

2019 Municipal Budget

LOCAL GOVERNMENT LEADERSHIP
CORE COURSE

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Course Objectives

- 1 Understand the key components and purposes to a Municipal Budget
- 2 Review the process and statutory requirements for a successful Municipal Budget

2

Most Important Policy Tool – The Annual Budget

A plan specifying how resources, especially time or money, will be allocated or spent during a particular period of time.

Allocating money to programs, projects, facilities that support mission statement and goals.

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Budget Purposes

- 1 Financial and operational direction
- 2 Implement policy
- 3 Informative marketing document
- 4 Planning, measuring & decision-making benchmark
- 5 Tool for transparency and accountability

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Statutory Requirements

Uniform Municipal Fiscal Procedures Act

- 16-4-101 through 16-4-124
- Applies to first class cities, which are municipalities over 4,000 population and those that use a city manager form of government

Department of Audit format for others

- 9-1-507 (a) (iii)
- Smaller Towns must comply with Wyo. Dept. of Audit rules and regulations (next slide)

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Small Entity Oversight

Dept of Audit oversight of small towns and special districts varies according to budget size:

Level A - \$1 million or more requires a CPA audit (GAP)

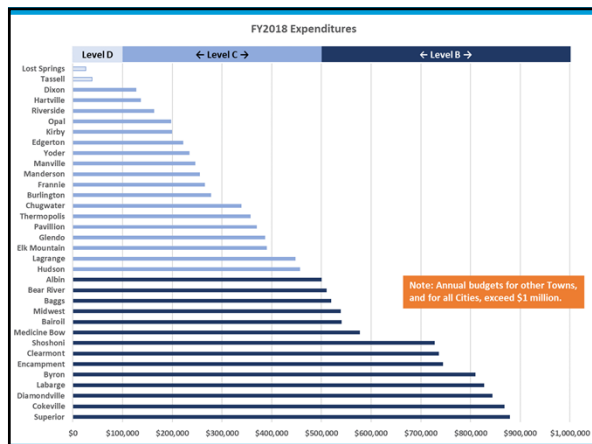
Level B – Less than \$1 million requires a CPA financial review

Level C – Less than \$500,000 requires a self-audit, proof of cash & annual report

Level D – Less than \$100,000 requires proof of cash and annual summary

Level E – Less than \$25,000 requires only the regular census reports

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Key Dates – Over 4,000 Pop.

- May 1 - Budget requests to budget officer
- May 15 - Tentative budget to governing body
- Publication of summary at least one week prior to Public Hearing
- Public Hearing - between the 2nd and 3rd Tuesday in June
- Adopt Budget - Within 24 hours of budget hearing
- Summary of budget in minutes and publish
- File with County Commissioners - By July 31
- Semi annual and annual reports are to be published
- Annual Audit – December 31

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Required Contents – Over 4,000 pop.

- Actual revenues and expenditures last FY
- Estimated total revenues and expenditures current FY
- Estimated total revenues and expenditures for ensuing FY
- Year-to-year change in revenue
- Budget Message

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Budget Message

Most important section of the budget document

- Reveals major assumptions budget is built upon
- Economic climate
- Community service priorities
- Special circumstances
- General constraints and opportunities

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Hearing/Publication Requirements

Budget Summary - one week before public hearing

Public Hearing Notice - once in newspaper of general circulation or posting in 3 conspicuous places


No required public hearing for towns under 4,000 but advised

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Towns Less Than 4,000


- Must prepare budget in form acceptable to Wyoming Department of Audit
- No specified budgeting procedure
- Must pass annual appropriation ordinance within last quarter of Fiscal Year
- Must specify objects and purposes for appropriations and amount appropriated
- Total appropriation cannot exceed probable revenue
- Pass appropriation ordinance
- Notify County Commissioners of tax levy by 4th Monday in May

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Budget Preparation Process

- Strategic Planning
- Preparation of Budget tied to Goals
- Public Hearings
- Adoption by Emergency Ordinance or Resolution
- Implementation of Goals
- Review





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Fund Accounting

Governmental accounting systems should be organized and operated on a fund basis.

A fund is defined as a group of accounts that is a separate, self-balancing entity.

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TYPES OF FUNDS

- General Funds
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Special Assessment Funds
- Enterprise Funds
- Trust & Agency Funds
- Intergovernmental Funds

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General Fund

Accounts for revenue and expenditures not accounted for in any of the other funds - majority of activity

General operations of Municipality



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Enterprise Funds

- Water
- Sewer
- Sanitation
- Landfill
- Electric




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Setting Enterprise Fund Rates


Should generate adequate revenue to pay costs of operation and maintenance as well as establishing replacement fund for future capital needs.

Typical components of a user charge system:

- Customer service charge
- Demand charge
- Commodity charge



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Be Careful About Raiding Enterprise Funds

Enterprise funds are set up for functions which are supposed to operate like a business

Be careful of unjustified subsidization by general fund

Or...vice versa

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Special Revenue Funds

Earmarked for special purposes


Proceeds of specific revenue sources other than special assessments or to finance specified activities as required by law or regulation



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Debt Service Funds

Receive revenue from other funds to pay principal and interest on government's long-term general obligation debt



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Capital Project Funds

Acquisition of capital assets other than those specified by enterprise and special assessment funds.

May involve long-term debt and intergovernmental grants.

Used for acquisition of major assets that have a useful economic life greater than one year.



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Special Assessment Funds

Receipt and disbursement of monies received from special assessments levied against properties specially benefited by the making of local improvements.



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Trust & Agency Funds

Assets held for others or for non-tax resources held by the City under specific trust instructions

Perpetual Care Fund



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Intra-governmental Revenue Funds

Municipal shop

IT

Self-Funded Health Insurance




SELF-FUNDED INSURANCE



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Limits On Appropriations

Cannot appropriate in excess of estimated revenue

Budget Amendment Process

All appropriations lapse at end of FY except capital projects



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Where Does The Money Go?

- Operating Expenditures
- Capital Expenditures

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Where Does The Money Go?




OPERATING EXPENDITURES

- Salary and benefit costs
- Contractual Services
- Consumable supplies
- Repair and Maintenance
- Utility costs

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Where Does The Money Go?




CAPITAL EXPENDITURES

- Equipment
- Land
- Buildings
- Improvements other than buildings

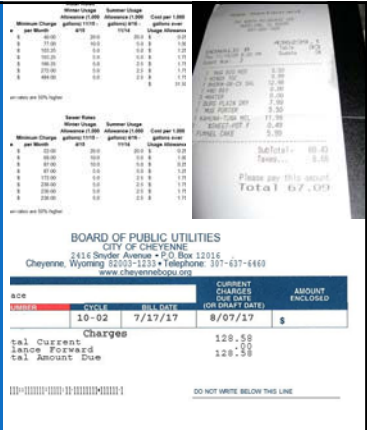
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Where Does The Money Come From?

Taxes

User fees and charges

Other governments



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REVENUE SOURCES - TOP TEN LIST

1. Basic Sales and Use Tax (Excise tax)
2. Local Option Sales and Use Tax
3. Local Government Legislature Appropriation
4. Property Tax
5. Federal Mineral Royalty
6. Mineral Severance Tax
7. Fuel Tax
8. Vehicle Registration Taxes
9. Cigarette Tax
10. Grant funds

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Wyoming State Government Revenue Forecast

Fiscal Year 2019 – Fiscal Year 2024

Mineral Price and Production Estimates
General Fund Revenues
Severance Taxes
Federal Mineral Royalties
Common School Land Income, Accrual and State Royalties
Total State Assessed Valuation

Consensus Revenue Estimating Group
CREG

January 2019

STATE SHARED REVENUE

SALES TAX



SEVERANCE TAX

FEDERAL MINERAL ROYALTIES

WHAT IS CREG?

A diagram with four green circular icons arranged in a 2x2 grid. The top-left icon contains a white dollar sign (\$), with the text 'SALES TAX' below it. The top-right icon contains a white icon of a building with a roof, with the text 'SEVERANCE TAX' below it. The bottom-left icon contains a white icon of a stack of coins, with the text 'FEDERAL MINERAL ROYALTIES' below it. The bottom-right icon contains a white question mark (?), with the text 'WHAT IS CREG?' below it.

Sales & Use Tax

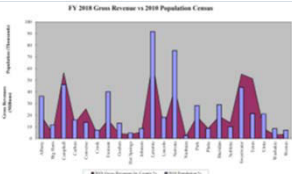


Applies to the retail sale of
personal property or
services

Use tax applies to
purchases involving the
use, storage or other
consumption of goods
purchased outside
Wyoming

Generally if sales tax does
not apply, use tax will

WY 2010 Gross Revenue vs 2010 Population Census



A collage of logos for various companies including Sony, Dell, Amazon, Microsoft, Apple, and Intel, alongside a photograph of a retail store interior.

Statewide Sales And Use Tax

4% - cities and counties combined get 31%

Taxes are returned to county of origin, then divided among the county and its cities and towns based on percentage of population to total county

Revenues are quite volatile

- look at own circumstances and don't rely solely on WAM projections

[illegible]

Optional
Sales & Use
Tax

“General Purpose
County Option

Additional Local
Option Specific
Purpose –capital
facilities tax

Optional Lodging Tax

Economic
Development Tax

Resort Tax

Lodging Tax Fund

STRONG

on for a strong community. Through the Lodging Program, more than \$2 million of jobs have been "paid forward" to partner agencies, available return on investments. Over 30 agencies create jobs and economic development residents and contribute to life.

- Samaritan • Downtown Clinic
- Lancaster Blue Cross
- Hart Alliance • Cathedral Home
- Affluence • Catholic Charities
- St. Joseph's • St. Joseph's

Did you know there are grants available for Goshen County Businesses, Organizations and Non-Profits?

The **Progress Program** can help with:

- Exterior Renovations, Landscaping, Signage, Special Events and much more!

2017-18 Progress Program Recipients <ul style="list-style-type: none"> Billy/O'Connell Coffee Shop Wine & Cheese Tasting Room Goshen Valley Corporation Ciderist Wine & Cheese Tasting Room Wine & Cheese Tasting Room 	<ul style="list-style-type: none"> Goshen Homes Inc. Grange Farm B&B & Catering Blue Ridge Inn Mountain View Building Assoc. Vernington Cottage Homes 	<ul style="list-style-type: none"> Dream of Lough Shelbyville Inn Shelbyville Inn Shelbyville Inn Shelbyville Inn
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Funded by the **CONTINUATION** of the Goshen County yet state sales tax for Economic Development.

Next Grant Applications Due October 25, 2018

Contact: Goshen County Economic Development Department
 Phone: 800-445-4455 or 800-445-4455
 Email: info@goval.org

Federal Mineral Royalties

Tax collected on minerals produced on federal lands, a portion of which is returned to the state

Cities and towns over 325 population receive base of \$15,000; less than 325 - \$12,000

Then – base amount deducted from 9.375% of distribution up to \$198 million

Capped at \$18.6 million/year

Federal Mineral Royalty and Coal Lease Bonus
(in millions of current and constant dollars)

Legend:
■ Coal Lease Bonus
■ Federal Mineral Royalty
— 2018 Dollars

Source: Wyoming CREIG
Prepared by: Wyoming Department of A & L Economic Analysis Division

Federal Mineral Royalty and Coal Lease Bonus
(in millions of current and costant dollars)

Legend: Coal Lease Bonus (red bars), Federal Mineral Royalty (blue bars), 2018 Dollars (green line).

Source: Wisconsin DNR. Powered by Wisconsin Department of A.S. Economic Analysis Division.

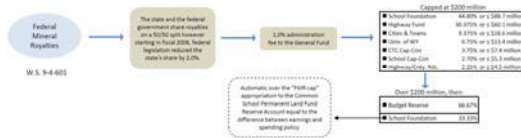
Federal Mineral Royalties - Distribution

Municipality over 35 population - \$15,000 base payment per year

Under 35 - \$12,000/year

Amount distributed is ratio of the county school Average Daily Membership to total ADM for state

Distribution within county based on population percentage to all cities and towns in county



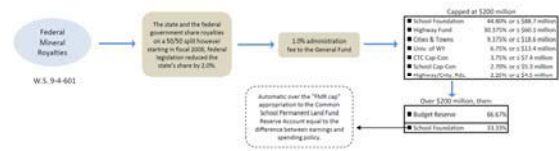
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SEVERANCE TAX

Share of tax on all minerals "severed" or removed from their natural location in state

Cities and towns receive 9.25% of a distribution of \$155 million Distribution is based on population - each municipality receives an amount proportional to the % of total state incorporated population

Capped at \$14.3 million



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Supplemental Legislative Direct Distribution

- Not permanent or predictable
- Approximately \$105 million total
- No countywide consensus funding in most recent FY



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Gasoline Tax

Gasoline – 15% of a \$.23 per gallon tax

Distribution formula is based on location of the gas station where sales take place, and on population of municipality



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SPECIAL FUELS TAX – (DIESEL)

Special Fuels – (diesel) – 5% of a \$.023 per gallon (actual tax is \$.024 cents per gallon with \$.01 used for the Leaking Underground Storage Tank abatement program)

Based on ratio of municipal population to population of all municipalities in state



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"Sin" Taxes

Cigarettes -Excise Tax of \$0.12 cents per pack of 20 sold by wholesaler

Off-track horse racing wagering

Wyoming Lottery – 1st \$6 million to local government



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Local Revenue Sources

- Property Tax
- Franchise Fees
- Interest Income
- Fines and Forfeitures
- Business Licenses
- Permits and Fees
- Liquor Licenses
- Cemetery Fees
- Enterprise Fund Management Fees

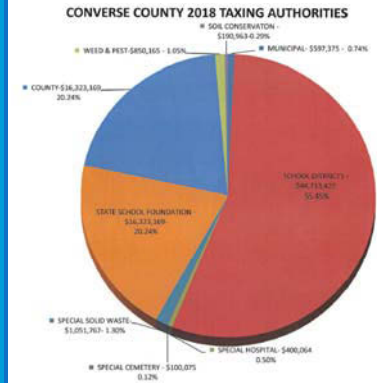
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Property Tax

Constitution limits municipalities to 8 mill levy on property inside corporate limits

Legislature can change assessment percentage

The only true municipal taxing authority



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FEES AND CHARGES

- Franchise Fees
- Licenses and Permits
- Development Fees
- Cemetery Fees
- Fines & Forfeits
- Vehicle Registration Fees (property tax)
- User Fees
- Management Fees

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Interest Income

Earned from bank depositories on municipal funds

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Capital Project Funding Sources

- Grants
- Capital Facilities Tax
- Loans
- Savings
- Lease-purchase
- Bonding
- Private Contributions

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Capital Facilities Tax

Can levy up to 2%

Requires ballot proposition

Tax ends when amount of money approved has been collected



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Tips For A Successful Budget Process

Transparency

Communication

Strategic Planning

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Examine General Fund

Compare budgeted to actual revenues and expenditures

Use original budgeted figure - not amended

Check fund balance

CITY OF DOUGLAS		FY 15 BUDGET		Page: 1	
		Periods: 07/13-06/14		Jun 25, 2014 05:54PM	
Account Number	Account Title	FY 13 Pr Year Actual	FY 14 Cur Year Budget	FY 14 Current year Amend Budget	FY 15 Approved Budget
GENERAL FUND					
GENERAL - REVENUE					
10-4100-1107	OTHER	2,529	2,000	2,000	2,000
10-4100-1108	COPY FEES/VIN CHECKS	2,005	2,000	2,800	2,000
10-4100-1109	REIMBURSEMENTS	33,363	5,000	13,250	5,000
<i>Budget notes:</i>					
Liquor publishing fee reimbursement; Misc					
10-4100-1112	CONTRIBUTIONS	18,183	7,000	7,000	7,000
10-4100-1115	LEASES/RENT	8,825	10,000	10,000	9,300
<i>Budget notes:</i>					

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Budget Document Assessment

Is the budget message informative and easy to read?

Does the budget message address major issues?

Does the budget include an overall mission statement?

Does the budget include overall goal statements?

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Use of Resources / Doing Things Right

Develop A Rightsizing Philosophy

What core services should city government provide?

How should these services be financed?

How should resources be organized to deliver services effectively?

What is the most efficient method of providing city services?

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Don't Be Afraid To Ask Questions

Was notice of the budget hearing properly given?

What will this new program accomplish?

Could we contract this service out?

How much is the general fund's total operating budget?

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Local Officials Are Fiscally Competent

Are concerned about their municipality's fiscal condition

Seek to hold administrators accountable by asking tough questions

Become knowledgeable about the finances and budget

Most important tools - inquisitive manner and common sense

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"I wish I would have listened a bit more, questioned a bit more, and trusted just a bit less."

When others sought to shift blame for the financial calamity, Orange County Board of Supervisors Chair Thomas Reilly was one of the few to take responsibility after the County filed bankruptcy.



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? Questions about Municipal Budgets?



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Thank You!

This presentation was prepared by Community Builders, Inc., a Wyoming-based consulting firm specializing in community and economic development, under contract and in cooperation with the Wyoming Association of Municipalities.

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