GENERAL FUND REVENUES
“Where does the City get its money?”

The General Fund provides for the general operation of the municipality. Revenues in the General Fund are usually general purpose and with a few exceptions, are available for any public purpose. Taxes are the largest source of General Fund Revenue. Sales tax and property taxes are the largest general purpose revenue sources. The General Fund provides for the operation of administrative; financial and records services; staff training; general legal and legislative costs; police and emergency services; dispatch; library and city hall building maintenance; parks; public health and welfare, and land use.

The following is a brief summary of the sources of revenue which support this fund. The three major revenue sources are property taxes, sales taxes, and utility taxes.

TAXES - Real and Personal Property Taxes - Revenue derived from taxes on the assessed value of real property including land, buildings and improvements and the assessed value of personal property. Property tax is levied based on the full market value of property as determined by the Island County Assessor annually. The County Treasurer’s office is responsible for billing and collecting the tax. In 2005 the citizens of Langley voted to lift the levy lid from the 2005 rate of $1.04 cents per $1,000 of property valuation to $1.83 for taxes collected in 2006. Because the overall amount of the property tax levy may be increased by no more than one percent, when assessed value rises, the levy rate per $1,000 of assessed value decreases. The 2007 levy rate was $1.51, the 2008 rate was 1.29. The rate for 2012 was 1.51.

Local Sales Tax - Revenues distributed by the State for the City's share of taxes imposed upon the sale and consumption of goods and services within the city. When $100 worth of goods is purchased within the city limits, sales tax of $8.70 is charged. Of that 8.70, the City receives $0.85.

Utility taxes - This is a business and occupation tax assessed by the city equal to a percentage (6%) of the gross sales or income of utility business within the city. Utility taxes are collected on water, sewer and storm sewer, garbage service, phone services, cable television, and electrical power service.

LICENSES & PERMITS - License and permit fees are designed to cover the cost of administration, inspections and services for those occupations, trades and activities which are regulated by city ordinance. The following fees are collected:

Business Licenses – Fees charged to regulate and permit an individual or company to conduct business within the City. Licenses are renewed yearly.

Building Permits - Fees charged by the city for the issuance and regulation of building and the inspections necessary to make sure those buildings are up to the city’s code standards.
**Animal Licenses** - All dogs residing in the city are required to be licensed by city ordinance. With proof of vaccinations and proof of spaying or neutering, if applicable, a fee is paid and a license issued. Records of licenses help to identify lost pets.

**Temporary Vendors & Contractor’s Licenses** - Fees charged for permits to open a temporary business (one week or less) and to do construction work within the city.

**Franchise Fees** – Fees paid to the city by franchise holders. A percentage of gross profits made within the city.

**INTERGOVERNMENTAL REVENUES** - Grants, entitlements, shared revenues and payments for goods and services provided by one governmental entity to another. The major sources of revenue in this category are:

**DOE Shoreline Grant** – A grant from the State Department of Ecology for completion of the Shoreline Comp Plan.

**Conservation Futures Grant** – A grant from the County Conservation Futures Fund to purchase conservation easements for the Noble Creek property.

**Criminal Justice Funds** - State distribution to cities from state sales taxes for criminal justice use only. Some funding is distributed in a lump sum by population level and the remainder allocated for the enhancement of certain ongoing criminal justice programs enacted by the city.

**Liquor Excise Tax** - Taxes collected by the state from the sales at State Liquor Stores and agencies and on other sales of beer and wine and distributed to cities. Allocations are based on population. Two percent of the total received by the city must be spent on alcoholism programs.

**Liquor Profits** - Distribution by the state from license and permit fees, penalties, forfeitures and other income by the State Liquor Control Board. These funds are allocated on a per capita basis and two percent of them must also be spent on alcoholism programs.

**MISCELLANEOUS REVENUES**

**Budget & Accounting Services** – The fee paid to the city for its service as a Puget Sound Energy Pay Station.

**Passport Services** - The City became a US Passport Application office in February of 2005. For each application processed, the City earns $25.

**Rents** - Rental fees paid to the city for the use of city owned buildings such as the Fire Hall and Visitor Information Center.
**Investment Interest** – The amounts that the city earns on the investment of cash resources. Most of the city's funds are kept in interest bearing liquid investments until needed to pay expenditures.

**Operating Transfers** – (Cost allocations) The amounts paid to the General fund by the enterprise funds to cover the costs of finance and record keeping, utility billing, postage, legal fees and other general services supplied to those departments. These amounts are based on a specific accounting formula.

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**Revenue sources at a glance**

"Where does the City get its money?"

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![2013 General Fund Revenues Chart]

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Langley City Hall
SALES AND PROPERTY TAX REVENUES

Sales Tax

The State of Washington collects the 8.7% sales tax paid to merchants and vendors who do business within the City of Langley 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 of Langley 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

Distribution of Sales Tax

Out of the 282 cities in this state, Langley ranks 36th in amount of sales tax per capita ($16,235). (2012)

Property Tax
The Island County Treasurer collects the property tax levied by the City of Langley and remits it to the City on a monthly basis as collected. The property tax is recorded in the General Fund. City Council set a policy in 2005 when the City's levy lid lift was approved by the voters that a portion of property tax would be transferred to the Street Fund to support street construction and maintenance. The remainder of the property tax supports General Fund programs. As with Sales taxes, the majority of the property tax paid by our residents does not go to the City. In 2012, Langley residents paid a tax of $8.22 per thousand dollars of assessed valuation. Of that amount, the City of Langley received $1.51. The following chart shows how property tax is distributed.
The 2014 General Fund Budget Departments

The General Fund, which provides for all general operations of the City, is split into many departments or categories. Those departments are as follows:

Legislative - The City Council is the legislative arm of the City’s government. The Council grants franchises; sets policies; approves ordinances and resolutions; approves the annual budget and the monthly city expenditures; set rates and fees and make the final decisions on annexation, zoning, and other land use issues. The expenditures for this department cover the monthly council stipends; training; voter registration and election costs. This also covers the costs of codification of the municipal code.

Administration - The Mayor is the chief executive officer whose duties include: presiding over all meetings and hearings of the Council; signing and enforcing all ordinances, resolutions and contracts passed by the Council; and appointment and supervision of all City officers and employees. The Mayor represents the City at all public functions and serves on various boards and committees within the region. The expenses for administration pay for the Mayor’s salary; training and travel; and office supplies.

Municipal Court - The Island County District Court is contracted to provide municipal court services for the City. The costs include court services; judicial services; prosecuting attorney services and public defender costs.

Finance and Records - The Finance and Records office provides assistance to the Legislative body and to other city departments in accomplishing their duties. The department oversees and directs all finance functions including cash management; debt management; preparation, implementation and administration of the budget; financial reporting; accounts payable and receivable; utility billing; cashiering; banking and investment of city funds; and payroll. The Finance & Records department also provides reception; maintains all city records and manages public disclosure issues; issues permits and licenses; and codifies city ordinances. This department also manages all insurance issues and legal claims. The expenses are salaries and benefits for three employees and a part time assistant/fill-in person; training; office equipment leases; and the costs of state audit.

Legal Services - The City contracts for legal services with Mike Kenyon and his firm, Kenyon Disend. The City attorney reviews all ordinances and contracts, reviews council packets and issues before the legislative body and gives legal advise to all departments. Costs for this service can vary greatly from year to year depending on the complexity of issues the City is facing.

General Government Services - Most general government expenses are paid from this category. It covers association dues; office supplies; postage; internet, phone and city hall utilities; equipment leases; liability and risk management insurance; publications and legal.

Equipment and Technology - This category covers the costs of computers; office equipment; furniture; software; support for city financial and utility billing software; and repair and maintenance of equipment. The cost of a new city website has been added.
Civil Service - By law, all jurisdictions which employ three or more full-time police officers must have a civil service commission. The commission does testing and interviewing of potential new officers and hears discipline and termination appeals. The three member commission is staffed by volunteers. Costs are for testing supplies and advertising.

Police Department - The Langley Police Department (LPD) provides public safety service to Langley's residents and visitors 24 hours a day, seven days a week, 365 days a year. Service requests can range from minor animal complaints to emergencies involving crimes of violence. All contacts with citizens are made with a community oriented approach to foster positive interaction even with those who receive enforcement action. Our officers are responsible for maintaining public order, regulating and patrolling traffic, as well as working with both residents and business owners to prevent and deter crime. Officers investigate crimes and apprehend offenders for crimes committed in the City of Langley. Langley’s Police Department consists of the Chief and two officers at present. Langley’s fourth officer has not been replaced in early 2013, but the retirement of Chief Heston has currently put the city back into a three person department. Expenses in this department cover wages, overtime and benefits, reserve and clerical wages (8 hours per week); fuel and vehicle maintenance; supplies and printing; required training; phone service; equipment and uniforms.

Dispatch & Communications - Emergency dispatch services are provided by a contract with I-COM (Island County Emergency Services Communications Center). The cost of Spillman (state wide police data service); radio services; and State Patrol LEARN services.

Physical Environment - This category covers the dues paid to the NW Clean Air Agency; City building maintenance and repair; facility supplies and fire hydrant maintenance.

Economic Development - This pays for the support of MainStreet and other economic development activities.

Planning and Development - The Planning Department performs all regulatory functions required to implement the Comprehensive Plan, Zoning Code, Subdivision Ordinance, Critical Areas ordinance, State Environmental Policy Act (SEPA), and Shoreline Master Program. Planning also does permit and development review, provides public information about development policies and regulations, enforces development codes, and provides staff support to the Hearing Examiner, Design Review Board and City Council. Expenses budgeted cover the salary and benefits of the Planner, land use wages for services performed by the Building Official, and clerical wages (8 hours per week); in addition to supplies; telephone; training & travel; and professional and contract services.

Building Department - Permit and Plan Review is conducted to ensure code compliance with the International Fire, Building, Residential, Plumbing, Mechanical Codes, Flood Hazard, and other codes associated with energy, electrical, fuel and other construction and development codes as adopted in the Langley Municipal Code. The Building Official also issues occupancy permits, answers the public’s questions regarding building codes and regulations and ensures safety in all new or remodeled buildings and structures. Costs are Building Official services.

City of Langley                      Budget                      Page ___
Library - The library and its grounds are owned and maintained by the City. As of January 2012, the City of Langley became a part of the Sno-Isle Library District and no longer pays a contract fee to the Sno-Isle Regional Library System. Instead, administration of the library service is paid by property taxes collected directly by Sno-Isle. Expenses cover landscaping maintenance and building maintenance and repair. Some capital improvements to the facility may be budgeted in the Capital Reserve Fund.

Parks Department - The purpose of the parks department is to provide the citizens and visitors of Langley with safe and aesthetically pleasing parks and open spaces where they can enjoy the natural beauty of Saratoga Passage and the surrounding area. The City now owns six parks. Expenditures for this department consist of garden maintenance and mowing, park supplies and repairs, electrical lighting and garbage collection provided by the Public Works Department; a maintenance contract for Langley Park and waste disposal.

Noblecreek Conservation - The City is to receive a grant from the County Conservation Futures for the purchase of a conservation easement on the NobleCreek property.

Debt Service - This category pays the debt service for municipal bonds.

Transfers out - The majority of this is a transfer to the Street Fund of a portion of property tax. There is also a budgeted transfer to reserves to cover accumulated employee benefits.