

Financial Glossary

A

Americans with Disabilities Act (ADA) – Federal legislation prohibiting discrimination against people with disabilities.

Agency Funds - Account for assets held in trust by the district. Agency Funds are used to record resources and related financial activity where the District acts as an agent or custodian for others rather than as an owner.

Appropriations - An authorization granted by the District Board to make expenditures and to incur obligations for specified purposes. The District controls expenditures at the functional level within a fund.

Assessed Valuation - The valuation set upon real estate or other property by the Wisconsin Department of Revenue. This valuation is multiplied by the tax rates set annually by the District Board to determine taxes due.

Assets - Property and resources owned or held which have monetary value.

Auxiliary Services – An expenditure function used to record costs for activities of a commercial enterprise or of a proprietary nature, such as the bookstore, childcare, cafeteria and vending machine operations.

Avocational - Non-academic courses for self-improvement; also known as Community Service courses.

B

Balance Sheet - A statement disclosing the assets, liabilities, reserves and equities of a fund or account group at a specific date to exhibit financial position.

Bond - A written promise to pay a specified sum of money, called the face value or principal amount, at specified date(s) in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bond Rating - A level of risk assigned to general obligation promissory notes assessed by rating agencies. The higher the rating, the less risky the notes are.

Bonded Debt - Indebtedness represented by outstanding bonds, which include general obligation promissory notes, backed by approved, irrevocable future debt services tax levies.

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

C

Comprehensive Annual Financial Report (CAFR) - The District's annual financial report containing financial, demographic, and statistical information about the district.

Capital Leases - An extended commitment to rent real property or capital equipment over a period of more than two years that vests certain ownership rights with the lessee.

Capital Outlay - An appropriation and expenditure category for government assets meeting the WTCS definition for capitalization.

Capital Projects Fund - Accounts for financial resources used for the acquisition or construction of major capital assets and remodeling, other than those financed by enterprise or internal service funds.

Compensated Absences - The amount owed in the future to faculty and staff, received as a benefit for current service.

Consumer Price Index (CPI) - The CPI can be used to adjust for the effect of inflation.

CSA – Combined Statistical Area.

Current Expense - Expenses that are not salaries, wages, or fringe benefits. Current expense includes: supplies, paper, travel, utilities and insurance.

D

Debt - An obligation resulting from borrowing money.

Debt Limit - The maximum amount of gross or net debt legally permitted.

Debt Proceeds - Amounts received from the issuance of general obligation promissory notes.

Debt Service - Expenditures for the retirement of debt, and related interest payments.

Debt Service Fund - Accounts for the resources for and the payment of general long-term debt principal and interest.

Deficit - The excess of expenditures/uses over revenues/resources.

Depreciation - The expiration of the useful life of a fixed asset over a determined period of time attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Also, the portion of the cost of a fixed asset charged as an expense during a particular period.

Designated for Subsequent Year - A portion of this year's fund balance to provide for the excess of expenditures and other financing uses over revenues and other financing sources budgeted in the next year.

Designated for Subsequent Years - Fund balance set aside to fund operations subsequent to the forthcoming budget year.

E

Encumbrances - Obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid, or when an actual liability is established.

Enterprise Funds - Account to measure net income for ongoing activities which are similar to those often found in the private sector and the services are provided primarily through user charges.

Equalized Valuation - The full value of the taxable property in a district, as determined by the Wisconsin Department of Revenue. Full value less the value of tax incremental financial districts (TIF) is used for allocation of tax levy to municipalities in a taxing district (See TID Out).

Equity - The excess of assets over liabilities generally referred to as "fund balance."

Expenditure - A decrease in financial resources of the District generally due to the purchase of goods and services, the payment of salaries and benefits, or the payment of debt service.

Expenses - Outflows or other uses of assets or liabilities incurred from delivering or producing goods, rendering services, or carrying out other activities that constitute an entity's operation.

F

Fixed Assets - Assets of a long-term character which are intended to continue to be held or used, including items such as land, buildings, and equipment.

Fringe Benefits - Compensation in addition to regular salary or wages provided to an employee. This includes health and dental insurance, Social Security, Wisconsin Retirement, and salary continuance (disability insurance).

Full-Time Equivalent (FTE) - A unit that measures the workload of an employee or course load of a student that takes into account the part time status of some individuals.

Function - A group of related activities aimed at accomplishing a major service/activity for which a governmental unit is responsible, such as instruction or student services.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts, including assets, liabilities, and fund balances, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance - The excess of assets over liabilities. They may be:

Reserved: A portion of fund balance that is not available for other expenditures and is legally segregated for a specific future use.

Designated: A portion of fund balance established to indicate tentative plans for financial resource utilization in a future period. Such plans are subject to change and may never be legally authorized, or may result in expenditures such as designations for operations and for subsequently-budgeted expenditures.

Fiscal Year (FY) - A twelve-month period to which the annual operating budget applies and, at the end of which, a governmental unit determines its financial position and the results of its operation. All Wisconsin technical colleges use a July 1 to June 30 fiscal year.

G

Government Accounting Standards Board (GASB) – The organization responsible for establishing and improving standards for government accounting (see GAAP).

Generally Accepted Accounting Principles (GAAP) - The uniform standards used by governments to report financial information.

General Fund - The primary operating fund of the District, its accounts reflect all financial activity not required to be accounted for in another fund.

General Obligation Debt - Long-term debt for facility upgrade and capital equipment backed by the full faith and credit of the District.

Governmental Fund Types - The general, special revenue, capital projects, and debt service funds.

I

Institutional Revenue - Revenue generated for contracts for instruction with business and industry, interest income, and miscellaneous user charges.

Intergovernmental Revenue - Revenue received from state, federal, or other government agencies.

Internal Service Fund - Account for the financing and related financial activities of providing goods or services from one

department to another department within the college on a cost-reimbursement basis.

L

Levy - The total amount of taxes or special assessments imposed by a governmental unit.

Liabilities - Debt or other legal obligations arising out of transactions for goods or services received in the past, which are owed but not necessarily due.

Local Government Revenue - Revenue received from property taxes.

M

Mill Rate - Tax rate (taxation) in mills (\$.001) per dollar of valuation.

N

Net New Construction - Includes changes to equalized value due to new building construction and land improvements minus changes to equalized value due to demolition/destruction of building and removal of land improvements.

O

Obligations - Amounts that a governmental unit may be required to legally meet out of its resources, including both liabilities and unliquidated encumbrances.

Operating Budget - Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a District are controlled.

Operating Funds - The general and special revenue funds combined.

Operating Transfers - A transfer of resources from one fund to another as required by law or appropriation. The funds are considered revenues of the source fund.

Operational Expenditures - The salaries, fringe benefits, materials, supplies, services, and other expenditures related to district operations.

Overlapping Debt - The proportionate share of the debts of local governments, located wholly or in part, within the limits of the

reporting government, which must be borne by property within each government.

P

Performance Funding - A formula allocation of State Aids to each district based on a district's performance in the three previous fiscal years with respect to seven of ten criteria, in which each district is allowed to designate the seven criteria used for the allocation.

Pro Forma Balance Sheet - The District's projected balance sheet.

Promissory Notes - See General Obligation Debt

Proprietary Fund Types - This group of funds comprises the businesslike operations of the District and includes the enterprise and internal service funds. These are categorized as non-governmental funds.

R

Reserve - An account used to earmark a specific portion of fund balance to indicate that it is not available for other expenditures, but is designated for a specific purpose.

Reserved Fund Balance - See Fund Balance

Retained Earnings - An equity account reflecting the accumulated earnings of a proprietary (enterprise and internal service) fund.

Revenue - All funds that the District receives, including tax payments, fees for specific services, receipts from other governments, and interest income.

S

Self-Insurance - The funding of insurance needs through the District's financial resources rather than commercial insurance plans.

Special Revenue Fund - Accounts for the proceeds of specific revenue sources (other than debt service, major capital projects, or expendable trust) that are restricted to expenditures for designated purposes because of legal or regulatory provisions. Special

Revenue Funds consist of federal and state grants and business and industry contracts.

Special Revenue Non-Aidable Fund - Funds used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds, e.g. Federal financial aid.

State Aid - Funds made available by the legislature for distribution to each district, based on a prescribed formula of distribution, to offset some of the instructional expenses.

Statements - Presentation of financial data showing the financial position and the results of financial operations.

Statute - A written law enacted by a duly organized and constituted legislative body.

T

Tax Rate - The amount of tax stated in terms of the unit of the tax base (mill rates).

Tax Incremental District (TID) - Actual area (parcels) designated for improvements made using TIF financing.

TID IN - Total equalized valuation of the taxable property in a district including the total full market value of all property within TIDs.

TID OUT - Total equalized valuation of the taxable property in a district excluding the total full market value of all property within TIDs.

Tax Incremental Finance (TIF) - An economic development program that helps promote local tax base expansion by using property tax revenues to fund site improvements to attract new development, rehabilitation/conservation, industrial, mixed-use, eliminate blight, and environmental remediation.

Taxes - Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Tuition and Fees - Revenue generated from charges to students. The WTCS Board sets statewide tuition and material fee rates.