

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.