

## Glossary

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**AGENCY:** A unit of organization within the City. Agencies include departments, divisions, and utilities. Each agency is responsible for submitting to the Finance Director capital and operating budget requests outlining projected costs of operation for the upcoming fiscal year.

**APPROPRIATION:** The legislative authority to spend and obligate a specified amount from a designated fund account for a specific purpose.

**BORROWING SCHEDULE:** The plan for General Fund and Non-General Fund General Obligation (GO) borrowing during the period of the Capital Improvement Plan (CIP).

**CANCELLATION:** The removal of budget authority for a project or program. Authority may be cancelled because a project is delayed, the project is not moving forward, implementation is slowed, the project is completed under budget, or there is a change in the scope of the project.

**CAPITAL BUDGET:** The appropriations for capital projects, which comprise the first year of the Capital Improvement Plan.

**CAPITAL IMPROVEMENT PLAN (CIP):** The capital projects planned for the next six years in the capital budget. Only the first year of the Capital Improvement Plan is appropriated with the adoption of the capital budget. The remaining five years of budgeted information is presented as a plan for the future.

**CAPITAL PROGRAM:** A large scale *continuing* work plan which provides for lasting improvements to the City's infrastructure, assets, and services oftentimes funded by debt, bonds, and other borrowing methods.

**CAPITAL PROJECT:** A large scale work plan with a *defined start date and end date* which provides for lasting improvements to the City's infrastructure, assets, and services oftentimes funded by debt, bonds, and other borrowing.

**COMPENSATION GROUP:** A grouping of classifications based on shared attributes of classifications, professional/supervisory requirements, and work functions assigned to established salary ranges in the Compensation Plan.

**DEBT SERVICE:** Principal and interest payments on debt incurred by the City.

**DEVELOPMENT IMPACT FEE ZONE:** Geographically defined areas of the City that have been designated by the Common Council as areas in which development has created or may create the need for capital improvements to be funded in whole or in part by impact fees. The areas may be referenced in the Comprehensive Plan or Master Plan, and shall be shown on a Development Impact Fee Zones Map.

**DIRECT APPROPRIATION:** Budget appropriations made for a specific activity or initiative but not housed within a specific agency. These appropriations fall under the purview of the Mayor.

**EXECUTIVE BUDGET:** The Mayor's plan for expenditures and funding sources during the fiscal year. The plan reflects potential appropriations and is presented to the Common Council for their amendments and adoption at which time the funds are legally appropriated.

**EXPENDITURE RESTRAINT PROGRAM:** A state aid program that provides funding to municipalities that keep growth in spending from funds supporting by property taxes to no more than the consumer price index plus 60% net new construction.

**EXPENDITURE TYPE:** The category that describes the type of expenditure being made, for example, Building, Machinery and Equipment, Fiber Network.

**FULL TIME EQUIVALENT POSITION (FTE):** A term used to express the position count. A person working in a half-time position is considered to be working at 0.5 FTE.

**FUNCTION:** A grouping of agencies that provide like services. The functions identified within Madison's operating budget include: Administration, General Government, Library, Planning and Development, Public Safety and Health, and Public Works and Transportation.

**FUND:** A sum of money segregated for specific activities. Use of this money requires adherence to special regulations established for each fund. The funds identified within the City of Madison's Adopted Budget include: Capital Projects Fund, General Fund, Community Development Grants, Convention Center, Debt Service, Fleet Services, Golf Courses, Impact Fees, Insurance, Library, Loans, Metro Transit, Other Grants, Other Restricted, Parking Utility, Public Health Madison & Dane County, Sewer Utility, Stormwater Utility, Water Utility, Worker's Compensation, and Community Development Authority.

**FUNDING SOURCE:** Income received which supports an appropriation. Funding sources include General Obligation borrowing, federal and state grants, special assessments, etc.

**GENERAL FUND:** A central fund into which most of the City's tax and unrestricted revenues are budgeted to support basic City operations.

**GENERAL OBLIGATION (GO) BORROWING:** A type of municipal borrowing that is secured by the City's available resources, including tax revenues, to repay the debt.

**General Fund GO Borrowing:** General Obligation Borrowing that is funded by the City's General Fund which comprises most of the City's tax revenues and unrestricted revenues.

**Non-General Fund GO Borrowing:** General Obligation Borrowing that is funded by sources other than the General Fund. These include enterprise funds such as Stormwater and Metro.

**HOLDING COSTS:** Expenses for upkeep and maintenance of the unoccupied areas of the Tax Increment Financing (TIF) district properties throughout Madison.

**IMPACT FEE:** A fee imposed on developers in order to pay the capital costs to construct, expand or improve public facilities which are necessary to accommodate new development or any improvements made to existing development in the City as a whole or in designated development impact fee zones. The City currently has 21 impact fees that pay for park infrastructure, parkland acquisitions, transportation improvements, Stormwater facilities and sanitary sewer improvements.

**LEVY (PROPERTY TAX):** Taxes levied on all taxable property within the City of Madison. The annual levy is determined by the amount of funding needed to support ongoing operating functions of the City. The property tax represents 73% of Madison's total General Fund budget.

**LEVY LIMIT:** A state law requirement that a municipality's property tax levy, net of general obligation debt service, increase more than the increase in net new construction.

**MAJOR:** A set of like accounts defining the nature of expenditures. Major objects within the City of Madison’s chart of accounts include:

- Revenue
- Salaries
- Fringe
- Supplies
- Purchased Services
- Debt & Other Financing
- Inter-Departmental Billings
- Inter-Departmental Charges
- Transfer Out

**MILL RATE:** A figure used to represent the amount per \$1,000 of the assessed property used to determine the amount of property tax.

**NEIGHBORHOOD RESOURCE TEAM:** Staff teams that work together to focus on priorities identified by a specific neighborhood. The mission of Neighborhood Resource Teams is to encourage and enhance communication, coordination, and relationship building among City staff, residents, and other stakeholders to promote equity and improve the quality of life for Madison residents.

**NET NEW CONSTRUCTION:** Used for state levy limits and expenditure restraint program; it’s the percentage calculated from the ratio of new construction value to the total equalized property value in the City.

**OPERATING BUDGET:** A plan, approved by the Mayor and Common Council, appropriating funds to agencies for operating costs during the upcoming year. This plan establishes legal expenditure authority for agencies to carry out business as authorized in the adopted budget. Amendments to the operating budget that exceed \$5,000 are subject to super majority approval by the Common Council.

**PAVEMENT RATING:** A scale for measuring roadway quality ranging from 0-10, used to document the roadway condition throughout the City of Madison. Pavement ratings are updated biennially.

1	2	3	4	5	6	7	8	9	10
Poor	Deficient			Adequate			New		

**PAYMENT IN LIEU OF TAX:** A payment made by entities exempt from the property tax to reflect services received from the City.

**RACIAL EQUITY AND SOCIAL JUSTICE (RESJI):** An initiative within the City of Madison focused on establishing racial equity and social justice as core principles in all decisions, policies and functions of the City of Madison.

**REAUTHORIZATION:** Funding appropriated in one year that will not be received in that year and is appropriated by the Common Council in the following year’s budget for the same purpose.

**REVENUE BONDS:** Debt funding for capital projects and programs that is secured by a specified revenue source, for example, payments made by rate payers for water or sewer services.

**SERVICE:** An activity or set of activities performed by an agency that has: identifiable costs for budgetary purposes, and a clear purpose with measurable objectives.

**SPECIAL ASSESSMENTS:** Charges designated for improvements and services provided to real property within the City and charged to the property owners. Examples of improvements funded by special assessments include sewer repair and sidewalk replacement.

**TAX INCREMENT:** The amount obtained by multiplying the total county, city, school and other local general property taxes levied on all taxable property within a tax incremental district in a year by a fraction having as a numerator the value increment for that year in the TID and as a denominator that year's equalized value of all taxable property in the TID. In any year, a tax increment is "positive" if the value increment is positive.

**TAX INCREMENTAL BASE (BASE VALUE):** The aggregate value, as equalized by the Wisconsin Department of Revenue, of all taxable property located within a Tax Increment District (TID) on the date as of which the TID is created.

**TAX INCREMENT DISTRICT (TID):** A geographical area, made up of contiguous whole units of property. A TID does not include any area identified as a wetland, as defined in State Statute.

**TAX INCREMENT FINANCING (TIF):** TIF is a public financing method that serves two primary functions. The first function is to fund certain capital improvements. The second function is, when a private project has demonstrated financial need and met the "but for" test as proscribed in State Statute, to provide public financial assistance to private developments in a tax increment district. (For a full list of eligible project costs, consult State Statute 66.1105.)

**TAXES ON AVERAGE VALUE HOME (TOAH):** A calculation used to reflect the impact of budgetary decisions on the property tax levy by calculating the impact on the average assessed property value of a single family home.

**VALUE INCREMENT:** The equalized value of all taxable property in a TID in any year minus the tax incremental base. In any year "value increment" is positive if the tax incremental base is less than the aggregate value of taxable property as equalized by the Wisconsin Department of Revenue; it is negative if that base exceeds the aggregate value.