

CITY OF SAN DIEGO
FISCAL YEAR
2008 ANNUAL
BUDGET

Glossary



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ACCOUNTING PERIOD – The City of San Diego’s fiscal year is divided into 13 accounting periods. Each accounting period includes two bi-weekly payrolls and is generally four weeks long.

ACCRUAL BASIS OF ACCOUNTING – The basis of accounting under which revenues are recorded when earned and expenditures (or expenses) are recorded as soon as they result in liabilities for benefits received, notwithstanding that the receipt of cash or the payment of cash may take place, in whole or in part, in another accounting period.

AD VALOREM – In proportion to value, a basis for levy of taxes on property.

ALLOCATED RESERVE – Represents funds carried forward from previous fiscal years for current year obligations, including projects that could not be completed prior to the end of the previous fiscal years.

AMERICANS WITH DISABILITIES ACT (ADA) – The Americans with Disabilities Act, Public Law 336 of the 101st Congress, was enacted on July 26, 1990. The ADA prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of TDD/telephone relay services.

ANNUAL REQUIRED CONTRIBUTION (ARC) – The annual contribution amount into San Diego City Employees’ Retirement System (SDCERS), as defined by the SDCERS actuary.

ANNUALIZATION – Prorating expenditures for a portion of a year over 12 months for the purpose of estimating annual costs.

APPROPRIATION – A legal authorization to incur obligations and to make expenditures for specific purposes.

APPROPRIATION ORDINANCE – The official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

ASSESSED VALUATION – An official government value placed upon real estate or other property as a basis for levying taxes.

BALANCE (FUND BALANCE) – Excess of a fund’s balance and revenue over or under expense and reserve.

BALANCED BUDGET – The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available sources.

BEGINNING BALANCE – The beginning balance is comprised of residual funds brought forward from the previous fiscal year (ending balance).

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BOND – A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California municipal government, bonds are only used to finance capital improvements.

BOND, GENERAL OBLIGATION – A limited tax bond which is secured by the City’s property tax.

BOND PROCEEDS – Funds derived from the sale of bonds for the purpose of constructing major capital facilities.

BOND RATING – A methodology used to measure the fiscal health of the City. Generally, analyst firms such as Standard and Poor’s, Moody’s Investor Service, and Fitch Ratings provide bond ratings to municipalities. Bonds rated AAA/Aaa are judged to be the best quality and carry the smallest degree of risk, and together with AA/Aa bonds comprise high grade bonds. Ratings including “+” or “1” designate the strongest bonds in the rating category. Generally, highly rated bonds result in lower interest rates.

BUDGET – Proposed plan of expenditure and revenue over a given period of time.

BUDGET CALENDAR – The schedule of major events in the development of the annual budget, including the proposed budget, budget hearings, budget deliberations, and adoption of the annual Appropriation Ordinance.

BUDGET DELIBERATIONS – After the completion of public hearings, the City Council reviews and approves the Mayor’s Proposed Annual Budget during deliberations.

BUDGET DOCUMENT – The instrument utilized to present the City’s comprehensive financial plan to the City Council and the public.

BUSINESS IMPROVEMENT DISTRICT (BID) FUNDS – A special assessment levied upon business owners within a district with specifically defined boundaries established by City Ordinance. These assessments finance improvements within the district.

BUSINESS PROCESS REENGINEERING (BPR) – Business process reengineering (BPR) is the redesign of work processes (activities, services, or functions) for substantial improvement. In the City of San Diego, these work processes can be accomplished within or between divisions and departments.

The National Academy of Public Administration defines BPR as: *“Government business process reengineering is a radical improvement approach that critically examines, rethinks, and redesigns mission product and service processes within a political environment. It achieves dramatic mission performance gains from multiple customer and stakeholder perspectives. It is a key part of a process management approach for optimal performance that continually evaluates, adjusts or removes processes.”*

CALENDAR YEAR (CY) – A 12-month term from January through December.

CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET – Authorized expenditures for tangible and long-term physical improvements or additions of a fixed or permanent nature (i.e., sewer main replacement or a new fire station).

CAPITAL IMPROVEMENT PROJECT – A capital improvement is generally a large construction project such as the development of park land, the construction of an overpass, the installation of a traffic signal, the acquisition of land, or the construction or remodeling of a City building. Funds for these projects are derived largely from the issuance of bonds, water and sewer fees, and a one-half cent local sales tax for transportation improvements (TransNet), grants, and developer impact fees.

CASH BASIS OF ACCOUNTING – The basis of accounting under which revenues are recorded when received in cash and expenditures (or expenses) are recorded when cash is disbursed. Since payments for goods and services can be delayed to the next fiscal year, cash on hand can result in an inaccurate picture of the financial condition of a fund. To be in conformance with Generally Accepted Accounting Principles (GAAP), local governments must use the accrual basis rather than the cash basis of accounting.

CHARGES FOR CURRENT SERVICES – This revenue results from user fees for various City services. Library charges, golf course fees, filing fees for planning services, charges for engineering, and fire and police services are included.

COMMERCIAL PAPER – A short-term borrowing tool typically used to raise money needed to cover cash-flow deficits. Maturation on Commercial Paper does not exceed nine months (270 days) and averages about 30 days.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS – Funds established to account for revenues from the federal government and expenditures as prescribed under the CDBG Program.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) – A report prepared by the City Auditor and Comptroller's Office that summarizes financial data for the previous fiscal year in a standardized format. The CAFR is organized by fund and contains two basic types of information: a balance sheet that compares assets with liabilities and fund balance; and an operating statement that compares revenues with expenditures.

CONTINUING APPROPRIATIONS – Funding approved in the current budget but not expended during that current budget year. These appropriations are carried forward into the next fiscal year for their intended purposes.

CONTRACTUAL SERVICE – A written agreement or legal instrument whereby the City of San Diego is committed to expend, or does expend, public funds in consideration for work, labor, services, equipment, or any combination of the foregoing.

DEBT SERVICE – Payment of interest and principal on an obligation resulting from the issuance of bonds.

DEPARTMENT – A basic organizational unit of government that may be sub-divided into divisions, programs, activity groups, and/or activities.

DEFERRED MAINTENANCE – A backlog of needed repairs to City facilities or other assets such as streets, roof repairs, heating and cooling system upgrades, painting, floor covering repair, structural repairs, streets, and slurry sealing.

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DISBURSEMENTS – Funds actually expended.

DIVISION – An organizational component of a department, possibly sub-divided into programs and activities.

DISCRETIONARY FUNDS – Funds for which there are no restrictions on the use of the fees or taxes collected.

EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) – Following the deficit crisis in 1992, the State of California enacted legislation that shifted partial financial responsibility for funding education to local governments in order to meet its obligations to fund school districts at specified levels under Proposition 98. These revenue shifts are known as ERAFs.

EFFICIENCY – A relationship between the resource allocation (input) and the ultimate product or service delivered (output) for a particular activity. Usually expressed as “cost per service provided.”

ENCUMBRANCE – An encumbrance designates or reserves funds for a specific purpose as approved by the appropriate authority. When the goods and services are received, the encumbrance is released and the expenditure is recorded for the actual costs.

ENERGY AND UTILITIES – This expenditure category includes gas, electrical, water, sewer, telephone, and other utility expenses.

ENTERPRISE FUNDS – Funds established to account for specific services funded directly by fees and charges to users such as water and sewer services. These funds are intended to be self-supporting.

ENVIRONMENTAL GROWTH FUND – This fund was established in accordance with Section 103.1a of the City Charter to receive 25 percent of all funds derived from the revenues accruing to the City from gas, electricity, and steam franchises.

EQUIPMENT AND VEHICLE FINANCING PROGRAM (EVFP) – A lease-purchase program for vehicle and equipment acquisitions. Lease payments are subject to annual appropriations and are not considered to be debt under the City Charter or the State Constitution.

EQUIPMENT OUTLAY – This expenditure category includes purchases of capital equipment such as furniture, vehicles, large machinery, and other capital items. The Equipment and Vehicle Financing Program is budgeted within this expenditure category.

ESTIMATED REVENUE AND EXPENSE – The revenue or expense projected to be received or expended during a specific time period, usually a fiscal year.

EXPENDITURE – The actual outlay of monies from the City Treasury.

EXPENDITURE CATEGORY – Also known as allotment classes, expenditure categories are groupings of similar types of expenditures. The City uses six major expenditure categories: salaries and wages; fringe benefits; supplies and services; information technology; energy and utilities; and equipment outlay.

EXPENSES – Charges incurred for operations, maintenance, interest, or other charges.

FEDERAL GRANT FUNDS – These funds were established to account for revenue from the federal government and expenditures as prescribed by grant provisions/agreements.

FINAL BUDGET – The Mayor and City Council approved plan for the City’s financial operations, which includes an estimate of expenditures and revenues for a given fiscal year.

FINANCIAL MANAGEMENT INFORMATION SYSTEM (FMIS) – An automated application that records proposed expenditures and revenues for all City departments and programs. The information is used to prepare the City’s annual budget and administer budgets throughout the fiscal year.

FINES, FORFEITURES, AND PENALTIES – Revenue resulting from violations of various City and State laws and from damage to City property.

FISCAL YEAR (FY) – A 12-month term designating the beginning and ending period for recording financial transactions. The City of San Diego has specified July 1 through June 30 as the fiscal year.

FIVE-YEAR FINANCIAL OUTLOOK – The Five-Year Financial Outlook includes revenue and expenditure forecasts which are based on various assumptions such as economic conditions or previous policy decisions. The Financial Outlook serves as a long-range planning tool which identifies priorities, economic trends, risks, and opportunities and guides the City in the development of future budgets.

FRANCHISE FEES – Fees resulting from agreements with private utility companies in exchange for use of the City’s rights-of-way.

FRINGE BENEFITS – This expenditure category consists of the costs to provide employee benefits. Typical employee benefits include the flexible benefit program, insurance, and retirement. According to the City Charter, fringe benefit expense is not considered a salary or wage expense.

FULL TIME EQUIVALENT (FTE) – The decimal equivalent of a part-time position converted to a full time basis (i.e., one person working half-time would count as 0.50 FTE).

FUND – A fiscal and accounting entity with a self-balancing set of accounts to record revenue and expenditures.

GANN LIMIT (PROPOSITION 4) – Under this article of the California Constitution, the City must compute an annual appropriations limit that places a ceiling on the total amount of tax revenues the City can actually appropriate annually.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – The uniform minimum standards used by State and local governments for financial recording and reporting that have been established by the accounting profession through the Governmental Accounting Standards Board (GASB).

GENERAL FUND – The City’s main operating fund that pays for basic City services that use most of the City’s tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings.

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GENERAL GOVERNMENT SERVICES BILLING (GGSB) – A standard methodology to allocate expenses for General Fund departments providing support services to Non-General Fund departments; for example, the allocation of a portion of the expenses for the City Auditor and Comptroller to the Water Department based on an auditable formula.

GRANT – A contribution by a government or other organization to support a particular function.

GROWTH RATE – The level at which expenditures and revenue are expected to increase annually.

INFORMATION TECHNOLOGY (IT) – This expenditure category includes labor, data center, network, procurement and maintenance of hardware, software, and telephones.

INTEREST AND RENTS – These revenues result from investment earnings on City funds, parking meters, various franchise agreements, and agreements for use of City land and facilities.

INTERFUND TRANSFERS – A transfer of monies between departments/funds for specific purposes as approved by the appropriate authority.

INTERNAL SERVICE FUND – A fund created to finance and account for a department's or division's work for other departments. The fund's expenses are repaid from fees or fund transfers from other City departments.

LEVY – To impose taxes, special assessments, or charges for the support of City activities.

LICENSES AND PERMITS – This category includes revenue raised for the purpose of recovering the costs associated with regulating business activity. Many of these fees are regulatory in nature in order to ensure compliance with the law.

MAINTENANCE ASSESSMENT DISTRICT (MAD) FUNDS – Property owners within a specified district are assessed for the purpose of financing maintenance of open space areas, street medians, rights of-way, and in some cases, mini-parks, and streetlights.

MANAGED COMPETITION – Managed competition is a formal mechanism whereby City departments compete with private sector vendors to perform City services. The goals of the managed competition program include, but are not necessarily limited to, maximizing the quality of service the City provides to its residents in a cost-effective manner.

Under managed competition, a public-sector agency competes with private-sector firms to provide public-sector functions or services under a controlled or managed process. This process clearly defines the steps to be taken by government employees in preparing their own approach to performing an activity. The agency's proposal for providing the service, which includes a bid proposal for cost-estimation purposes, is used in competing directly with private-sector bids.

MANDATED PROGRAM – A requirement by the State or federal government that the City perform a task in a particular way, or perform a task to meet a particular standard, often without compensation from the higher level of government.

MISSION STATEMENT – A statement describing the purpose of a department/division.

MODIFIED ACCRUAL BASIS OF ACCOUNTING – Under the modified accrual basis of accounting, required for use by governmental funds, revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time a liability is incurred pursuant to appropriation authority.

MODIFIED CASH BASIS OF ACCOUNTING – A plan under which revenues are recognized on the cash basis while expenditures are recognized on the accrual basis. This is sometimes known as Modified Accrual Basis.

MOTIVE EQUIPMENT ASSIGNMENT AND USAGE – Costs associated with motor vehicles consists of two charges: assignment and usage. Assignment charges represent an amount to offset the annualized estimated expense for replacing the vehicle at the end of its economic life. Usage charges are fees that offset all operating expenses associated with the equipment class, including maintenance, fuel, tires, and repairs.

MOTOR VEHICLE LICENSE FEES (MVLFF) – Fees paid to the Department of Motor Vehicles (DMV) at the time of registration. The fees are levied as a percentage of an automobile's purchase price, subject to depreciation.

NET TOTAL COMBINED BUDGET – The City's total budget including operating and capital revenues and expenditures, reflecting General Fund, Special Revenue Funds, and Enterprise Funds, less interfund transfer activity for a fiscal year.

NON-DISCRETIONARY – Non-discretionary expenditures are those expenses budgeted in a department that are outside of the department's direct control. Examples of these expenses include utilities, insurance, and rent.

NON-GENERAL FUND – A fund that is not supported by General Fund dollars. Examples of Non-General Funds include Internal Service, Special Revenue, Trust, Agency, and Enterprise Funds.

NON-PERSONNEL EXPENSE – Expenditures related to supplies and services, information technology, energy, utilities, and outlay.

ONE-TIME EXPENDITURES AND/OR REVENUES – Expenditures and/or revenues for one-time projects or services. After the project or service is completed, expenditures and/or revenues are terminated and are not considered part of the budget for the following year.

OPERATING BUDGET – Authorized expenditures for ongoing municipal services (i.e., police and fire protection, street maintenance, parks, and libraries).

ORDINANCE – A law adopted by the City Council. Ordinances usually amend, repeal, or supplement the Municipal Code; provide zoning specifications; or appropriate money for specific purposes. Most ordinances require two hearings: an introduction, followed 12 days later by the adoption. The Appropriations Ordinance may be passed on the day of introduction after two public hearings.

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OTHER LOCAL TAXES – Taxes other than property tax. This category includes sales tax, property transfer tax, and transient occupancy tax.

OTHER REVENUES – This category consists mainly of refunds and revenue generated from the sale of publications and excess inventory.

PERSONNEL EXPENSE – Expenditures related to employee compensation including salaries and wages, fringe benefits, retirement, and special pays, such as shift differentials.

POLICY ISSUES – The addition, expansion, reduction, or modification of programs that have significant implications/impacts to the City or public.

PROPERTY TAX – An ad valorem tax on real property, based upon the value of the property. In accordance with Proposition 13, secured property is taxed at the rate of one percent of assessed valuation, plus a rate sufficient to generate revenue necessary to pay for voter-approved indebtedness.

PROPERTY TRANSFER TAX – A tax imposed whenever the ownership of real property changes.

PROPOSED BUDGET – The Mayor’s recommendation for the City’s financial operations, which includes an estimate of proposed expenditures and revenues for a given fiscal year. The proposed budget is delivered to the City Council in April of each year.

PUBLIC LIABILITY CLAIMS FUND – A program from which the City pays claims arising from real or alleged acts on the part of the City, including claims for bodily injury, property damage, inverse condemnation, false arrest, and errors and omissions.

REIMBURSEMENT – Fees received as payment for the provision of specific municipal services.

RESERVE – An account used to indicate that a portion of a fund’s balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

RESOLUTION – Formal expressions of opinion or intention of the City Council. Resolutions typically become effective upon their adoption.

RETIREE HEALTH CARE – An account that provides health coverage for City of San Diego retirees. General and Safety members who retired on or after July 1, 2005, and are receiving a retirement allowance from San Diego City Employees’ Retirement System pursuant to a reciprocity agreement, must have accrued ten years of service with the City of San Diego to receive 100 percent of the retiree health benefit and five years of service with the City of San Diego to receive 50 percent of the retiree health benefit.

REVENUE – Funds received from various sources and treated as income to finance expenditures.

REVENUE AND EXPENSE STATEMENT – The Revenue and Expense Statement reflects financial information of a fiscal and accounting entity including revenues, expenditures, reserves, and balances.

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REVENUE CATEGORIES – The major categories of revenue are property taxes, other local taxes, licenses and permits, fines and forfeitures, revenue from money and property, revenue from other agencies, charges for current services, miscellaneous revenue, and transfers from other funds.

REVENUE FROM MONEY AND PROPERTY – This revenue category consists of revenue from money, which includes interest earnings and dividends, and revenue from property, which includes revenue from rents and concessions.

REVENUE FROM OTHER AGENCIES – This category includes revenues from federal grants, State grants and allocations, State Motor Vehicle License Fees, and reimbursement from the Unified Port District for services provided.

SALARY AND BENEFIT ADJUSTMENT – Adjustments to reflect the annualization of the negotiated salary compensation schedule, negotiated salaries and benefits, changes to average salaries, and other salary and benefit compensation.

SALARIES AND WAGES – This expenditure category includes salaries, hourly wages, overtime, bilingual pay, and special pay expenses. According to the City of San Diego Charter, fringe benefit expense is not considered a salary or wage expense.

SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS) – The retirement system for the City of San Diego, Unified Port District, and the San Diego County Regional Airport Authority employees.

SCHEDULES – Schedules provide a summary of revenues, expenditures, and positions for the operating budgets of all departments and funds and reflect the funding sources and spending areas of the Capital Improvements Program. Schedules also summarize the City's total combined budget.

SERVICE LEVEL AGREEMENT (SLA) – A SLA is a contract used between City departments that defines the relationship between two parties: the service provider and client departments.

SPECIAL DISTRICT – A designated geographic area established to provide a specialized service usually petitioned for by the residents and approved by the Mayor and City Council (i.e., open space maintenance).

SPECIAL REVENUE FUNDS – These funds account for revenues received that have specific purposes for which they can be used.

STRONG MAYOR FORM OF GOVERNANCE – The City's system of government changed on January 1, 2006 from a City Manager form to a Strong Mayor form. The change, approved by city voters in November 2004, will exist on a five-year trial basis, after which voters will decide whether or not to make the shift permanent. Under the new system, the Mayor is the City's Chief Executive Officer, similar to the governor or the president of the United States. The Council is the legislative body, providing checks and balances to the Mayor's new authority.

SUPPLIES AND SERVICES – This expenditure category consists of materials, supplies, contractual services, fees, and other services.

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SUPPLEMENTAL POSITIONS – Supplemental positions are any positions not included in a department’s budgeted staffing and FTE count.

TAX ANTICIPATION NOTES FUND – Contains monies that are borrowed from the sale of Tax and Revenue Anticipation Notes (TRANS) on a short-term basis to meet the cash requirements of the City prior to the receipt of property taxes.

TAX AND REVENUE ANTICIPATION NOTES (TRANS) – Short-term notes issued to finance the City’s General Fund interim cash flow requirements in anticipation of the receipt of tax proceeds and other revenues later in the fiscal year.

TAX RATE ORDINANCE – This ordinance, annually adopted by the City Council, fixes a rate of taxation for real and personal taxable properties.

TRANSFERS – Transfers are the authorized exchanges of cash, positions, or other resources between organizational units.

TRANSIENT OCCUPANCY TAX (TOT) – A tax of 10 and one-half cents per dollar assessed on each dollar spent on hotel and motel rooms in the City of San Diego.

TRANSIENT OCCUPANCY TAX FUND – A fund established to receive Transient Occupancy Taxes collected.

UNALLOCATED RESERVE – A General Fund reserve used for unanticipated needs that arise during the year.

UNAPPROPRIATED RESERVE – This reserve was established to fund major General Fund emergencies and to assist in maintaining a favorable bond rating. Specific expenditures are not budgeted within this reserve; these funds are not reflected in the annual budget. No specific legal guidance or policy restrictions have been placed on the use of these funds. However, City Council authorization is necessary to expend these funds.

UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) – As defined by the Government Finance Officers Association, the UAAL for pension benefits generally represents the difference between the present value of all benefits estimated to be payable to plan members as a result of their service through the valuation date and the actuarial value of plan assets available to pay those benefits. This amount changes over time as a result of changes in accrued benefits, pay levels, rates of return on investments, changes in actuarial assumptions, and changes in the demographics of the employee base.

VACANCY FACTOR – Adjustments that reduce the funding of personnel expenses due to vacant and/or under-filled positions, salary step savings, and any other circumstances that might contribute to personnel expense savings. The vacancy savings adjustments do not reduce positions.

ZOOLOGICAL EXHIBITS FUND – This fund was established to expend monies for maintenance of zoological exhibits in Balboa Park and is financed from a fixed property tax levy authorized by Section 77A of the City Charter.