
Glossary

Accrual Basis - Sometimes called "full accrual" basis. A basis of accounting in which revenues are recognized when earned regardless of when they are received, and expenses are recorded at the time the liability is incurred, regardless of when it is paid.

Accumulated Depreciation – The amount of depreciation that has accumulated to date during the existing useful life of City assets.

Appropriation - An authorization by the City Council to make expenditures and to incur obligations for a specific purpose. An appropriation is usually limited in amount as to the time when it may be expended.

Assessment District – Not a separate government entity, but rather a defined are of land that will be benefited by the acquisition, construction or maintenance of a public improvement.

Assessed Valuation – A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution, properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Audit – Prepared by an independent certified public accountant (CPA), the primary objective of an audit is to determine if the City's Financial Statements present fairly the City's financial position and result of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as wells a recommending improvements to the City's financial management practices.

Beginning/Ending Fund Balance - Appropriated resources available in a fund from the prior/current year after payment of the prior/current year's expenses. This is not necessarily cash on hand.

Bond - A city may raise capital by issuing a written promise to pay a specific 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 - A plan of financial operation listing an estimate of proposed applications or expenses and the proposed means of financing them for a particular time period. The budget is proposed until it has been approved by the City Council.

Budget Message – Included in the opening section of the budget, the Budget Message provides the Council and the public with a general summary of the most important aspects of the budget, changes from previous fiscal years, and the views and recommendations of the City Administrator.

Capital Improvement - A permanent addition to the city's assets, including the design, construction, or purchase of land, buildings, or facilities, or major renovations of the same.

Capital Improvement Program - A financial plan of proposed capital improvement projects with single and multiple-year capital expenditures. This program plans for five years and is updated annually.

Capital Outlay - Also called Capital Acquisition. A budget category which budgets all equipment having a unit cost of more than \$1,000 and an estimated useful life of over one year. Capital outlay is budgeted in the operating budget.

Capital Projects - Physical structural improvements generally with a cost of \$10,000 or more and a useful life of one year or more. Examples include a new park, building modifications, and water main construction.

Certificates of Participation (C.O.P) – Form of lease-purchase financing used to construct or acquire capital facilities and equipment.

Fund Description

FUND/ACCOUNT DESCRIPTIONS

The Financial structure for cities is established by State Law and Generally Accepted Accounting Principles (GAAP). Governments allocate and account for resources in separate sub entities classified as funds and account groups, based on the purposes for which the resources are to be spent and the means by which spending activities are controlled.

GENERAL FUND

The General Fund is the general operating fund of the City. It is the largest of all the funds and accounts for all financial resources traditionally associated with governments, such as Police, Fire, Streets, etc. It accounts for everything except those items that are specifically required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action.

Examples of the City's Special Revenue Funds include:

❖ Gas Tax

To account for monies to be used on transit, road and street programs.

❖ Traffic Safety

To account for court fines collected on the City's account for moving violations.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City maintains the following Enterprise Funds:

❖ Water Utility

To account for activity related to providing residents with water service and billing for service provided by the City.

❖ Wastewater Utility

To account for activity related to providing collection and treatment of wastewater.

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or other services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

The City's Internal Service Funds are:

❖ Vehicle Maintenance

To account for vehicle and special equipment maintenance.

❖ Vehicle Replacement

To account for the replacement of City vehicles upon the expiration of their useful life.

❖ Employee Benefits

To account for the provision of health and unemployment services.

Fund Description

❖ General Liability

To account for general liability coverage for the City.

❖ Disability Program

To account for short-term disability services.

❖ Computer Equipment

To account for the replacement of City computers upon expiration of their useful life. Also this fund is responsible for providing funds to maintain existing computer equipment through service contracts.

❖ Dental/Vision

To account for the provision of dental and vision services.

❖ Workers Compensation

To account for workers compensation coverage for the City.

FIDUCIARY FUND TYPES

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governments and/or other funds. These funds do not necessarily require budgets.

The City accounts for the following in the Trust and Agency Fund:

❖ Deferred Compensation Plan

❖ Performance deposits

❖ Special Assessments

FY 2002-03 BUDGET EXPLANATION OF ACCOUNTS

Salary & Benefit Accounts

612 Salaries - Regular includes salaries and wages, including terminal leave payments, for all employees except temporary and seasonal, in accordance with the classification compensation plan. Employees' salaries may be spread to several activities to reflect the distribution of their time.

613 Wages - Extra Help includes salaries and wages for all temporary and seasonal employees in accordance with the classification compensation plan.

614 Overtime - Wages includes salaries and wages for overtime work in accordance with the classification compensation plan.

615 Fringe Benefits includes the City's expenses for all benefits and includes: Medicare, health, PERS, workers compensation, life insurance, and vision.

Supplies & Services Accounts

621 Utilities includes expenses for gas and electricity.

622 Telephone includes telephone related charges.

623 Postage & Freight includes the cost of postage, certified and registered mail, UPS.

624 Advertising includes promotional and legal advertising in newspapers, magazines, and other media.

625 Office Supplies includes consumable items such as pencils, carbon paper, calendars, staplers, and filing material. Also includes

Fund Description

<p>photocopy charges, blueprints, forms etc.</p> <p>626 Printing & Binding includes outside printing and binding.</p> <p>627 Professional & Specialized Services includes services by other than City employees; e.g., auditing services, engineering and architectural services, actuarial studies, data processing, and other similar services.</p> <p>628 Travel & Meetings includes travel to conferences, professional organization meetings, seminars and other outside training events.</p> <p>629 Vehicle Allowance reflects monthly car allowance or mileage expense when employees use personal vehicles in the performance of City business.</p> <p>631 Subscriptions & Membership Dues includes expenses for memberships and dues to professional organizations. Subscriptions include publications and trade journals.</p> <p>632 Rents and Leases include all rental and leases.</p> <p>633 Office Equipment O & M includes maintenance and rental of typewriters, microfilm camera.</p> <p>634 Special Equipment O & M includes maintenance and operational costs of non- automotive equipment such as instrumentation, compressors, pool filters, etc. (see chart of accounts for complete listing)</p> <p>635 Vehicle Maintenance & Replacement Fee (Charge) includes all vehicle maintenance costs and the replacement fee charged by the internal service fund based on vehicle allocated.</p>	<p>636 Maintenance of Buildings, Structures, and Grounds includes expenses incurred in maintenance and repair of buildings and structures.</p> <p>637 Chemicals includes chemicals such as chlorine, sulfur dioxide, etc. (see chart of accounts for a complete listing)</p> <p>638 Tools, Supplies, Equipment Small tools includes hammers, shovels, minor drafting equipment and engineering equipment, photographic equipment, etc., with less than a \$1,000 estimated unit price or with an estimated life of one year or less (regardless of cost). Supplies or other expenses peculiar to one or a few departments; e.g., personnel tests, duplicating supplies, lab supplies, film, traffic signs, athletic supplies.</p> <p>639 Training, Health, & Recreation Supplies includes expenses for in-service training programs, refreshments, seminars and miscellaneous training materials.</p> <p>642 Uniforms and Clothing includes uniform allowance, purchase of rental of uniforms, rain wear, helmets, goggles, badges, etc.</p> <p>643 General Liability Insurance Premiums includes expenses for insurance premiums and claims settlements for other than group health and life insurance.</p> <p>649 Depreciation covers the cost of a fixed asset that is prorated over the estimated service life of such an asset. Each accounting period is charged with a portion of such cost. Depreciation expenses appear only in the enterprise and internal service funds.</p>
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Fund Description

652 Bond Principal and Interest Expense includes expenditures to retire principal maturing bonds and interest payments.

660 Other Material and Supplies includes other material and supplies that do not fall into a defined category above.

Acquisitions

691 Land- includes all expenditures for land.

692 Equipment- includes expenditures for all equipment with an estimated unit price of \$1000 or more and a useful life of one (1) year or greater. Examples range from office equipment to outdoor equipment (e.g., lawnmower).

693 Buildings- includes all expenditures for buildings.

694 Vehicles- includes purchases for vehicles (e.g., truck, vans, sedans).

695 Furniture Fixtures- includes expenditures for furniture and fixtures with an estimated unit price of \$1000 or more; e.g., credenzas, desks, chairs.

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Community Development Block Grant (CDBG) – Is a federal grant that aims to develop viable urban communities by providing decent housing, a suitable living environment, and expanded opportunities for persons of low and moderate income. The City of Yuba City receives an annual CDBG entitlement from the U.S. Department of Housing and Urban Development.

Debt Service - Payment of the principal and interest on an obligation resulting from the issuance of bonds or notes.

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

Deficit - An excess of expenditures or expenses over resources.

Department – A major organizational unit of the City that has been assigned overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation – The decrease in value of physical assets due to use and the passage of time.

Development Impact Fees – Fees placed on the development of land or conditions required for the approval of a development project such as the donation (dedication or exaction) of certain land (or money) to specific public uses. The fees are typically justified as an offset to the future impact that development will have on existing infrastructure.

Encumbrances - A legal obligation to pay funds, the expenditure of which has not yet occurred. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Enterprise Funds – This fund type is used to account for operations that are: (a) financed and operated in a manner similar to private sector enterprises and it is the intent of the City that the

costs (including depreciation) of providing goods or services to the general public be financed or recovered primarily through the user charges; or (b) the City of an outside grantor agency has determined that a periodic determination of revenues earned, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has established two enterprise funds: water and wastewater (see Fund).

Expenditure – The outflow of funds paid or to be paid for an asset or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended.

Fiscal Year - A 12-month period of time to which the budget applies. For Yuba City, it is July 1 through June 30.

Full-Time Equivalent (FTE) – The decimal equivalent of a part-time position converted to a full-time base. I.e., one person working half time would equate to .05 FTE.

Fund - An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created. The seven generic fund types used by the City are: General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, and Trust and Agency.

Fund Balance - The amount of financial resources available for use. Generally, this represents the detail of all the annual operating surpluses and deficits since the fund's inception. Also known as financial position, fund balance is the excess of assets over liabilities, and represents the cumulative effect of revenues and other financing sources over expenditure and other financing issues.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards and guidelines for financial accounting and reporting.

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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. Examples of departments financed by the General Fund include the City Council/Clerk, Police, Community Development, Administrative Services, and others.

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

Home Investment Partnerships Program (HOME) – Is a federal grant that provides funding for the programs that offer affordable housing to low income households including homeowner rehabilitation, homebuyer activities, rental housing and tenant based rental assistance. The City of Yuba City receives its HOME funds from the California State Department of Housing and Community Development.

Inter-fund Transfers - Monies moved from one fund to another. The money is transferred to finance the operations of another fund or to reimburse the fund for expenses.

Internal Service Fund – Funds established to account for the financing of goods or services provided by one department for other departments within the City on a cost reimbursement basis.

Modified Accrual - An adaptation of the accrual basis of accounting for governmental fund types. Revenues and other financing resources are recognized when they become available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred.

Municipal Code - A book that contains City Council approved ordinances currently in effect. The Code defines City policy with respect to areas such as planning, zoning, building, etc.

Objectives - The expected results or achievements of a budget program.

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

Operating Expenses - Expenditures for materials, supplies, and services which are ordinarily consumed within a fiscal year and which are not included in program inventories.

Ordinance - A formal legislative enactment by the City Council. It is 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.

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

Reserve - An account used to record that a portion of the fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution - A special order of the City Council, which has a lower legal standing than an ordinance.

Retained Earnings - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

Revenues - Amount received for taxes, fees, permits, licenses, interest, and intergovernmental 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.

Secured Property - As the property tax is guaranteed by placing a lien on the real property, secured property is that real property in which the value of the lien on the real property and the personal property located thereon insufficient to assure payment of the tax.

Special Assessment – A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement

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or service deemed to benefit primarily those properties.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Staffing - A budget category which generally accounts for full-time and temporary employees.

Unsecured Property – As the property tax is guaranteed by placing a lien on the real property, unsecured property is that real property in which the value of the lien is not sufficient to assure payment of the property tax.

User Fees – The payment of a fee for direct receipt of a public service by benefiting from the service.
