

Accrual Basis – A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Adopted Budget – The financial plan of revenue and expenditures for a fiscal year as approved by the governing entity.

Agency Fund – An assemblage of funds that one government agency holds on behalf of another government agency.

Amortization – The scheduled reduction and repayment of debt principal over the term of a borrowing, resulting in the debt being fully repaid by its maturity date.

Appropriation – An authorization made by the City Council, which permits the City to incur obligations to make expenditures for specific purposes.

Assessed Valuation – A value that is established for real and personal property for use as a basis for levying property taxes.

Assets – Resources owned or held by a government, which have monetary value.

Audit – An official inspection of an individual or organization's accounts, typically by an independent body.

Available (Undesignated) Fund Balance – Refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

Balanced Budget – A balanced budget arises when the government entity estimates the same amount of money from revenue sources as it is appropriating for expenditures. Revenue from collection includes cash reserves carried over from prior fiscal years.

Bond – A written promise to pay a sum of money on a specific date at a specified interest rate. The most common type of bonds are general obligation and revenue bonds. These are most frequently used to finance capital projects.

Bond Rating – Is the measure of the quality and safety of a bond. It indicates the likelihood that a debt issuer will be able to meet scheduled repayments, and dictates the interest rate paid.

Budget – A plan of financial operation for a specified period of time (fiscal year). The annual budget authorizes, and provides the basis for control of, financial operations during the fiscal year.

Budget Amendment – A procedure to revise a budget appropriation either by City Council approval through the adoption of a resolution for any interdepartmental or interfund adjustments or by City Administrator authorization to adjust appropriations within a departmental budget.

Capital Improvements Plan (CIP) – The City prepares an annual CIP for all planned projects including streets, facilities, sidewalks, multi-modal, utility plant and infrastructure, vehicles and equipment, and park improvements.

Cash Basis – A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Component Unit – Entities for which the elected officials of a government are financially accountable and organizations whose exclusion would cause a government's financial statements to be misleading.

Contingency – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Debt Service – The amount of interest and principal that a City must pay each year on net direct long-term debt plus the interest it must pay on direct short-term debt.

Department – A major organizational division of the City, which indicates overall management responsibility for an operation, or a group of related operations within a functional area.

Department Budget Summary – Departments and divisions prepare a narrative to communicate their values, goals, and accomplishments. The summary further highlights any significant budget or staffing changes and presents key performance metrics tracked by the department on an ongoing basis.

Depreciation – An accounting method used to allocate the cost of a tangible or physical asset over its useful life.

Encumbrance – The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund – A self-supporting government fund that sells goods and services to the public for a fee.

Escrow – The use of a third party, which holds an asset or funds before they are transferred from one party to another.

Expenditure/Expense – This term refers to the outflow of funds paid for an asset obtained or goods and services obtained.

Equalized Value – The State's estimate of the full value of property; used to apportion property tax levies of counties, school districts, and municipalities among tax districts.

Expenditures Restraint Program (ERP) – An optional State of Wisconsin program that provides unrestricted aid to qualifying municipalities. To qualify for the program, the City must have a minimum property tax rate of five mills and must limit the increase in its general fund expenditures to an inflation factor plus a valuation factor. The inflation factor equals the average annual percentage change in the US consumer price index for all urban customers. The valuation factor equals 60% of the percentage change in net new construction value capped at 2%. Municipalities may qualify for the program annually receiving an aid payment in the following year.

Financial Management Plan (FMP) – The second phase of budget development where City departments articulate significant operational needs that may not be included in a traditional forecast of revenues and expenditures. The FMP provides the city a snapshot of the tax levy for the next five years based on a series of projections and assumptions.

Fiscal Year – The annual 12-month accounting period that begins on January 1 and ends on December 31.

Fixed Assets – Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Franchise Fees – Annual fees paid by utilities (electricity, telephone, cable TV, natural gas) for the use of the City's public rights-of-way, or that are granted a service monopoly that is regulated by the City. The franchise fee is typically a set percentage of gross revenue within the City.

Full Faith and Credit – A pledge of a government’s taxing power to repay debt obligations.

Full-Time Equivalent (FTE) – One FTE equals 2,080 hours or 40 hours/week (full-time) and is benefitted. One FTE for Police Officer positions is equal to 1,950 hours or 37.5 hours/week.

Fund – A set of inter-related accounts to record revenue and expenditures associated with a specific purpose. Fund structure consists of Governmental Funds (e.g., General Fund, Special Revenue Fund, Debt Service Fund), Proprietary Funds, and Fiduciary Funds (See previous section on “Financial Structure and Operations” for a complete description of funds).

Fund Balance – The difference between revenue and expenditures. The beginning fund balance represents the residual funds brought forward from the previous year (ending balance).

General Fund – The primary fund used by a government entity.

General Obligation Bonds – Bonds that finance a variety of public projects such as streets, buildings, and improvements; the repayment of these bonds is usually made from property taxes, and these bonds are backed by the “full faith and credit” of the issuing government.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

Governmental Accounting Standards Board (GASB) – An accounting standards board that develops accounting standards for state and local governmental entities.

Governmental Fund – A grouping used in accounting that is primarily supported by taxes, grants, and similar revenue sources.

Grant – A contribution by the State or Federal government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed by the grantee.

Infrastructure – The basic facilities, services, and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons.

Interfund Transfer – The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue – Funds received from federal, state, and other local government sources in the form of grants, shared revenue, and payments in lieu of taxes.

Internal Service Charges – The charges to user departments for internal services provided by another government agency, such as fleet services.

Internal Service Fund – Funds used to account for the services provided by one department of the City to other departments of the City, on a cost-reimbursement basis.

Levy – To impose taxes for the support of government agencies.

Levy Limits – Wisconsin law places a limit on the amount of property taxes that may be levied by municipalities. A municipality is allowed to increase its levy over the amount levied in the prior year by the percentage increase in equalized value from net new construction. Several potential modifications are allowed including for increases in debt service, transfers in services, or increase approved by referendum.

Liability – Amounts owed for items received, services rendered, expenses incurred, assets acquired, and construction performed, and amounts received but not as yet earned.

Line-Item Budget – A budget prepared along departmental lines that focuses on what is to be bought.

Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.

Major Fund – A government's main operating fund; other individual governmental and enterprise funds are reported in separate columns as major funds are based on:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Modified Accrual Basis – Refers to the accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. Thus, under modified accrual basis of accounting, then, amounts are recognized as revenue when earned, only so long as they are collectable within the period or soon enough afterwards to be used to pay liabilities of the current period.

Net Position – The difference between an entity's total assets and its total liabilities, representing the residual financial value available to support public services after all obligations are met. Net position is typically reported in three components: net investment in capital assets, restricted net position, and unrestricted net position.

Operating Expenses – The cost for personnel, materials, and equipment required for a department to function.

Operating Revenue – Funds that the government receives as income to pay for ongoing operations, including such items as taxes, user fees, interest earnings, and grant revenue. Operating revenue is used to pay for day-to-day services.

Permanent Fund – Funds required to be used to report resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

Personnel Costs – Expenditures for salaries, wages, and fringe benefits of a government's employees.

Policy – A plan, course of action, or guiding principle, designed to set parameters for decisions and actions.

Proprietary Fund – A business-like fund of a state or local government.

Reserve – An account used to indicate that a portion of a fund's assets are restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution – A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

Resources – Total amounts available for appropriation including estimated revenue, fund transfers, and beginning balances.

Revenue – Funds that the government receives as income. It includes tax payments, fees for specific services, receipts from other governments, fines, forfeitures, grants, shared revenue, and interest income.

Revised Budget – A revision of the adopted budget previously submitted and authorized by a governing board.

Significant Nonrecurring Capital Expenditures – Expenditures for major projects that are typically “one time” in nature and involve the construction or expansion of new City facilities or City infrastructure, extensive renovation of existing facilities, the purchase of important capital assets, or the acquisition of new technology which will enhance service delivery.

Source of Revenue – Revenues are classified according to their source or point of origin.

Special Revenue Funds – Non-major funds that are designated for a specific purpose.

Strategic Plan Process – The strategic planning process consisting of a structured series of activities undertaken by Common Council members to define the City’s priority focus areas and guide budgetary decisions.

Tax Increment District (TID) – A geographical area designed for development. The City financially contributes to the cost of the development by flowing tax increment dollars to a developer. The legal test for creating the district is referred to as the BUT FOR test; the development would not have occurred but for the generation of new property taxes and the related development.

Tax Increment Financing (TIF) – A public financing method used as an incentive for development in a tax increment district. Tax increment is defined as the amount of property taxes generated from a development less the amount of taxes generated prior to the development or referred to as the base tax amount.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out – Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unencumbered Balance – The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unrestricted Fund Balance – The portion of a fund’s balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges – The payment of a fee for direct receipt of a public service by the party who benefits from the service.