

BoF Article #4 for the East Haddam News

The East Haddam Board of Finance is responsible for the oversight and submittal to the citizens of the Annual Town Budget. The Annual Town Budget includes the Board of Education Budget and the Town Government Budget. The preparation of the Annual Town Budget is the result of a process that starts with a Tri-Board Meeting of the Board of Finance, Board of Education and Board of Selectmen. The process continues from the Tri-Board Meeting with a series of meetings, workshops and public hearings. The conclusion of the process is the Budget Referendum. One of the areas where the BoF believes it can help the budget development process be more effective is by helping to make sure that the discussions in the meetings, workshops and public hearings are clear and understandable for the citizens in attendance. Consequently, the BoF has written a series of articles to be printed in the East Haddam News. The purpose of this series of articles is to explain the financial terms commonly used in the budget meetings. In this week's EHN we are printing the fourth in a series of articles. This article explains the meaning of 6 additional financial terms. They are:

1. Budget Referendum – A town wide vote by which the residents and taxpayers directly decide whether to approve or disapprove the proposed Annual Town Budget for the new fiscal year.

2. Interfund Transfer – GAAP defines Interfund Transfer as a “flow of assets” (such as cash or goods) without equivalent flows of assets in return and without requirement for repayment.

Source: Generally Accepted Accounting Principles (GAAP)

3. Annual Audit – All towns and cities must have their accounts audited at least once annually. An independent public accountant approved by the Office of Policy and Management (OPM) must be selected by the board of finance to make the audit. Certified copies of the audit report must be filed with the board of finance within six months after the close of the fiscal year.

Source: Handbook for Connecticut Boards of Finance

4. Appropriation – A legal authorization granted by a legislative body (for example, the Town Meeting or Board of Finance) to make expenditures and to incur obligations for specific purposes. For budgetary /operating funds, these appropriations lapse at the end of the calendar year. For non-budgetary or special purpose funds, they do not lapse but continue in force until fully expended or their purpose has been accomplished or abandoned.

5. Annual Town Report – The board of finance must prepare and publish an annual town report. The report must be available for distribution in the town. The report must include the reports of town officers and boards and required by law, a statement of the amount received under Part IIa of Chapter 240 of the General Statutes (town aid funds for improvement of highways and bridges) and of its disposition, and any other matters the board deems advisable to include.

Source: Handbook for Connecticut Boards of Finance

6. Assessor – A local government official who determines the value of property for local real estate taxation purposes. Assessors are trained to determine the fair market value of property. The figures that they derive will be used to calculate future property taxes. The assessor estimates the value of real property within a city, town or village's boundaries. The value is converted into an assessment, which is one component in the computation of real property tax bills.

Source: www.investopedia.com