

City of Langley Budget

What is it and why do we need it?

Why Budget?

- The annual budget is the city's statement of policy, objectives and operations, and the fiscal plan to carry them out. It should outline the efficient use of available community resources by the city to accomplish its goals and realize its visions.
- It is a legal document that gives City officials the authority to incur obligations and pay expenses.
- The city budget is the single most important communication tool available to describe the policies, operations and fiscal planning to the community it serves.

Why don't we just add all the revenue together and fund the highest priorities first?

- Langley's budget consists of 12 separate funds.
- Each fund is a separate accounting entity by Washington State law.
- The law also requires the total budget to be balanced.



We spent more than was budgeted for fuel, but less than the budget for repairs, is that ok?

- Legal budgetary control is established at the fund level – meaning that legally, expenditures for each operating fund must not exceed the total appropriation amount budgeted for that fund.
- Any unexpended appropriations lapse at year end. Appropriations that are adopted for special purposes (usually capital projects such as road construction, building a sewer treatment plant, etc.) are adopted on a project-length basis and are carried forward each year until the authorized amounts are fully expended or the designated purpose is accomplished.



The City's funds are made up of the following categories:

- *General Fund* – (Main City Fund)
- *Special Revenue Funds* – (Street Fund, Cemetery Fund, Langley Park Fund, Tourism Fund)
- *Debt Service Funds* - (GO Bond 94)
- *Capital Funds* – (Capital Reserve, Sewer Improvement)
- *Enterprise Funds* – (Water, Sewer, Stormwater Funds)
- *Private Purpose Trust Funds* - (Scott Memorial Fund)



Where does the City get its money from?

- Enterprise and some special revenue funds such as the Utility funds, Street and Cemetery funds act like a business and derive their revenue from user fees and charges.



Where does the City get its money from?

- The General fund is the main operating fund of the city. Taxes are its largest source of revenue. Other sources come from licenses & permits, land use fees, intergovernmental revenues, rents, charges for service such as passports, PSE collecting, interest . . .



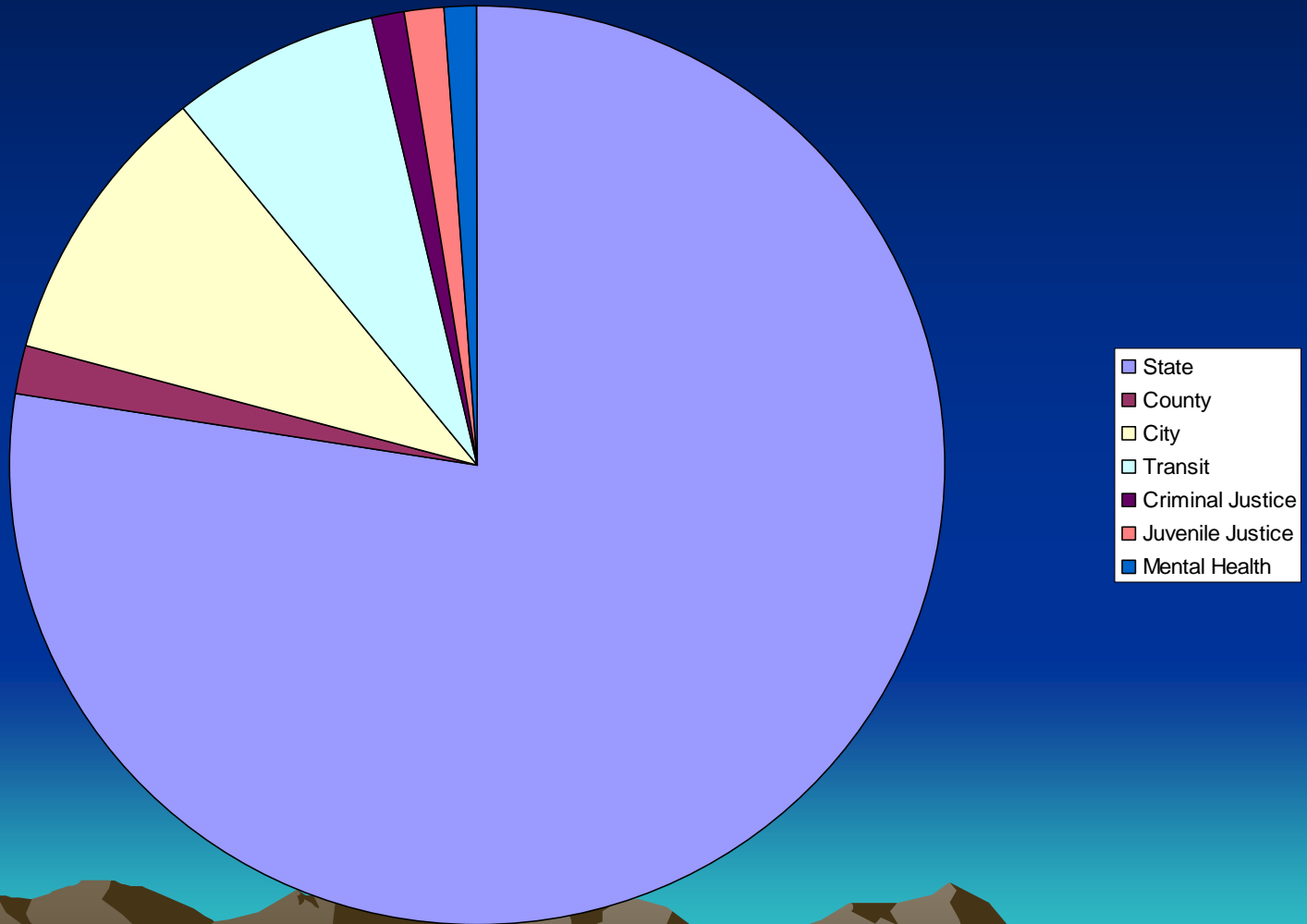
SALES TAX REVENUE

- The State of Washington collects the 8.7% sales tax paid to merchants and vendors that make sales within the City and distributes the City's portion back to the City on a monthly basis. All sales tax is accounted for in the General Fund and promotes general fund programs.
- For every \$100 of goods or services purchased in the City, a sales tax of \$8.70 is paid. Of that amount the City receives \$0.85. The tax is distributed as follows:
 - Mental Health \$0.10
 - State \$6.50
 - Transit \$0.90
 - Criminal Justice \$0.10
 - City of Langley \$0.85
 - Island County \$0.15
 - Juvenile Justice \$0.10

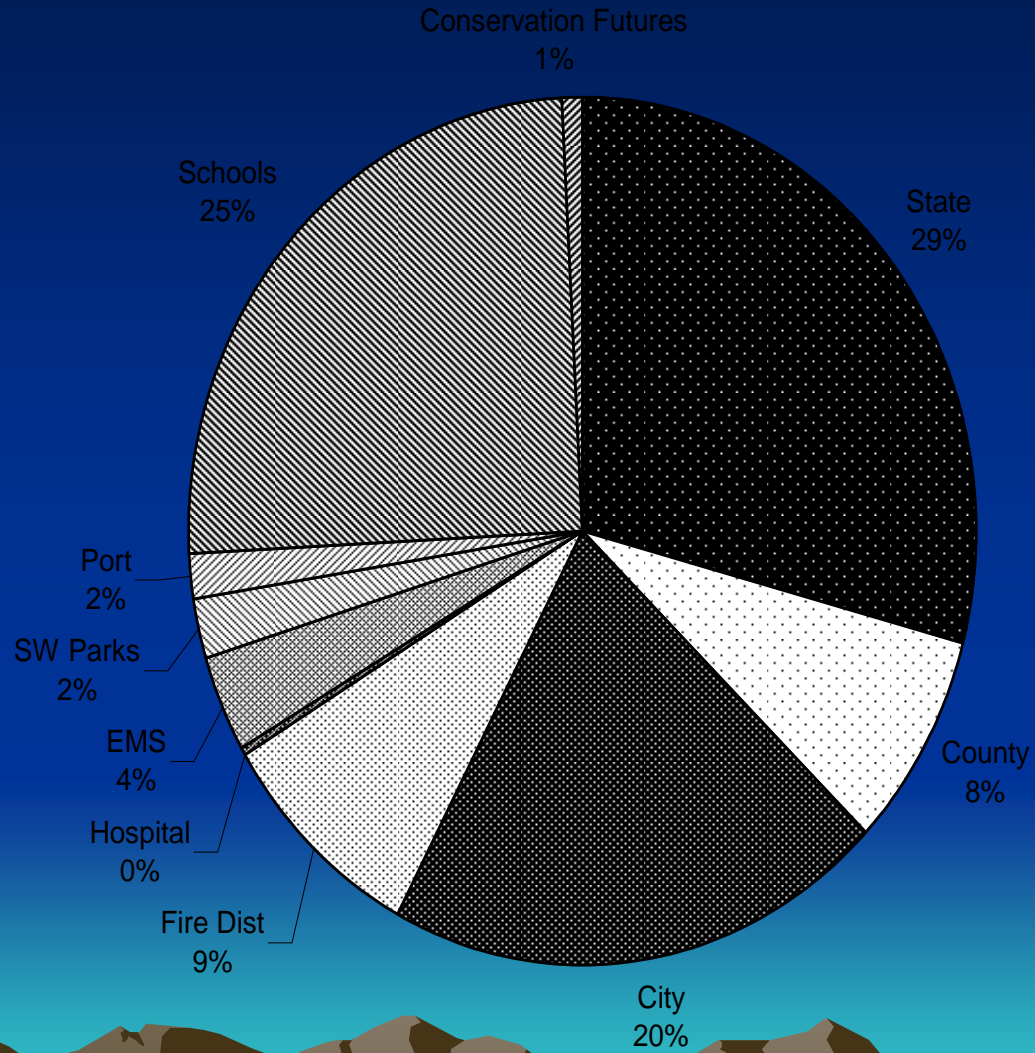


SALES TAX DISTRIBUTION

Distribution of Sales Tax

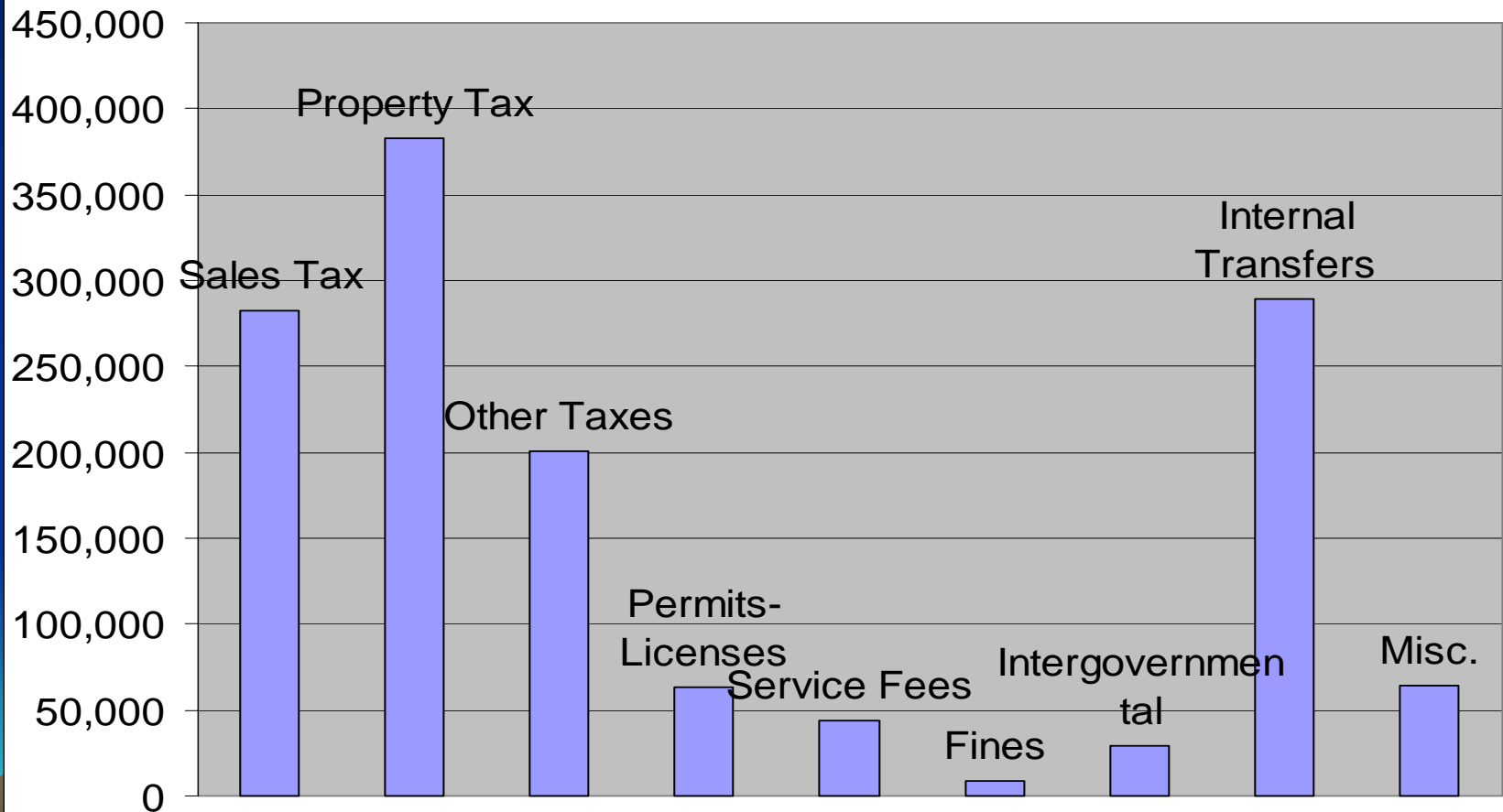


Property Tax - Where does it go?

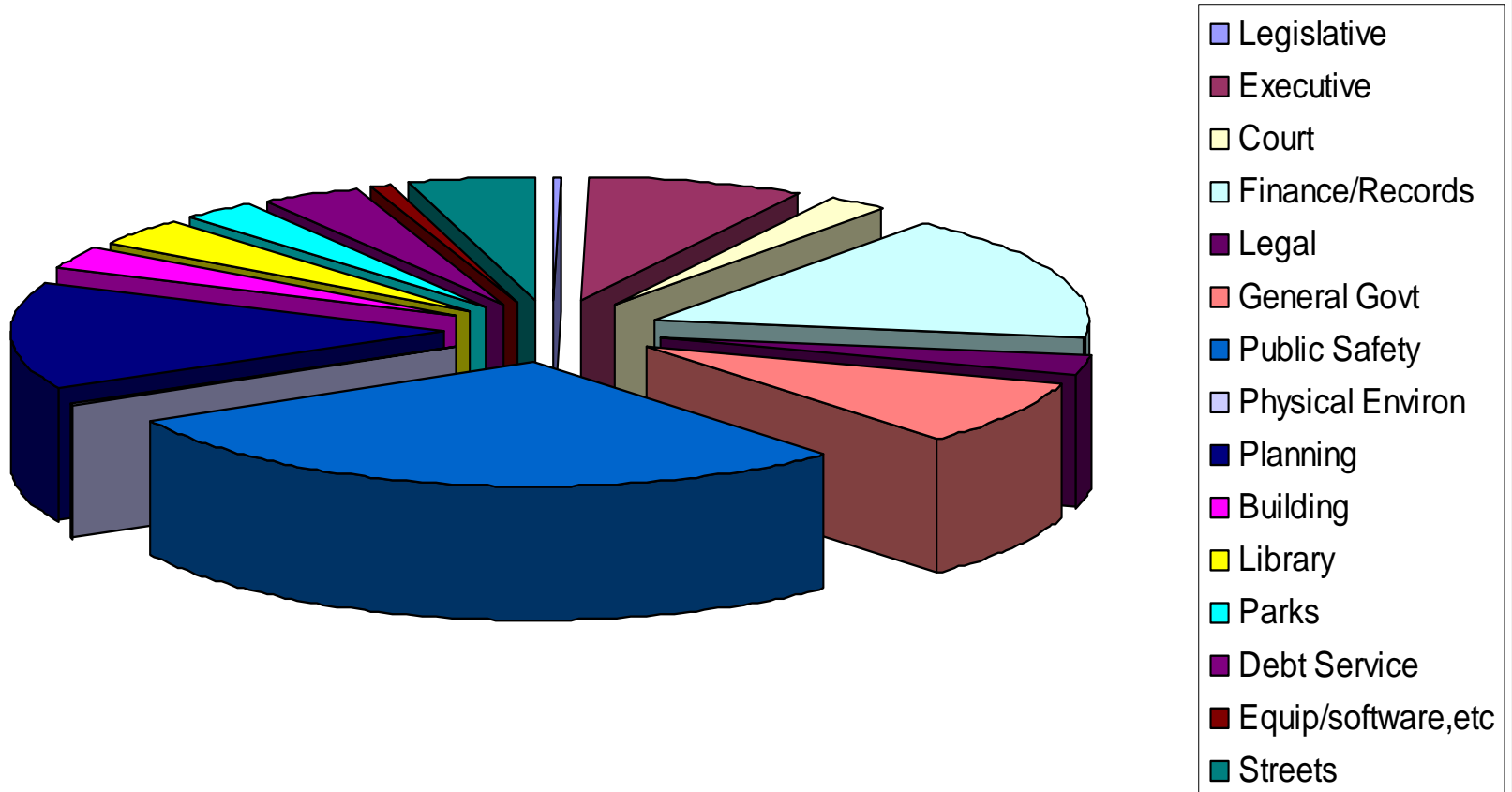


General Fund Revenue Sources

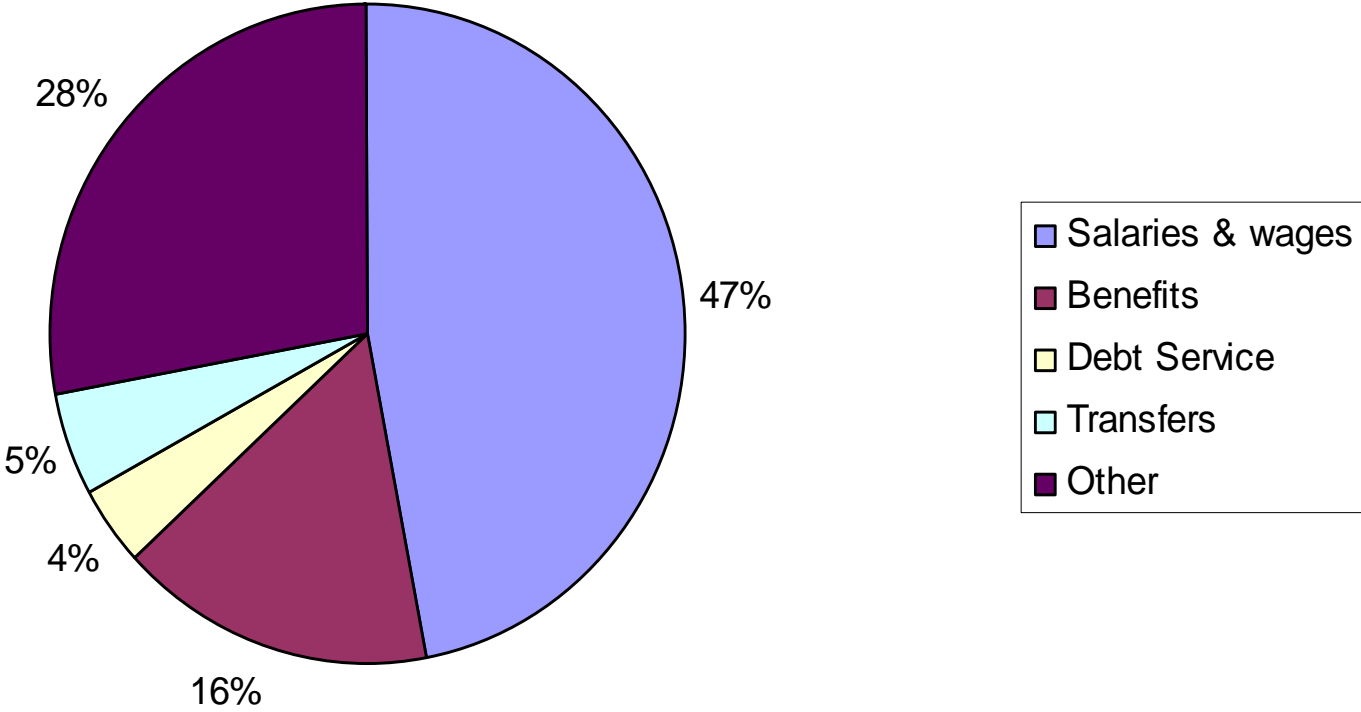
General Fund Revenues 2011



2011 General Fund Expenses



General Fund Expenses by type



STREET Revenues

- Intergovernmental entitlements
- State and Federal Grants
- General Fund transfer



STREET EXPENDITURES

- Capital projects
- New capital improvements
- Operating and reserve transfers
- Streets, walkways and roadside maintenance



BOND DEBT

- Legally, a city may carry bond debt of 2.5% of the city's AV for voted bonds and another 2.5% for Parks & Open Space and Utility purposes. (Langley's capacity = \$20,481,813)
- The City can carry an additional 1.5% of AV for non-voted (councilmanic) debt. (capacity = \$4,096,363)



City Hall/Library Bond Fund

- 2011 outstanding debt balance \$110,000
- 2011 annual debt payment = \$32,303
- Langley uses less than 2% of its legal debt capacity



Water, Sewer & Storm-water Funds

- These utility funds provide for operation and maintenance of water, sewer & storm drain services.
- They are self-supporting funds that receive revenue from service charges, hookup fees and interest.
- They pay wages, state B&O taxes, employee training, testing, electric power and all operating costs



Reserve Funds

- All funds set aside a portion of their revenue for a reserve or savings fund
- These monies are kept invested and are used to pay for capital projects, debt service, and emergencies

