

Budget and Finance Basics

2019 Spring Town Officials Workshop

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Overview

- I. Why Budgets Matter
- II. What Constrains Budgets
- III. What's in a Budget
- IV. Data Tools
- V. Nuts & Bolts

I. Why Budgets Matter

3

Local Budgets Matter (1)



4

Local Budgets Matter (2)



Local
Government
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financial management

As opioid overdoses exact a higher price, communities ponder who should be saved

No pay, no spray: Firefighters let home burn

Tennessee house in ashes after homeowner 'forgot' to pay \$75 fee

'Financially disastrous:' Brown County, taxpayers group continue tax-lawsuit battle

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Local Budgets Matter (3)



Local
Government
CENTER
financial management

- Town board must prepare and adopt annual budget (*Wis. Stat. 65.90, 60.40(2)(4)*).
- Tool for planning
- Statement of what the community values

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II. What Constrains Budgets

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The Wisconsin Story

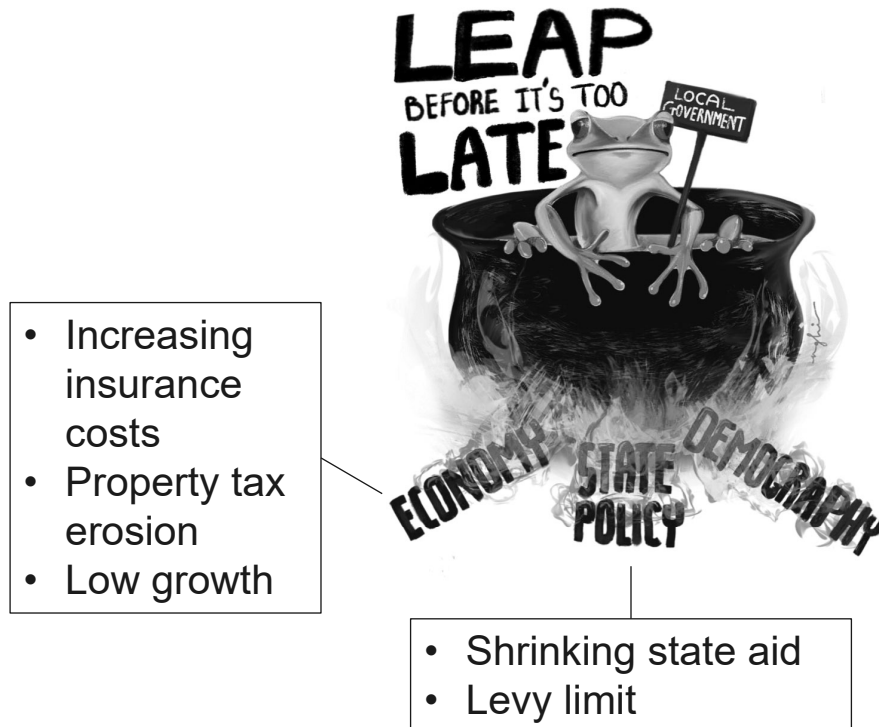


Image Source: Cornell Local Fiscal Stress Project. Image created by Nghi Nguyễn.

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Wisconsin Levy Limit

- Since 2005, the state regulates how much local governments can increase the property tax levy, compared to previous year's actual property tax levy.
- Possible increase is percentage change in net new construction or "set percentage" (0% since 2010)

Exceeding Levy Limit (1)

- Levy limit can be exceeded by following the proper procedures as below:

Town with population under 3,000	Town with population over 3,000
<ul style="list-style-type: none"> Town board adopts a resolution Town meeting <i>Wis. Stats. Sec. 66.0602(5)</i> 	<ul style="list-style-type: none"> Town board adopts a resolution Referendum <i>Wis. Stats. Sec. 66.0602(4)</i>

- Exceeding levy limit without following these procedures results in a penalty of dollar-for-dollar reduction in county and municipal aid.

Exceeding Levy Limit (2)

- Referendums for general-purpose local governments remain rare; there have been 19 levy limit overrides in 2006-2017 period.

Wisconsin Department of Revenue
Local Government Services Bureau
Approved Referendums to Exceed Allowable Levy Limit - Municipalities and Counties
September 18, 2017

Year	Comun Code	Municipality Name	County	Amount of Increase
2006	05106	Village of Bellevue	Brown	\$299,477
2006	05216	City of De Pere	Brown	\$343,700
2006	20022	Town of Friendship	Fond Du Lac	\$13,799
2006	37192	Village of Weston	Marathon	\$226,636
2007	05216	City of De Pere	Brown	\$760,886
2007	66166	Village of Richfield	Washington	\$398,632
2008	05216	City of De Pere	Brown	\$180,390
2008	24271	City of Princeton	Green Lake	\$378,347
2008	29036	Town of Summit	Juneau	\$536
2008	44020	Town of Grand Chute	Outagamie	\$697,000
2008	54246	City of Ladysmith	Rusk	\$12,000
2008	56181	Village of Sauk City	Sauk	\$1,780,834
2014	69146	Village of Lohrville	Waushara	\$20,000
2014	23999	Green County	Green	\$790,000
2014	44006	Town of Buchanan	Outagamie	\$350,000
2015	66018	Town of Polk	Washington	\$216,506
2016	09128	Village of Lake Hallie	Chippewa	\$85,000
2016	17116	Village of Downing	Dunn	\$20,000

Read about City of South Milwaukee's referendum story in the League of Wisconsin Municipalities magazine (<http://www.lwm-info.org/DocumentCenter/View/1800>)

Tips for Levy Limit Referendum

Tips for Levy Limit Referendums

Authored by: Bradley Hanson (City Administrator/Clerk, City of Mondovi, WI) & Yunji Kim (Assistant Professor, Dept. of Planning and Landscape Architecture & Extension Specialists, Local Government Center, University of Wisconsin-Madison)

FEBRUARY 2019

In Wisconsin, local governments must hold a referendum in order to exceed the property tax levy limit. This issue brief contains some tips for local officials considering a levy limit referendum.

INTRODUCTION

In Wisconsin, the State regulates how much local governments can increase their property tax levy each year ("levy limit"). The limit is in comparison to the previous year's actual property tax levy and the possible increase is a percentage change in net new construction. If a local government wishes to exceed this levy limit, they must get permission from their residents through a referendum.

Historically, levy limit referendums have been rare among general-purpose local governments (i.e. counties, cities, towns, and villages); according to the WI Department of Revenue data, between 2006 and 2017, only 19 general-purpose local governments exceeded the levy limit with referendums. However, this may be changing. According to a report from the Wisconsin Policy Forum, in the November 2018 elections, 15 general-purpose local governments asked voters to exceed levy limits and 11 of those were successful.²

Most elected officials want to provide the best services at the lowest cost to their residents.³ However, low levels of net new construction, increasing costs of services, and/or increasing service needs can make a levy limit referendum necessary.⁴ Asking voters for a property tax increase can be a daunting task for local officials. What are some tips to make this process more transparent and efficient? In this issue brief, Bradley Hanson, the city administrator/clerk of the City of Mondovi shares some tips and advice for local officials considering a levy limit referendum based on the City's successful referendum in 2018.⁵

INVOLVE YOUR KEY ACTORS

Identify, reach out, and involve the key actors in this process. Some examples are:

Elected officials and Staff. Elected officials and staff are key points of communication. As actors closest to the levy referendum process, the public can view them as credible sources of information. But remember this does not mean they have to support the levy referendum. Do your best to explain to them why a levy referendum is necessary, but keep in mind they have their right to disagree and let them say so without repercussions.

Auditor and Bonding Agent. The community's auditor and bonding agent know debt and spending answers to questions that staff may not have information for on the spot. If possible, get them to attend the open house.

Landlords and Business Owners. Business owners and landlords have a lot of power when it comes to elections with who they know and talk to. As owners of large properties, they can be particularly sensitive to property tax increases and may even urge tenants to vote against the levy referendum with the threat of a rent increase. The decision to pass on the increase in taxes to tenants is the landlord's, but remind them that public services support economic development and makes a community more desirable to live in, which in turn, increases property values.

COMMUNICATION, ESPECIALLY FACE TO FACE, MATTERS

In-person Meetings. Most people can't put a face to their local government. Imagine getting a bill from someone you've never met! Use open houses and community presentations to create opportunities for residents to meet staff and elected officials and ask questions in person. What if people don't come to you? Don't be afraid to go to them! Knocking on doors and delivering information is a great opportunity for one-on-one interactions.

Information in Writing. For those residents who are unable to attend meetings in person, publish everywhere you can and as often as possible.

Put down the consequences of a levy referendum failure (e.g. service cutbacks) in writing. Do not shy away from writing this down. Yes, some may accuse you of using a "scare tactic"; that's why honesty is important. The point is to walk your residents through the reasoning process that led you to this recommendation. If you do not have a list of potential cuts due to the levy limit, how do you know you need a referendum?

Create a "Q & A" sheet with frequently asked questions and post it on the community's website and social media. Include questions even if they could be detrimental to the referendum, such as "Won't my taxes go up if the referendum passes?" It's about building trust.

Trust Takes Time. Building trust takes time. Start talking about this issue at least one year prior to the election.

Take a Long-Term View. Regardless of the outcome of the referendum, schedule a budget meeting between the election day and the budget hearing. This meeting is a critical opportunity to debrief with committee/council members and the broader community to discuss any lessons learned.

HONESTY IS THE BEST POLICY

Throughout the entire process, be honest. Questions from residents need to be answered truthfully and as soon as possible. If you do not know the answer, tell them that, let them know you will get them an answer in a couple of days, and go back the following day and give it to them. This is an old sales tactic called "Under Sell and Over Deliver" and it helps build trust.

ENDNOTES

- "Net new construction" is calculated and published by the WI Department of Revenue each year (usually August) for each locality.
- An exception is towns with population under 3,000. These "smaller" towns can exceed the limit with a town meeting, instead of a referendum.
- Wisconsin Policy Forum. (Nov 30, 2018). "Focus #24: Municipal Voters Approve Levy Hikes." Available online at <https://wispolicyforum.org/focus/municipal-voters-approve-levy-hikes/>.
- Aldag, A., Warner, M.E., and Kim, Y. (2018). "Levathon or Public Steward? Evidence on Local Government Taxing Behavior from New York State." *Publius: The Journal of Federalism*. doi: 10.1093/publius/pjy035
- Kim, Y. (August 2018). "Local Government Fiscal Stress in Wisconsin." *The Municipality*. League of Wisconsin Municipalities. Available online at <https://www.lwm.info.org/DocumentCenter/View/2161/8-18-FINAL-ELECTION-ENGAGEMENT>.
- Read more tips from the City of South Milwaukee's referendum in the League of Wisconsin Municipalities' January 2018 issue of *The Municipality*. Some key differences between City of Mondovi and City of South Milwaukee are: 1) Mondovi is a smaller, more rural community and 2) Mondovi did not hire a public relations firm.



Source: Bradley Hanson and Yunji Kim. February 2019. "Tips for Levy Limit Referendums," Local Government Center, University of Wisconsin-Madison, Madison, WI. <https://lgc.uwex.edu/files/2019/02/Hanson-Kim-2019-Levy-Limit-Referendum-Tips-e.pdf>

Communicating with Residents

Example 1

Average Assessed Home Value: \$288,300	
Property Tax (Richfield portion = ~11% of total bill): \$481.46	
Monthly Cost: \$40.12	
Public Works: This expenditure accounts for road construction, snow removal, equipment replacement, Staff and related functions: \$18.37	Public Safety: This expenditure accounts for costs associated with police services, lake patrol, emergency government coordination effort, and fire protection: \$11.48
General Government: This accounts for expenditures for Administrative functions, Village Board, elections, Board of Appeals, legal counsel, property assessments and insurance: \$7.00	Capital Outlay: This account refers to maintenance, repair, or upgrade expenses of capital assets such as facility upgrades and equipment purchases: \$0.82
Conservation and Development: These expenditures relate to the costs associated with planning and zoning, planning consultants and services geared towards the development of the Village: \$0.91	Culture and Recreation: This expenditure accounts for supplies and maintenance of Village parks, historical sites, and the annual fireworks at Richfield Days: \$1.55

Source: 2015 Village of Richfield Budget

Source: Healy, Jim. (July 2015). "Municipal Budgeting 101" in *The Municipality* p. 223

Communicating with Residents

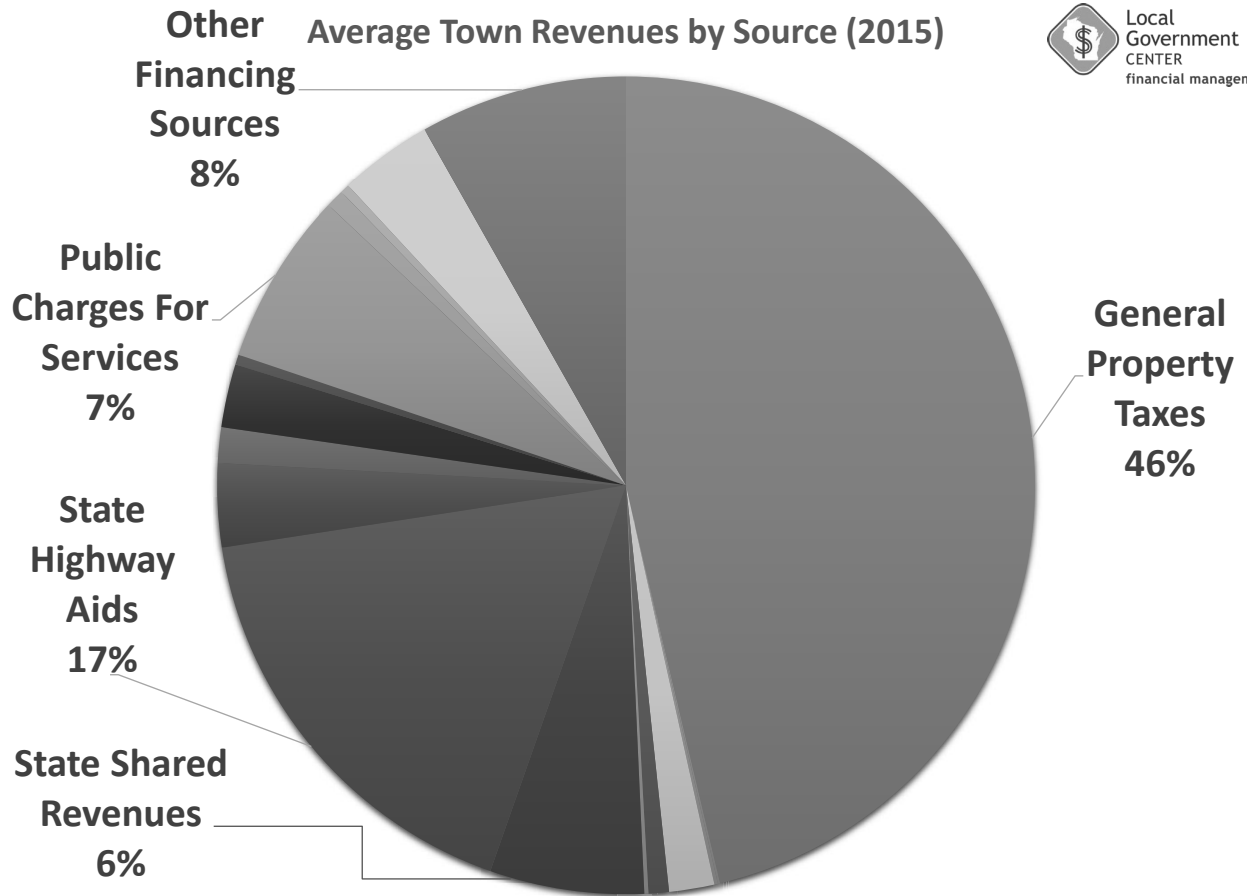
Levies Collected by the Town of Plymouth

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2017 Amt/Dollar</u>
Town of Plymouth	\$198,504.32	\$198,504.00	\$198,504.00	15.3 cents
Juneau Count/State:	\$360,949.71	\$370,082.04	\$362,036.53	28.0 cents
Royall School District:	\$606,587.56	\$715,661.55	\$646,935.87	49.9 cents
Mauston School District	\$1,095.88	\$1,115.32	\$1,064.52	0.1 cents
WWTC:	\$83,704.50	\$85,411.23	\$86,830.44	6.7 cents
Total Collected	\$1,250,841.97	\$1,370,774.14	\$1,295,371.36	Diff -\$75,372.78

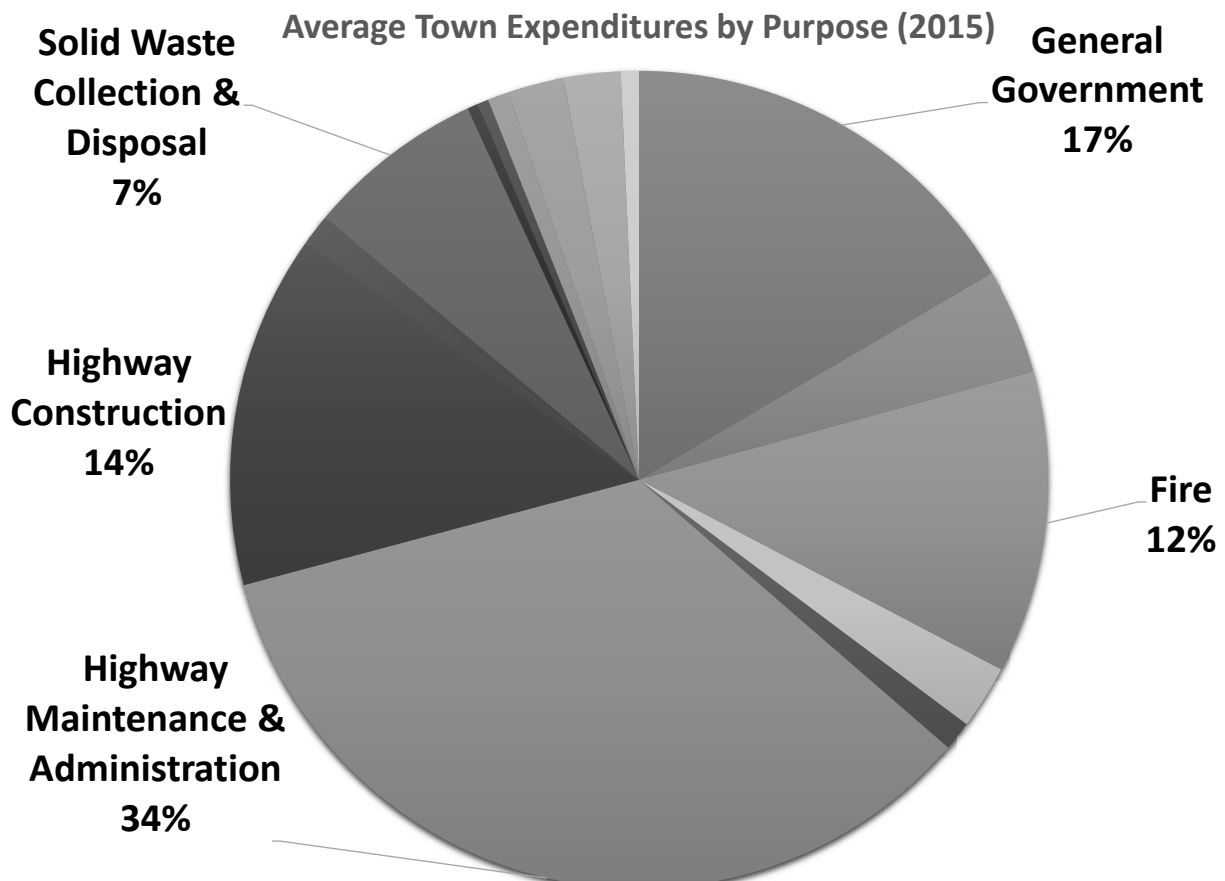
Source: Town of Plymouth Dec. 2016 Newsletter Volume 16 Issue 1

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III. What's in a Budget



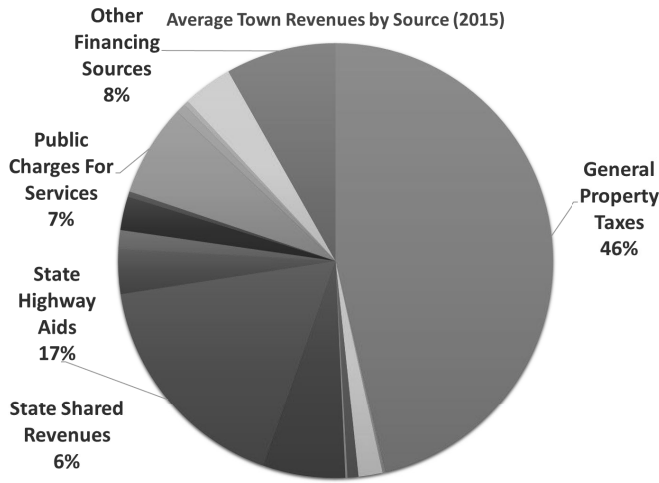
Data Source: Wisconsin Department of Revenue



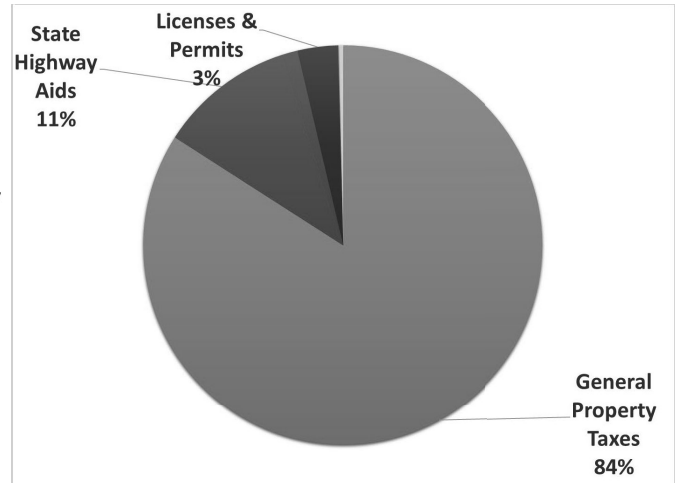
Data Source: Wisconsin Department of Revenue

Wide Variety: Revenues

Average Town



Spring Prairie

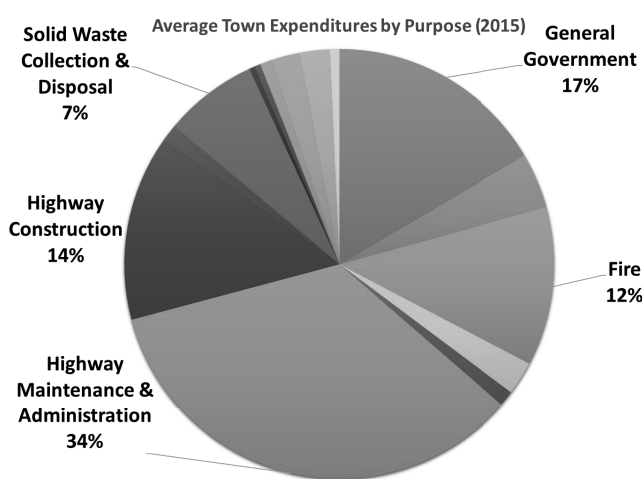


Data Source: Wisconsin Department of Revenue

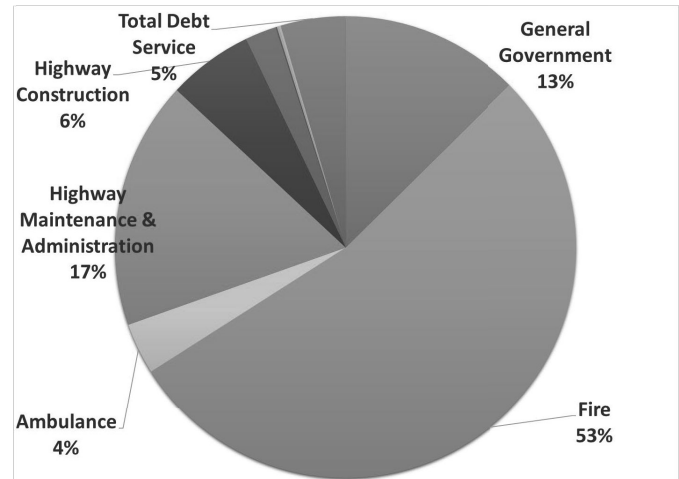
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Wide Variety: Expenditures

Average Town



Brooklyn



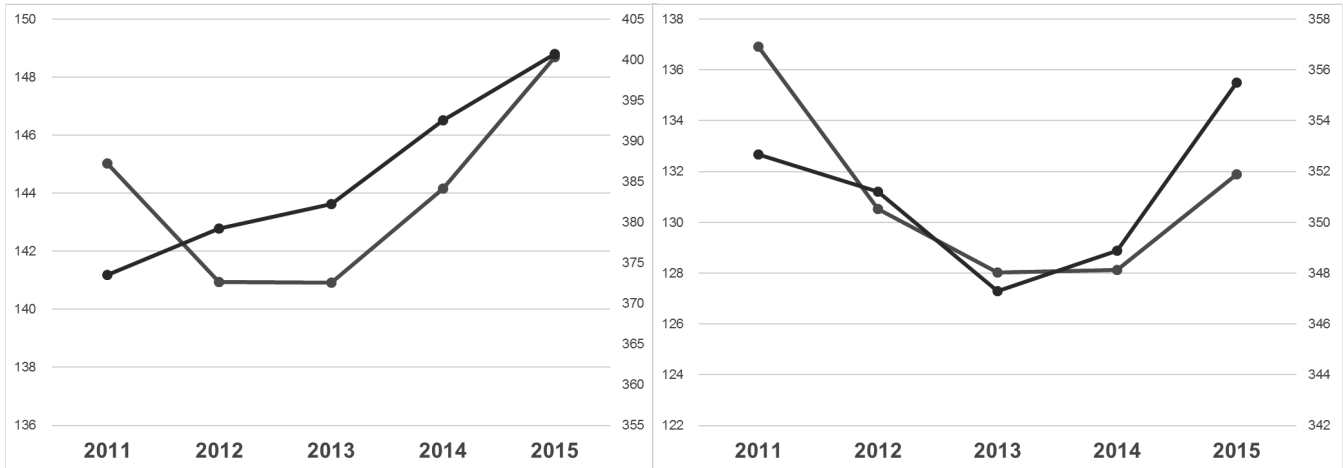
Data Source: Wisconsin Department of Revenue

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Trends: Adjusting for inflation

Before

After



*Totals for towns, in millions \$2009



Data Source: Wisconsin Department of Revenue

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IV. Data Tools

G.R.E.A.T.

- Adjusts for inflation
- Adjusts for population
- <https://great.apl.wisc.edu/>



G.R.E.A.T.

Graphing Revenues, Expenditures, and Taxes Program

About G.R.E.A.T.

G.R.E.A.T. contains statewide databases for all counties, municipalities, and towns from 1987-2016 (the most current data available). This tool automatically maps out revenue and expenditure information in easy-to-use graphs.

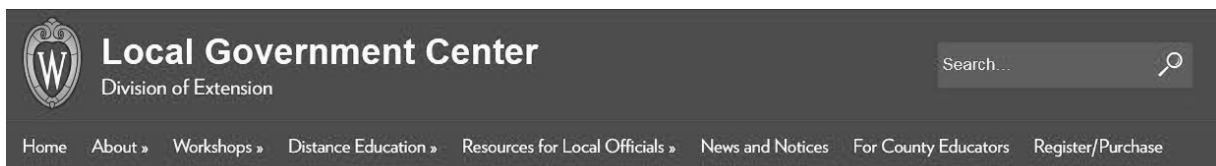
The information provided in these graphs is not intended to indicate a course of action but to provide a basis for discussion. The real value is in providing educational information on various elements of public finance for local officials and citizens, to start discussion and examination of local budgets and financial management, services provided, and how they are financed. Local officials will find this visualization of revenues and expenditures informative and perhaps even eye-opening.

Data Sources

The Wisconsin Department of Revenue annually compiles local revenue and expenditure data going back to 1987 from statutorily-mandated financial reports. The summary data is published in an annual report titled "County and Municipal Revenues and Expenditures". The G.R.E.A.T. program presents data that are all adjusted for population and inflation using the Consumer Price Index so that all figures are in "real" (inflation-adjusted) dollars.

1. Go to the Local Government Center website

- <https://lgc.uwex.edu>



Spring County Officials' or Town Officials' Workshops

In-person, one-day workshops across Wisconsin provide instruction on topics such as officials' roles & responsibilities, running effective meetings, ethics & conflicts of interest, & legislative updates.

TOPICS

- Board of Review Training
- Business Improvement Districts – BIDs
- Cities and Villages in Wisconsin
- Community Planning, Land Use Regulation and Design
- Counties in Wisconsin
- Deliberative Governance
- Disaster Management
- Effective Meetings (Parliamentary Procedure)
- Finance and Budgeting
- GREAT: Graphing Revenues, Expenditures, and Taxes tool

We teach, learn, lead and serve, connecting people with the University of Wisconsin, and engaging with them in transforming lives and communities.

2. Click “GREAT: Graphing Revenues, Expenditures, and Taxes software” in right-hand Topics column



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Home About » Workshops » Distance Education » Resources for Local Officials » News and Notices For County Educators Register/Purchase

Public Official Ethics: Purpose & Policy
• Limit self-dealing
• Limit undue influence & bias
• Preserve public confidence
• By avoiding appearance of impropriety

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2. Click “link to G.R.E.A.T.”



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Home » GREAT: Graphing Revenues, Expenditures, and Taxes software

GREAT: Graphing Revenues, Expenditures, and Taxes software

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Link to GREAT

How GREAT Has Been Used

Local government officials, UW-Extension county educators, UW-Oshkosh graduate students, academics, and others have used the GREAT software in their work. **Sample Applications of GREAT.**

TOPICS

- Board of Review Training
- Business Improvement Districts – BIDs
- Cities and Villages in Wisconsin
- Community Planning, Land Use Regulation and Design
- Counties in Wisconsin
- Deliberative Governance
- Disaster Management
- Effective Meetings (Parliamentary Procedure)
- Finance and Budgeting
- GREAT: Graphing Revenues, Expenditures, and Taxes tool
- Intergovernmental Cooperation

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3. Scroll down to “Download Profiles” section



Download Profiles

Choose a Profile Type

County City Village Town

Choose a Location

coming soon! ▼

Download Profile

This program is a joint effort of the University of Wisconsin-Extension Local Government Center, the University of Wisconsin-Madison Department of Agricultural and Applied Economics, and the University of Wisconsin-Oshkosh Department of Public Administration.

If you have any questions, please contact Yunji Kim, Local Government Specialist, UW Extension Local Government Center.

4. Choose type of government, location, and click “download profile”



Download Profiles

Choose a Profile Type

1 County City Village Town

Choose a Location

2 coming soon! ▼

3 Download Profile

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5. Click on downloaded file in lower left corner of screen

Download Profiles

Choose a Profile Type

County City Village Town

Choose a Location

coming soon!

Download Profile

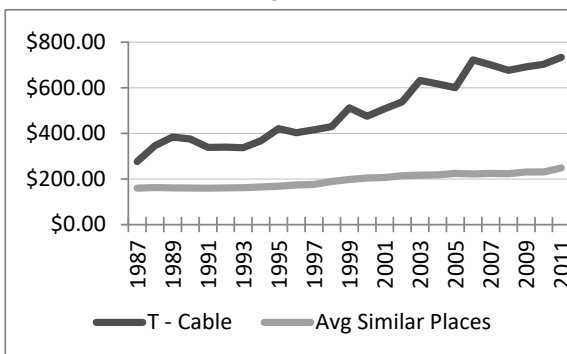
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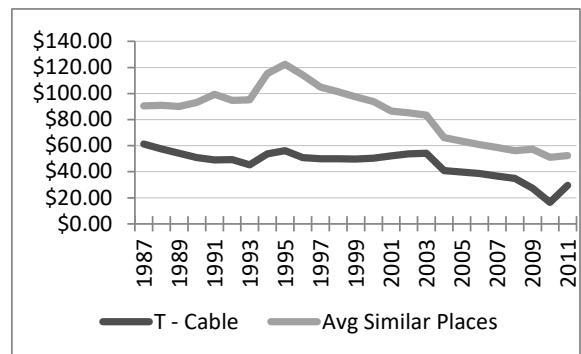


6. Open G.R.E.A.T. profile

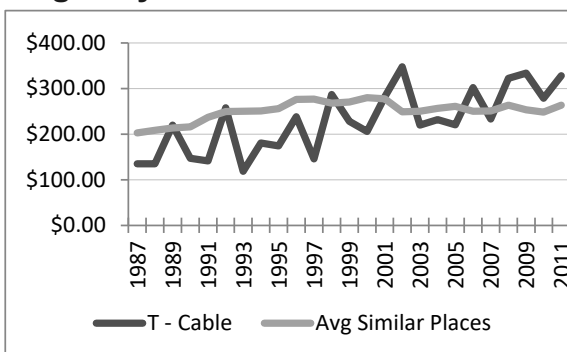
General Property Tax



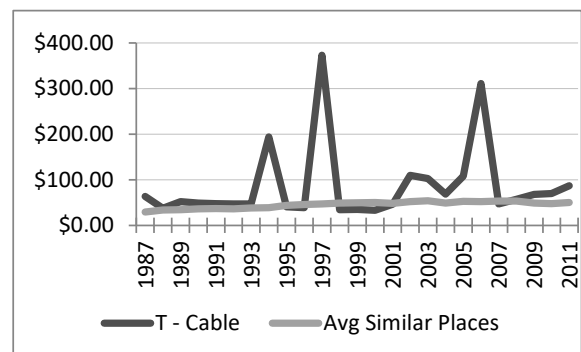
Shared Revenue



Highway Maintenance



Fire



- <https://getfacts.wisc.edu/>



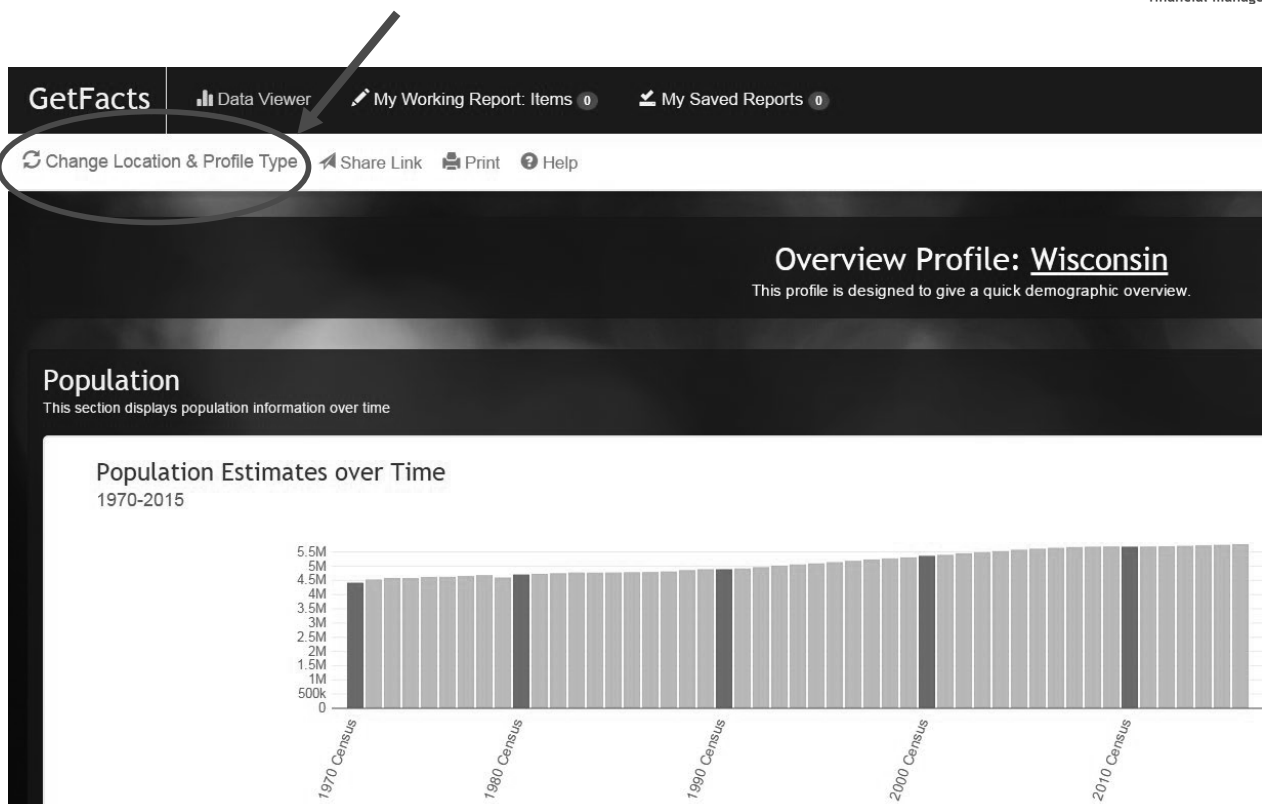
GetFacts | Data Viewer | My Working Report: Items 0 | My Saved Reports 0

GetFacts

Wisconsin's Demographic Data and Visualization Portal

Powered by the *Applied Population Lab* and *UW-Extension*

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GetFacts | Data Viewer | My Working Report: Items 0 | My Saved Reports 0

Change Location & Profile Type | Share Link | Print | Help

Overview Profile: Wisconsin

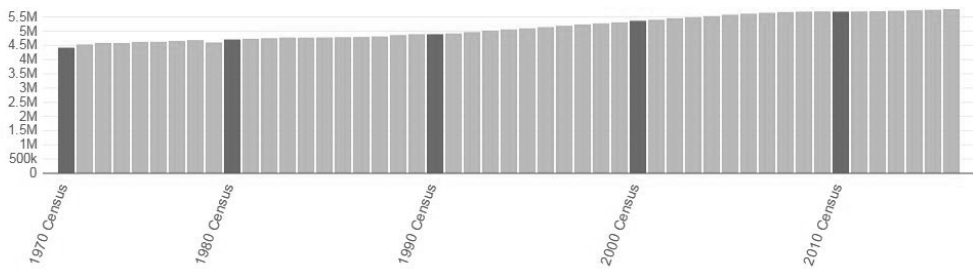
This profile is designed to give a quick demographic overview.

Population

This section displays population information over time

Population Estimates over Time

1970-2015



Census Year	Population (Approximate)
1970 Census	3.5M
1980 Census	3.6M
1990 Census	3.7M
2000 Census	3.8M
2010 Census	3.9M

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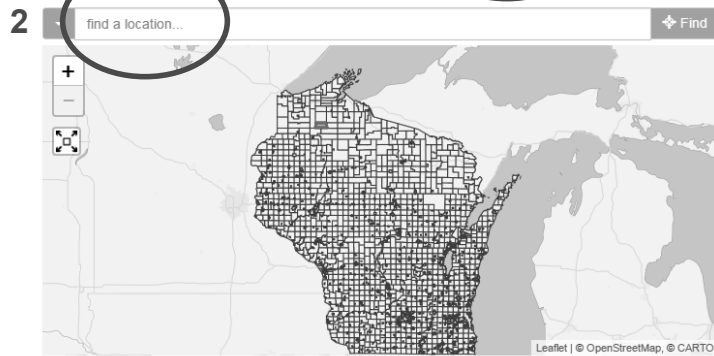
Select Profile

Find an Area

1 Select the type of geography that you are primarily interested in.

State (WI) County **1** County Subdivision

2 Select the location you are interested in by clicking on the map or typing in your location



* You can change the location by clicking on the map. Feel free to zoom and pan the map to help you find your location.

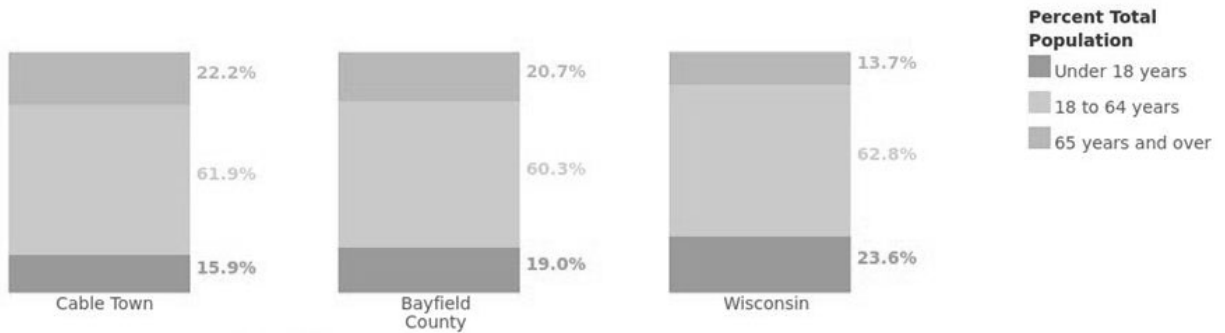
Current Location: Cable town, Bayfield County

Current Profile Type: Overview Profile


4 Generate New Profile for Selected Location

Age Composition

2010

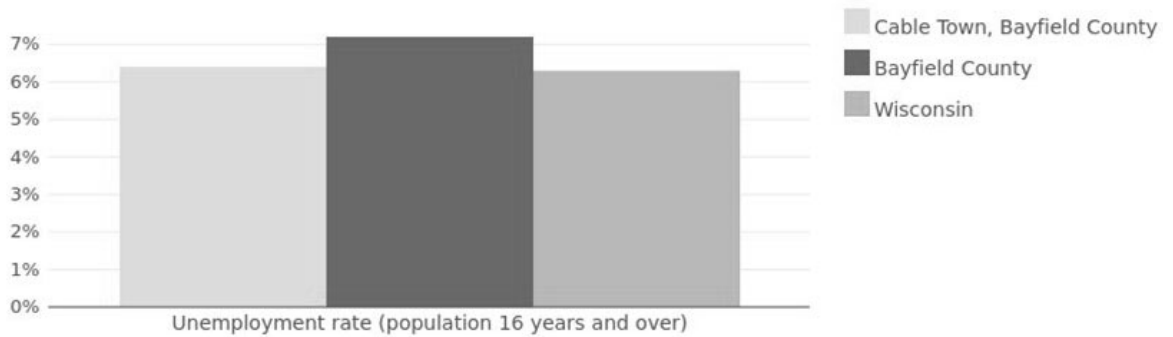



Data source: 2010 Census Summary File 1: QT-P1

Image produced by GetFacts.wisc.edu, a product of  the Applied Population Lab

Unemployment Rate (for Population 16 Years and Over)

2011-2015 5-Year Estimate



Data source: 2011-2015 American Community Survey 5-Year Estimates - S2301
Image produced by GetFacts.wisc.edu, a product of  the Applied Population Lab

- <https://getfacts.wisc.edu/>



GetFacts

Data Viewer My Working Report: Items My Saved Reports

GetFacts

Wisconsin's Demographic Data and Visualization Portal

Powered by the *Applied Population Lab* and *UW-Extension*

1 **Select Profile** Find an Area

Select a Profile Type:

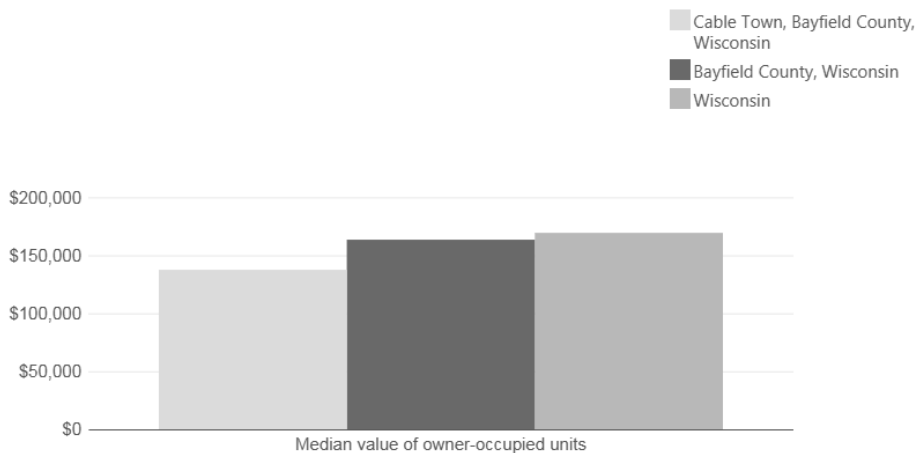
- Overview
- Civil Rights Review
- Race and Ethnicity
- Population Trends
- Housing
- Economics
- Health Equity
- 4-H
- Create Custom

2 **Housing**

3 Selected Location **Wisconsin**
Selected Profile Type **Overview Profile**

4 **Generate New Profile for Selected Location**

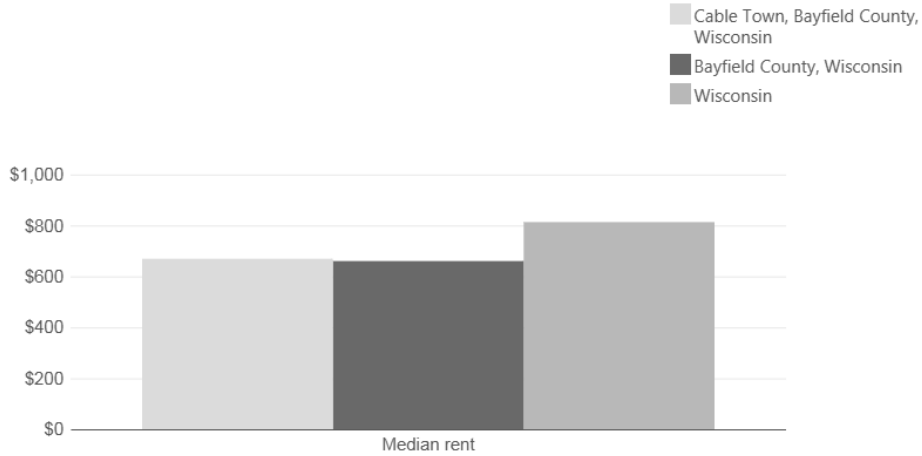
Median Owner-Occupied Housing Unit Value
2013-2017 5-Year Estimate



Data source: 2013-2017 American Community Survey 5-Year Estimates - DP04

Median Gross Rent

2013-2017 5-Year Estimate



Data source: 2013-2017 American Community Survey 5-Year Estimates - DP04

[Show Data Table](#) [Save Options](#) [Download](#)

Connecting G.R.E.A.T. and GetFacts



V. Nuts & Bolts

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Statutory Requirements

- WI Department of Revenue website
<https://www.revenue.wi.gov/Pages/home.aspx>

WISCONSIN.GOV Agency Directory Online Services

R State of Wisconsin Department of Revenue

Search

ONLINE SERVICES BUSINESSES INDIVIDUALS TAX PROFESSIONALS **GOVERNMENTS** UNCLAIMED PROPERTY

Welcome from the Secretary

It's graduation season, which makes it a great time to remind taxpayers that Wisconsin provides a deduction of up to \$3,100 for contributions to qualified Wisconsin college savings accounts. Learn more on our [College Savings Accounts common questions page](#).

Current Topics

- College savings accounts
- Refund intercept questions
- Notice of amount due
- Training and webinars

Online Services

- WI efile
- MY tax ACCOUNT
- Where's My REFUND
- eRETR Real Estate Transfer Return
- ID Verification
- Business Tax Incentive Finder

Helpful Videos

- Protecting Taxpayers
- Tools to File and Pay Taxes Online
- Understanding Notice of Amount Due
- Identity Verification
- Where's My Refund
- More videos...

Quick Links

- Payment of taxes
- Tax incentives for businesses
- Reports | Publications | Forms
- Delinquent taxpayer listing
- Register a business
- Report tax fraud
- Common questions | En Espanol

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Governments

Recent News

- Assessor Certification Exams – Updated Schedule
- Municipal Financial Report Form – Final due date: Today
- Municipal Financial Report Form – Final due date: May 15
- 2017 Statement of Assessment – Now Available
- Wausau Equalization Supervisor Announcement
- MAR, TAR, ECR Filing Available
- Room Tax Report - Due Today
- Municipal Financial Report Form - Final due date May 15
- Municipal Financial Report Form - Due May 15
- Room Tax Report - Due May 1, 2017

More Assessor News ...
More Municipal & County Official News...

Sign up for email updates

Towns, Villages, Cities

- Assessor
- Board of Review
- Clerk
- Treasurer

Counties

- Clerk
- Real Property Lister
- Treasurer

School Districts | Technical Colleges | Special Districts

Tribes | Libraries

Manufacturers | Telco and Utilities

Investment and Local Impact Fund Board

Video Resources



Common Questions

- Property tax
- Real estate transfer fee
- TRIP (Tax Refund Intercept Program)
- State Debt Collection Initiative
- Withholding tax
- Sales and use tax

Reports

- Equalized values
- Shared revenue
- Tax Incremental Financing (TIF)
- More...

Resources

- [Wisconsin Property Assessment Manual](#)
- [Partner organizations](#)
- [Guides and publications](#)
- [Wisconsin Statutes](#)
- [Wisconsin Administrative Code](#)

Municipal Clerk

Recent News

- Wausau Equalization Supervisor Announcement
- State and Local Finance Employment Opportunity
- Equalization Property Assessment Supervisor Career Opportunity
- 2016 TID Reports Posted
- Final 2016 Major Class Comparison Report Available Online
- 2017 Manufacturing and Telecommunication Notification Rolls
- Annual Reports are Available Online
- 2017 Board of Review/Open Book Calendar Now Available
- 2017 Property Tax Guides
- 2016 Online Annual Assessor Meeting and Land Classification Credit

Online Services

- Room Tax Report (SL-304) - *email authorization required*
- Municipal Financial Report (MFR)
- [Municipal Levy Limit Worksheet](#) | [Instructions](#)
- [Non-Manufacturing Omitted Property Tax \(PC-205\)](#)
- [Chargeback of Rescinded or Refunded Taxes \(PC-201\)](#)
- Tax Incremental District (TID)
 - TID Annual Report (PE-300)
 - [Tax Increment Certification \(PE-209\)](#)
 - Worksheet
 - TIF Final Accounting Report (PE-110)
- Statement of Assessment (SOA)
- Statement of Taxes (SOT)
- CALENDAR: Open Book and Board of Review
 - Enter information | [Instructions](#)

Reports

- Town, Village and City Taxes
- Shared Revenue
- Municipal
- Omitted Property Tax Requests
- Certificates of Equalized Value
- State Payment Register
- Room Taxes
- More...

Resources

- [Room Tax Fact Sheet - 2015 WI Act 55](#)
- [Levy limits - 2013 WI Act 20](#)
- [Guide to Property Assessment Process](#)
- [Property Tax Refund Requests and the Chargeback Process](#)
- Tax Incremental Financing (TIF)
- [Tax Refund Interception Program \(TRIP\)](#)
- Sales and use tax

Common Questions

- [How do I e-file the financial report form?](#)
- What is the maximum amount a county, town, village or city can levy?
- Where can I find answers about levy limits?
- More...

Search Common Questions

Common Forms

- [Municipal Levy Limit Worksheet - Form SL-202M](#) | [Instructions](#)
- [Request for Sharing of Non-manufacturing Omitted Property Tax - Form PC-205](#)
- [Request for Chargeback of Rescinded or Refunded Taxes - Form PC-201](#)
- State prescribed forms
- More...

Search all forms

Statutory Requirements



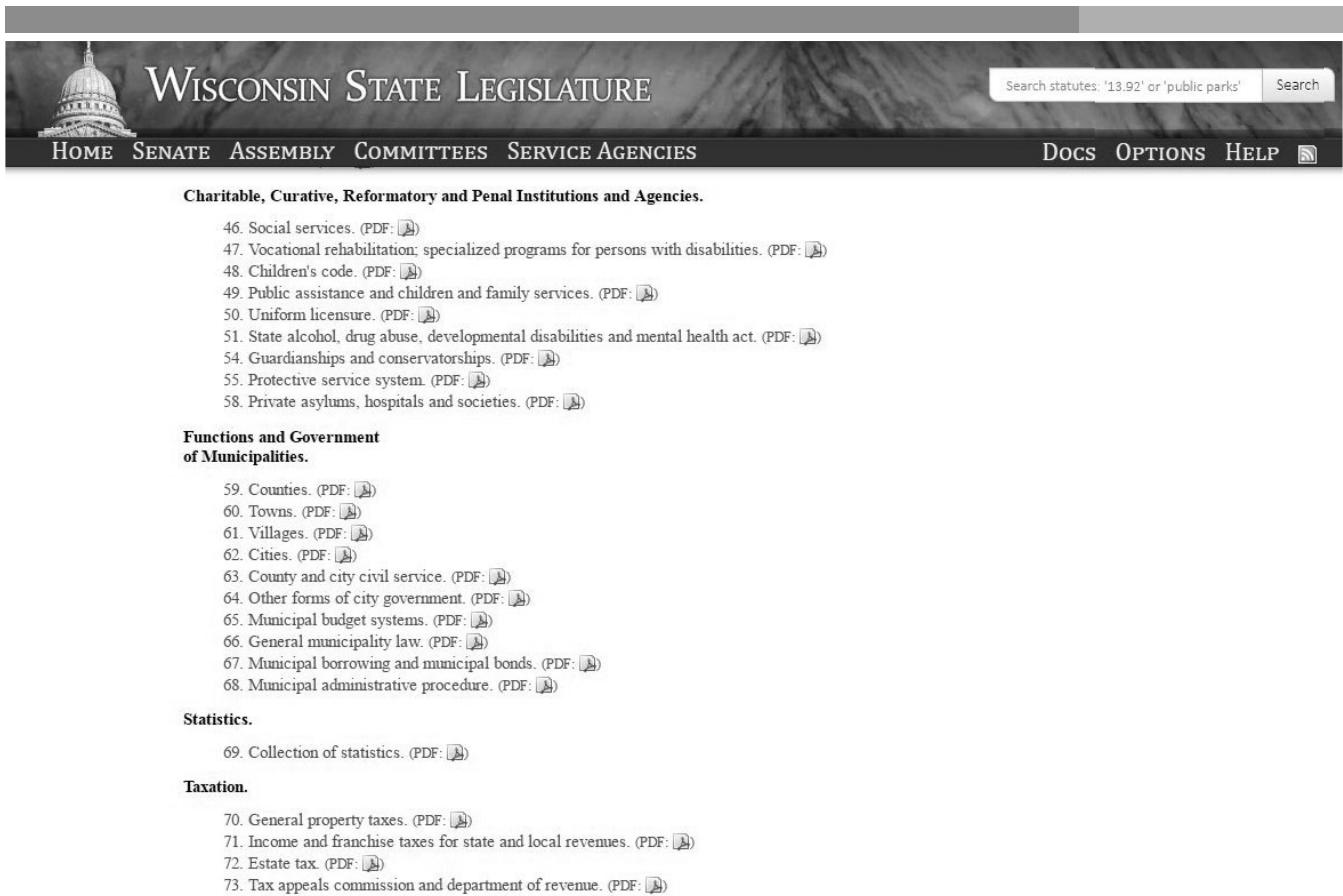
WISCONSIN STATE LEGISLATURE

HOME SENATE ASSEMBLY COMMITTEES SERVICE AGENCIES DOCS OPTIONS HELP

Menu » Statutes Related

- Statutes and Annotations**
- Statutes Index
- Statute Sections Affected by Acts
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- Repealed and Renumbered Statutes
- Additions and Corrections to Printed Statutes
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- Buying Statute Books
- Help and "About the Statutes"

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WISCONSIN STATE LEGISLATURE

HOME SENATE ASSEMBLY COMMITTEES SERVICE AGENCIES DOCS OPTIONS HELP

Search statutes: '13.92' or 'public parks' Search

Charitable, Curative, Reformatory and Penal Institutions and Agencies.

- 46. Social services. (PDF: [\[link\]](#))
- 47. Vocational rehabilitation: specialized programs for persons with disabilities. (PDF: [\[link\]](#))
- 48. Children's code. (PDF: [\[link\]](#))
- 49. Public assistance and children and family services. (PDF: [\[link\]](#))
- 50. Uniform licensure. (PDF: [\[link\]](#))
- 51. State alcohol, drug abuse, developmental disabilities and mental health act. (PDF: [\[link\]](#))
- 54. Guardianships and conservatorships. (PDF: [\[link\]](#))
- 55. Protective service system. (PDF: [\[link\]](#))
- 58. Private asylums, hospitals and societies. (PDF: [\[link\]](#))

Functions and Government of Municipalities.

- 59. Counties. (PDF: [\[link\]](#))
- 60. Towns. (PDF: [\[link\]](#))
- 61. Villages. (PDF: [\[link\]](#))
- 62. Cities. (PDF: [\[link\]](#))
- 63. County and city civil service. (PDF: [\[link\]](#))
- 64. Other forms of city government. (PDF: [\[link\]](#))
- 65. Municipal budget systems. (PDF: [\[link\]](#))
- 66. General municipality law. (PDF: [\[link\]](#))
- 67. Municipal borrowing and municipal bonds. (PDF: [\[link\]](#))
- 68. Municipal administrative procedure. (PDF: [\[link\]](#))

Statistics.

- 69. Collection of statistics. (PDF: [\[link\]](#))

Taxation.

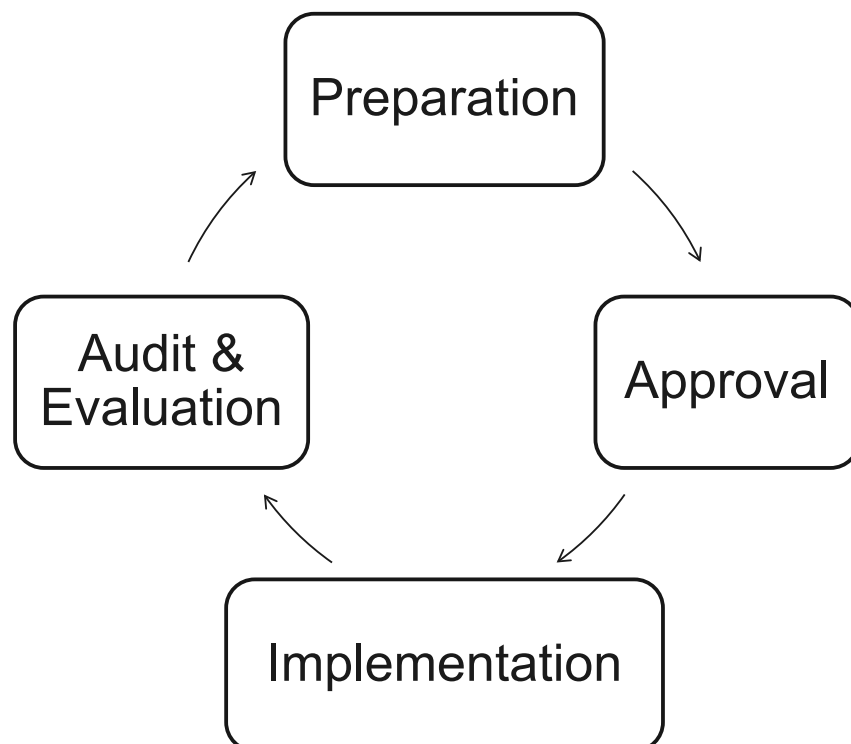
- 70. General property taxes. (PDF: [\[link\]](#))
- 71. Income and franchise taxes for state and local revenues. (PDF: [\[link\]](#))
- 72. Estate tax. (PDF: [\[link\]](#))
- 73. Tax appeals commission and department of revenue. (PDF: [\[link\]](#))

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Statutory Requirements

Content	WI Statute Chapter
Counties	59
Towns	60
Villages	61
Cities	62
Municipal budget systems	65
Municipal borrowing and municipal bonds	67
General Municipality Law (includes local levy limit, audits & reports, fees, etc.)	66

Budget Cycle



Budget Steps

1. Create proposed budget	65.90 (1)
2a. Public hearing on proposed budget with 15-day notice	65.90 (3)
- County, city, village: Class 1 notice	
- Town: Hearing notice + Budget summary posted in 3 places	
2b. Town only: town meeting of electors to set levy	60.10 (1)(a)
- Unless electors have delegated this authority to board	
3. Board meeting to adopt final budget with any adjustments (if necessary)	
3a. Cities only: Mayor can veto budget; 2/3 vote of council required to override	62.09 (8)(c)
4. Amendments (if necessary) by 2/3 vote of board	65.90(5)(a)
- County, city, village: Class 1 notice of amendments not more than 10 days after resolution has been approved	65.90(5)(b)
- County: May authorize finance committee to approve transfers between items within department (or from the contingency fund) for amounts up to 10% of what was initially budgeted for the department	

Sample Budget Timeline

July	Establish budget guidelines
August	Estimate revenues
Sept. 1	Remind board and department heads to submit expenditure requests by Oct 1
Sept. board meeting	Review budget needs for next year. Levy limit worksheet available from Department of Revenue
Early Oct.	Project current year data thru Dec. 31; Draft proposed budget & calculate levy needed; Compare necessary levy to statutory levy limit
Mid Oct.	Board endorses proposed budget
Late Oct.	15-day public hearing notice (County, city, village: Class 1 notice. Town: Hearing notice + Budget summary posted in 3 places)
Early Nov.	Public hearing on budget; Town meeting to approve property tax levy (Town only; unless delegated this authority to town board)
Late Nov.	Mill rate worksheet sent to county clerk; Levy limit worksheet sent to Department of Revenue
Dec. 8	Clerk of taxation district (city, village, town) transfers tax roll to treasurer
Dec. 15	Villages only: village board must determine village property tax levy
3 rd Monday Dec.	Clerk sends Department of Revenue a statement of all taxes to be levied

Budget Requirements

- Budgets should include:
 - all existing indebtedness and all anticipated revenue from all sources in the next year
 - all proposed appropriations for each department
 - actual revenues and expenditures for the preceding year
 - actual revenues and expenditures for not less than the first 6 months of the current year
 - estimated revenues and expenditures for the balance of the current year
 - all anticipated unexpended or unappropriated balances, and surpluses by fund

WisStat 65.90 (2)

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Notice Requirements

- Budget summary and hearing notice should include:
 - Time and place of public hearing
 - Where the budget in detail is available for public review
 - Current budget, proposed budget, and percentage change for following items:
 - all expenditures in the following categories for general fund: General government; Public safety; Public works; Health and human services; Culture, recreation and education; Conservation and development; Capital outlay; Debt service; Other financing uses.
 - All revenues in the following categories for general fund: Taxes; Special assessments; Intergovernmental revenues; Licenses and permits; Fines, forfeitures and penalties; Public charges for services.; Intergovernmental charges; Miscellaneous revenue; Other financing sources.
 - All beginning and year-end governmental and proprietary fund balances, total revenues and expenditures by fund, and contribution of property tax (if any) to each fund
 - Proposed increases and decreases to current year budget due to new or discontinued activities and functions
- Sample available at: <https://www.wisctowns.com/information-library/>

WisStat 65.90(3)

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NOTICE OF PUBLIC BUDGET HEARING FOR BADGERVILLE

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Local Government CENTER financial management

General Fund	2010 Current Budget	2011 Proposed Budget	% Change
REVENUES:			
Taxes:			
General Property Taxes	\$ 38,420	\$ 42,030	9.4%
Other Taxes	870	840	
Special Assessments	0	0	
Intergovernmental Revenues	66,920	64,100	
Licenses & Permits	950	980	
Fines, Forfeitures & Penalties	0	0	
Public Charges for Services	700	700	
Intergovernmental Charges for Services	650	600	
Miscellaneous Revenues	3,540	3,825	
Other Financing Sources	0	0	
TOTAL REVENUES	112,050	113,075	.9%
Cash Balance Applied	0	21,550	
TOTAL REV. & CASH BALANCE APPL.	\$112,050	\$134,625	
EXPENDITURES:			
General Government	\$ 15,000	15,950	
Public Safety	14,400	14,500	
Public Works	61,750	62,925	
Health & Human Services	1,100	600	
Culture, Recreation & Education	2,000	3,000	
Conservation & Development	0	0	
Capital Outlay	2,800	30,150	
Debt Service	0	0	
Other Financing Uses	15,000	7,500	
TOTAL EXPENDITURES	\$112,050	\$134,625	20.1%

All Governmental and Proprietary Funds Combined	FUND BALANCE JANUARY 1			FUND BALANCE DECEMBER 31	
	TOTAL REVENUES	TOTAL EXPENDITURES	PROPERTY TAX CONTRIBUTION	PROPERTY TAX CONTRIBUTION	PROPERTY TAX CONTRIBUTION
General Fund	\$ 44,550	\$113,075	\$134,625	\$ 23,000	\$ 42,030
Special Revenue Fund	17,850	57,600	70,450	5,000	
Capital Projects Fund	25,600	80,000	60,100	45,500	25,000
Debt Service Fund	0	43,500	43,500	0	43,500
Enterprise Fund	16,850	248,000	248,000	16,850	
Internal Service Fund	13,875	67,400	66,275	15,000	
	\$118,725	\$609,575	\$622,950	\$105,350	\$110,530

Discontinued Activity

As of January 1, 2011, title to East Cliff Park will be transferred to the county and will become part of the county's park system. The proposed budget of the Culture, Recreation and Education expenditure category in the General Fund has been reduced by \$1,600 to reflect this change.

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Local Government CENTER financial management

BUDGET SUMMARY FOR TOWN OF BADGERVILLE

	2010	2011	% CHANGE
BALANCE JANUARY 1			
RESERVED FOR NEW TRUCK	\$10,000	\$20,000	
UNRESERVED	24,550	24,550	
REVENUES:			
TAXES: GENERAL LEVY	38,420	42,030	9.4%
OTHER TAXES	870	840	
SPECIAL ASSESSMENTS	0	0	
INTERGOVERNMENTAL REVENUES	66,920	64,100	
LICENSES AND PERMITS	950	980	
FINES, FORFEITURES, PENALTIES	0	0	
PUBLIC CHARGES FOR SERVICES	700	700	
INTERGOVERNMENTAL CHARGES	650	600	
MISCELLANEOUS	3,540	3,825	
OTHER FINANCING SOURCES	0	0	
TOTAL REVENUES	112,050	113,075	0.9%
EXPENDITURES:			
GENERAL GOVERNMENT	15,000	15,950	
PUBLIC SAFETY	14,400	14,500	
PUBLIC WORKS	61,750	62,925	
HEALTH & HUMAN SERVICES	1,100	600	
CULTURE, RECREATION, EDUCATION	2,000	3,000	
CONSERVATION & DEVELOPMENT	0	0	
CAPITAL OUTLAY	2,800	30,150	
DEBT SERVICE	0	0	
OTHER FINANCING USES	0	0	
TOTAL EXPENDITURES	97,050	127,125	
RESERVE FOR CONTINGENCIES	5,000	7,500	
TOTAL EXPENDITURES AND RESERVE	102,050	134,625	31.9%
BALANCE DECEMBER 31:			
RESERVED FOR NEW TRUCK	20,000	0	
UNRESERVED	24,550	23,000	

As of January 1, 2011, title to East Cliff Park will be transferred to the county, and will become a part of the county's park system. The proposed recreation budget has been reduced by \$1,600 to reflect this change.

Other resources

[General]

- **UW Local Government Center**
 - <http://lgc.uwex.edu/topics/finance-and-budgeting/>
 - Graphing Revenues, Expenditures, and Taxes (G.R.E.A.T.)
<https://apl.wisc.edu/shared/great>
 - Tips for Levy Limit Referendums
<https://lgc.uwex.edu/considering-a-levy-limit-referendum/>
 - Financial Management in Local Government: Frequently Used Terms
<https://fyi.uwex.edu/lgc/files/2016/04/fs17FinancialManagementTerms.pdf>
- **Wisconsin Public Policy Forum**
 - <https://publicpolicyforum.org/>
 - “Navigating the Property Tax” https://wispolicyforum.org/wp-content/uploads/2014/09/1409_Navigating-the-Property-Tax.pdf
 - “Property Assessment” https://wispolicyforum.org/wp-content/uploads/2017/06/1706_assessment.pdf
 - “Are ‘Dark Store’ Property Tax Challenges on the Rise?”
https://wispolicyforum.org/wp-content/uploads/2018/08/Focus_18_16.pdf

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Other resources

- **Wisconsin Department of Revenue**
 - 2019 Guide for Property Owners (see “XV. definition of terms”)
<https://www.revenue.wi.gov/DOR%20Publications/pb060.pdf>
 - <https://www.revenue.wi.gov/Pages/Governments/home.aspx>
 - <https://www.revenue.wi.gov/DORReports/tvccal.pdf>
- **Wisconsin Legislative Fiscal Bureau**
 - Property Tax Administration
https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2017/0014_property_tax_administration_informational_paper_14.pdf

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Other resources

[General]

- **Government Finance Officers Association (GFOA)**
 - <http://gfoa.org/sites/default/files/RecommendedBudgetPractices.pdf>
 - <http://gfoa.org/products-and-services/resources>
- **International City/County Management Association (ICMA)**
 - <https://icma.org/publications-research>
- **Lincoln Institute of Land Policy**
 - <https://www.lincolninst.edu/>
 - Significant Features of the Property Tax database
<https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-taxr>
- **Participatory Budgeting Project**
 - <https://www.participatorybudgeting.org/>

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Other resources

[Counties]

- **Wisconsin Counties Association**
 - <https://www.wicounties.org/uploads/pub/handbook-final.pdf> (Wisconsin County Officials' Handbook)
 - <http://www.wicounties.org/legislative.iml#legislative-documents> (WCA Capitol Watch, issue papers)
 - <http://www.wicounties.org/legislative.iml#state-budget> (WCA Budget Webinars)
- **National Association of Counties**
 - <http://www.naco.org/>

[Towns]

- **Wisconsin Towns Association** (*access to resources limited to members*)
 - <http://wisctowns.com/home> (Wisconsin Town Officers' Handbook)
 - <http://wisctowns.com/legal-info/samples>
 - <http://wisctowns.com/education/wta-videos>

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Other resources

[Cities & Villages]

- **League of Wisconsin Municipalities**
 - <http://www.lwm-info.org/763/Handbooks-Annual-Publications> (Handbook for Wisconsin Municipal Officials)
 - <http://www.lwm-info.org/574/Municipal-Budgeting-Toolkit> (“budgeting basics”)
 - Yunji Kim. August 2018. "Local Government Fiscal Stress in Wisconsin," The Municipality, League of Wisconsin Municipalities.
<http://www.lwm-info.org/DocumentCenter/View/2161/8-18-FINAL-ELECTION-ENGAGEMENT>
 - Yunji Kim. (July 2018). "Local Governments and Fiscal Stress," The Municipality, League of Wisconsin Municipalities.
 - <http://www.lwm-info.org/DocumentCenter/View/2114/7-18-FINAL-Stressing-Over-Growth>
- **National League of Cities**
 - <http://nlc.org/>

Thank You

ykim535@wisc.edu

LGC.UWEX.EDU

Tips for Levy Limit Referendums

Authored By: Bradley Hanson (City Administrator/Clerk, City of Mondovi, WI) & Yunji Kim (Assistant Professor, Dept. of Planning and Landscape Architecture & Extension Specialist, Local Government Center, University of Wisconsin-Madison)

FEBRUARY 2019

In Wisconsin, local governments must hold a referendum in order to exceed the property tax levy limit. This issue brief contains some tips for local officials considering a levy limit referendum.

INTRODUCTION

In Wisconsin, the State regulates how much local governments can increase their property tax levy each year (“levy limit”). The limit is in comparison to the previous year’s actual property tax levy and the possible increase is a percentage change in net new construction¹. If a local government wishes to exceed this levy limit, they must get permission from their residents through a referendum.²

Historically, levy limit referendums have been rare among general-purpose local governments (i.e. counties, cities, towns, and villages); according to the WI Department of Revenue data, between 2006 and 2017, only 19 general-purpose local governments exceeded the levy limit with referendums. However, this may be changing. According to a report from the Wisconsin Policy Forum, in the November 2018 elections, 15 general-purpose local governments asked voters to exceed levy limits and 11 of those were successful.³

Most elected officials want to provide the best services at the lowest cost to their residents.⁴ However, low levels of net new construction, increasing costs of services, and/or increasing service needs can make a levy limit referendum necessary.⁵ Asking voters for a property tax increase can be a daunting task for local officials. What are some tips to make this process more transparent and efficient? In this issue brief, Bradley Hanson, the city administrator/clerk of the City of Mondovi shares some tips and advice for local officials considering a levy limit referendum based on the City’s successful referendum in 2018.⁶

INVOLVE YOUR KEY ACTORS

Identify, reach out, and involve the key actors in this process. Some examples are:

Elected officials and Staff. Elected officials and staff are key points of communication. As actors closest to the levy referendum process, the public can view them as credible sources of information. But remember this does not mean they have to support the levy referendum. Do your best to explain to them why a levy referendum is necessary, but keep in mind they have their right to disagree and let them say so without repercussions.

Auditor and Bonding Agent. The community’s auditor and bonding agent know debt and spending answers to questions that staff may not have information for on the spot. If possible, get them to attend the open houses.

Landlords and Business Owners. Business owners and landlords have a lot of power when it comes to elections with who they know and talk to. As owners of large properties, they can be particularly sensitive to property tax increases and may even urge tenants to vote against the levy referendum with the threat of a rent increase. The decision to pass on the increase in taxes to tenants is the landlord’s, but remind them that public services support economic development and makes a community more desirable to live in, which in turn, increases property values.



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COMMUNICATION, ESPECIALLY FACE TO FACE, MATTERS

In-person Meetings. Most people can't put a face to their local government. Imagine getting a bill from someone you've never met! Use open houses and community presentations to create opportunities for residents to meet staff and elected officials and ask questions in person. What if people don't come to you? Don't be afraid to go to them! Knocking on doors and delivering information is a great opportunity for one-on-one interactions.

Information in Writing. For those residents who are unable to attend meetings in person, publish everywhere you can and as often as possible.

Put down the consequences of a levy referendum failure (e.g. service cutbacks) in writing. Do not shy away from writing this down. Yes, some may accuse you of using a "scare tactic"; that's why honesty is important. The point is to walk your residents through the reasoning process that led you to this recommendation. If you do not have a list of potential cuts due to the levy limit, how do you know you need a referendum?

Create a "Q & A" sheet with frequently asked questions and post it on the community's website and social media. Include questions even if they could be detrimental to the referendum, such as "Won't my taxes go up if the referendum passes?" It's about building trust.

Trust Takes Time. Building trust takes time. Start talking about this issue at least one year prior to the election.

Take a Long-Term View. Regardless of the outcome of the referendum, schedule a budget meeting between the election day and the budget hearing. This meeting is a critical opportunity to debrief with committee/council members and the broader community to discuss any lessons learned.

HONESTY IS THE BEST POLICY

Throughout the entire process, be honest. Questions from residents need to be answered truthfully and as soon as possible. If you do not know the answer, tell them that, let them know you will get them an answer in a couple of days, and go back the following day and give it to them. This is an old sales tactic called "Under Sell and Over Deliver" and it helps build trust.

ENDNOTES

1. "Net new construction" is calculated and published by the WI Department of Revenue each year (usually August) for each locality.
2. An exception is towns with population under 3,000. These "smaller" towns can exceed the limit with a town meeting, instead of a referendum.
3. Wisconsin Policy Forum. (Nov 30, 2018). "Focus #24: Municipal Voters Approve Levy Hikes." Available online at <https://wispolicyforum.org/focus/municipal-voters-approve-levy-hikes/>.
4. Aldag, A., Warner, M.E., and Kim, Y. (2018). "Leviathan or Public Steward? Evidence on Local Government Taxing Behavior from New York State." *Publius: The Journal of Federalism*. doi: 10.1093/publius/pjy035
5. Kim, Y. (August 2018). "Local Government Fiscal Stress in Wisconsin." *The Municipality*. League of Wisconsin Municipalities. Available online at <http://www.lwm-info.org/DocumentCenter/View/2161/8-18-FINAL-ELECTION-ENGAGEMENT>.
6. Read more tips from the City of South Milwaukee's referendum in the League of Wisconsin Municipalities' January 2018 issue of *The Municipality*. Some key differences between City of Mondovi and City of South Milwaukee are: 1) Mondovi is a smaller, more rural community and 2) Mondovi did not hire a public relations firm.



Contact the Local Government Center:
229 Lowell Center
610 Langdon Street
Madison, WI 53703
Phone: (608) 262-9961



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Local Government Center, University of Wisconsin-Madison, Madison, WI.
For more information: <https://lgc.uwex.edu/finance-and-budgeting/>.

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<u>General Fund</u>	2010 <u>Current Budget</u>	2011 <u>Proposed Budget</u>	<u>% Change</u>
REVENUES:			
Taxes:			
General Property Taxes	\$ 38,420	\$ 42,030	9.4%
Other Taxes	870	840	
Special Assessments	0	0	
Intergovernmental Revenues	66,920	64,100	
Licenses & Permits	950	980	
Fines, Forfeitures & Penalties	0	0	
Public Charges for Services	700	700	
Intergovernmental Charges for Services	650	600	
Miscellaneous Revenues	3,540	3,825	
Other Financing Sources	<u>0</u>	<u>0</u>	
TOTAL REVENUES	112,050	113,075	.9%
Cash Balance Applied	<u>0</u>	21,550	
TOTAL REV. & CASH BALANCE APPL.	<u>\$112,050</u>	<u>\$134,625</u>	
EXPENDITURES:			
General Government	\$ 15,000	15,950	
Public Safety	14,400	14,500	
Public Works	61,750	62,925	
Health & Human Services	1,100	600	
Culture, Recreation & Education	2,000	3,000	
Conservation & Development	0	0	
Capital Outlay	2,800	30,150	
Debt Service	0	0	
Other Financing Uses	<u>15,000</u>	<u>7,500</u>	
TOTAL EXPENDITURES	<u>\$112,050</u>	<u>\$134,625</u>	20.1%

<u>All Governmental and Proprietary Funds Combined</u>	FUND BALANCE JANUARY 1	TOTAL REVENUES	TOTAL EXPENDITURES	FUND BALANCE DECEMBER 31	PROPERTY TAX CONTRIBUTION
General Fund	\$ 44,550	\$113,075	\$134,625	\$ 23,000	\$ 42,030
Special Revenue Fund	17,850	57,600	70,450	5,000	
Capital Projects Fund	25,600	80,000	60,100	45,500	25,000
Debt Service Fund	00	43,500	43,500	00	43,500
Enterprise Fund	16,850	248,000	248,000	16,850	
Internal Service Fund	13,875	67,400	66,275	15,000	
	<u>\$118,725</u>	<u>\$609,575</u>	<u>\$622,950</u>	<u>\$105,350</u>	<u>\$110,530</u>

Discontinued Activity

As of January 1, 2011, title to East Cliff Park will be transferred to the county and will become part of the county's park system. The proposed budget of the Culture, Recreation and Education expenditure category in the General Fund has been reduced by \$1,600 to reflect this change.

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BUDGET SUMMARY FOR TOWN OF BADGERVILLE

	<u>2010</u>	<u>2011</u>	<u>% CHANGE</u>
BALANCE JANUARY 1			
RESERVED FOR NEW TRUCK	\$10,000	\$20,000	
UNRESERVED	24,550	24,550	
REVENUES:			
TAXES: GENERAL LEVY	38,420	42,030	9.4%
OTHER TAXES	870	840	
SPECIAL ASSESSMENTS	0	0	
INTERGOVERNMENTAL REVENUES	66,920	64,100	
LICENSES AND PERMITS	950	980	
FINES, FORFEITURES, PENALTIES	0	0	
PUBLIC CHARGES FOR SERVICES	700	700	
INTERGOVERNMENTAL CHARGES	650	600	
MISCELLANEOUS	3,540	3,825	
OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	
TOTAL REVENUES	<u>112,050</u>	<u>113,075</u>	0.9%
EXPENDITURES:			
GENERAL GOVERNMENT	15,000	15,950	
PUBLIC SAFETY	14,400	14,500	
PUBLIC WORKS	61,750	62,925	
HEALTH & HUMAN SERVICES	1,100	600	
CULTURE, RECREATION, EDUCATION	2,000	3,000	
CONSERVATION & DEVELOPMENT	0	0	
CAPITAL OUTLAY	2,800	30,150	
DEBT SERVICE	0	0	
OTHER FINANCING USES	<u>0</u>	<u>0</u>	
TOTAL EXPENDITURES	<u>97,050</u>	<u>127,125</u>	
RESERVE FOR CONTINGENCIES	<u>5,000</u>	<u>7,500</u>	
TOTAL EXPENDITURES AND RESERVE	<u>102,050</u>	<u>134,625</u>	31.9%
BALANCE DECEMBER 31:			

RESERVED FOR NEW TRUCK	20,000	0
UNRESERVED	24,550	23,000

As of January 1, 2011, title to East Cliff Park will be transferred to the county, and will become a part of the county's park system. The proposed recreation budget has been reduced by \$1,600 to reflect this change.



Financial Management in Local Government: Frequently Used Terms

*Revised by LGC Local Government Specialist Alan Probst
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This Fact Sheet is part of a series of publications produced by the UW-Extension's Local Government Center. More information about a variety of topics can be found on our website, <http://lgc.uwex.edu>.

Introduction

It is helpful to have a standard set of terms to describe common local government financial processes, fund accounts, and budgets. While there is a great deal of variation in the size, style and complexity of budgets prepared by our state's town, city, village and county governments, state reporting and accounting requirements have created more uniformity over recent years. Many of the following frequently used financial and budgeting terms are used regularly at all levels of local government. This glossary of terms should make what used to be a mysterious language clearer to all who are trying to understand and monitor local finances.

Glossary

Account A classification established for the purpose of recording revenues and expenditures. (The various classifications used are likely to be drawn from a "chart of accounts" developed or adopted by the unit of government.)

Accounting Basis The method adopted for treating revenues and expenditures. The methods most likely to be found in use among small and medium-size units of government include:

1. The **Accrual Basis** of accounting under which revenues are recorded when earned (whether or not actual payment is received at that time) and expenditures are recorded when goods and services are received (whether or not payment is made at that time).
2. The **Cash Basis** of accounting under which revenues are recorded when received in cash and expenditures are recorded when payment is made in cash.
3. The **Modified Accrual Basis** under which (most kinds of) revenues are recorded when received in cash, but (most kinds of) expenditures are recorded when goods and services are received.

Activity A specific, identifiable unit of work or service performed.

Adopted Budget Every governing body must adopt by a majority vote a financial plan for the ensuing fiscal year. It must contain a general summary, detailed estimates of all anticipated revenues, all planned expenditures, and a compensation schedule.

Amended Budget Legal alterations to the Adopted Budget as provided by Wisconsin Statutes that require a two-thirds vote of the governing body.

Appropriation A legal authorization granted by the governing body which permits public officials to incur obligations and make expenditures up to the amount of money allocated and within time limits set by the governing body. Does not mean it will be fully expended.

Assessed Valuation A dollar value placed upon real estate for personal property by the local assessor, to be used as a basis for levying property taxes.

Audit A careful examination, using generally accepted accounting principles and practices, giving the independent auditor's opinion whether or not revenues are fairly reported and whether expenditures are fairly reported. Audits are reported with an "opinion."

1. An "**Unqualified**" audit opinion suggests that the audited government has satisfactorily met all audit requirements, is in general compliance with GAAP, and there are no significant deficiencies in how funds are being managed. It is essentially a "clean bill of health."
2. A "**Qualified**" audit opinion suggests there is some deviation from Generally Accepted Accounting Procedures (GAAP). An auditor presenting a "qualified" audit will often use the term "except for" In most cases, a qualified audit means there is some policy or procedure that needs to be changed, updated or corrected but it is not so critical as to place the organization in financial jeopardy.
3. An "**Adverse**" opinion is offered when the auditor concludes the financial statements are so misstated or misleading that they do not fairly present the income, financial position or cash flows of the organization Adverse audits are relatively rare but, when expressed, indicate severe problems with how the organization is accounting for its finances

Balance Sheet A statement which discloses the financial condition of an entity by assets, liabilities, reserves, and equities of a fund or account group at a specific date to exhibit financial position.

Bond A bond is a debt [security](#), in which the authorized issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay [interest](#) (the [coupon](#)) and/or to repay the principal at a later date, termed [maturity](#). A bond is a formal contract to repay borrowed money with interest at fixed intervals. Thus a bond is like a [loan](#): the *issuer* is the borrower (debtor), the *holder* is the lender (creditor), and the *coupon* is the interest. Bonds provide the borrower with external funds to finance long-term [investments](#), or, in the case of some government bonds, to finance current expenditures. [Certificates of deposit](#) (CDs) or [commercial paper](#) are considered to be [money market](#) instruments and not bonds. Bonds must be repaid at fixed intervals over a period of time.

A municipal bond is a bond issued by a city or other local government, including schools, special purpose districts, airports and seaports to secure funding for major projects. Municipal bonds may be general obligation bonds repaid by general funds or special revenue bonds secured by specified revenues and may be tax exempt, depending upon the circumstances and type of bond.

Budget The managerial and political document in which the costs associated with various activities are estimated, anticipated revenues projected and decisions made which result in appropriations, tax levies and borrowing authority.

Also a plan forecasting the amounts of money to be expended, revenues and their sources. Two kinds of budgets are commonly used:

The **Operating Budget** is the plan for current or annual expenditures and the proposed means of financing them.

The **Capital Budget** is the financial plan that details expenditures for (many kinds of) equipment, repair projects, the purchase or construction of buildings and facilities, and the means of financing each over longer periods of time.

(Also see “Performance budget”, “Program budget” and “Zero based budget”.)

Budget Calendar The schedule of events that need to occur and the date or period of time for each to occur in the preparation, review and adoption of a budget.

Capital Assets Buildings, machinery, equipment or other items having a useful life of several years and/or costing a significant amount of money to acquire. (Also called fixed assets. Local policy determines the criteria for treating proposed budget items as capital assets.)

Capital A plan listing priorities for major capital improvement

1. **Improvement Plan** projects anticipated over a fixed number of years, their costs, and methods of financing the expenditures. (Among small to medium size units of government, a capital improvement program will typically span three to seven years.)
2. **Capital outlay** Expenditures for the acquisition of new or replacement of current capital assets.

Cash Flow Plan A projection of the cash receipts and disbursements anticipated during each week or month of the fiscal year. Usually requiring a cooperative effort by the clerk and treasurer, the plan helps determine the most opportune time to expend funds, helps avoid unnecessary short term borrowing, and earns the highest return on idle funds.

Contingency Funds Assets or other resources set aside to provide for unforeseen expenditures or for anticipated expenditures of uncertain amounts.

Coupon A bond’s **coupon** is the annual interest rate paid on the issuer’s borrowed money, generally paid out semi-annually on individual bonds. The coupon is always tied to a bond’s face or **par value** and is quoted as a percentage of par.

For example, you invest \$5,000 in a six-year bond paying a coupon rate of five percent per year, semi-annually. Assuming you hold the bond to maturity, you will receive 12 coupon payments of \$125 each, or a total of \$1,500.

Debt An obligation resulting from the borrowing of money or purchase of goods and services. Government debt includes bonds, time warrants and notes.

Debt Limit The maximum amount of debt legally permitted. In Wisconsin, General Obligation debt is limited to 5% of the jurisdiction's equalized value.

Debt Service The amount of money a unit of government must spend to repay in full and on schedule the principal and the interest owed on what it borrows from outside lenders.

Deficit An excess of expenditures/uses over and above revenues/resources.

Depreciation That portion of the total expended to acquire a capital asset charged as an expense during a particular period of time. Depreciation is usually estimated in a straight line calculation in which the original value is decreased each year as a percentage of full value over the expected life of the asset.

Eminent Domain The power of a government to acquire private property for public purposes. It is used frequently to obtain real property that cannot be purchased from owners in a voluntary transaction. When the power of eminent domain is exercised, owners normally are compensated by the government in an amount determined by an independent appraisal of the property.

Encumbrance Commitments to pay for equipment, goods or services without payment actually being made. Purchase orders and contracts are typical ways in which government agencies encumber funds charged against an appropriation for contracts yet to be performed.

Endowment Funds or properties that are donated with either a temporary or permanent restriction as to the use of the principal and/or interest. Such funds are "restricted" and their balances cannot be used to offset deficits in General Funds.

Enterprise Fund An accounting method for revenues and expenditures of an activity that is treated much like a business enterprise because it is expected to be self supporting, with little or no subsidy provided from general funds, and with an ongoing independent revenue source.

Equalized Valuation The statutory full market value of all real property within each jurisdiction (except agricultural land which is valued based on production/earning potential). The State Department of Revenue analyzes market sales statewide to estimate the full market (or equalized) value for each jurisdiction. Equalized values provide a means of comparing different jurisdictions, even if they are assessed at different percentages of market value. Equalized values are used to apportion the levies of overlying districts (for example, schools and counties) to the municipalities within them. The state values are needed because municipalities assess property at varying percentages of the market value.

Expenditures Expenditures include current operating expenses which require the current or future use of net current assets, service and capital outlays.

Fixed Assets See “Capital assets”.

Fiscal Year A twelve-month period of time used for budgeting, accounting and tax collection purposes which may differ from a calendar year. Wisconsin municipal entities operate on a calendar basis from January 1 to December 31 while the State operates on a July 1 to June 30 basis.

Forecasting A forecast of the expected financial position and the results of operations and cash flows based on expected conditions. In local government, this generally means anticipating what revenues are anticipated from property taxes, state shared revenues and fees for services and comparing those “forecasted” revenues with expected obligations and expenditures.

FTE (Full Time Equivalent) A term used to compare the hours budgeted for regular full-time and regular part-time, temporary part-time and overtime based on 2,080 hours annually of a full time position.

Fund An independent accounting entity with its own set of accounts to record revenues and expenditures, obligations, and reserves. (Most local units of government establish a general fund along with several special revenue funds and, if appropriate, enterprise funds.)

GASB The mission of the independent, not-for-profit, nongovernmental **Governmental Accounting Standards Board** is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. Most local governments adhere to GASB standards.

General Reserves Revenues received but not needed until a future date in order to meet obligations; these revenues can be invested in a variety of authorized ways to generate additional income. (The investment of idle funds requires coordination between cash flow planning and budget planning.)

GFOA (Government Finance Officers Association) The professional organization for government finance officers that provides training and a venue for discussion of issues related to government finance.

ICMA The **International City/County Managers Association** is the professional organization for City Managers and County Administrator and provides professional training, information sharing, and guidance on local government issues.

Impact Fees Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements (e.g. parks, sidewalks, etc.) that will be necessary as a result of the development.

In-Lieu of Tax Payment made in place of a tax or taxes. Payments can be negotiated with non-taxable property owners who will make a payment on property not subject to property tax.

Levy To impose taxes, special assessments or service charges for the support of government activities and services.

Liquidity The ability to convert an investment (of idle funds) quickly in order to meet obligations with minimum loss of earning power.

Line-item/object The classification of expenditures on the basis of categories called

1. **-of- expenditure** objects-of-expenditure (personal services, contractual services,
2. **budget** capital outlay, etc.) and within each category more detailed line-items (salaries, travel, telephone expense, etc.). (This type of budget, traditionally used among local units of government, focuses attention on how much money is spent and for what purpose rather than the activity affected or its outcomes.)

Management Letter A letter from the independent auditors that is usually a series of findings or recommendations on ways the financial management policies and practices may be improved.

Mil Rate The amount of taxes levied for each \$1,000 (mil) of assessed property valuation. For example, a tax levy budget of \$2.5 million (total property tax assessment) with a property tax base of \$1 billion (value of all taxable property) would generate a levy rate of \$2.50 per \$1,000 of assessed value. On a house value at \$100,000, the property tax would equal \$250 (100X \$2.50)

Municipal Any county, city, village, town, technical college district, special purpose district or board or commission and any public or quasi-public corporation or board or commission created pursuant to statute, ordinance, or resolution, but does not include the state, a state, agency, or corporation chartered by the state or a school district.

Municipal Bond A municipal bond is a bond issued by a city or other local government. Municipal bonds may be general obligations of the issuer or secured by specified revenues. Interest income received by holders may be tax exempt.

Obligations Amounts a government may be required legally to meet out of its resources.

Operating Budget A financial, programmatic, and organizational plan for furthering the goals of the governing body for the current year.

Par Value The stated value of a security as it appears on its certificate. A bond's par value is the dollar amount on which interest is calculated and the amount paid to holders at maturity. Par value of preferred stock is used in a similar way in calculating the annual dividend.

Performance The classification of expenditures on the basis of specific activities

Budget (resurfacing streets, investigating traffic accidents, etc.), the number of units performed and their costs. (This type of budget focuses attention on what a work unit does, how frequently it does it, and at what cost rather than a detailed, line-item accounting of expenditures.)

Per Capita Income Total income divided by the population.

Personnel Costs Budget category used to denote salaries and wages as well as all associated benefits such as employer paid pension costs; social security; health, life, dental, and disability insurance; vacation; holidays; and sick leave.

Principal In the context of bonds, the face value or par value of a bond or issue of bonds payable on stated dates of maturity.

Program Group of activities, operations, or organizational units directed to attaining specific purposes or results. (A group of activities related to crime prevention can be made part of the same program even though the activities involve separate work units within the same program under the same governing body. The same may be true of activities related to fire prevention, health care centers, road maintenance, etc.)

Program Budget The classification of expenditures on the basis of programs, significant problems or policy issues each attempts to deal with, and alternatives for dealing with them. (This type of budget focuses attention on the kinds of problems and policy issues chief executives and governing bodies are expected to resolve and, in a summary fashion, the resources needed to resolve them.)

Property Tax Taxes levied and revenue received based on both real and personal property assessed valuation and the tax rate.

Reimbursements Payments remitted on behalf of another party, department, or fund. Recorded as expenditures, or expenses, in the reimbursing fund, and as reductions of the expenditure, or expense, in the fund that is reimbursed.

Restricted Assets An account set up to control monies or other resources, the use of which is restricted by legal or contractual requirements.

Reserve for An account, included as part of most budgets, set aside for **Contingencies** emergencies or other unanticipated needs not otherwise included as part of a budget. (Since a contingency fund is usually included in the adopted budget, it takes a simple majority of the governing body to approve spending from it.)

Special Assessment A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

TIF Tax Increment Financing is a tool to use future gains in taxes to finance current improvements (which theoretically will create the conditions for those future gains). When a public project such as a road, school, or hazardous waste cleanup is carried out, there is often an increase in the value of surrounding [real estate](#), and perhaps new investment (new or rehabilitated buildings, for example). This increased site value and investment sometimes generates increased tax revenues. The increased tax revenues are the “tax increment.” Tax Increment Financing dedicates tax increments within a certain defined district to finance debt issued to pay for the original improvement project. TIF is designed to channel funding toward improvements in distressed or underdeveloped areas where development might not otherwise occur. TIF creates funding for “public” projects that may otherwise be unaffordable to localities, by borrowing against future property tax revenues.

Transfer of Funds An approved movement of monies from one separate fund to another fund. Often budgets call for Transfers In to the General Fund to pay for centralized expenditures such as utilities, insurance, or fringe benefits. Transfers Out from the General Fund may be required to subsidize new special activity funds or those with insufficient or unreliable revenue source.

Unreserved Available funds from prior year budgets that the local **fund balance** auditors have determined are not pledged for any purpose that may be used as a guarantee for the credit of the government's long term bonds, or for any legal general purpose. (Unreserved funds are considered outside the normal operating budget unless applied as "Funds Forwarded" to reduce the tax levy. Expenditure of these funds requires a 2/3 vote.)

Zero-base budget A budgeting approach whereby the expenditure amount for each line item is examined in its entirety each year, regardless of prior funding. Those items that cannot be justified are subject to elimination. In most cases, Zero-Based Budgeting (ZBB) organizes information into decision packages, i.e. incremental spending levels that reflect varying levels of effort and costs. In theory, each department prepares at least three (3) packages: a base-level, meeting the program's minimum requirements; current-level funding; enhanced package – to address unmet needs. Packages from all departments are then ranked according to perceived need for the package. The packages are then ranked and either selected for adoption or rejected.

Acknowledgments

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