ANNUAL BUDGET

Glossary

FISCAL YEAR

July 1, 2014- June 30, 2015

Glossary of Terms

Accrual- accounting method in which expenditures and revenues are recorded at the time that they are incurred, regardless of whether the cash has actually been transferred at that time.

Annual Budget- a budget applicable to a single fiscal year.

Appropriation- a legal authorization granted by a legislative body (the Town Council, for example) to make expenditures and incur obligations for specific purposes. All General Fund appropriations expire at the end of the fiscal year. All non-budgetary or special purpose funds, including all capital projects, expire after three years or after their purpose has been accomplished.

Assessed Value- the value placed on property for the purpose of distributing tax burden. In Plainville, assessed valuation is 70% of the fair market value of both real (land and buildings) and personal property, as determined by the Plainville Assessor's Office.

Assets- property with economic value owned by an entity

Balanced Budget- a budget wherein the revenues plus any funds transferred in equals the expenditures minus any transfers out, for any given fiscal year.

Basis of Accounting- the procedures that record, classify, and report on the finances and operations of a business, government, individual, or other entity. In Plainville, modified accrual is the basis of accounting (***see modified accrual***).

Bond- a contract to pay a specified sum of money (the principal) at a specified future date (maturity) plus interest paid at an agreed percentage of the principal.

Bond Anticipation Notes (BAN) – short term financing less than one (1) year.

Budget- a financial plan, including proposed expenditures and estimated revenues, for a period in the future.

Comprehensive Annual Financial Report (CAFR) – the annual financial report prepared by the Town and audited by independent, external auditors

CaLANder- scheduling tool used by Town of Plainville employees.

Capital Budget- a plan for investment in capital assets separate from the operating budget.

Capital Expenditures- funds spent on a capital improvement project or piece of equipment costing less than $50,000 and/or having a life expectancy of less than five years

Capital Improvement Plan (CIP) - a plan for future capital expenditures that identifies each capital project, its anticipated start and completion, the amount to be spent each year, and the method of finance.

Capital Project- a capital improvement project or piece of equipment costing more than $50,000 and/or having a life expectancy of over five years.

Debt Limit- the maximum debt a government can incur under statutory requirements.

Encumbrances- purchase orders, contracts, or salary commitments that must be covered by an appropriation and for which part of the appropriation is reserved. When paid, they are no longer encumbrances.

Enterprise Zone- a 200-acre area in which businesses receive assistance for construction, infrastructure improvements, and relocation within Plainville's Enterprise Zone.

Expenditure (modified accrual basis) - the cost of goods received or services rendered, whether cash payments have been made or not.

Fiscal Year- the twelve month period at the end of which a government determines its financial condition and the results of its operation and closes its books. For the Town of Plainville, the fiscal year begins on July 1st and ends June 30th each year.

Fund- an accounting device established to control receipt and disbursement of income from sources set aside to support specific activities or attain certain objectives. Each fund is treated as a distinct financial entity.

- **General Fund**- this fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

- **Capital Projects Fund**- these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- **Internal Service Fund**- these funds are used to account for the financing of goods or services provided to departments within the government on a cost reimbursement basis.

- **Special Revenue Funds**- these funds are used to account for the proceeds from specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specific purposes.

- **Trust and Agency Funds**- used to account for assets held by the Town in a trustee capacity or as an agent.

Fund Balance- the amount of cash currently in the General Fund, minus any outstanding checks and encumbrances against the account.

General Fund- consists of accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these monies.

General Obligation Debt- long term full faith and credit obligations other than those payable initially from non-tax revenue. Includes debt payable in the first instance from particular earmarked taxes.

Governmental Funds- moneys belonging to government, or any department of it, in hands of a public official.

Grand List- the compilation, by value, of all taxable and tax exempt properties in the Town of Plainville.

Grant- an assistance award in which substantial involvement is not anticipated between the granting entity and the recipient entity during the performance of the contemplated activity.

Liquidity- the ease with which an asset can be converted to money.

LoCIP- Local Capital Improvement Program; a state grant awarded for the purpose of assisting a municipality with the cost of a State-approved capital project.

Long Term Debt- debt payable more than a year after the date of issue.

Mill- one tenth of a cent.

Mill Rate- the tax rate expressed as a monetary unit. Taxes levied are equal to the mill rate times the assessed value of property.

Modified Accrual System- accounting basis that records revenues when they are earned (whether or not cash is received then) and expenditures when goods and services are received (whether or not cash payments are made then).

Moody's Investors Service- Moody's Investors Service is among the world's most respected, widely utilized sources for credit ratings, research and risk analysis.

Object Codes- a uniform classification identifying the transactions of the government by the nature of the goods or services purchased, without regard to the agency involved or the purpose of the programs for which they are used.

Obligations- binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Operating Budget- a financial plan that presents proposed expenditures for a given period and estimates of revenue to finance them. Excludes expenditure for capital assets.

Outlays- payment of obligations.

Outstanding Debt- all debt that remains unpaid on the date specified.

Personal Services- amounts paid for compensation of officers and employees of the government. Consists of gross compensation before deductions for taxes, retirement plans, or other purposes.

Property Taxes- a tax conditioned on ownership of property and measured by its assessed value.

Revenue- all amounts of money received by a government entity, net of refunds and other correcting transactions, other than from issue of debt, liquidation of investments, and as agency and private trust transactions.

Special Funds- fund accounts for receipts earmarked for specific purposes and the associated expenditure of those receipts.

Town Meeting- an annual Town Meeting for the consideration of the budget is held on the first Monday of May.

Uncollectibles- uncollected taxes that could be collected in the future years with incumbent penalties assessed in accordance with state law.

User Fee- charges levied on an individual or class directly subject to a government service, program, or activity, but not on the general public.

Acronyms Listing

BAN – Bond Anticipation Notes

BESB - Board of Education and Services for the Blind

CAFR – Comprehensive Annual Financial Report

CCRPA - Central Connecticut Regional Planning Agency

CERC - Connecticut Economic Resource Center

CROG - Capitol Region of Government

GAAP - Generally Accepted Accounting Principles

GASB - Governmental Accounting Standards Board

GENOB – General Obligation Bonds

GFOA - Government Finance Officers Association

ISO - International Organization for Standardization

N/A - Not available or applicable

NFPA - National Fire Protection Association

OSHA - Occupational Safety and Health Administration

SCBA - Self Contained Breathing Apparatus