently provides self-insurance for a portion of its workers' compensation and general public liability coverage. The City has purchased outside insurance for excess coverage in these areas.

SERVICES AND SUPPLIES: Payments made to vendors for goods/services used for City operations.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, user charges.