

## GLOSSARY

### Accrual Basis of Accounting

The method of accounting in which transactions are recorded at the time they are earned or incurred, as opposed to when cash is received or spent.

### Adopted Budget

The annual budget approved by the Common Council. City Charter mandates that the Common Council must approve the budget no later than May 15.

### Appropriation

A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

### Budget

A plan of financial operation embodying an estimate of proposed expenditures for the fiscal year and the proposed means of financing them.

### Budget Message

A general discussion of the proposed budget as presented in writing by the Mayor to the Common Council.

### CAFR

The Comprehensive Annual Financial Report is the official financial annual report of a government. It includes introductory material, financial statements, supporting schedules to demonstrate legal compliance, and statistical information.

### Capital Budget

A plan for capital expenditures to be incurred each year over a fixed period of years. It sets forth each project and specifies the estimated resources available to finance the expenditures. The City Charter mandates a capital budget for the ensuing year and for the five fiscal years thereafter. The Capital Budget is not part of the City's annual operating budget.

### Charges to Users

An amount levied against users of a service provided by the City (e.g., sewer and water charges).

### Common Council

The legislative body for the City of Danbury. The Council consists of 21 members, 2 from each of 7 wards and 7 at-large, all of whom serve a term of 2 years.

**Contingency**

An amount set aside in the annual operating budget to provide for unforeseen expenditures or for anticipated expenditures of uncertain amounts.

**Debt Service**

Money placed in the operating budget to pay principal and interest on outstanding debt.

**Employee Service Benefits**

Funds used to pay longevity, salary increases for non-union employees and contractual sick leave payouts.

**Expenditures**

A payment, or an incurred liability to make a payment, for an asset or an expense.

**Fiscal Year**

A 12- month period to which the annual operating budget applies and at the end of which the City determines its financial position and the results of its operation. The fiscal year for the City of Danbury is from July 1 to June 30.

**Fund Accounting**

An accounting practice which segregates assets and related liabilities and residual equities for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations,

restrictions, or limitations, and which operates as a separate fiscal entity with a self-balancing set of accounts.

**Fund**

A fiscal and accounting entity with a self-balancing set of accounts.

**Fund Balance**

The difference between assets and fund liabilities of governmental and similar trust funds.

**GAAP (Generally Accepted Accounting Principals)**

Uniform minimum standards and guidelines for financial accounting and reporting.

**General Fund**

The General Fund is the chief operating fund of the City government. This fund accounts for all financial resources except those required to be accounted for in another fund.

**General Obligation Bonds**

Bonds backed by the full faith and credit of government and considered payable from taxes and other general revenues.

**Grand List**

The official list of the total assessed value of real estate, personal property and motor vehicles within City boundaries. The taxes are determined October 1 for the ensuing fiscal year in which they are due.

### **Grant Agency**

A private, non-profit agency, which receives funding from the City to provide services to its residents.

### **Indirect Revenue**

Any revenues received by the City other than from the property tax (tax revenues).

### **Intergovernmental Revenues**

Revenues from other governments in the form of grants, entitlements, shared revenues or payment in lieu of taxes.

### **LOCIP**

Local Capital Improvement Program.

### **Mayor's Proposed Budget**

The annual budget presented to the Common Council by the Mayor outlining the financial policy of the City government, providing estimates of revenue and itemized estimates of expenses and the Mayor's recommendation for the amounts to be appropriated. City Charter mandates that the budget be presented no later than April 7.

### **Mill**

One one-thousandth of a dollar of assessed value.

### **Mill Rate**

The rate used in calculating taxes based on the valuation of property, expressed in mills per dollar of property value.

### **Modified Accrual Accounting**

A basis of accounting in which revenues are recorded when collected and expenditures are recorded when encumbered.

### **Notes**

Bond Anticipation Notes (BANs) are short-term interest bearing notes issued by a government in anticipation of bonds to be issued.

### **Operating Budget**

A plan of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. City Charter requires the adoption of an annual operating budget.

### **PILOT**

Payment in Lieu of Taxes.

### **Recurring Costs**

Expenditures occurring on an annual basis. Included in this category are FICA taxes, Insurance, Pension Benefits, Worker's Compensation, State Unemployment Compensation, Employee Service Benefit, Employee Health and Life Insurance and Union Welfare.

**Special Revenue Fund**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Tax Collection Rate**

The amount of taxes collected compared to the total taxes levied in a given fiscal year.

**Tax Levy**

The total amount of taxes imposed by a government to finance services performed for the common benefit.

**Tax Revenues**

Moneys received from the assessment of real estate, personal property, and motor vehicles within the City of Danbury.