

Glossary of Budget Terms

Account: A separate financial reporting unit for budgeting or accounting purposes. All budgetary transactions, whether revenue or expenditure related, are recorded in accounts and roll up to an object account.

Adopted Budget/Operational Plan: The version of the Operational Plan that is formally approved and implemented by the Board of Supervisors after the recommended Operational Plan has gone through a process of Change Letters, public hearings, and deliberations.

Appropriation: Legal authorization made by the Board of Supervisors which permits the County to incur obligations and expend resources.

Balanced Operational Plan: An Operational Plan budget in which current revenues equal current expenditures. A balanced annual budget is required by the State of California per Government Code Section 29000 et. al.

Blanket Purchase Agreement (BPA): An Oracle contract type that is used to govern the terms (i.e., effective dates and amount limit) of a Contract. Must be used only for ordering and payment of goods or services as provisioned in the agreement. Type of agreement can be used Countywide (for use by all CoSD departments) or Departmental (for use by a single department or shared by multiple departments). The BPA number is the contract number referenced on contract documents.

Board of Supervisors (Board): As a political subdivision of the State of California, the County is governed by a five-member Board of Supervisors, which has legislative and executive authority. Each member of the Board of Supervisors is elected by geographic district.

Budget: A financial plan consisting of an estimate of proposed expenditures, their Purpose for a given period of time, and the proposed means of financing them. Also called the Operational Plan.

Capital Assets: Land, improvements to land, 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.

Change Letter: The compilation of proposed amendments to the CAO Recommended Operational Plan. Change Letters must be filed by the close of Public Hearings.

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Chief Administrative Officer (CAO): Lines of authority flow from the Board of Supervisors to the CAO and Assistant CAO (ACAO) and then to the Deputy CAO (DCAO) of each Group who is referred to as the Group General Manager. These senior managers appoint Department Heads from whom authority flows down to the line staff in the departments. The CAO, ACAO, General Managers, and Department Heads form the Executive Team who provide policy based program and financial decision-making support to the Board and oversee the operation of 40 departments that provide a myriad of services to the region- from health and human services to criminal justice programs, land use planning, public works, parks, libraries, animal control and voter registration services. They also manage the allocation of personnel, capital and budgetary resources within the County organization.

Chief Administrative Officer (CAO) Recommended Operational Plan: The County budget for a fiscal year as proposed by the Chief Administrative Officer to the Board of Supervisors, based on County department requests.

Comprehensive Annual Financial Report (CAFR): Represents the annual audited financial statements of the County, including governmental and proprietary type activities. The CAFR has three major sections: introductory, financial, and statistical. The introductory section furnishes the general information on the government structure, services, and environment. The financial section contains all basic financial statements and footnotes, and the statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements.

Cost Applied: The transfer of costs of services performed by one budget unit for the benefit of another budget unit within the same fund.

County Employees Retirement System (CERS): In the budget this term refers to the amount paid by the County into the retirement system for the benefit of its employees. Most employees are required to contribute to the retirement system and those costs are not a part of the County budget.

Deficit: An excess of liabilities over assets, of losses over profits, or of expenditures over revenue.

Deliberations: The Board of Supervisors meets annually to deliberate, modify the CAO Recommended Operational Plan and adopt an Operational Plan/Budget.

Department: An organizational entity designated by the County Board of Supervisors. The major unit of organization in the County, headed by either an appointed or an elected official. The PeopleSoft term for these entities is Business Units.

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Direct Expenses: Those expenses which can be charged directly as a part of the cost of a product or service, or of a department or operating unit, as distinguished from overhead and other indirect costs which must be prorated among several products or services, departments or operating units.

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

Expenditure(s): Use of an appropriation to purchase goods and services necessary to carry out the responsibilities of a department or organization. Expenditures are decreases in net financial resources. Expenditures include current operating expenses that require the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

Fiscal Year (FY): In County government, the fiscal year coincides with the budget year and is a 12-month accounting period covering a period from July 1 through the following June 30. For the General Ledger, there is an adjusting period that closes after June 30th, usually in early August. The fiscal year is a time frame during which obligations are incurred, encumbrances are made, appropriations are expended, and revenues received. The County fiscal year is often referred to using both years involved, such as 16-17 (July 2016 through June 2017), or using only the last year involved, as "Fiscal 2017".

Five-Year Financial Forecast: A five-year financial plan which looks at the long range financial view of the County's Strategic Plan.

Full-Time Equivalent (FTE)/Staff Year: In concept, one person working full-time for one year; the hours per year that a full-time employee is expected to work. A normal fiscal year for a 40-hour work week equals 2080 staff hours (2210 hours for sworn staff). Two workers, each working half that number of hours, together equal one full-time equivalent or one staff year. County Salary and Benefit costs are based on the number of staff years required to provide a service. FTEs must be budgeted in increments of 0.5 FTE or more.

Fund: An accounting device established to control receipts and disbursements set aside to support specific activities. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

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Fund Balance: The difference between fund assets and fund liabilities of governmental and similar trust funds. Portions of the fund balance may be reserved for various purposes, e.g. encumbrances. Fund Balance amounts expected at year-end may be used in the budget for the upcoming year as a funding source for one-time projects/services. Expected fund balance is most often used for projects not completed and re-budgeted in the new year.

General Fund: A fund generally regarded as the principal fund in the County Operational Plan, used to account for most governmental operations that are general in purpose and not accounted for in some other fund. General Fund revenues consist of both program revenues and general purpose revenues.

General Management System (GMS): The County/s complete guide for planning, implementing, monitoring and rewarding all functions and processes that affect the delivery of services to our customers. It links planning, execution, value, management, goal attainment and compensation.

General Purpose Revenues: Locally generated revenues derived from property taxes, sales taxes, vehicle license fees, court fines and fund balance. Since they are locally generated, General Purpose Revenues are also affected by local economic conditions. General Purpose Revenues are controlled by the Board of Supervisors and may be used for any purpose that is a legal expenditure of County funds. The receipts of these revenues generally reflect the degree of flexibility the County has to finance programs and projects.

General Revenue Allocation: Each year, based on the principles of the GMS, the CAO, in conjunction with the General Managers and Chief Financial Officer (CFO), determines how much General Purpose Revenue will be allocated to each Group/Agency for the two years of the Operational Plan. The allocations are based on decisions made relative to the five-year Strategic Plan and Financial Forecast and are subject to Board approval.

Government Code: A compilation of statutes adopted by the State Legislature generally regarding how state and local governments will function.

Grant: Contributions or gifts of cash or other assets from another government or agency to be used or expended for a specified purpose, activity or facility.

Indirect Cost or Expense: Those elements of cost necessary in the production of an article or the performance of a service but not an integral part of the finished product or service, such as rent, heat, light, supplies, management, supervision, etc. Sometimes referred to as overhead.

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Internal Agreements (IA): When one department or fund desires services from another department or fund (Requestor) and the department or fund providing the service (Provider) agree to a scope of work and an estimated budget and schedule, then an Internal Agreement can be established using Oracle Projects and Grants. Three types of IAs may be created; Interfund, Operating Transfer and Intrafund.

Internal Service Fund (ISF): The Department of Purchasing and Contracting (DPC) operates as an Internal Service Fund (ISF). An ISF operates on a business-like model, directly billing its customer departments for the cost of the ISF's services. All costs incurred by the ISF must be recovered through the ISF's approved rate structure. The DPC costs are recovered from Procurements, P-Card, and Travel, by adding a percentage surcharge to each transaction.

Line-Item Budget: A budget format prescribed by the State Controller. The County's line-item budget shows activities grouped by functional organization units, such as departments. The term line-item refers to account and sub-account detail typically provided for revenue by source (e.g., property taxes), and objects of expenditure (e.g., Salaries & Benefits, Services & Supplies, Capital Assets, etc.).

Mandate: A requirement from the State or federal government that the County perform a task, perform a task in a particular way, or perform a task to meet a particular standard.

Net County Cost/Net General Revenue: The cost of providing County services funded by General Purpose Revenues. This generally reflects the difference between direct costs and program revenues.

Objects (Line Items): A classification (or roll-up account) of expenditures and revenues based on type of goods or services (Salaries & Benefits, Services & Supplies, Other Charges, Capital Assets, etc.) or by type of revenue (Fines, Forfeitures & Penalties, Taxes Current Property, Intergovernmental Revenue, etc.)

Office of Financial Planning (OFP): The division in the Auditor and Controller that monitors the County's financial planning and the budget process.

Operating Transfers: All inter-fund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue into the fund through which the resources are to be expended).

Operational Plan (Budget) Amendment: A revision of the Adopted Operational Plan often referred to as mid-year changes. A recommendation to increase appropriations requires a four-fifths vote by the Board of Supervisors. Budget amendments occur throughout the fiscal year as spending priorities shift.

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Overrealized Revenue: Additional revenue received beyond that which was budgeted and which may be made available for the financing requirements of the County.

Performance Measures: Indicators that link to the Strategic Plan and report the amount of work accomplished, the efficiency with which tasks were completed, and/or the effectiveness of a program, often expressed as the extent to which objectives were accomplished. Performance Measures in the Operational Plan focus primarily on outcome measures (quantifiable impacts, consequences, or results).

Position: An employment slot or an approved job for a person or persons working full-time or part-time, usually listed in terms of a specific classification.

Preliminary Budget: An initial building of the budget using a base year (usually the first year of the prior year's Operational Plan) for non-salary related accounts and recalculated salary and benefit costs based on current positions loaded into Performance Budgeting from PeopleSoft.

Request for Bid (RFB): A formal procurement document used to invite vendors to submit pricing in response to a clearly defined set of requirements.

Request for Proposal (RFP): An official request for proposals to be submitted to the County to perform specified services.

Reserves: The County provides a wide variety of services that are funded by a number of revenue sources. The County must be prepared for unforeseen events or economic uncertainties that could result in additional expenditure requirements or loss of revenue by establishing and maintaining prudent levels of fund balance and reserves.

Revenue: Financial resources received from taxes, fees, and other charges, federal or State government, excluding inter-fund transfers, fund balance, or debt issuance proceeds.

SBFS - Salary and Benefit Forecasting System: SBFS is a sub-system of Performance Budgeting that uses position, job code, and salary and benefit data to estimate the salary and benefit costs during the development of the two-year Operational Plan.

Services and Supplies: An expenditure object within the budget for all standard costs of daily operations, including such items as office supplies, contractual services, and travel.

Strategic Initiatives: Major projects that move the County and partners toward achievement of part of a particular goal. The County's four initiatives are: Healthy Families, Safe Communities, Sustainable Environments, and Operational Excellence.

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Strategic Plan: Sets forth the purpose, strategic initiatives, operational organization, and performance expectations for an entity. The strategic plan provides information to County staff, corporate decision makers, the Board of Supervisors, and the public about how the County is organized to deliver results and what results the County is accountable for achieving. The plan provides the opportunity for all County staff to see how they contribute at all levels in the organization.

Trust Fund: A fund used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.