

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 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.

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

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 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.

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.

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.

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).

Notes

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

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.

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.

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.