ADOPTED BUDGET

FY 2020-2021

APPENDICES

CITY OF GLENDALE
GLOSSARY OF TERMS

Accrual Basis of Accounting
Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenses emphasize the matching of the obligation to disburse economic resources (cash and all other assets causing a change in net assets) to the period in which the obligation was incurred by the City. This accounting basis is generally used in order to conform to the Generally Accepted Accounting Principles (GAAP).

Adopted Budget
The City Council approved annual budget establishing the legal authority for the expenditure of funds as set forth in the adopted City Council budget resolution.

Appropriation
An authorization by the City Council to make expenditures/expenses and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation
A dollar value placed on real estate or other property by Los Angeles County as a basis for levying property taxes.

Audit
An examination and evaluation of the City's records and procedures to ensure compliance with specified rules, regulations, and best practices. The City Charter requires a yearly independent financial audit, by an independent certified public accountant that forms an audit opinion regarding the legitimacy of transactions and internal controls.

Balanced Budget
When the total of revenues and other financing sources is equal to or greater than the total of expenditures and other financing uses.

Basis of Accounting
The timing of recognition, that is, when the effects of transactions or events are recognized, for financial reporting or budgeting purposes. The three basis of accounting for governmental agencies are: (1) Cash Basis – when cash is received or paid; (2) Accrual Basis – when the underlying transaction or event takes place; and (3) Modified Accrual Basis – revenues are recognized in the accounting period in which they become available and expenditures are recognized in the accounting period in which the fund liability occurred. Glendale uses the Modified Accrual Basis for Governmental Funds and Accrual Basis for Proprietary Funds.

Basis of Budgeting
Refers to the method used for recognizing revenues and expenditures in the budget. Glendale's basis of budgeting is the same as their basis of accounting.

Bond
A written promise to pay a specific sum of principal amount, at a specified date(s) in the future, together with periodic interest at a special rate.

Bond Proceeds
Funds received from the sale or issuance of bonds.

Bond Rating
An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Moody's Investors Service, Standard and Poor's Ratings Services and Fitch are the three agencies who regularly review city bonds and generate bond ratings.

Bonded Debt
The amount at which a bond or note is bought or sold above its par value, or face value, without including accrued interest.

Budget
A fiscal plan of financial operation comprised of estimated expenditures and the proposed means of financing them for a given period (usually a single fiscal year). The budget is proposed until it has been approved by the City Council through a series of budget study sessions and a formal budget hearing in June. Glendale's fiscal year is July 1 through June 30.

Budget Message
The City Manager's general discussion of the budget, which contains an explanation of principal

budget items and summary of the City's financial status at the time of the message.

Capital Budget
A financial plan of proposed expenses and associated revenues for the purchase or construction of capital improvements. The City of Glendale prepares a ten year plan called the Capital Improvement Program (CIP) Budget. Expenditures take place over one year or multiple years. Appropriations are added to projects each fiscal year as the CIP budget is adopted.

Capital Outlay
A budget appropriation category for equipment having a unit cost of more than $5,000 and an estimated useful life of over one year.

Capital Project
A permanent physical addition to the City's assets including the design, construction, and/or purchase of land, buildings, facilities, or major renovations.

Charges for Services
Revenues collected as reimbursement for services provided to the public or to some other program/fund in the City.

City Charter
The legal authority granted by the State of California establishing the City of Glendale and its form of government. The Charter also gives the City the ability to provide services and collect revenue to support those services.

Debt Service
The payment of principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation.

Debt Service Requirements
The amount of money required to pay interest on outstanding debt and required contributions to accumulate money for future retirement of bonds.

Deficit
An excess of expenditures or expenses over revenues (resources) during an accounting period.

Department
An organization unit comprised of divisions, sections, and/or programs. A department has overall management responsibility for an operation or a group of related operations.

Depreciation
Expiration in the service life of capital outlay assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence. The portion of the cost of a capital asset that is charged as an expense during a particular period.

Designated Fund Balance
The portion of fund balance segregated to reflect the City Council's intended use of resources.

Division
A sub-section within a department that furthers the objectives of the City Council by providing specific services or products.

Electorate
A body of qualified voters.

Encumbrances
A legal obligation or commitment to pay funds in the future for a service or item, such as a long-term contract or purchase order. Encumbrances cease when the obligations are paid or terminated. The use of encumbrances prevents overspending and provides budgetary control to the organization.

Enterprise Fund
In governmental accounting, an enterprise fund is a proprietary fund that provides goods or services to the public. Service fees, rather than taxes or transfers, are charged in order to fund the business that makes the fund self-supporting. An example is a government-owned utility.

Expenditure
The actual spending of Governmental funds set aside by an appropriation.

Expense
The actual spending of proprietary funds (Enterprise and Internal Service Fund types) set aside by an appropriation.

CITY OF GLENDALE
GLOSSARY OF TERMS

Fiscal Year
A twelve-month period of time to which the annual budget applies. Fiscal years are designated by the calendar year that they begin and end. Abbreviation: FY. The City of Glendale's fiscal year is July 1 through June 30.

Fund
In Governmental Accounting, a fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance
The amount of financial resources immediately available for use. Generally, this represents the accumulated annual operating surpluses and deficits since the fund's inception.

Gann Appropriations Limit
Article XIII-B of the California State Constitution provides limits regarding the total amount of appropriations in any fiscal year from tax proceeds.

General Fund
The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. Departments financed by the General Fund include Police, Fire, Community Services & Parks, Library, Arts & Culture, Innovation, Performance & Audit, and administrative support departments (Finance, Human Resources, City Attorney, etc.)

Goal
A long-term organizational target or direction. It states what the organization wants to accomplish or become over the next several years. Goals provide the direction for an organization and define the nature, scope, and relative priorities of all projects and activities. Everything the organization does should help it move toward attainment of one or more goals.

Governmental Funds
Funds generally used to account for tax-supported activities. City of Glendale's governmental funds include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

Grant
Contributions, gifts of cash, or other assets from another governmental entity to be used or expended for a specific purpose, activity, or facility.

Interfund Transfer
Money transferred from one fund to another. These transfers may finance the operations of another fund or reimburse the fund for certain expenditures/expenses.

Internal Service Fund
In governmental accounting, an internal service fund is a proprietary fund that provides services to other City departments and charges for services rendered, similar to a private business. It is intended to be self-supporting.

Legal Debt Limit
In accordance with the City Charter Article XI Section 13, the total bonded debt of the City shall not exceed 15% of the assessed valuation of all property taxable for City purposes.

Modified Accrual Basis of Accounting
Revenues are recognized as soon as they become both measurable and available to finance expenditures. Expenditures are generally recognized when incurred, except for self-insurance, litigation, and employee benefits, which are accounted for on a cash basis.

Non-departmental
Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

Operating Budget
Annual appropriation of funds for on-going program costs, including salaries, benefits, maintenance, operations, debt service, capital outlay, and capital improvements.

Ordinance
A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution.

Organizationally Balanced Budget
A budget that does not use fund balance, reserves, or debt to fund the operating budget. Normal operating revenues are used to fund normal operating expenditures. Reserves, fund balance, or debt may be used to fund one-time costs or capital expenditures.

Public Agency Retirement Services
The retirement system administered by PARS for all non-permanent City employees and for eligible classified City employees that participate in the Supplementary Retirement Plan.

Performance Measure
Quantitative and/or qualitative measures of work performed related to specific departmental or program objectives.

Proprietary Funds
Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Reimbursement
Payment of amount remitted on behalf of another party, department, or fund.

Reserve
An account used to record a portion of the fund balance as legally segregated for a specific use.

Resolution
A special order of the City Council that has a lower legal standing than an ordinance. The City's budget is adopted via a Resolution of Appropriation.

Resources
Supply of funds to be used in paying for planned expenditures.

Revenues
Amounts received for taxes, fees, permits, licenses, interest, intergovernmental sources, or other sources during the fiscal year.

Revenue Bonds
A type of bond usually issued to construct facilities. The bonds are repaid from the revenue produced by the operation of these facilities.

Salaries & Benefits
An expenditure category that generally accounts for full-time and temporary employees' salaries and wages, overtime, special pay expenses, and all employee benefits such as medical, dental, and retirement.

Self-Insurance
A term used to describe the retention of liabilities, arising out of the ownership of property or from some other causes, instead of transferring that risk to an independent third party through the purchase of an insurance policy. The City provides self-insurance for workers' compensation, general liability, and unemployment. The City purchases outside insurance for excess coverage in these areas.

Special Revenue Funds
This fund type collects revenues that are restricted by the City, State, or Federal Government as to how they may be spent. Most of the special revenue funds are funded by grant revenues.

Strategic Goals
City Council adopted goals developed and prioritized by City employees and residents. These goals identify the areas and services provided by the City deemed most important by City employees and residents.

Structurally Balanced Budget
The most desirable type of budget balancing. In this type of balanced budget, operating revenues equal or exceed operating expenditures in the current year as with an operationally balanced budget and a realistic projection of the ongoing operating expenditures and revenues into the future shows that operating revenues will continue to equal or exceed operating expenditures.

Reserves, one-time revenues, fund balance, or debt may be used to fund one-time cost or capital expenditures.

Successor Agency
This agency is responsible for winding down the activities of the former Redevelopment Agency and providing staff support to the Oversight Board.

Supplementary Retirement Plan
A retirement incentive program administered by PARS for selected groups of eligible classified City employees to increase and accelerate the retirement rate over and above the natural attrition rate in an effort to permanently reduce organizational staffing levels.

Tax Allocation Bonds
Bonds issued in conjunction with a redevelopment project. The taxes pledged to their repayment come from the increase of assessed value over and above the pre-established base. The redevelopment creates this added value, known as the tax increment.

Transfers
Authorized exchanges of cash, position, or other resources between organizational units.

Undesignated Fund Balance
Accounts used to record a portion of the fund balance not legally segregated for a specific use and, therefore, available for appropriation.

California Public Employees' Retirement System (CalPERS)
The retirement system administered by the State of California, to which all permanent City employees belong.

California Society of Municipal Finance Officers (CSMFO)
A professional association of state, county, and local government finance officers in California. The organization promotes excellence in financial management through innovation, continuing education and professional development.

Certificates of Participation (COPs)
Debt instruments used to raise revenue for the City to fund items or activities such as equipment purchases or capital projects. Specific City assets or operating revenues are pledged to guarantee payment of the certificates.

Community Development Block Grant (CDBG)
As established by the federal government, the CDBG program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Based on the U.S. Department of Housing and Urban Development (HUD), the CDBG program is one of the longest continuously run programs at HUD since it began in 1974. The CDBG program provides annual grants on a formula basis to over 1,200 general units of states and local governments.

Comprehensive Annual Financial Report (CAFR)
A government financial statement that provides a thorough and detailed presentation of the government's financial condition. It provides the City Council, the residents, and other interested parties with information on the financial position of the City and its various agencies and funds. Report contents include various financial statements and schedules and all available reports by the City's independent auditors.

Consumer Price Index (CPI)
The Consumer Price Index is a measure estimating the average price of consumer goods and services purchased by households. The change in this index from year to year is used to measure the cost of living and economic inflation.

Cost Allocation Plan (CAP)
In general terms, a cost plan is a tool used to calculate the indirect costs of such departments as Finance, Human Resources, Management Services, City Attorney, City Clerk, City Treasurer, etc. (central support departments) to distribute to the receiving departments (the receivers of the service) in order to get reimbursement for that service. This information is used in setting City fees, reimbursing the General Fund for services provided to other funds, evaluating service delivery options, and recovering grant administration costs.

Full Time Equivalent (FTE)
A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. A position is converted to the decimal equivalent of a full-time position based on 2,080 hours per year. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 indicates that the worker is equivalent to a half-time worker.

General Obligation Bond (GO)
A bond secured by a pledge of the issuer's taxing powers (limited or unlimited). More commonly, the general obligation bonds of local governments are paid from ad valorem property taxes and other general revenues. Considered the most secure of all municipal debt. Limited in California by Proposition 13 to debt authorized by a vote of two thirds of voters in the case of local governments or a simple majority for state issuance.

Generally Accepted Accounting Principles (GAAP)
Uniform minimum standards of/and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but, also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

Glendale Successor Agency (GSA)
The organization responsible for winding down the activities of the former Redevelopment Agency. The Redevelopment Agency was dissolved on February 1, 2012, in accordance with AB1x26, and replaced by the GSA. The GSA makes payments required to complete enforceable obligations (former Redevelopment Agency obligations that are legally required to be completed), performs duties pursuant to the enforceable obligations, and complies with the Dissolution Act (AB1x26).

Governmental Accounting Standards Board (GASB)
The organization that establishes generally accepted accounting principles (GAAP) for states and local governments.

Government Finance Officers Association (GFOA)
A professional association that enhances and promotes the professional management of state and local governments for the public benefits by identifying and developing financial policies and best practices through education, training, facilitation of member networking, and leadership. The organization sponsors award programs designed to encourage good financial reporting for financial documents including the Comprehensive Annual Financial Report (CAFR) and the annual budget.

Maintenance & Operation (M&O)
An expenditure category associated with operating and maintaining City services.

Transient Occupancy Tax (TOT)
A tax imposed on individuals renting accommodations in hotels, motels, and boarding houses.

Utility Users Tax (UUT)
A tax imposed on users for various utilities, including telecommunications, video, electricity, gas, and water.

Vehicle License Fee (VLF)
An annual fee on the ownership of a registered vehicle in California. It has been assessed on all privately owned registered vehicles in California in place of taxing vehicles as personal property since 1935. The VLF is paid to the Department of Motor Vehicles (DMV) at the time of annual vehicle registration. The fee is charged in addition to other fees, such as the vehicle registration fee, air quality fee, and commercial vehicle weight fee. VLF revenues are annually distributed to cities and counties.

City of Glendale, California

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