

# 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)”, “Cash Basis (of Accounting)”, and “Budgetary Basis (of Accounting)”.

### **ACTIVITY**

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

### **ADOPTED BUDGET**

The operating and financial plan approved by resolution of 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 usually is limited in amount and time it may be expended.

### **ASSESSMENT ROLL**

The public record containing the legal description of each parcel of property in a taxing jurisdiction 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.

## - B -

### **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)”, “Cash 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)", "Cash 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.

## **- C -**

## **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 and that meet policy valuation thresholds.

## **CAPITAL BUDGET**

A plan of proposed capital outlays and the means of financing them.

## **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 capital projects intended to implement various plans, including community plans, facilities plans, and the County Comprehensive (General) Plan. Projects in the CIP indicate current and future capital needs.

## **CAPITAL MAINTENANCE**

Cost of maintaining or maintenance of the County's capital assets.

## **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.

# Glossary of Terms

## **CAPITAL PROJECTS FUND**

A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (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.

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

An accounting method in which revenue is recorded when cash is received, and expenses are recorded when cash is paid out. See also "Accrual Basis (of Accounting)", "Modified Accrual Basis (of Accounting)", "Basis (of Accounting)", and "Budgetary Basis (of Accounting)".

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

A type of security issued when the County 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. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

## **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.

## **COPS**

Community Oriented Policing Services. A component of the Department of Justice that awards grants to state and local community policing professions to acquire and deploy cutting edge crime-fighting technologies and develop and test innovative policing strategies.

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

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

# Glossary of Terms

## **- D -**

### **DEBT**

An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

### **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) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

## **- 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. Please note that the County does not use encumbrances.

### **ENTERPRISE FUND**

(1) A fund established to account for operations financed and operated in a manner similar to private business enterprises (ex. water, gas and electric utilities; airports; parking garages; or transit systems). In this case the governing body 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. (2) A fund established because the governing body has decided that periodic determination of revenues earned, expenses incurred and or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### **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.

# Glossary of Terms

## **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 or organization. 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.

## **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.

## **- F -**

## **FIDUCIARY FUND TYPE**

The trust and agency funds used to account for assets held by a government unit 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**

The County budget for a fiscal year that is adopted by the Board of Supervisors by resolution following the close of Budget Hearings.

## **FISCAL ACCOUNTABILITY**

The responsibility of governments 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. Functions 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 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.

# Glossary of Terms

## **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 a 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.

## **- G -**

---

## **GENERAL FUND**

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

## **GENERAL FUND CONTRIBUTION**

The use of local discretionary revenue (predominately property, retail sales, and transient occupancy taxes) given as a subsidy to enable the receiving fund 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**

The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

## **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 from another governmental unit to be used or expended for a specified purpose, activity or facility.

## **- H -**

---

## **- I -**

---

## **IHSS**

In Home Supportive Services. A State program that pays for support services so that recipients (blind, disabled, or over 65 years of age) may safely remain in their homes.

## **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 department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

## **INTRAFUND TRANSFER**

A transfer of monies between departments in the same fund.

# Glossary of Terms

## **- J -**

---

## **- K -**

---

## **- L -**

---

### **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.

### **LIABILITIES**

Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of 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 hours spent on sick leave, workers' compensation, or unauthorized absence without pay.

## **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, the 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 basis of accounting is a mixture of the cash and accrual basis. 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)", "Cash 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 expenditures (ex. Salaries and Employee Benefits, Services and Supplies).

# Glossary of Terms

## **OPERATING TRANSFERS**

All interfund transfers other than residual equity transfers (ex. legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

## **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.

## **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 in which an organization establishes parameters to determine if programs are reaching desired results. The process of measuring performance requires the use of statistical evidence to determine progress toward specific defined organizational objectives.

## **PROGRAM BUDGET**

A budget wherein expenditures are based primarily on programs of work and secondarily on character, object class, and performance.

## **PROGRAMS**

Desired output-oriented accomplishments, which can be measured and achieved within a given time frame. Achievements of the programs advance the project and organization toward a corresponding solution to a need or problem.

## **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**

Sometimes referred to as income determination or commercial type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (ex. enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

## **- 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.

# Glossary of Terms

## **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. Unlike the proposed budget, the recommended budget is the official annual budget being considered for adoption when presented to the BOS.

## **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 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**

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

**- 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 Office of Management and Budget's (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. 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.

# Glossary of Terms

## **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 retirable 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 delinquent taxes to the agencies in exchange for the penalties and interest collected on the delinquent taxes when they are eventually paid. Historically, this plan provided agencies with timely receipt of their full proportionate share of property taxes and the County managed the delinquencies and eventually collected all property taxes due.

## **TEMPORARY POSITION**

See Extra Help.

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

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

## **- U -**

---

## **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. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

## **UNINCORPORATED AREA**

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

## **- V -**

---

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

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

## **- W -**

---

## **WIA**

Workforce Investment Act. Purpose is to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States.

## **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 - Z**

---





**Foundations for the Future**

**Recommended Operational Plan - Fiscal Years 2015-16 & 2016-17**