

## 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 the cash is received or spent.

### Adopted Budget

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

### Annual Report

A non-financial report that outlines the accomplishments and developments of the City departments over the past year. The report is published in the *Danbury News-Times*.

### Appropriation

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

### Assessed Valuation

A valuation set upon real estate or other property by a government as a basis for levying taxes.

### Audit

A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management's assertions in the financial statements. It is also a procedure for evaluating whether management has efficiently and effectively carried out its responsibilities. The auditor obtains the evidential matter through observation, inspection, inquiries and confirmations with third parties.

### Authority

A government or public agency created to perform a single function or a restricted group of related activities. Usually, such units are financed from service charges, fees and tolls and may be completely independent of other governments or be partially dependent upon other governments for its financing.

### BANS (Bond Anticipation Notes)

Bond Anticipation Notes are short-term, interest bearing notes issued by a government in anticipation of bonds to be issued at a later date.

### Basis of Accounting

A term used to refer to when revenues, expenditures, expenses and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements.

### **Bonds Authorized and Unissued**

Bonds that have been authorized legally but not issued and that can be issued and sold without further authorization.

### **Budget**

An annual 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 (Comprehensive Annual Financial Report)**

The Comprehensive Annual Financial Report is the official financial annual report of a government. It includes introductory material, financial statements, and 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.

### **Continuing Appropriation**

An appropriation that, once established, is automatically renewed without further legislative action, until altered or revoked.

### **Debt Ratios**

Comparative statistics illustrating the relation between the City's outstanding debt and such factors as its tax base, income or population. These ratios often are used as part of the process of determining the credit ratings of an issue, especially with general obligation bonds.

### **Debt Service**

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

### **Deferred Assessment**

The City Charter allows a deferral of a tax assessment for up to 7 years for construction activity that enhances economic development.

### **Delinquent Taxes**

Taxes remaining unpaid on and after the date to which a penalty for non-payment is attached.

### **Employee Service Benefits**

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

### **Encumbrance**

Commitment of funds to be used for goods and services not yet delivered. Funds are usually reserved or set aside once a contractual obligation has been entered.

### **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.

### **Fixed Assets**

Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment, and improvements other than buildings and land.

### **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.

### **GASB (Governmental Accounting Standards Board)**

The authoritative accounting and financial reporting standard setting body for government entities.

**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.

**HVCEO**

An acronym for the Housatonic Valley Council of Elected Officials, located in the Old Brookfield Town Hall building. It is a voluntary regional coordinating body maintained by ten municipalities in western Connecticut. Its mission is to make the region a better place in which to live, do business and visit.

**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.

**Logic Model**

A learning and improvement tool that will help department heads to focus on what they want to accomplish and how they will reach their goals.

**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.

**Miscellaneous Appropriation Adjustment**

To reflect adjustments required under GAAP as part of the City's year-end closing procedure.

### **Modified Accrual Accounting**

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

### **Net Bonded Debt**

Gross bonded debt less any cash or other asset available and earmarked for its retirement and less all self-supporting debt (e.g., revenue bonds).

### **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.

### **Operating Results**

The amount by which actual revenues varied from budgeted revenues and actual expenditures varied from budgeted expenditures, aggregated in total, during a fiscal period.

### **Operating Transfers**

Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

### **Ordinance**

A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that

the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions that must be by ordinance and those that may be by resolution. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances.

### **Performance Measurement**

An indication of what a program or service is accomplishing and whether results are being achieved.

### **PILOT**

An acronym for payment in lieu of taxes.

### **Property Tax**

A tax levied on the value of real property set annually by the Common Council to fund general government expenditures. The property tax is expressed as a dollar value per \$1,000 of assessed valuation.

### **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.

### **Refunding Bonds**

Bonds issued to retire bonds already outstanding.

**Resolution**

A special temporary order of a legislative body; an order of legislative body requiring less legal formality than an ordinance or statute.

**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.

**Statute**

A written law enacted by a duly organized and constituted legislative body.

**Tax Appeal**

Taxpayers who disagree with the assessed value of their property can appeal their assessments to the Board of Assessment and Appeal for relief. Taxpayers may take their appeals to court if their efforts at the Board of Assessment and Appeal are unsuccessful.

**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 Liens**

Claims governments have upon properties until the taxes levied against them have been paid. This term is sometimes limited to those delinquent taxes the government has taken legal action to collect through the filing of liens.

**Tax Revenues**

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

**Transfers**

Movement of funds from one district accounting entity to another.