

# CITY OF SAN JOSE 2017-2018 PROPOSED CAPITAL BUDGET

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## GLOSSARY OF TERMS

### **Accrual Basis**

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

### **Appropriation**

The legal authorization granted by the City Council to the Administration to make expenditures and incur obligations for purposes specified in the Appropriation Ordinance.

### **Balanced Budget**

Budgeted revenue levels are equivalent to budgeted expenditure levels, including use of reserves and fund balance.

### **Base Budget**

The ongoing expense level necessary to maintain service levels previously authorized by the City Council.

### **Capital Budget**

A financial plan of capital projects and the means of financing them for a given period of time.

### **Capital Expenditures**

Expenditures to acquire, rehabilitate, or construct general fixed assets and major improvements.

### **Capital Improvement Program (CIP)**

On December 18, 1986, the City Council, in order to delineate the purpose of the Five-Year Capital Improvement Plan, adopted the following definition: The Five-Year Capital Improvement Plan (Program) is a long-range study of financial wants, needs, expected revenues, and policy intentions. It provides the necessary information for prudent budget recommendations. It compares the organization's various needs over a period of five years with the various anticipated revenues and puts them into a single focus for analytical purposes. It is not law, such as an annual budget, but a planning tool that provides a collection of facts, trends, and suggestions to the City Administration and Council. After it is adopted by the City Council, it is a non-binding assertion of future intent only. However, when an appropriation for the annual capital budget is adopted as part of the regular budget, it represents the amount which will be used to implement part of the Program in the coming year.

### **Carryover**

Unspent funds, either encumbered, reserved, or unobligated, brought forward from prior fiscal years.

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#### **City Service Area (CSA)**

City Service Areas integrate Core Services provided by individual departments into the City's key lines of business, as viewed from the community's perspective. CSAs enable the City to plan and show results of the collaboration among the departments at a higher organizational level. There are six CSAs, five of which deliver direct services (Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, and Transportation and Aviation Services). The sixth, Strategic Support, represents functions that provide guidance and support contributing to the delivery of direct services.

#### **CSA Primary Partners**

City departments with Core Services most directly responsible for overall CSA service delivery.

#### **CSA Outcome**

A desirable overall condition or "Picture of Success." At the CSA level, the specified outcomes are the "ends" toward which the plans, efforts, resources, and results of the CSA are directed.

#### **Contingency Reserve**

An appropriation of funds to cover unforeseen events during the budget year, such as emergencies, newly required programs, shortfalls in revenue or other unforeseen eventualities.

#### **Contractual Services**

Operating expenditures for services provided by outside organizations and businesses, including maintenance contracts, management services, etc.

#### **Core Services**

The City departments' key lines of business. Core Services produce the primary deliverables of a department.

#### **Debt Service**

The amount required to pay interest on and to retire the principal of outstanding debt. A complete discussion of the City's Debt Service Obligations as well as a description of its Debt Management Policy are included in the Budget Policies and Practices section.

#### **Encumbrance**

Financial commitments, such as purchase orders or contracts, which are chargeable to an appropriation and for which a portion of the appropriation is reserved.

#### **Fiscal Year**

A 12-month accounting period to which the annual budget applies; for San José, it is the period from July 1 through June 30.

#### **Fund**

An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created by ordinance.

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### GLOSSARY OF TERMS

#### **Fund Balance**

The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

#### **General Fund**

The primary operating fund used to account for all the revenues and expenditures of the City, which are not related to special or capital funds.

#### **Infrastructure Management System (IMS)**

The City's computerized system used to identify the condition of streets, sewers, and other infrastructure, forecast maintenance needs, and project future replacement expenditures.

#### **Mission**

A unifying statement of why an organization exists.

#### **Modified Accrual Basis**

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period.

#### **Non-Personal/Equipment Expenses**

Operating costs which are not related to personnel, such as supplies, training, contract services, utilities, and vehicles.

#### **Ongoing Cost/Savings**

The 12-month value of partial year additions or reductions.

#### **Operating Budget**

An annual financial plan for the provision of direct services and support functions to the community. Per the City Charter, it shall begin with a clear general summary of its contents; shall show in detail all estimated income, including the amount proposed to be raised by property taxation, estimated unencumbered balances of funds to be carried over from the preceding year, estimated unencumbered available reserves, and all proposed expenditures, including debt service for the ensuing year.

#### **Operational Services**

Elements necessary to accomplish the Core Services of the organization; the "front line" of service delivery.

#### **Overhead**

Administrative costs associated with city-wide operations, which cannot be attributed to any specific department (such as Finance or Human Resources). These costs are subject to a city-wide overhead cost allocation plan to distribute costs on an equitable basis to departments and funds that are the beneficiaries of such expenses.

#### **Performance Measure**

Measures the results of services delivered to customers. Performance measures fall into the four Key Measurement Areas of Quality, Cost, Cycle Time, and Customer Satisfaction. Performance measures are developed at the CSA, Core Service, and Operational Service levels.

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### GLOSSARY OF TERMS

#### **Performance Measure Goals and Targets**

Quantitative benchmarks for each Performance Measure (PM). **PM Goals** represent the optimum performance level, or the long-range planned level of performance identified in the CSA Overview. **PM Targets**, for CSAs and departmental Core Services, represent the one-year performance level commitment, given allocated resources.

#### **Personal Services**

Salary and fringe benefit costs of City employees.

#### **Program**

A group of people working together to deliver a discrete service to identifiable users as part of an operational service.

#### **Rebudget**

Unspent or unencumbered prior year funds reauthorized for the same purpose as previously approved, usually as a result of delayed program implementation.

#### **Reserve**

Funds budgeted for a particular purpose but not authorized for immediate obligation.

#### **Special Funds**

Funds, exclusive of the General Fund and capital funds, which are separately administered because they are associated with a distinct function or enterprise.

#### **Strategic Goals/Objectives**

Represent elements or sub-elements of a strategic plan. The City's planned response to address service delivery needs and priorities. Strategic Goals and Objectives are guided by the related Outcomes, but represent only the City's contribution toward those Outcomes. Strategic Goals and Objectives also determine how the City's Core Services, Operational Services, and special projects should be aligned and directed toward producing the planned service delivery response.

#### **Strategic Support**

Includes various functions that support and/or guide delivery of direct services. Examples include financial and human resources administration, purchasing and training, as well as strategic leadership and policy development.

#### **Successor Agency**

Successor Agency to the former San Jose Redevelopment Agency, a public entity.

#### **Transfers**

Transfers between funds to account for reimbursements for services, overhead expenses, or other payments.

#### **Vision**

A guiding statement describing a desirable future state toward which efforts should be directed. An effective vision statement inspires creativity while keeping an organization "on track" for the future by aligning its priorities.