

Glossary

A

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.

ACH. Automated Clearing House. ACH is an electronic network for financial transactions in the United States that allows for large transfers of funds between banks for transactions such as direct deposit or paying bills.

Activity. Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

AICP. American Institute of Certified Planner. The organization's certificate for individuals that have met the criteria of professional standards that include training and testing.

Annualize. Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget.

Appropriating. A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation. The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Asset. Resources owned or held by a government which have monetary value.

Attrition. A method of achieving a reduction in personnel by not refilling the position vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions. Employee positions, which are authorized in the adopted budget, to be filled during the year.

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

B

Base Budget. Cost of continuing the existing levels of service in the current budget year.

Bond. A long-term I. O. U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects. The following two definitions are types of bonds.

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- **General Obligation (G.O.) Bond.** This type of bond is backed by the full faith, credit and taxing power of the government.
- **Revenue Bond.** This type of bond is backed only by the revenues from a specific enterprise or project, such as a water or sewer special assessment project.

Bond Refinancing (Refunding). The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Bond Market. The term used to describe the method of obtaining financing by issuing bonds through either competitive or negotiated methods. The market rate for bonds is determined by prevailing rate of similar issues from other municipalities.

Budget. A plan of financial activity for a specified period of time (calendar year) indicating all planned revenues and expenses for the budget period.

Budgetary Basis. This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Calendar. The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budgetary Control. The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

C

CAFR (Comprehensive Annual Financial Report). This report contains the Village's annual financial statements, auditors report on the financial statement, various tables and graphs as supplemental data and a transmittal letter discussing the years activity.

Capital Assets. Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Budget. The appropriation of bonds or operating revenue for improvements to facilities, and other infrastructure.

Capital Improvements. Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

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Capital Improvements Program (CIP). A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Outlay or Capital Expenditures. Fixed assets which have a value of \$10,000 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

Capital Project. Major construction, acquisition, or renovation activities which add value to a government's physical assets or increase their useful life. Also called capital improvements.

Capital Reserve. An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition.

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

Class One Notice. An official notice placed into a daily or weekly publication used as the official newspaper of the Village. The Village's official paper is a local paper titled *The Press*.

Collective Bargaining Agreement. A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and other matters).

Computerized Revaluation. A process of establishing a new assessed value for each property within the Village which utilizes a computer program and the most recent home sales to prepare an assessed value based on one of two methods of acceptable appraisal practices.

Constant or Real Dollars. The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Consumer Price Index (CPI). A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

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

Contractual Services. Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

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Cost-of-living Adjustment (COLA). An increase in salaries to offset the adverse effect of inflation on compensation.

CORP - Comprehensive Outdoor Recreation Plan. A five year plan detailing new and existing park purchases and improvements.

CPA – Certified Public Accountant. An individual obtains this professional title by obtaining a BS or BA accounting degree from a college or university, obtaining certain experience requirements, obtaining a license from a state and passing a four part, 3 ½ day examination from the American Institute of Certified Public Accountants.

D

Debt Service. The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Deficit. The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department. The basic organizational unit of government which is functionally unique in its delivery of services.

Depreciation. Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Development-related Fees. Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.

Disbursement. The expenditure of money from an account.

Distinguished Budget Presentation Awards Program. A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

DNR. Wisconsin Department of Natural Resources. A branch of the state government involved in oversight of natural resources within the state.

E

Employee (or Fringe) Benefits. Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

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

Entitlements. Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the money, usually the state or the federal government.

Equalized Value. Wisconsin Statutes, Section 70.57 requires the Department of Revenue to annually determine equalized value, which is an independent estimate of full value of a taxing jurisdiction so that property taxes are uniform throughout the various subdivision of taxing authorities in the State.

Equivalent Residential Unit (ERU). The impervious area of a property relative to the statistical average impervious area of a single family home within the Village of Howard. One ERU equals 3,301 square feet of impervious surface.

Expenditure. The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expenditure Restraint Program. The State of Wisconsin offers an entitlement program to cities and villages who voluntarily limit expenditure growth in their General Fund to an amount not to exceed a percentage factor which is calculated by the state. The percentage factor is based on equalized valuation growth and cost of living data.

Expense. Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

F

Fire Insurance Shared Tax. Payment made by the State of Wisconsin to a municipality for the sharing the cost of fire protection. These funds are limited to use for specific items including purchase of fire equipment, training of fire fighters, fire inspections and other specific costs.

Fiscal Policy. A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year. A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The Village's fiscal year runs from January 1 through December 31.

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

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

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FT – Full-time. A full-time employee of the Village is an employee hired to work at least 40 hours per week on a permanent basis. Full-time employees are eligible to receive full benefits.

Full-time Equivalent Position (FTE). A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to .5 of a full-time position.

Function. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

Fund. A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance. The excess of the assets of a fund over its liabilities, reserves, and carryover.

G

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

GBMSD (Green Bay Metropolitan Sewage District). The district responsible for collection of the sewage from the Village as well as other surrounding communities.

GIS (Geographical Information System). A system of maps and databases which allow for integration of information utilizing various parameters and graphical interfaces.

GPS (Global positioning satellite). A computerized satellite system that allows tracking of a device placed onto/in equipment, buildings, etc.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Grants. A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

I

IBC/Donoghue Index MMBD. A financial indicator based on various indicators which is used by financial institutions for payment of earnings on investments such as investment pools and certificates of deposits.

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Indirect Cost. A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure. The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

Interfund Transfers. The movement of money 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 revenues, and payments in lieu of taxes.

Internal Service Charges. The charges to user department for internal services provided by another Village department or function, such as an insurance fund from a central pool.

L

Levy. To impose taxes for the support of government activities. The levy amount represents the total dollar amount of property taxes to be collected through real and personal property tax billings.

Line-item Budget. A budget prepared along departmental lines that focuses on individual accounts within each department, such as supplies.

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

M

Materials and Supplies. Expendable materials and operating supplies necessary to conduct departmental operations.

Mill or Mill Rate. The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

Modified Accrual (Basis of Accounting). The method of recording revenues when susceptible to accrual (i.e. when they become both measurable and available) and recording expenditures when liability is incurred, except for principal and interest on long-term debt.

N

Net Budget. The legally adopted budget less all interfund transfers and interdepartmental charges.

Nominal Dollars. The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

NWTC. Northeast Wisconsin Technical College, a vocational training facility supported in part by tax levies from area jurisdictions.

Glossary

O

Object of Expenditure. An expenditure classification, referring to the lowest and most detailed level of classification, such as utilities, office supplies, workshops, and salaries.

Objective. Something to be accomplished in specific, well-defined, and measurable terms and that it achievable within a specific time frame.

Obligations. Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Revenue. Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

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

Output Indicator. A unit of work accomplished, without reference to the resources required to do the work (e.g., number of permits issued, number of refuse collections made, or number of burglary arrests made). Output indicators do not reflect the effectiveness or efficiency of the work performed.

P

Part-time. An employee who works less than 37.5 hours a week or a seasonal employee. Part-time employees are paid on a per-hour basis, and receive no benefits.

Pay-as-you-go Basis. A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

PE – Professional Engineer. An individual obtains this certification by obtaining a BS or BA engineering degree from a college or university and obtaining a state license.

Performance Budget. A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

Performance Indicators. Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure. Data collected to determine how effective or efficient a program is in achieving its objectives.

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Personal Services. Expenditures for salaries, wages, and fringe benefits of a government's employees.

Prior-Year Encumbrances. Obligations from previous fiscal years in the form of purchase orders, contracts of salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program. A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Program Budget. A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Program Performance Budget. A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance indicators.

Program Revenue (Income). Revenues earned by a program, including fees for services, license and permit fees, and fines.

PSC - Public Service Commission. The governing body of all regulated utilities within the state of Wisconsin. This body governs the rates charged by the water utility.

Purpose. A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

R

Recycling Grants. Payment made by the State of Wisconsin to assist qualified municipalities in recycling expenditures made during a fiscal year. This grant is limited in use and requires reporting of related expenditures for final reimbursement payment.

REI. Acronym for recycling efficiency grants from the State of Wisconsin.

Reserve. An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

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

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

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Retained Earnings. The historically accumulated earnings of an enterprise fund less any amounts transferred to other funds not deemed for operational purposes.

Revaluation. The process used by the assessor to place a new value on real property and improvements for determining the parcel's assessed value for property tax purposes. A revaluation would be performed on all taxable properties in the same year.

Revenue. Sources of income financing the operations of government.

S

Service Level. Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

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

State Aids - Primarily composed of the following:

- **State Shared Revenue.** Payments made by the state based on the qualified municipality's population, sewer utility, aidable revenues, property valuations and other factors. Increases or decreases in annual payments made by the state are limited. Decreases can not exceed 5% of previous year's payment.
- **State Transportation Aids.** Payments made by the state to municipalities for assistance in street/road related expenditures. The state pays either a share of eligible related expenditures, or a per mile payment. All municipalities are eligible for this aid.
- **State Connecting Highway Aids.** Payments made by the state to municipalities with state roads designated connecting highways, to assist in the maintenance of such roads.
- **State Municipal Service Aids.** Payments made by the state to municipalities providing police, fire and solid waste services to state owned property located within the municipality.

Supplemental Appropriation. An additional appropriation made by the government body after the budget year has started.

Supplemental Requests. Programs and services which departments would like to have added (in priority order) over their target budget, or if revenue received is greater than anticipated.

T

Target Budget. Desirable expenditure levels provided to departments in developing the coming year's recommended budget. Based on the prior year's adopted budget, excluding one-time expenditures, projected revenues, and reserve requirements.

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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 benefit, such as special assessment.

Tax Increment or Tax Incremental Revenues. Property taxes collected for the TID specifically designated to repay costs of development within the boundaries of the TID.

Tax Incremental Financing District (TID or TIF). A geographic area within the Village designated as a district to allow for certain infrastructure and building improvement costs to be recovered through tax incremental levies. The district can only be formed by agreement with the affected overlying jurisdictions (school district, county and vocational college).

Tax Levy. The resultant product when the tax rate per \$1,000 is multiplied by the tax base.

Tax Rate or Tax Mill Rate. The mill rate is expressed as the tax rate per \$1,000 of assessed valuations. The rate is calculated by utilizing the Village's levy plus levy from all overlying jurisdictions, adding TID incremental taxes, and dividing the result by the total assessed valuation of the Village and multiplying by \$1,000.

TID (TIF). Tax incremental (financing) district. An area of land within the boundaries of the Village that has been designated as an area of development whereby future property taxes are used to repay the cost of the infrastructure and other improvements.

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

U

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.

Unreserved 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.

V

Variable Cost. A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.

Village Center. A future mixed use development to become the center of commercial, retail and housing activity within the Village. The area is located between Meadowbrook Park on the north, Riverview Drive to the south, Cardinal Lane to the east and Hillcrest Heights on the west.

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W

Water Authority. The Central Brown County Water Authority (CBCWA or Authority) is an autonomous body with six member municipal units that was created to obtain drinking water from Lake Michigan for use by the member units.

Working Cash. Excess of readily available assets over current liabilities, or cash on hand equivalents which may be used to satisfy cash flow needs.

Workload Indicator. A unit of work to be done (e.g., number of permit applications received, the number of households receiving refuse collection services, or the number of burglaries to be investigated).

Work Years. The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year": is equal to one full-time, year-round employee. For most categories, this equals 2,080 hours year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.