

**AB 109:** Assembly Bill 109, the Public Safety Realignment Act, signed April 4, 2011, transfers responsibility for housing/supervising inmate and parolee populations classified as “low-level” offenders from the California Department of Corrections and Rehabilitation (CDCR) to counties effective October 1, 2011.

**ABx1 26:** Assembly Bill x1 26, the Dissolution Act, signed June 29, 2011, mandates the elimination of every redevelopment agency in California effective February 1, 2012, and mandates all unobligated funds be distributed to the appropriate taxing entities.

**Accrual:** An accrual is an accounting entry that recognizes revenue when earned and expenses when incurred. An accrual is made at the end of the fiscal year to ensure revenue and expenses are recorded in the appropriate fiscal year.

**Activity:** A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

**Adopted Budget:** The original spending plan and financing given at the beginning of the fiscal year, typically adopted by the Board of Supervisors in June for the upcoming fiscal year. It may vary from the Recommended Budget.

**Amortization:** The process of gradually extinguishing an asset on the books.

**Appropriation:** An appropriation is an authority to spend. It represents the authorization for the county to make expenditures/incur obligations for a specified purpose and period of time. An appropriation represents the authorized expenditure limit for a budget unit for the current fiscal year.

**ARRA:** ARRA is an acronym used for American Recovery and Reinvestment Act of 2009, also known as Economic Stimulus Funds. The three immediate goals of ARRA are to create new jobs and save existing ones, spur economic activity and invest in long-term growth, and foster unprecedented levels of accountability and transparency in government spending.

**Balanced Budget:** The annual operating budget will be structurally balanced upon adoption of the Board of Supervisors. Total revenues, including carry-over fund balances, will equal the total appropriation and reserves.

**Budgeted Staffing:** The number of positions (headcount) funded in a budget unit.

**Budget Unit:** An organizational component which is represented by the combination of a fund and department into one unit for purposes of budgeting.

**Capital Project Funds:** Capital Project Funds are used to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by Enterprise and Internal Service Funds.

**Central Services:** The Central Services expense category, replaces Central Computer and was set up beginning fiscal year 2010-11 to allocate both the Information Services and Facilities Management Departments’ associated charges.

- Information Services Department computer charges are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each department’s Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year’s budget (2011-12) will be adjusted based upon the actual usage in 2010-11.
- Facilities Management Department charges are for basic services provided to departments including grounds, custodial, and maintenance. Each department’s budget amount for grounds, custodial, and maintenance is based on an annual average cost per square foot.



**Contingencies:** An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds and a 4/5 vote is required for approval.

**COWCAP:** COWCAP is an acronym for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor-Controller/Recorder/Treasurer/Tax Collector in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

**Department:** An organizational unit used by county management to group programs of a like nature. In terms of financial structure, departments may have multiple funding sources, i.e. general fund, special revenue fund, etc. that are based on specified uses. The combinations of the various funds are consolidated at the department level.

**Depreciation:** The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

**Deficit:** Insufficient revenues or other available funds to fully fund expenditures and other disbursements during a fiscal year.

**Discretionary General Funding:** Describes the overall process of administering local cost, which is the amount contributed by the county general fund from its discretionary revenue sources to fund the activities of a department.

**Discretionary Revenue:** Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

**Employee Health and Productivity Program (EHaP):** A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.

**Encumbrance:** An encumbrance is not an expenditure or a liability but merely a reserve of appropriation in a given fiscal year.

**Enterprise Funds:** Enterprise Funds are established to account for operations that are funded and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be funded or recovered primarily through operational revenues.

**Expenditure:** Decreases in net financial resources. An expenditure includes current operating expenses that require the present or future use of resources.

**Final Budget:** A budget unit's adopted spending plan and financing, including all mid-year adjustments through the fourth quarter.

**Fiscal Year:** The County's twelve-month accounting period (July 1 through the following June 30), which varies from the calendar year and the federal fiscal year.

**Fixed Asset:** An asset of a long-term character such as land, buildings, furniture, and other equipment costing \$5,000 or more and having a useful life of one year or more. Additionally, computer software is capitalized if the value is \$100,000 or greater.

**Function:** A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff-Coroner/Public Administrator Department.



**Fund:** A legal unit that provides for the segregation of moneys or other resources in the county treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and fund balance, as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specific fund income or expenditures.

**Fund Balance:** An amount comprised of accumulated excess or deficiency of revenues less expenditures of a fund, including the cancellation of prior year encumbrances. This is measured at the end of each fiscal year. Fund balance may be used in the budget unit for the upcoming year as a funding source for one-time projects or services.

**Fund Balance Classifications:** Beginning in 2010-11, GASB 54 requires that financial statements for governmental funds classify fund balance in one of the following five components:

- Nonspendable fund balance – assets that will never convert to cash, or will not convert soon enough to affect the current period, or resources that must be maintained intact pursuant to legal or contractual requirements;
- Restricted fund balance – resources that are subject to externally enforceable limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments, constitutional provision, or enabling legislation;
- Committed fund balance – resources that are constrained by self-imposed limitations set in place prior to the end of the period by the highest level of decision making, and remain binding unless removed in the same manner;
- Assigned fund balance – resources that are limited resulting from an intended use established by either the highest level of decision making, or the official or body designated for that purpose;
- Unassigned fund balance – residual net resources that cannot be classified in one of the other four categories.

**GASB 34:** Governmental Accounting Standards Board (GASB), Statement 34 establishes requirements for the annual financial reports of state and local governments. The goal is to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. There are many components of GASB 34, but as it relates to the budget, it is primarily composed of how services provided between county budget units are accounted for. GASB 34 specifies how payments for services should be accounted for (either as reimbursements or as departmental revenues). All transactions between departments within the same fund (i.e. general fund) are budgeted as reimbursements. While the net impact is zero, reclassifications between these two categories cause inconsistencies when comparing year-to-year budgets by specific expense or revenue categories.

**GASB 51:** Governmental Accounting Standards Board (GASB), Statement 51 establishes requirements for the annual financial reports of state and local governments. The objective of this statement is to enhance the comparability of the accounting and financial reporting of intangible assets among state and local governments, and requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

**GASB 54:** Governmental Accounting Standards Board (GASB), Statement 54 establishes requirements for the annual financial reports of state and local governments to be implemented for periods beginning after June 15, 2010. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The main components of GASB 54 and how they relate to budget primarily consists of replacing existing fund balance classifications (reserved and unreserved) with new classifications (nonspendable, restricted, committed, assigned, and unassigned) that observe the constraints imposed upon the use of the resources reported in governmental funds. In addition, special revenue fund type was clarified and affects the activities required to be reported in that fund type.

**General Fund:** The General Fund is the predominate fund for funding county programs.

**Geographic Information System (GIS):** A geographic information system integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced information.



**Governmental Funds:** Governmental funds consist of the general fund, special revenue funds, capital projects funds and debt service funds.

**Grants:** A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

**Headcount:** Actual number of individuals carried in a budget unit's payroll, as opposed to the equivalent number computed from wages budgeted.

**Internal Service Funds (ISF):** Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.

**Limited Term:** A position designation for non-regular positions, consisting of contract, extra-help, or recurrent position types.

**Mandate:** A program that meets constitutional, statutory or court-ordered requirements from either federal or state entities.

**Memorandum of Understanding (MOU):** For budget purposes, the MOU refers to a negotiated and approved labor agreement between the county and an employee labor organization or group that details the salary, benefits, and other conditions of employment.

**Mid-year Adjustments:** Board approved changes to a department's budget after the adoption of the final budget.

**Mission:** A clear, concise statement of purpose for the entire department. The mission focuses on the broad, yet distinct, results the department will achieve for its customers.

**Modified Budget:** A budget unit's adopted spending plan and financing, including any mid-year adjustments through the second quarter.

**Net County Cost:** Net county cost (or discretionary general funding) is the amount contributed to county general fund departments from its discretionary revenue sources to fund the activities of a department.

**Operating Transfers In/Out:** A method of providing financing from one budget unit to another for the implementation of a project or program.

**Other Charges:** A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: Interest expense, public assistance costs, etc.

**Performance Measure:** An ongoing, quantitative indicator of resources consumed, workload, productivity, efficiency, and effectiveness. Performance measures should relate to objectives and allow for measurement of the same thing over time.

**Position:** A specific employment, whether occupied or vacant, involving duties requiring the services of one person. A position whether full or part-time is reflected as 1 in budgeted staffing amounts.

**Programmed Salary Savings:** A programmed mitigation measure, taken midyear in 2009-10 used to assist with balancing the budget as a result of savings realized from the deferral of raises from various bargaining groups. The majority of general fund budget units receiving discretionary general funding were impacted by these savings.

**Proposition 172 (Prop 172):** A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety.

**Proprietary Funds:** Classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds).



**Public Service Employee (PSE):** PSEs are employees assigned to entry-level positions in a variety of fields and occupations for a limited duration. They are not full-time, regular county employees. PSEs are subject to an expedited recruiting process to accommodate additional workload or to manage one-time special projects. They do not receive the full range of benefits or have the civil service status of regular county employees.

**Realignment Funding (Health & Welfare):** In 1991-92 the state approved the Health & Welfare Realignment Program that involves a shift of program responsibilities from the state to the counties. This shift is funded through a corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

**Recommended Budget:** A recommended budget is the working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets or for new permanent employee positions unless specifically approved by the Board of Supervisors.

**Redevelopment Agency:** In 1951 the California Redevelopment Law (CRL) was enacted, which gave California cities and counties the authority to create redevelopment agencies. The CRL provided the local redevelopment agencies powerful local tools to eliminate urban decay, apply for grants, create jobs, build community facilities and infrastructure and attract economic reinvestment. Eventually, the CRL was expanded to assist in the creation of low and moderate income housing. A redevelopment agency, a separate legal entity, was responsible for the implementation of the CRL for the local communities. A redevelopment agency had the ability to create project areas, to purchase and assemble development sites, build infrastructure, construct deed-restricted affordable housing, and issue debt. An agency paid for these improvements through the utilization of tax increment financing. Redevelopment agencies and tax increment financing were eliminated by the State on January 31, 2012.

**Reimbursements:** Amount received as payment of the cost of work, or service performed, or of other expenditures made, for or on behalf of another governmental unit or department. Reimbursements represent the recovery of expenditure and are considered a financing source.

**Restricted Funds:** Restricted funds consist of two restricted funding sources – Prop 172 and Realignment. Prop 172 revenue assists in funding the Sheriff-Coroner/Public Administrator, District Attorney, and Probation departments. Realignment assists in funding mental health, social services, and health programs within the county.

**Revenue:** The addition of cash or other current assets to governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees, or investment earnings. Revenues are deposited in a budget unit for future appropriation.

**Revenue Over (Under) Expense:** Represents the total change in a proprietary fund's net assets.

**Retirement Incentive Program (RIP):** A program offered to county employees in 2008-09 to obtain personnel cost savings in a manner that minimized the financial impact to the county. County employees retiring by June 30, 2009 were made eligible to receive \$250 for each completed quarter of continuous county service, payable annually over five years. As part of the RIP, it was expected that the resulting vacated positions would not be filled for a period of five years (although some exceptions applied) and that payment would be suspended if the participating employee returned to work for the county in any capacity.

**SB 90 State-Mandated Local Program:** State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

**Services and Supplies:** A category of expenditures within a budget unit for all standard costs of daily operations, including such items as office supplies, training, contractual services, and travel.

**Set-Aside Reserve:** A reserve made up from available balances materializing throughout one or more fiscal years which are not required to support disbursements of a legal or emergency nature and are held (set aside) for future funding requirements.



**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific sources of revenue whereby the use of such revenue is restricted by law for particular functions or activities of government. State Government Code Section 29009 requires that the entire unreserved fund balance must be appropriated each year. The amount not expended is carried over to the subsequent year's budget.

**Step Increases:** An employee, based upon the completion of the required service hours in their classification, satisfactory work performance, and appointing authority recommendation, may receive step advancements. Step advancements within the base salary range shall be based on one (1) or two (2) step increments depending on hire date and bargaining unit. Each increment is 2.5%.

**Strategic Goal:** A strategic goal translates resources into significant results to be achieved, providing the basis for evaluating the department as a whole.

**Time Bank:** For 2011-12, per the SBPEA contract, represented employees will defer 1.5 hours of compensation each pay period for 26 pay periods, to be used in the same manner as vacation leave, and to be used prior to the expiration of the contract.

**Transfers:** The movement of resources from one budget unit to another usually for payment of services received.

**Trend:** A documented recurrence of a measurable event or circumstance over time that is increasing, decreasing or even staying the same.

**Unrestricted Net Assets:** That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

**Work Schedule Reduction:** A recommended reduction of eight hours per pay period for SBPEA represented employees to help mitigate costs associated with previously negotiated across-the-board salary increases.

