

GLOSSARY OF BUDGET TERMS

The following glossary provides a brief explanation of terms used throughout the Recommended Budget document. This information is provided by the County Administrative Office to assist the public in reviewing and understanding the Recommended Budget, by defining the many technical terms, abbreviations, and acronyms used in presenting budget information.

ACCOUNT

A record of a monetary transaction maintained in the accounting ledger. It may be a classification of expenditure or revenue. Example: "Office Expense" is an account in the Services and Supplies expenditure category.

ADDITIONAL EQUIPMENT

Equipment requested for purchase that is not for the purpose of replacing an existing, similar item of equipment.

ADOPTED BUDGET

The budget document formally approved by the Board of Supervisors after the required public hearing and deliberations on the Recommended Budget, which sets forth authorized expenditures and the means of financing those expenditures. This term is used interchangeably with the term "Final Budget".

APPROPRIATION

A legal authorization, granted by the Board of Supervisors, to make expenditures and to incur obligations for specific purposes. An appropriation expires at the end of the fiscal year.

ASSESSED VALUATION

A valuation set upon real estate or other property by the Assessor or State Board of Equalization which serves as a basis for levying taxes.

ASSESSMENT ROLL

The official list prepared by the Assessor which contains the legal description of each parcel or item of property and its assessed valuation. This term is used to denote the total valuation of all taxable property in the County.

AUTHORIZED POSITIONS

Regular positions approved by the Board of Supervisors which may or may not have funding (see Budgeted Positions).

AVAILABLE FINANCING

All the means of financing available to meet expenditure and reserve requirements for the fiscal year.

BOARD

This term, used throughout this document, refers to the five-member Board of Supervisors.

BUDGET

The planning and controlling document for financial operation that sets forth estimates of proposed expenditures and revenues for the fiscal year.

BUDGET UNIT

An accounting and financial control unit for which a separate appropriation is approved by the Board of Supervisors. A department may be divided into one or more budget units. Each budget unit has a collection of expenditure and revenue accounts necessary to fund a certain organizational unit, division, or set of programs.

BUDGETED POSITIONS

The number of full-time regular positions to be funded in the budget. Budgeted positions should not be confused with "authorized" positions which are positions that may or may not be funded in the budget.

CAO

Acronym for County Administrative Officer or County Administrative Office, depending on the context.

CAO REC.

Abbreviation for County Administrative Officer's recommendation.

CAPITAL PROJECT

A new structure or facility or a major improvement to an existing structure or facility, that significantly increases the value of the structure or facility. Land acquisition is also included in the definition of Capital Projects.

CONTINGENCY

An amount, not to exceed 15 percent of total specified appropriations of the fund in which it is allocated, appropriated for emergencies or unforeseen expenditure requirements. This term is used interchangeably with Appropriation for Contingencies.

DEPARTMENT

An organizational unit used by the County to group services, programs, or functions which are usually similar in nature. Each department is managed by either an elected or appointed department head.

DEPARTMENT HEAD

A county official either appointed by the Board of Supervisors or elected by Kern County voters who is responsible for managing a County department.

DISCRETIONARY FUNDS

Discretionary revenues (defined below) plus the General Fund net carryover balance from the preceding fiscal year. The Board of Supervisors has discretion in deciding how these funds are used.

DISCRETIONARY REVENUES

Revenues received by the County which can be used for any legal purpose determined by the Board of Supervisors. Discretionary revenues are not earmarked by law for a specified purpose, and the Board has discretion in deciding how these revenues are used. Discretionary revenues are also referred to as "general-purpose revenues." The term, "discretionary", does not imply extra or surplus.

EMPLOYEE BENEFITS

Amounts paid on behalf of employees; these amounts are not included in the gross salary. They are fringe benefit payments, and while not paid directly to employees, they are nevertheless a part of the cost of staff. Examples are group health or life insurance payments, contributions to employee retirement, Social Security taxes, workers' compensation payments, and unemployment insurance payments.

ENCUMBRANCE

An obligation in the form of a purchase order, contract, or other commitment that is chargeable to an appropriation. Available appropriations are reduced by the amount of outstanding encumbrances. Encumbrances are not expenditures or liabilities.

ENTERPRISE FUND

A fund established to finance and account for the operation and maintenance of facilities and services which are predominately self-supporting by user charges. Airports, Public Transportation System, Kern Medical Center, Golf Course, Universal Collection, and Solid Waste Management are Kern County's only Enterprise Funds.

ESTIMATED ACTUAL

Refers to the amount of expenditures estimated to be made, or the amount of revenue estimated to be received, by the end of the fiscal year. Estimated actual projections of expenditures or revenues are usually made several months before the end of the fiscal year.

EXPENDITURE

Payment of funds, resulting in a decrease in current assets.

EXPENDITURE APPROPRIATION

See Appropriation

EXPENDITURE REIMBURSEMENTS FROM OTHER BUDGET UNITS

Charges (intrafund transfers) to other budget units within the same fund (such as General Fund) which show as an expenditure offset or reduction in the charging department's budget. This term has the same meaning as "Intrafund Transfer" and the now-obsolete term "Cost Applied".

EXTRA HELP

Personnel employed on a temporary, limited-term basis (not to exceed nine months), usually for the purpose of performing work during peak workload periods, or for covering absences of regular employees. Extra help employment does not require an authorized position, and extra help employees do not have Civil Service status.

FICA CONTRIBUTION

The amount contributed by the County as the employer's share of Social Security taxes (Federal Insurance Contributions Act).

FINAL BUDGET

The budget document formally approved by the Board of Supervisors after the required public hearings and deliberation on the recommended budget. It is a legal spending plan for the fiscal year. This term is used interchangeably with the term "Adopted Budget".

FIRE FUND

A restricted-use fund used to account for those property taxes and other revenues that are designated for use for Structural Fire Protection. The Fire Fund is used to finance the operations of the Kern County Fire Department.

FISCAL YEAR

Twelve-month period for which a budget is prepared and adopted. The fiscal year for Kern County is July 1 to June 30. Throughout the budget document the term fiscal year is abbreviated as FY.

FIXED ASSET

A tangible item of a long-term character such as land, buildings, furniture, and other equipment with a unit cost in excess of \$5,000.

FORCE ACCOUNT

When remodeling or maintenance jobs are accomplished by County personnel, the work is said to be done by Force Account rather than outside contractors.

FUNCTION

A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. These designations are specified by the State Controller. The County Budget is divided into nine functions: Public Protection, Public Assistance, Health and Sanitation, Education, General Government, Public Ways/Facilities, Recreation and Culture, Debt Service, and Reserves/Contingencies.

FUND

A separate fiscal and accounting entity used to control and account for the receipt of specified types of revenues, and for the use or expenditure of those revenues.

FUND BALANCE

The excess of assets of a fund over its liabilities. This balance may be available to finance the succeeding year's budget.

GANN LIMIT

An absolute dollar limit on the amount of funds derived from taxes that the County can legally appropriate and expend each fiscal year, which is specified by Article 13-B of the State Constitution. Any proceeds of taxes revenues in excess of the Gann Limit must be returned to taxpayers. The base-year used on computing the Gann Limit is FY 1978-79, with adjustments to the appropriations limit allowed in succeeding fiscal years for (a) changes in population; and (b) changes in the cost of living.

GENERAL FUND

The main operations fund used to account for revenues and expenditures except those required to be accounted for in special-purpose funds.

GENERAL-PURPOSE FUNDS

This term is used interchangeably with the term "Discretionary Funds". (See Discretionary Funds).

GENERAL-PURPOSE REVENUES

This term is used interchangeably with the term "Discretionary Revenues". (See Discretionary Revenues).

GRANT

A contribution from one governmental unit to another, usually made for a specific purpose and time period. Most of the grants received by Kern County are from the State and federal governments.

GROSS APPROPRIATION

The total authorized appropriations for a budget unit, before subtracting Intrafund Transfers. It is the sum of Salaries and Employee Benefits, Services and Supplies, Other Charges and Fixed Assets expenditure categories.

INTERNAL SERVICE FUND

A fund used to account for expenses and revenues related to providing services to other County departments on a cost-reimbursement basis.

INTRAFUND TRANSFER

Intrafund Transfer amounts (shown in Account 9000) represent expenditure reimbursements derived from charges to other departments within the same fund only. These Intrafund Transfers reflect as an expenditure offset or reduction in the charging department's budget. Intrafund Transfer replaces the previous Cost Applied designation in departmental operating budgets.

INTER-FUND ACCOUNT (I/F designation)

An account that can accept a charge from another department in a different fund. For example, a charge from the General Services-Communications budget to the Fire Department, would show in the Fire Department budget under the expenditure account Radio and Microwave Expense-I/F.

MANDATE (Mandated Service)

A legal requirement, usually imposed by State or federal law. This term is used to refer to County services which are provided to comply with State or federal laws.

MAJOR MAINTENANCE PROJECT

A repair or improvement to an existing structure or facility.

NET APPROPRIATION

Gross appropriations minus intrafund reimbursements. This is the amount actually appropriated for each budget unit.

NET GENERAL FUND COST

Net appropriation less program revenues (or special-purpose funds allocated). This figure represents the part of a budget unit's appropriation that is financed by the County's discretionary (general purpose) revenues.

NON-OPERATING EXPENSES

This term applies to enterprise fund and internal service fund budgets, and refers to special expenses not directly resulting from day-to-day operations (such as capital investment and lawsuit settlements).

NON-OPERATING REVENUES

This term applies to enterprise fund and internal service fund budgets, and refers to revenues that are not derived from day-to-day operations. Examples include sale of fixed assets and interest earnings.

NON-PROCEEDS OF TAXES

Revenue generated from non-tax sources, such as user fees. Non-proceeds of taxes are not subject to the Gann Appropriations Limit.

OBJECT OF EXPENDITURE

A major category of appropriation. For example, Salaries and Employee Benefits, Services and Supplies, and Fixed Assets are objects of expenditure.

OPERATING EXPENSES

This term applies to enterprise fund and internal service fund budgets, and refers to the expenses incurred as a result of day-to-day operations.

OPERATING INCOME

Operating income is the same as "Operating Revenue." This term applies to enterprise fund and internal service fund budgets.

OPERATING REVENUE

Revenues derived from the operations or services of an enterprise fund or internal service fund activity.

PERFORMANCE MEASURE

Term used to describe a particular value or characteristic designed to measure input, output, outcome, efficiency, or effectiveness. Performance measures are composed of a number and a unit of measure. The number provides the magnitude (how much) and the unit is what gives the number its meaning.

PROCEEDS OF TAXES

Revenue received from "tax" sources, such as property taxes, sales and use taxes, and other types of taxes. Proceeds of taxes are subject to the Gann Limit.

PROGRAM REVENUES

Revenues received by a County department as a result of the services or operations of that department (such as user fees) which are used to finance the related services or programs. Program Revenues are not discretionary (general purpose) revenues.

PROPERTY TAX LEVY

Amount of tax dollars raised by the imposition of the property tax rate on the assessed valuation.

PROPERTY TAX RATE

The rate per one hundred dollars of the assessed valuation base necessary to produce the tax levy.

PROPOSITION #4

The State-wide ballot initiative measure approved by the voters in November, 1979, which established the Gann Appropriations Limit through amendment of the State Constitution (Article 13-B of the State Constitution). See Gann Limit.

PROPOSITION #13

A State-wide ballot initiative measure (known as the Jarvis/Gann Initiative) enacted by the voters in June, 1978, which amended the State Constitution to limit property taxes to 1% of the 1975-76 market value, and which limited annual increases in assessed valuation to 2% (except for new construction or property which changes ownership).

RECOMMENDED BUDGET

The Recommended Budget document is provided by the County Administrative Office and serves as the basis for public hearings prior to the determination of the adopted budget.

RESERVE

Funds not appropriated for expenditure, which are set aside in a reserve account for future use.

RESERVED RETAINED EARNINGS

Reserved retained earnings are retained earnings, which are earmarked for a specific purpose. This is a term that applies to Enterprise Fund departments.

RETAINED EARNINGS

This term refers to the accumulated net earnings of an Enterprise Fund or Internal Service Fund.

REPLACEMENT EQUIPMENT

Equipment requested for purchase to replace an existing, similar equipment item.

RESTRICTED- USE FUNDS

Funds which are designated for use for a specific purpose.

SPECIAL-PURPOSE FUND

A fund which is used to account for revenues which are designated (usually by State law) for use for a specific purpose. Examples are the Road Fund and Fire Fund. Special purpose funds are also known as Special Revenue Funds.

STRATEGIC PLAN

Proposed goals, strategies and outcomes of the County derived from input by County departments and the public. These strategic goals adopted by the Board of Supervisors in June 2006 and updated annually serve as a tool to use when policy decisions must be made to allocate financial resources.

SUBVENTION

Payments by an outside agency (usually a State or federal agency) for reimbursement of costs incurred by the County.

SUPPLEMENTAL ASSESSMENT

An assessment of real property occurring after the regular assessment roll is filed on June 30th of each year as a result of new construction or a change in ownership.

UNRESERVED RETAINED EARNINGS

Unreserved retained earnings are retained earnings that can be used for any legitimate governmental purpose. This is a term that applies to Enterprise Fund departments.

UNSECURED TAX

A tax on properties such as office furniture, equipment, and boats which are not secured by real property owned by the assessee.

WORK UNIT

A measure of the quantity of work produced, or the quantity of services provided.

YEAR-END

This term means as of June 30th (the end of the fiscal year).