

FINANCIAL AND BUDGET TERMS GLOSSARY

Adopted Budget - appropriations adopted by the City Council.

Adoption - formal action by the City Council, which sets the spending path for the fiscal year.

Appropriation - legal authorization given by the City Council to make expenditures and incur obligations using City funds.

Adjusted Budget – appropriations to the adopted budget that have been modified to reflect changes in financial circumstances or priorities.

Transfer/Revision/Earmark – These terms are often used interchangeably and can have different meanings for different people. However, in the context of budget appropriation, they refer to changes made to the initially planned or approved expenditures that were specifically set aside for a specific purpose.

Assessed Value - the valuation of real property established by the Property Appraiser as a basis for levying taxes.

Bond - a special type of “loan” that provides funding for capital projects. Local governments are prohibited from borrowing funds to cover standard operating expenses.

CAD/RMS – Computer Aided Dispatch/Records Management System. These are the systems that capture all data and information for calls that come into the police dispatch center. Additionally, all police reports and incidents are produced utilizing this system. It provides for tracking and archival retrieval and statistical analysis as well.

Debt Service Budget - the debt service budget is money used to repay bond issues.

Non-Departmental Budget - The purpose of the Non-Departmental account/program is to record expenditures for those items that are not directly associated with any one department or operating budget, but to the City as a whole. Non-Departmental operating expenses include, personnel payout cost (per MOUs provisions), unfunded accrual liability, retiree medical contributions, and transfer out to assigned reserve.

EOC – Emergency Operations Center. During an emergency, an activation occurs and assigned staff report to the Police Department which is the official location of the center. Assigned personnel are assigned to different functions to allow for organized tracking, management, resource allocation and planning for the event. Sections include Logistics, Planning, Finance, Operations, and sub-branches such as law, fire, EMS.

EMS – Emergency Medical Services. This term covers services provided by first responders including police and fire, paramedic and ambulance services. It is used broadly to specifically refer to paramedic, ambulance, and medical providers such as clinics and hospitals as part of the EMS system.

Enterprise Fund – the funding source for city agencies that are self-supporting, such as resource recovery facilities and water and wastewater facilities.

Fiscal Year - the 12-month financial period in which funds are appropriated and accounted for by the City, which begins July 1 and ends June 30 of the following year. A fiscal year is identified by the year in which it ends.

Fund - monies set aside and accounted for separately in order to ensure that the monies are spent for a specific purpose.

Fund Balance - the balance remaining after accounting for all liabilities and revenue incurred during that year, plus the previous year's fund balance. It is calculated at the end of each fiscal year.

Mandated Service - required by State, Federal, County law, health and safety code of California, contractual obligations, legal and tort liabilities.

MOU - Memorandum of Understanding. A labor contract pursuant to state, law, the Meyers, Millias and Brown Act, between the City and a labor union or organized group of employees under which all conditions of employment are negotiated.

Operating Budget - a plan of financial operations that provides a basis for the planning, controlling, and evaluating the operational portion of governmental activities. The operating budget supports ongoing services and programs.

Property Tax base – total value of land and property upon which a taxing authority can levy taxes. The tax base is often different from the total property value in any area because some types of property, like schools and government facilities, are exempted from property taxes.

Redwood Empire Municipal Fund (REMIF) | California Intergovernmental Risk Authority (CIRA) – Annually, the Redwood Empire Municipal Insurance Fund (REMIF) and the California Intergovernmental Risk Agency (CIRA), which are the City's self-insured joint powers authorities, manage the insurance claims, benefit programs, and risk management for member cities. The REMIF/CIRA Board Members, including Vice Mayor Zollman and Councilmember Hinton, establish a budget for insurance premiums for the participating cities in this collective. Based on the premiums determined by REMIF/CIRA, the City of Sebastopol budgets accordingly. These premiums cover various claims such as workers' compensation, personal liability, and property insurance. Each department is allocated a portion of these premiums to cover costs, regardless of whether they have filed any claims. The allocation method is as follows: workers' compensation is based on the total salary of the department, and liability is based on the department's expenses from the previous year. This process, known as allocated insurance, is noted in the budget line items to ensure that each department contributes its fair share to the insurance expenses based on an established method. It's a structured approach to managing insurance costs, ensuring that each department pays proportionately to the city's overall insurance expenses.

SoCo ISD IJS – Sonoma County Information Systems Integrated Justice Systems. This is a countywide enterprise case and records management system that supports county justice partners, law enforcement, state and federal agencies through a centralized data repository on a 24/7 basis. The system allows for real time information sharing with the district attorney, courts, and law enforcement agencies regarding criminal case status, warrant entries, wanted persons and criminal history.

Accrual in lieu – An arrangement where employees accumulate a certain benefit, such as leave or time off, but instead of taking the time off, they receive a payment for it. This often happens when an employee has earned more leave than they can use or carry over to the next period, and the employer compensates them financially for the unused time. It's like having a savings account for time off; if you don't use it, you get paid for it instead.

Health in lieu - Employees who opt out of the city-provided health plan are entitled to a "cash in lieu" benefit, which is a monetary amount provided to the employee instead of health insurance coverage.

Unfunded Accrued Liability (UAL) – It is the gap between the future money needed for employee benefits, like pensions, and the funds currently saved for them. It's the difference between the total amount that should be paid to employees after retirement and the actual savings available. UAL shows how much more needs to be added to the savings to ensure all promised payments can be made to retirees. It's a way to measure how much more money needs to be saved to cover future payments to retired employees. The difference between the estimated cost of future benefits and the assets that have been set aside to pay for those benefits.

Cost Allocation Plan - The enterprise funds (water and sewer) contribute to a portion of the City's administrative costs, which are supported by the General Fund. These administrative costs encompass departments such as Finance, City Manager, City Clerk, HR, among others. The City has recently revised the methodology used to calculate these payments.

Direct Cost – These are expenses that can be directly attributed to a specific product or service which may include costs like raw materials, and labor expenses that are directly involved in supporting an operation. In the context of the City's budget, direct costs would refer to specific expenses that are directly associated with a particular department or service, rather than general administrative costs which are spread across multiple departments. For example, the cost of materials used by the Public Works Department for road maintenance would be a direct cost. However, the City's recent Cost Allocation Plan focuses on the recovery of central support costs, commonly referred to as overhead, and does not include the direct allocation of certain shared expenses.

Capital Improvement Program (CIP) – This refers to a 5-year program for capital expenditures to replace, maintain, and expand the City's infrastructure. This includes projects such as road improvements, water and sewer system upgrades, and building renovations. The program outlines the anticipated costs and the proposed funding sources for these projects. It's a critical component of the city's financial planning and budgeting process, ensuring that the necessary capital assets are in place to support city services and functions. Year 1 of the CIP is referred to as the “Capital Improvement Plan.”