

# Section I



## Glossary



# Glossary of Terms

## **- A -**

### **AB**

An acronym referring to a California State “Assembly Bill”.

### **ACCRUAL BASIS (of Accounting)**

The accrual basis of accounting matches revenues to the time period in which they are earned (and measurable), and matches expenses to the time period in which they are incurred as set forth by generally accepted accounting principles (GAAP). Accrual accounting is also referred to as “full-accrual” accounting. See also “Basis (of Accounting)”, “Modified Accrual Basis (of Accounting)”, and “Budgetary Basis (of Accounting)”.

### **ACTIVITY**

A specific and distinguishable service performed by one or more organizational components of the County to accomplish a function for which the government is responsible (ex. law enforcement is an activity within the public safety function).

### **ADOPTED BUDGET**

The financial plan (operating and capital budgets) approved by resolution by the Board of Supervisors.

### **APPROPRIATION**

The legal authorization granted by the Board of Supervisors to make expenditures and to incur obligations for specific purposes. An appropriation is limited in amount and time (one fiscal year) it may be expended.

### **ASSESSMENT ROLL**

The public record containing the legal description of each parcel of property in a taxing jurisdiction (the County) and its assessed value.

### **ASSET**

Tangible or intangible items owned by the County having probable economic benefits.

### **ASSIGNED FUND BALANCE**

The portion of fund balance that reflects the County’s intended use of resources. The intent can be established by the County Board of Supervisors (BOS), or by a body or an official designated by the BOS for that purpose. This is also the classification for residual funds in the County’s special revenue funds.

### **AVAILABLE FINANCING**

The dollar amount available for appropriations. Available amounts can be from revenues, fund balances, or other sources.

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### **BALANCED BUDGET**

A financial plan demonstrating that funding sources are equal to appropriations.

### **BASIS (of Accounting)**

The “Basis” of accounting refers to the time frame in which revenues and expenses are recorded and reported. See also “Accrual Basis (of Accounting)”, “Modified Accrual Basis (of Accounting)”, and “Budgetary Basis (of Accounting)”.

### **“BONDED” INDEBTEDNESS**

Normally, this term refers to the amount of debt associated with “bonds” that the County is liable for. However, in this document, the term refers to the amount of all debt held by the County that may include certificates of participation, capital leases, and notes.

### **BUDGET**

A financial plan consisting of an estimate of expenditures, their purpose for a given period of time, and the expected means of financing them.

# Glossary of Terms

## **BUDGET DEPARTMENT**

A budget department is the organizational budget entity for which budgets are presented in the annual operating plan. For the most part, a single budget department follows the County's department leadership and organizational structure.

## **BUDGET PROGRAM**

A budget program is a specific activity within a budget department that requires appropriations to accomplish its purpose and is ongoing in nature.

## **BUDGETARY ACCOUNTS**

Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

## **BUDGETARY BASIS (of Accounting)**

The "Budgetary Basis" of accounting refers to the time frame in which revenues and expenses are recorded and reported *for the budget*. For the County, the budgetary basis is mostly on the modified accrual basis. See also "Accrual Basis (of Accounting)", "Modified Accrual Basis (of Accounting)", and "Basis (of Accounting)".

## **BUDGETARY CONTROL**

Controlling and monitoring financial transactions through the establishment of a formalized budget in order to keep expenditures within the limitations of available appropriations and available revenues.

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## **CAFR**

Comprehensive Annual Financial Report. The official annual financial report of the County that follows the presentation standards set forth by the Government Finance Officers Association.

## **CAPITAL ASSETS**

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period (one year) and that meet policy valuation thresholds.

## **CAPITAL BUDGET**

A plan for capital expenditures and the means of financing them. The first year of the CIP is the capital budget included as part of the associated annual financial plan.

## **CAPITAL EXPENDITURES**

Expenditures resulting in the acquisition of or addition to the County's general capital assets. Normally, these expenditures are one-time in nature and are for large dollar amounts.

## **CAPITAL IMPROVEMENT PROGRAM (CIP)**

The CIP is a compilation of desired capital projects intended to implement various plans, including community plans, facilities plans, and the County Comprehensive (General) Plan. Projects in the 5 year CIP indicate current and future capital needs. The first year of the CIP is the capital budget included as part of the associated annual financial plan.

## **CAPITAL MAINTENANCE**

The costs of maintaining the County's capital assets.

# Glossary of Terms

## **CAPITAL PROJECT**

A capital project is usually a long-term, one-time investment project requiring relatively large sums to acquire, develop, improve, and/or maintain a capital asset. Capital projects include land acquisition, buildings, facilities construction, major equipment, major improvements to existing buildings and facilities, transportation projects, water resources projects (ex. storm drains), resource recovery and waste management projects (ex. landfills), and major maintenance. Capital projects may also include the acquisition of technology systems, including both hardware and software.

## **CAPITAL PROJECTS FUND**

A fund created to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by proprietary funds and trust funds).

## **CAPITALIZATION POLICY**

The criteria used by the County to determine which outlays should be reported as capital assets (versus normal operating expenditures) in the County's accounting records.

## **CASH**

Term that includes currency on hand, and demand deposits with banks or other financial institutions.

## **CERTIFICATES OF PARTICIPATION (COP)**

A type of debt security issued when the County as the lessee enters into an agreement with another party to lease an asset over a specified period of time at a predetermined annual cost.

## **COMMITTED FUND BALANCE**

The portion of fund balance that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner.

## **COMMUNITY FACILITIES DISTRICT**

A special financing entity through which a local government is empowered to levy special taxes and issue bonds, when authorized by a 2/3 vote, generally to finance infrastructure.

## **CONTINGENCY**

An amount of money appropriated for unforeseen expenditures. By County policy, it is limited to not more than 15% of the appropriations in any fund.

## **CONTRACTOR-ON-PAYROLL**

An employee who is paid through the payroll system but whose employment relationship with the County is based on a contract rather than being covered by civil service system rules or pay scales.

## **COST ALLOCATION PLAN (CAP)**

A State of California approved methodology for identifying and allocating overhead (indirect) costs incurred by central service functions to direct service programs.

## **COUNTYWIDE PROGRAMS**

Programs that provide services to all areas of the County, both within and outside city boundaries. (ex. Court Services, Health Care, Social Services, and the County Jail).

## **COUNTY SERVICE AREAS**

A method of providing extended governmental services by the County to distinct geographical areas within the unincorporated portions of the County for services such as street lighting, local open space maintenance, enhanced library services, sewer systems, and road maintenance.

## **COMMUNITY SERVICE DISTRICT**

A form of independent local government used to provide services such as water, sewer, security, and fire protection in unincorporated areas of a county.

# Glossary of Terms

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### **DEBT**

An obligation resulting from the borrowing of money, or from the purchase of goods and services. Debts of the County are shown in the debt section of this budget

### **DEBT SERVICE FUND**

A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **DEFERRED MAINTENANCE**

The necessary postponing of maintenance activities such as repairs on both real property (i.e. infrastructure) and personal property (i.e. machinery) in order to save costs, meet budget funding levels, or realign available budget monies.

### **DEFICIT**

(1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period. (3) Shortfall of actual revenue in comparison to estimated.

### **DEPRECIATION**

(1) A method of allocating the cost of certain capital assets over their useful life. (2) A decrease in an asset's value caused by unfavorable market conditions.

## - E -

### **EMPLOYEE BENEFITS**

Monetary or non-monetary compensation provided to employees in addition to salaries which may include: medical and dental insurance; cafeteria plan options such as health care and dependent care; flexible spending accounts; and term life, long-term disability and accident insurance. Varies by employee bargaining unit.

### **ENCUMBRANCES**

Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed. The County currently does not use encumbrances.

### **ENTERPRISE FUND**

A fund established to account for operations financed and operated in a manner similar to private business enterprises. For these funds, the County intends that costs (ex. expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County has two enterprise funds: Resource Recovery and Laguna Sanitation.

### **ENVIRONMENTAL IMPACT REPORT (EIR)**

An assessment of the possible impact, positive or negative, that a proposed project may have on the environment, together consisting of the natural, social, and economic aspects. The purpose of the assessment is to ensure that decision makers consider the ensuing environmental impacts to decide whether to proceed with a project.

### **ERAF**

Education Revenue Augmentation Fund. Property tax allocated from cities, counties, and special districts to fund school districts.

### **EXPENDITURES**

The use of appropriations in a governmental fund type to purchase goods and services (including services of employees) necessary to carry out the responsibilities of a department. Expenditures are decreases in net financial resources.

### **EXPENSES**

Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations, within a proprietary fund type.

# Glossary of Terms

## **EXTRA HELP POSITION**

A non-regular, temporary position created to meet a peak workload or other unusual work situation; can include seasonal or recurrent intermittent employment.

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## **FIDUCIARY FUND TYPE**

The trust and agency funds used to account for assets held by the County in a trustee capacity or as an agent for: individuals, private organizations, other government units and/or other funds. Funds held in this capacity are not available for appropriation by the County.

## **FIN**

FIN (Financial Information Network) is the County's financial and budgetary accounting system.

## **FIN DEPARTMENT**

A FIN department is a section of the County's account coding that supports the County's financial and budgetary accounting system for purposes of financial reporting.

## **FIN PROGRAM**

A FIN program is an accounting unit within a FIN department that is used to track tasks for management and financial reporting purposes.

## **FINAL BUDGET**

See Adopted Budget.

## **FISCAL ACCOUNTABILITY**

The responsibility of the County to justify that their actions have complied with public decisions concerning the raising and spending of public monies.

## **FISCAL YEAR**

A twelve-month period used for budgeting and accounting purposes. For Santa Barbara County, the fiscal year is from July 1 to June 30.

## **FULL TIME EQUIVALENT (FTE)**

For all positions and employee types, FTE equals the number of total hours worked divided by the maximum number of compensable hours in a work year as defined by law. An FTE equates to 2,080 hours of employment, where 1.0 FTE means that the position is equivalent to a full-time worker, while an FTE of 0.5 signals that the position is half-time.

## **FUNCTION**

A group of services aimed at accomplishing a major governmental purpose, such as Policy and Executive or Public Safety. Functions, for the most part, are prescribed by the State Controller for reporting uniformity.

## **FUND**

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, liabilities, and fund equity that are classified under a specific Fund Type category (see Fund Type). Examples are the General Fund, Road Fund, Capital Outlay Fund, and Public Health Fund.

## **FUND BALANCE**

The difference between assets and liabilities reported in a fund.

## **FUND TYPE**

Categories into which all funds used in governmental accounting are classified. Fund types are: Governmental Fund Types, consisting of the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds; Proprietary Fund Types consisting of Enterprise Funds and Internal Service Funds; Fiduciary Funds consisting of Trust Funds and Agency Funds.

# Glossary of Terms

## **G -**

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### **GENERAL FUND**

The General Fund is one of five governmental fund types and serves as the chief discretionary operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

### **GENERAL FUND CONTRIBUTION (AKA GF ALLOCATION)**

The use of local discretionary revenue (predominately property, retail sales, and transient occupancy taxes) given as a subsidy to enable the receiving fund or department to carry out its function. The difference, for General Fund budgets, between budgeted appropriations and departmental revenue.

### **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

### **GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)**

The authoritative accounting and financial reporting standard-setting body for State and Local government entities.

### **GRANT**

A contribution or gift of cash or other assets, primarily from another governmental unit, to be used or expended for a specified purpose, activity, or facility.

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## **- I -**

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### **INTERFUND TRANSFER**

A transfer of monies between two different funds.

### **INTERNAL SERVICE FUND**

A fund used to account for the financing of goods or services provided by one County department to other County departments on a cost-reimbursement basis.

### **INTRAFUND TRANSFER**

A transfer of service costs with an associated service cost reduction between departments in the same fund.

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## **- K -**

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## **- L -**

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### **LAPSE**

The non-carryover of any remaining appropriations at the end of a budget or fiscal period.

### **LEGAL LEVEL OF BUDGETARY CONTROL**

The level at which spending in excess of budgeted amounts would be a violation of law. For the County, the legal level of budgetary control is maintained at the fund, FIN department, and object level, with more stringent control over capital assets and fund balance accounts which are maintained at the line-item level.



# Glossary of Terms

## **LIABILITIES**

A financial obligation caused by past transactions or events.

## **LINE-ITEM**

A separate line or account itemized for specific identification purposes that may or may not have its own appropriation.

## **LOCAL TAX REVENUES**

Discretionary, general-purpose revenues derived from local sources received by the General Fund. The largest components of local tax revenue for the County are property tax revenue, sales tax revenue, and motor vehicle fees collected by the State and distributed to counties in lieu of local property taxes.

## **LOST TIME**

The proportion of total employee time spent away from regular work hours for sick leave, workers' compensation leave, and/or other types of leaves and absences.

## **M -**

### **MAINTENANCE OF EFFORT (MOE)**

A Federal and/or State requirement that the County provide a certain level of financial support for a program from the County's own discretionary revenues. The amount of support is referred to as the Maintenance of Effort (MOE) level.

### **MANDATE**

Legislative enactment or administrative regulation that imposes an enforceable duty, such as a new program or higher level of service, on state or local government. In California, some costs of State mandates are required by the California Constitution to be reimbursed to local governments, often referred to as SB90 reimbursable costs.

### **MODIFIED ACCRUAL BASIS (of Accounting)**

The modified accrual bases of accounting is a mixture of the cash and accrual bases. Under the modified accrual basis, in order for revenue to be recognized, it has to meet accrual criteria of being earned and measurable, plus actually be "available". Expenditures are still recognized when the liability is incurred (the same as the accrual basis). See also "Accrual Basis (of Accounting)", "Basis (of Accounting)", and "Budgetary Basis (of Accounting)".

## **- N -**

### **NONSPENDABLE FUND BALANCE**

The portion of fund balance that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.

## **- O -**

### **OBJECT (LEVEL)**

A term used in connection with the classification of related or similar types of expenditures (ex. Salaries and Employee Benefits, Services and Supplies).

### **OPERATING PLAN**

A financial plan that's designed to support county programs and operations for the upcoming fiscal year(s).

### **OPERATING TRANSFERS**

A transfer of monies between two different funds.

### **OTHER FINANCING SOURCES**

An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

# Glossary of Terms

## **OTHER FINANCING USES**

A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP.

## **- P -**

### **PERFORMANCE MEASUREMENT**

The process of establishing parameters to determine if programs are reaching desired results. Measuring performance requires the use of statistical evidence to determine progress toward specifically defined objectives.

### **PROGRAM BUDGET**

A budget based primarily on program services and associated performance measures and secondarily on line items and object levels.

### **PROGRAMS**

A set of ongoing coordinated activities established for the purpose of accomplishing one or more service objectives.

### **PROPOSED BUDGET**

The County's second or "out-year" budget for a fiscal year as presented by the County Executive Officer to the Board of Supervisors. The second year budget is only informational when presented with the Recommended Budget.

### **PROPRIETARY FUND TYPES**

The classification of funds used to account for ongoing activities that are similar to those often found in the private sector (ex. enterprise and internal service funds).

## **- Q -**

## **- R -**

### **REASSESSMENT**

Assessment is the procedure whereby property is valued and listed on a roll for property taxation purposes. Reassessment would be another assessment of a property, typically caused by some event which may result in a changed assessed value.

### **RECOMMENDED BUDGET**

The County budget for a fiscal year as recommended by the County Executive Officer to the Board of Supervisors (BOS), based on County department requests.

### **REGULAR POSITION**

Any permanent position in the classified service that is required to be filled through certification, or by provisional appointment.

### **RENDERING DEPARTMENT**

A department that provides services, for a fee, to another County department and is usually reimbursed through intra- or inter-fund transfers.

### **RESTRICTED FUND BALANCE**

The portion of fund balance with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

### **RETAINED EARNINGS**

The accumulated earnings of an enterprise or internal service fund.

### **REVENUE**

Proceeds from taxes, fees, other charges, Federal or State government, excluding interfund transfers, fund balance, or debt issuance proceeds.

# Glossary of Terms

## S -

### **SB**

An acronym referring to a California State “Senate Bill”.

### **SELF-INSURANCE**

A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses.

### **SINGLE AUDIT**

An audit performed in accordance with the Single Audit Act of 1997 and 2 CFR Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

### **SPECIAL DISTRICT**

An unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

### **SPECIAL REVENUE FUND**

A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only requires the use of special revenue funds when legally mandated.

### **STATUTE**

An enacted bill, which is chaptered by the Secretary of State in the order in which it became law.

### **STRATEGIC RESERVE**

Money set aside by County policy that is to be approximately equal to about 30 days of working capital within the General Fund.

## - T -

### **TAX AND REVENUE ANTICIPATION NOTES (TRAN)**

Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

### **TAXING AUTHORITY**

A generic term for any governmental or quasi-governmental agency with the power to tax. This would relate to all forms of taxation.

### **TEETER PLAN**

An alternative property tax procedure that allows participating agencies to receive the entire current year property tax levy without regard to delinquencies. Under the Teeter Plan, the County pays all current year taxes to the agencies in exchange for the penalties and interest that would be due should any taxes become delinquent. This plan provides agencies with timely receipt of their full proportionate share of property taxes and the County manages the delinquencies and eventually collects all property taxes due.

### **TEMPORARY POSITION**

See Extra Help.

### **TRUST (and AGENCY) FUNDS**

Funds used to account for assets held in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

# Glossary of Terms

## **- U -**

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### **UNASSIGNED FUND BALANCE**

The portion of fund balance or the residual classification for the County's General Fund that includes amounts not contained in the other classifications (i.e. non spendable, restricted, committed, etc.).

### **UNINCORPORATED AREA**

Those geographic portions of Santa Barbara County that are not within incorporated cities.

## **- V -**

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### **VEHICLE LICENSE FEE (VLF)**

The VLF is an annual fee on the ownership of a registered vehicle in California, in place (aka in lieu) of taxing vehicles as personal property.

## **- W -**

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### **WIP**

Work in Progress refers to all capital items not placed in service, and partly finished capital projects that are at various stages, at the end of one fiscal year crossing over to the beginning of the next fiscal year.

## **- X - Y - Z**

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**One County. One Future.**



**Recommended Operational Plan - Fiscal Years 2017-18 & 2018-19**