
APPENDICES

GLOSSARY OF TERMS

Accountable – Being obliged to explain one’s actions, to justify what one does.

Accountability – The requirement that governments answer to the citizenry---to justify raising of public resources and the purposes for which they are used.

Accounting Principles – The standards, conventions and rules used to record and summarize financial transactions, and in the preparation of financial statements.

Accrual basis – A method of accounting that recognizes events and transactions when they occur, regardless of when cash changes hands. Revenues are recorded when realized and earned, whether or not they are received in cash. Expenses are recorded when incurred whether or not such expenses are actually paid in cash.

Actuarially determined amount – The amount calculated by a statistician who evaluates an entity’s pension plans by calculating the future value of employee and employer contributions and determining whether the amounts are sufficient to meet the future needs of retirees.

Annual report(s) – A thorough and detailed presentation of an entity’s financial condition, which reports on the entity’s activities and balances. The annual report includes the entity’s financial statements and related notes.

Appropriations – Expenditures of designated amounts of public funds authorized by the legislature to be used for specified purpose.

Balance Sheet – One of an entity’s basic financial statements. This statement details an entity’s assets (what it owns), liabilities (what it owes) and owners’ equity. A balance sheet is a snapshot of an entity’s financial condition. State and local governments prepare a similar financial statement called the “Statement of Net Assets.” Because people are more familiar with the term balance sheet, this document sometimes refers to the state “Statement of Net Assets” as the “balance sheet.”

Basis of accounting – The rules governing when revenues, expenditures and expenses are recognized in the accounting system and reported in the financial statements.

Budget – The plan that details the resources available to the state and the allocation of those resources. A state budget is a financial representation of the goals and objectives of elected officials.

Cash basis – A method of accounting that tracks cash inflows and cash outflows. Revenues are recognized when cash is received and expenditures when cash is paid out.

Comprehensive Annual Financial Report (CAFR) – The annual report of state and local governmental entities.

Expenditures – A term used in cash basis accounting to refer to cash outflows.

Expenses – A term used in accrual basis accounting to refer to cost incurred.

Financial report(s) – see annual report and CAFR.

Fiscal deficit(s) – A deficit calculated using the full accrual accounting method.

Fiscal Year End (FYE) – The end date of an entity's accounting year.

GASB GAAP – The Generally Accepted Accounting Principles established by GASB. These principles do not require the actuarially determined pensions and other post-employment cost to be fully recognized when incurred.

Generally Accepted Accounting Principles (GAAP) – The standard framework of guidelines for financial accounting used in the United States of America. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Governmental Accounting Standards Board (GASB) – An organization that establishes and improves GAAP for U.S. state and local governments.

Inter-period equity – The principle that current-year revenues should be sufficient to pay for the services and benefits provided that year and that future taxpayer should not be required to assume burdens for services and benefits previously provided.

Modified accrual basis – A modification of accrual accounting. Revenues are generally recognized only when measurable and available to finance expenditures of the current period. Expenditures (not expenses) are recognized in the period in which the fund liability is incurred.

Off-balance sheet – An entity's asset or liability that is not reported on its balance sheet.

Other post-employment benefits (OPEB) – Other non-pension retirement benefits, including medical care, ophthalmic, dental and hearing plans, long-term care, post-employment life, disability insurance and other benefits.

Statement of Net Activities – One of a state's basic financial statements. This statement shows a state's revenues and expenses for a fiscal year. It is similar to an income statement or statement of profit/loss prepared by corporations.

Statement of Net Assets – One of a state's basic financial statements. This statement shows a state's assets and liabilities. It is similar to a balance sheet prepared by corporations.

Structural Deficit(s) – a fundamental mismatch between the revenues generated by a state's tax structure and the revenues required to fund ongoing, essential public services.

Timeliness – Financial reports should be published as soon as possible after the end of the reporting period, so the information contained in the reports is available in time to inform decision making.

Truth in Accounting – The complete information needed to make knowledgeable financial decisions. Truthful information should be accurate, relevant, understandable, reliable, timely, consistent and comparable from one reporting period to the next.

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Footnotes

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