GLOSSARY

APPROPRIATION: City Council authorization to expend monies and/or to incur legal obligations for specific departmental purposes. An appropriation is limited in amount and limited as to the time period in which it may be expended.

ASSESSED VALUATION: A dollar value placed upon real estate or other property, by Los Angeles County, as a basis for levying property taxes.

BEGINNING FUND BALANCE: Monies available in a fund, from the end of the prior year, for use in the current year.

BOND: A means by which 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 specified rate.

BUDGET MESSAGE: A narrative overview of the financial plan and program objectives contained in the operating budget. The budget message also presents highlights of new programs, positions, or services, information about the state of the local economy, and future goals and plans of the City.

CAPITAL IMPROVEMENT PLAN (CIP): A financial plan of proposed capital improvement projects and the means of financing them, usually prepared for a five year period.

CAPITAL OUTLAY: An operating budget category which accounts for all furniture and equipment with a unit cost of more than $1000 and an estimated useful life of more than one year.

CAPITAL PROJECTS: Selected studies costing over $5,000 that are expected to lead to a capital project (e.g. engineering studies or soils testing). Also, improvements that cost $10,000 or more and have a useful life of more than one year (e.g. a new park, street resurfacing, building modifications and construction of water mains).

CERTIFICATES OF PARTICIPATION (C.O.P.): This financing technique provides long-term financing through a lease, installment sale agreement, or loan agreement. COP's allow the public to purchase, in $5,000 increments, participation in a stream of lease payments, installment payments, or loan payments, relating to the acquisition or construction of specific equipment, land or facilities.

DEBT SERVICE FUNDS: A fund type that accounts for monies reserved for the repayment of City issued debt.

DEPARTMENT: An organizational unit comprised of one or more divisions.

DIVISION: A program or activity, within a department, that furthers the objectives of the City Council by providing services or products.

GLOSSARY

ENCUMBRANCES: Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

ENTERPRISE FUND: A type of fund 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.

FISCAL YEAR: The twelve-month period of time to which the operating budget applies. El Segundo's fiscal year is October 1 through September 30.

FUND: An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created. There are four major types of funds: General, Proprietary, Special Revenue, and Trust and Agency.

FUND BALANCE: The amount of financial resources immediately available for use. This generally represents the excess of current assets over current liabilities.

GANN APPROPRIATIONS LIMIT: Article XIIIB of the California Constitution was amended by Proposition 4, "The Gann Initiative," in 1979. This Article limits the growth of governmental spending by multiplying the limit for the prior year tax proceeds by a growth factor. The growth factor is the percentage change in the cost of living (or per capital personal income, whichever is lower) multiplied by the percentage change in population. The 1979 base year limit amount consists of all tax proceeds appropriated in that year.

GENERAL FUND: The primary fund of the city which is used to account for those revenues and expenditures of the city that are not legally restricted as to use.

GRANT: Contributions of cash or other assets from another governmental entity to be used for a specific purpose.

INTERFUND TRANSFERS: Monies transferred from one fund to another in order to reimburse that fund for expenditures or to finance the operation of that fund. Transfers between a Proprietary Fund (Water or Liability Insurance) and a Governmental Fund (General or Capital Improvements) are budgeted as revenues and appropriations in the various funds, in order to comply with Generally Accepted Accounting Principles.

INTERNAL SERVICE FUNDS: A fund type that accounts for revenues received and expenses incurred for services or commodities provided by that fund to user departments.

MUNICIPAL CODE: A book containing the City Council approved Ordinances currently in effect. The Code defines city policies related to building codes, planning and zoning regulations, sanitation and health standards, traffic violations, etc.

OBJECTIVES: Departmental statements describing significant activities to be accomplished during the fiscal year.

GLOSSARY

OPERATING BUDGET: A financial and organizational plan for furthering the goals of the City Council through the City departments. The operating budget does not include capital improvement projects.

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

PROPOSITION 111 LIMIT: On June 5, 1990, California voters approved Proposition 111, to amend Article XIIIB of the California Constitution, relating to the Gann Appropriations Limit Initiative.

REIMBURSEMENTS: Payments remitted by another agency, department, or fund to help defray the costs of a particular service or activity for which some benefit was obtained by the reimbursing party. These amounts are recorded as expenditures, or expenses, in the reimbursing fund and as a reduction of expenditures, or expenses, in the fund that is reimbursed.

RESERVE: An account used to earmark a portion of the fund balance as legally segregated for a specific use.

RESOLUTION: A special order of the City Council that 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 City's budget is approved by Resolution and requires a majority vote of the Council members present at the time of adoption.

SALARIES AND BENEFITS: An operating budget category which generally accounts for full-time, part-time and temporary salaries, overtime costs and fringe benefits.

SPECIAL REVENUE FUNDS: These are funds that separately account for monies that are restricted as to use by the City Council, the State of California or the Federal Government.

SUBVENTIONS: Revenue collected by the State (or other level of government) which is allocated to the City on a formula basis. The major subventions received from the State of California include Motor Vehicle License Fees and Gasoline Taxes.

SUPPLIES AND SERVICES: An operating budget category accounting for expenditures not related to personnel or capital outlay (e.g. buildings and grounds maintenance, contractual services, equipment maintenance, office and computer supplies, small tool purchases, utility costs, postage, copier costs, etc.).

TRUST AND AGENCY FUND: A type of fund which temporarily holds monies for other agencies or legal entities.