



# APPENDICES

## Operating and Capital Budget for FY 2011-12

Budget resolutions  
Citywide Fee schedule and resolution  
GANN appropriations limit resolution  
Glossary of terms



RESOLUTION NO. 11-079

**APPROVING ADDITIONS, DELETIONS AND ADJUSTMENTS TO THE MASTER FEE SCHEDULE SAID ADDITIONS, DELETIONS AND ADJUSTMENTS TO BECOME EFFECTIVE JULY 1, 2011**

**WHEREAS**, annually staff conducts a review of all fees and charges to determine if they are up to date, current, at the appropriate level, competitive/fair/affordable and provide a reasonable return to the City for the cost of providing services for which they are charged; and

**WHEREAS**, as part of the 2011-2012 budget process, it is the recommendation of staff to add some new fees, delete some existing fees and to make some adjustments to other existing fees on the City's and Agency's comprehensive Master Fee Schedule; and

**WHEREAS**, these recommended fee additions, deletions and adjustments have been evaluated and reviewed by the affected departments; and

**WHEREAS**, these recommended fee additions, deletions and adjustments have been submitted to, reviewed and recommended approval by the Citizens' Ad Hoc Finance Committee; and

**WHEREAS**, staff is requesting approval of the additions, deletions and adjustments; and

**WHEREAS**, the City Council has held a Public Hearing to allow comment and input from the community on these recommended fee additions, deletions and adjustments.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Hercules as follows:

1. The Council hereby approves additions, deletions and adjustments as highlighted on the attached Master Fee Schedule, said additions/adjustments to be effective July 1, 2011.

The foregoing Resolution was duly and regularly adopted at a special meeting of the City Council of the City of Hercules held on the 30th day of June 2011, by the following vote of the Council:

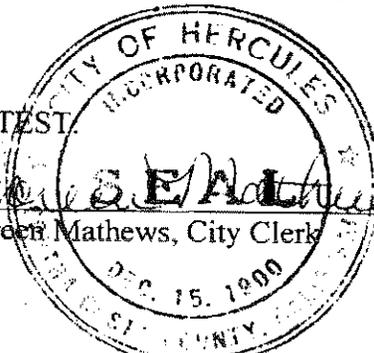
AYES: Delgado, Romero, Wilkins, deVera

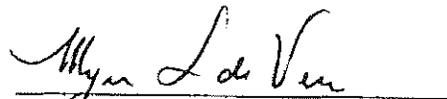
NOES: None

ABSENT: Boulanger

ATTEST

  
Doreen Mathews, City Clerk



  
Myrta de Vera, Mayor

**RESOLUTION NO. 11-001**

**APPROVING THE 2011-2012 FISCAL YEAR HERCULES PUBLIC FINANCING AUTHORITY OPERATING AND TRANSFERS BUDGET PLAN IN THE AMOUNT OF \$3,145,281 AND TRANSFER OF BOND PROCEEDS TO CAPITAL PROJECTS IN OTHER FUNDS IN THE AMOUNT OF \$400,000**

**WHEREAS**, the Hercules Public Financing Authority (PFA) has prepared and adopted annually the operating budgets of the various funds of the Authority with the intent of providing a policy program for Authority services and a financial system to carry out the planned program of services; and

**WHEREAS**, the Executive Director has prepared and is submitting an operating and transfers budget for fiscal year 2011-2012; and

**WHEREAS**, the Executive Director has reviewed the proposed budget with the City Council Finance Subcommittee and the Citizens' Ad-Hoc Finance Committee at a series of public workshops, and a Joint Public Hearing; and

**WHEREAS**, as presented, the total proposed operating and net transfers budgeted expenditures in the 2011-2012 fiscal year are \$3,145,281 for all departments and funds and are offset by corresponding revenues and/or transfers-in from all sources in the 2011-2012 fiscal year for all departments and funds with any individual fund differences (where expenditures exceed revenues) being made up from its own Fund Balances or temporary loans from other funds; and

**WHEREAS**, the total proposed amount of transfers out of bond proceeds to capital projects in other funds is \$400,000; and

**WHEREAS**, it will be necessary to carry over certain encumbrances and committed expenditures from the 2010-2011 fiscal year to the 2011-2012 fiscal year; and

**WHEREAS**, the Authority held a Joint Public Hearing on June 28, 2010 for the purpose of reviewing and discussing the 2011-2012 fiscal year operating and transfers budget and providing the opportunity for public input and discussion.

**NOW, THEREFORE, BE IT RESOLVED**, by the Authority Commission of the Hercules Public Financing Authority as follows:

1. The Authority hereby approves the 2011-2012 fiscal year operating and transfers budgets for all Authority funds as detailed in attachments hereto.
2. The Authority approves that monies be, and they are hereby, appropriated for operations in the amount \$3,145,281 for the 2011-2012 fiscal year for all funds and departments of the Authority in the manner and for the purposes set forth in the 2011-2012 budget document.

3. The Authority authorizes the use of Available Fund Balances in those funds where projected expenditures are greater than projected revenues, and that the Treasurer or the Finance Director be authorized to make loans during the fiscal year from one fund or entity to another fund or entity as deemed necessary and as appropriate.
4. The Authority authorizes the Treasurer or the Finance Director to carry over from the 2010-2011 fiscal year to the 2011-2012 fiscal year any encumbered amounts and associated appropriations, or any other amounts for items that are deemed necessary to the continuity of providing service to the community or are necessary for the initiation and completion of planned projects, programs or services.
5. The Authority authorizes the Executive Director, the Treasurer, the Finance Director and their designees to approve and make payment for goods and services received by the Authority in accordance with the Authority's approved budgets, programs and policies.
6. The Authority authorizes the Executive Director and his/her designee, the foregoing notwithstanding and without further Authority Commission approval, to (1) pay all amounts allowed under contracts approved by the Authority Commission regardless of the amount of any such payment(s) (in the case of the PFA, any principal and interest payments on debt issues) and (2) make any transfer of funds, or transfer of bond proceeds for capital projects in other funds, identified in the Authority budget.

The foregoing Resolution was duly and regularly adopted at a special meeting of the Public Financing Authority of the City of Hercules held on the 30<sup>th</sup> day of June, 2011, by the following vote of the Commission:

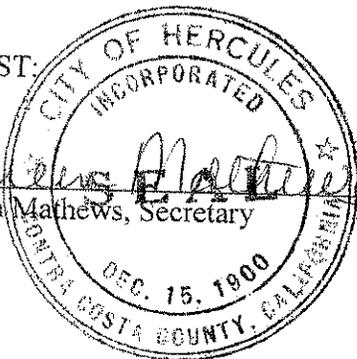
AYES: Delgado, Romero, Wilkins, deVera

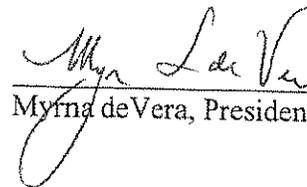
NOES: None

ABSENT: Boulanger

ATTEST:

  
Doreen Mathews, Secretary



  
Myrna de Vera, President

**RESOLUTION NO. 11-078**

**APPROVING THE 2011-2012 FISCAL YEAR CITY OF HERCULES OPERATING, AND NET TRANSFERS BUDGET PLAN IN THE AMOUNT OF \$49,191,216 AND APPROVING THE FIRST YEAR OF THE FIVE-YEAR (2011-2016 FISCAL YEARS) CAPITAL IMPROVEMENT PROGRAM (CIP) IN THE AMOUNT OF \$14,020,850**

**WHEREAS**, the City of Hercules (City) has prepared and adopted annually the operating and capital budgets of the various funds of the City with the intent of providing a policy program for City services and a financial system to carry out the planned program of services; and

**WHEREAS**, the Interim City Manager has prepared and is submitting an operating, capital and transfers budget for fiscal year 2011-2012; and

**WHEREAS**, the Interim City Manager and Finance Director has reviewed the proposed budget with the City Council and Citizens' Ad-Hoc Finance Subcommittee in a series of meetings, and a Joint Public Hearing; and

**WHEREAS**, those reviews included consideration of the capital project listed to be funded by the various City funds, and the presentation of individual operating budgets in those funds; and

**WHEREAS**, as presented, the total proposed operating and net transfers budgeted expenditures in the 2011-2012 fiscal year are \$49,291,216 for all departments and funds, and the first year of the five year CIP \$14,020,850, and are offset by corresponding revenues and/or transfers-in from all sources of \$49,134,834 in the 2011-2012 fiscal year for all departments and funds with any individual fund differences (where expenditures exceed revenues) being made up from its own Fund Balances or by temporary loans from other funds; and

**WHEREAS**, the operating and capital budget program reflects cost containment efforts in all departments and funds; and

**WHEREAS**, the budget, as presented, does not include provisions for any additional State or Federal takeaways or legislation that might adversely affect the proposed budget; and

**WHEREAS**, the City portion of the five year Capital Improvement Program for the fiscal years 2011-2012 through 2015-2016 is \$3,335,850 which includes appropriations for new projects; and

**WHEREAS**, it will be necessary to carry over certain encumbrances and committed expenditures from the 2010-2011 fiscal year to the 2011-2012 fiscal year; and

**WHEREAS**, the City Council held a Joint Public Hearing on June 28, 2011 for the purpose of reviewing and discussing the 2011-2012 fiscal year operating, capital and transfers budgets and providing the opportunity for public input and discussion.

**WHEREAS**, the City Council held a Special Meeting on June 30, 2011 for the purpose of continuing Council discussion on the 2011-2012 fiscal year operating, capital and transfers budgets, in which the Council amended the 2011-2012 fiscal year operating budget by reductions of \$100,000 to total the amended amount of \$49,191,216 and made various amendment to the items 7, 8 and 9 as follows.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Hercules as follows:

1. The City Council hereby approves the 2011-2012 fiscal year operating, capital, transfers and loan activity budgets for all City funds as detailed in attachments hereto.
2. The City Council hereby approves that monies be, and they are hereby, appropriated for operations in the amount of \$49,191,216 and for capital in the amount of 14,020,850, and for the 2010-2011 fiscal year for all funds and departments of the City in the manner and for the purposes set forth in the 2011-2012 budget document.
3. The City Council hereby approves the five year 2011-2012/2015-2016 Capital Improvement Program in concept, recognizing that all listed projects may not currently be fully funded, but that staff will pursue any and every funding opportunity that is available to accomplish the desired capital program.
4. The City Council hereby authorizes the use of Available (Unassigned) Fund Balances in those funds where projected expenditures are greater than projected revenues, and that the Treasurer and/or the Finance Director be authorized to make loans during the fiscal year from one fund or entity to another fund or entity as deemed necessary and as appropriate.
5. The City Council hereby authorizes the Treasurer and/or Finance Director and/or his/her designee to carry over from the 2010-2011 fiscal year to the 2011-2012 fiscal year any encumbered amounts and associated appropriations, or any other amounts for items that are deemed necessary to the continuity of providing service to the community or are necessary for the initiation and completion of planned projects, programs or services.
6. The City Council authorizes the City Manager, the Treasurer, the Finance Director and/or their designees to approve and make payment for goods and services received by the City in accordance with the City's approved budgets, programs and policies.
7. The City Council authorizes the City Manager and his/her designee to expend budgeted City funds up to \$20,000 per expenditure without further City Council authorization, such as the purchasing process for Council's award of bid or award of services contract. Except as provided below, all City expenditures in excess of \$20,000 shall require the additional City Council authorization.

8. The City Council authorizes the City Manager and his/her designee, without further City Council approval, to expend up to \$10,000 per expenditure, subject to an aggregate limit of \$25,000, for non-budgeted emergency expenses during any fiscal year. However, the City Manager must report any action taken under this paragraph of this Resolution back to the City Council.
  
9. The City Council authorizes the City Manager and his/her designee, the foregoing notwithstanding and without further City Council approval, to: (1) pay all amounts allowed under contracts approved by the City Council regardless of the amount of any such payment(s) (in the case of the City, any project contracts approved and authorizing the City Manager authority to administer the entire contract, any principal and interest payments on debt issues, and any pass-through's collected for other agencies), (2) make any transfer of funds, or transfer of bond proceeds for capital projects in other funds, as identified in the City budget, (3) authorize change orders for any contract approved by the City Council in an aggregate amount not to exceed \$10,000 or 10% of the contract price, whichever is less, and (4) enter into and bind the City to contracts that are budgeted in the amount of \$20,000 or less per agreement.

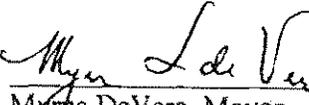
The foregoing Resolution was duly and regularly adopted at a special meeting of the City Council of the City of Hercules held on the 30th day of June 2011, by the following vote of the Council:

AYES: Delgado, Romero, Wilkins, deVera

NOES: None

ABSENT: Boulanger



  
Myrna De Vera, Mayor

**RESOLUTION NO. 11-024**

**APPROVING THE 2011-2012 FISCAL YEAR HERCULES REDEVELOPMENT AGENCY (HOUSING AND NON-HOUSING) OPERATING AND NET TRANSFERS BUDGET PLAN IN THE AMOUNT OF \$39,135,468 AND THE FISCAL YEAR 2011-2012 CAPITAL BUDGET OF \$10,668,000 AND APPROVING IN CONCEPT THE FIVE-YEAR (2012-2016 FISCAL YEARS) CAPITAL IMPROVEMENT PROGRAM**

**WHEREAS**, the Hercules Redevelopment Agency (RDA) has prepared and adopted annually the operating and capital budgets of the various funds of the Agency with the intent of providing a policy program for Agency services and a financial system to carry out the planned program of services; and

**WHEREAS**, the Executive Director has prepared and is submitting an operating, capital and transfers budget for fiscal year 2011-2012; and

**WHEREAS**, the Executive Director and Finance Director have reviewed the proposed budget with the Board in a series of Agency Board Finance Subcommittee and Citizens' Ad-Hoc Finance Committee Meetings and a Joint Public Hearing; and

**WHEREAS**, those reviews included consideration of individual operating budgets; and

**WHEREAS**, as presented, the total proposed operating and net transfers budget is \$39,135,468 for all departments and funds and the Fiscal Year 2011-2012 Capital Budget is \$10,668,000, both of which are offset by corresponding revenues and/or transfers-in from all sources; and

**WHEREAS**, the budget, as presented, does not include provisions for any potential State takeaways or legislation that might adversely affect the proposed budget; and

**WHEREAS**, the Agency portion of the five year Capital Improvement Program for the fiscal years 2011-2012 through 2015-2016 is presented in the all funds total amount of \$10,668,000 which includes in some cases the reappropriation of uncompleted capital projects from prior years, which for some projects there is currently not identifiable available funding; and

**WHEREAS**, it will be necessary to carry over certain encumbrances and committed expenditures from the 2010-2011 fiscal year to the 2011-2012 fiscal year; and

**WHEREAS**, the Agency Board held a Joint Public Hearing on June 28, 2011 for the purpose of reviewing and discussing the 2011-2012 fiscal year operating, capital and transfers budgets and providing the opportunity for public input and discussion.

**WHEREAS**, the Agency Board held a Joint Special Meeting on June 30, 2011 for the purpose continuing Board discussion on the 2011-2012 fiscal year Agency budget, in which the Board amended the proposed budget resolution regarding items 7, 8, and 9 as follows.

**NOW, THEREFORE, BE IT RESOLVED**, by the Redevelopment Agency of the City of Hercules as follows:

1. The Agency Board hereby approves the 2011-2012 fiscal year operating, capital, and transfers budgets for all Agency funds as detailed in attachments hereto.
2. The Agency Board hereby authorizes that monies be, and they are hereby, appropriated for operations in the amount of \$39,135,468, for capital in the amount of \$10,668,000 for the 2011-2012 fiscal year for all funds and departments of the Agency in the manner and for the purposes set forth in the 2011-2012 budget document.
3. The Agency Board hereby approves the 2011-2012/2015-2016 Capital Improvement Program in concept for the period from the 2011-2012 fiscal year through the 2015-2016 fiscal year, recognizing that all listed projects may not be currently fully funded, but that staff will pursue any and every funding opportunity that is available to accomplish the desired capital program.
4. The Agency Board hereby authorizes the use of Available (unassigned) Fund Balances in those funds where projected expenditures are greater than projected revenues, and that the Treasurer and/or Finance Director be authorized to make loans during the fiscal year from one fund or entity to another fund or entity as deemed necessary and as appropriate.
5. The Agency Board hereby authorizes the Treasurer and/or Finance Director and/or his/her designee to carry over from the 2010-2011 fiscal year to the 2011-2012 fiscal year any encumbered amounts and associated appropriations, or any other amounts for items that are deemed necessary to the continuity of providing service to the community or are necessary for the initiation and completion of planned projects, programs or services.
6. The Agency Board hereby authorizes the Executive Director, the Treasurer, the Finance Director and their designees to approve and make payment for goods and services received by the Agency in accordance with the Agency's approved budgets, programs and policies.
7. The Agency Board hereby authorizes the Executive Director and his/her designee to expend budgeted Agency funds up to \$20,000 per expenditure without further Agency Board authorization, such as the purchasing process for council's award of bid or award of services contracts. Except as provided below, all Agency expenditures in excess of \$30,000 shall require further Agency Board authorization.
8. The Agency Board hereby authorizes the Executive Director and his/her designee, without further Agency Board approval, to expend up to \$10,000 per expenditure, subject to an aggregate limit of \$25,000, for non-budgeted emergency expenses during any fiscal year. The Executive Director must report any action taken under this paragraph of this Resolution back to the Agency Board.

9. The Agency Board hereby authorizes, the Executive Director and his/her designee, the foregoing notwithstanding and without further Agency Board approval, to: (1) pay all amounts allowed under contracts approved by the Agency Board regardless of the amount of any such payment(s) (in the case of the RDA, any principal and interest payments on debt issues, any development agreement obligations, and any General Fund debt payments), (2) authorize change orders for any contract approved by the Agency Board in an aggregate amount not to exceed \$10,000 or 10% of the contract price, whichever is less, and (4) enter into and bind the Agency to contracts that are budgeted in the amount of \$20,000 or less per agreement. The Executive Director will report to the Agency Board any action the Executive Director takes to enter into and bind the Agency to budgeted contracts in the amount of \$20,000 or less per agreement.

The foregoing Resolution was duly and regularly adopted at a special meeting of the Redevelopment Agency of the Hercules held on the 30th day of June, 2011, by the following vote of the Agency Board:

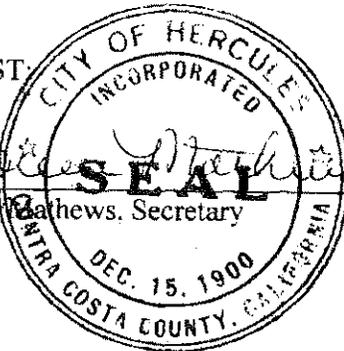
AYES: Delgado, Romero, Wilkins, deVera

NOES: None

ABSENT: None

ATTEST

  
Doreen Mathews, Secretary



  
Myrna De Vera, Chair

RESOLUTION NO. 11-080

**ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE 2011-2012 FISCAL YEAR IN ACCORDANCE WITH PROPOSITION 111 AND ARTICLE XIII B.**

WHEREAS, Article XIII B of the State Statute (Government Code Section 7910) requires the City of Hercules to establish each year an appropriations limit for the following fiscal year; and

WHEREAS, the determination of the appropriations limit is considered to be a legislative act and should be adopted at a regularly scheduled Council Meeting; and

WHEREAS, effective in the 1990-1991 fiscal year, Proposition 111 amended Article XIII B to allow a selection of annual adjustment growth factors (personal income, commercial/industrial assessed value, and population) which must also be adopted at a regularly scheduled Council Meeting; and

WHEREAS, the annual appropriations limitation has been computed by the Treasurer based on methodology in accordance with provisions of Government Code Sections 7900-7910 and Proposition 111 amendments, as indicated in Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Hercules as follows:

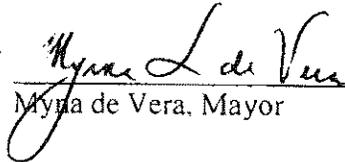
1. The City Council hereby establishes the appropriations limit for the City of Hercules for the 2011-2012 fiscal year at \$303,527,048 using the County Population Change and the California Per Capita Personal Income Growth Change factors.

The foregoing Resolution was duly and regularly adopted at a regular meeting of the City Council of the City of Hercules held on the 12th day of July 2011, by the following vote of the Council:

AYES: Boulanger, Delgado, Romero, Wilkins, de Vera

NOES: None

ABSENT: None

  
Myra de Vera, Mayor



**EXHIBIT A**

**ANNUAL APPROPRIATIONS LIMIT**  
**2011-2012 FISCAL YEAR**

**RATIO**  
**CONVERSION**

<b>California Per Capita Personal Income Change *</b> <b>(City Assessed Non-residential Valuation Growth</b> <b>Change Is -3.2% Or A 0.9678 Growth Factor)**</b>	<b>2.51% = 1.0251</b> <b>Growth Factor</b>
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<b>County Population Change*</b> <b>(City Population Change Is 0.42% Or A</b> <b>1.0042 Growth Factor)*</b>	<b>0.77% = 1.0077</b> <b>Growth Factor</b>
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<b>Calculation Of Factor For Fiscal Year 2011-2012</b>	<b>1.0251 x 1.0077 = 1.0330</b>
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Appropriations Limitation Calculation Per Information Provided By Department Of Finance,  
State Of California Memo Dated May 2011. Ratios selected are the higher of the choices of  
factors prescribed in the law.

**\$293,830,637 x 1.0330 = \$303,527,048**

**Summary: City Of Hercules Appropriations Limitation for Fiscal Year 2011-2012 is**  
**\$303,527,048.**

Calculated by Liz Warmerdam, Finance Director

\*Provided by the State of California Department of Finance \*\*Provided by the Contra Costa County Auditor-Controller's Office

# GLOSSARY OF BUDGET TERMS

**Adopted Budget:** The adopted budget is the annual City budget approved by the City Council on or before June 30.

**Allocated Costs:** Interfund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund.

**Appropriation:** An appropriation is the legal authorization granted by City Council to make expenditures and incur obligations for a specific purpose within a specific time frame.

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

**Beginning Fund Balance:** Fund balance available in a fund from the end of the prior year for use in the following year.

**Bond:** 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:** A plan of financial and program operation listing an estimate of proposed appropriations or expenses and the proposed means of financing them, for a particular time period. The budget is proposed or preliminary until it has been adopted by the City Council. Hercules' budget encompasses one fiscal year.

**Capital Budget:** Annual appropriations for capital improvement projects such as street improvements and building construction. Capital projects are supported by a five-year expenditure plan, which details funding sources and expenditure amounts. They often are multi-year projects, which require funding beyond the one-year budget period.

**Capital Projects Fund:** A fund created to account for all resources to be used for the construction or acquisition of designated fixed assets by a governmental unit except those financed by proprietary or fiduciary funds.

**Debt Service:** Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes or leasing arrangements.

**Department:** An organizational unit comprised of divisions or programs. It is the basic unit of service responsibility that may include a broad mandate of related activities. It is possible for a department to have only one division.

**Division:** A subsection (or activity) within a department, which furthers the objectives of the City Council by providing specific services or programs.

**Enterprise Fund:** A type of fund established for the total costs of those governmental facilities and services, which are operated in a manner similar to private enterprises. These programs are entirely or predominantly self-supporting. The City of Hercules maintains a Sewer Enterprise Fund and Hercules Municipal Utility (HMU).

**Expenditures:** Monies spent, including current operating expenses, debt service and capital outlays.

**Fiduciary Funds:** These funds account for assets held by the City in a trustee capacity. The budget does not appropriate fiduciary funds.

**Fiscal Year (FY):** The City's year for accounting and budgeting purposes, that begins on July 1 and ends on June 30.

**Full-time Equivalent (FTE):** The amount of time a regular full or part-time position has been budgeted for in terms of the amount of time an employee works in a year.

**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 fund: General, Special Revenue, Enterprise, and Fiduciary.

**Fund Balance:** The amount of financial resources available for use. Generally, this represents the excess of assets over the sum of liabilities and restricted reserves. For enterprise funds, it is the excess of current assets over current liabilities.

**Gann Appropriations Limit:** Article XIII B of the State constitution was amended by Proposition 4 (Gann initiative) in 1979. Article XIII B limits growth in the spending of tax proceeds to tax proceeds appropriated in the "base year" of 1978-79 times the product of the allowable annual percentage change in a cost-of-living factor and the allowable annual percentage change in a population change factor. The cost-of-living factor is the larger of the annual percentage change in the State per capita personal income or the annual percentage change in the local non-residential assessed valuation due to new construction. The population change factor is the larger of the annual percentage change of the jurisdiction's population or the annual percentage population change of the county in which the jurisdiction is located.

**General Fund:** The primary fund used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to offset the cost of the City's general operations. Examples of departments financed by the General Fund include the Police, Public Works and Administrative Departments.

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

**Infrastructure:** Facilities on which the continuance and growth of a community depend, such as streets and roads, sewers, public building, parks, etc.

**Interfund Transfer In/Out:** Monies transferred from one fund to another. Such money is transferred to finance the operations of another fund or to reimburse the fund for certain expenditures.

**Internal Service Funds:** These funds provide services to City departments and recover their costs through user charges. The Vehicle Replacement Fund is an Internal Service Fund managing the replacement and maintenance of the City fleet.

**Method of Accounting:** The City's General Fund budget is developed using a modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures recorded when the liability is incurred. Enterprise Funds and Internal Service Funds are budgeted on a generally accepted accounting principles (GAAP) basis, which for Proprietary Funds is on a full accrual accounting basis.

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

**Operating Capital Outlay:** A budget appropriation category which budgets all equipment having a unit cost of more than \$2,500 and an estimated useful life of over one year. These are considered an operating expense and are differentiated from capital expenditures by the amount of money they cost. Any expenditure over \$2,500 with an estimated useful life over one year is capitalized.

**Operating Transfer:** Amounts transferred between funds; not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

**Ordinance:** A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries unless it is in conflict with any higher form of law such as a State statute or constitutional provision. An ordinance has higher legal standing than a resolution.

**Program:** A program is an activity or division within a department, which furthers the objectives of the City Council by providing services or a product.

**Reserve:** Represents the portion of fund balance set aside for financing future capital improvements or the outlay of capital projects in any given year, and addressing one-time emergency needs.

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

**Revenues:** Monies received or anticipated by a local government from both tax and non-tax sources during the fiscal year.

**Salaries and Benefits:** A budget category which generally accounts for full-time and part-time employees, overtime expenses and all employee benefits, such as medical, dental and retirement.

**Services and Supplies:** Expenditures for supplies, materials and services which ordinarily are consumed within a fiscal year and which are not included in inventories.

**Special Revenue Funds:** These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes.