

HOW TO READ AN OPERATING BUDGET

This budget is the City of Laramie's spending plan for the fiscal year beginning July 1, 2009 and ending June 30, 2010. The volume of information it contains could make this an imposing document. However, the reader should keep in mind that the primary intent of this publication is to answer two basic questions:

1. **"Where is the City of Laramie's money coming from?"**
2. **"How will that money be spent?"**

The City's fund structure provides the framework for the information presented in this budget. Revenues and expenditures are provided for each fund, allowing the reader to track dollars flowing into and out of the fund. Additionally, expenditures are broken into various line items to provide detailed information about how and where money is spent. A full detailing of each division budget is contained in the attached appendix, Appendix A.

Each fund is used to account for specific services, activities and programs provided by the City of Laramie. For example, money that is collected from the City's water customers is used to provide water services through the Water Fund.

City departments receive their operating dollars from specific funds. In addition to providing the spending plan for the current fiscal year (FY 2010), each department budget provides historical spending information for the previous two fiscal years (FY 2008 and FY 2009). The data for FY 2008 and FY 2009 reflect both the budgeted expenditures and the actual amount spent during that time period.

The capital spending plan, equipment replacement schedule, fleet replacement schedule, and Major Capital Construction capital improvement plan are also included in this document. Only capital projects and equipment/fleet scheduled for completion or purchase in the current fiscal year are included in the calculation of the 2009-2010 Budget.

Preparation of the annual budget is a team effort, involving the City Council, City staff and citizens. The governing principle in setting forth this spending plan is summarized by the City of Laramie's Mission Statement:

***"To provide the best possible service delivered by
trained, professional employees
using open communication and teamwork
as the basis for leadership and stability."***

GLOSSARY OF BUDGET TERMS

Appropriation: Money set aside for a specific use by a formal action of the City Council.

Audit: An examination of the city's accounting records by an independent accounting firm to determine the accuracy and validity of records and reports as well as conformity with established policies. The General Accounting Standards Board (GASB) sets standards for financial reporting for units of government that are referred to as Generally Accepted Accounting Principles (GAAP).

Balanced Budget: A budget in which available fund balance and revenues are equal to or greater than approved expenditures.

Budget: A spending plan that balances revenues and expenditures over a fixed time period - usually a year - and that includes, at least by implication, a work plan.

Budget Calendar: The schedule followed by the City of Laramie for developing its annual budget.

Budget Message: The City Manager's general discussion of the budget that is presented as part of the budget document. The budget message explains broad budget issues and presents the City Manager's recommendations to City Council.

Capital Improvement Program (CIP): A planning document that presents the city's capital infrastructure needs for the next five years. In Laramie, the CIP is revised annually. The first year of the CIP is funded in the current year's operating budget.

Capital Project: Acquisition, expansion, or rehabilitation of the City's physical structure/infrastructure. Rehabilitation projects extend the useful life of a structure. Expansion or acquisition projects create new components to existing capital amenities. Capital projects have a minimum life expectancy of five years, and a minimum expense of \$5,000.

Capital Obligations: A category of expenses that includes loan payments and lease payment obligations.

Contingency Funds: A category of expenses placed in reserve in the current budget year only to be used with approval of the City Council and if adequate revenue is available.

Contra Accounts: An account which offsets another account. A contra-asset account has a credit balance and offsets the debit balance of the corresponding asset. A contra-liability account has a debit balance and offsets the credit balance of the corresponding liability.

Contractual Services: A category of expenditures that includes such items as association dues, professional services provided by consultants or private companies, etc.

Council Construction Fund: *See Major Capital Construction Fund.*

Debt Service: Payment of principal and interest on an obligation resulting from the issuance of bonds and notes according to a predetermined payment schedule.

Department: A major administrative section of the City of Laramie government. The City of Laramie has eight departments: General Administration, Administrative Services, Police, Fire, Parks and Recreation, Community Development, Human Resources, and Public Works.

Depreciation: A non-cash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence. Most assets lose their value over time (or depreciate), and must be replaced once the end of their useful life is reached.

Division: An administrative section within a department that performs a particular function. Examples of divisions in the City of Laramie include the Street Division of the Department of Public Works and the Finance Division of the Administrative Services Department.

Enterprise Fund: A fund in which the services provided to customers/residents are financed and operated similarly to a private business. An enterprise fund is operated so that the costs of providing services are financed through user-fees and charges. In Laramie, the city provides water, wastewater and solid waste services through enterprise funds.

Equipment: Equipment items must have a useful life of more than one (1) year. Equipment outlays are made for both replacement and/or new equipment items.

Expenditure: The actual outlay of funds from the city treasury.

Fiscal Year: The twelve month period that establishes the beginning and the ending period for recording financial transactions. The fiscal year for the City of Laramie is July 1 to June 30.

Fleet: Fleet items include vehicles and large motorized equipment that have a useful life of more than one (1) year. Fleet outlays are made for both replacement and/or new fleet items.

Franchise Tax: A tax charged for the use of public rights-of-way and property within the City of Laramie for public or private purposes. The city charges franchise taxes for natural gas, telephone, cable and electrical services.

Fund: A self-balancing set of accounts. Governmental accounting information is organized into funds, each with separate revenues, expenditures, and fund balances.

Fund Balance: The difference between fund assets and fund liabilities.

General Fund: The general operating fund of the City of Laramie that accounts for all financial resources not restricted to any specific purposes. The General Fund accounts for "basic" City services such as public safety, street maintenance, community services and general government activities. In Laramie and throughout Wyoming, the fifth cent sales tax supports general government services.

Infrastructure: The physical assets of the community, such as water and sewer systems, public buildings, streets and bridges, parks, etc.

Intergovernmental Revenue: Revenues received by the City of Laramie from other governments in the form of grants, entitlements, loans, and/or shared revenue.

Lease-Purchase: A form of financing by which the city leases a piece of equipment or property from a qualified lending institution for a predetermined period of time with an arranged payment schedule. At the end of the lease period, the city typically purchases the equipment for a nominal fee.

Line Item Budget: A budget in which expenditures are classified by expense categories, such as full time wages, overtime wages, social security payments, supplies, utilities, etc.

Major Capital Construction Fund: A special fund established in 1992 to support large Multi Year capital projects, as well as City Council initiatives.

Materials and Supplies: A category of expenditures that includes such items as office supplies, books, periodicals, maps, gasoline, safety equipment, etc.

Mill Levy: A percentage that is applied to the assessed value of real property to calculate property tax.

Operating Budget: The spending plan for the city which consists of anticipated revenues and proposed expenditures for each function of government for a designated fiscal year.

Operating Expenses: All expenses that are necessary to maintain existing levels of services. Operating expenses generally include wages, utilities, supplies, etc. Typically, these expenses do not include equipment replacement and capital expenditures.

Ordinance: A municipal regulation approved by the City Council that has the force of law.

Personnel: A category of expenditures that includes salary, benefits, and payroll taxes for City employees.

Program: A specific or discrete service performed by the City of Laramie.

Rebudgeted Expenses: With approval, capital projects or equipment/fleet purchases remaining incomplete at fiscal year end may be "rebudgeted" into successive years. As actual expenditures are recognized only when the goods or services are received or rendered, these approved expenses are purchased from fund balance

Reserve: The portion of a fund balance that is not available for appropriation or expenditure unless deemed absolutely necessary by City Council.

Restricted Reserve: The portion of fund balance that is not available for appropriation or expenditure due to requirements legal in nature.

Resolution: A formal expression of opinion, will or intent passed by a majority of City Council. A resolution does not have the force of law.

Revenue: Funds that the City of Laramie receives as income such as tax payments, fees for services, receipts from other governments, fines, and grants.

Sales and Use Tax: A tax imposed on the sale or use of all tangible personal property.

Solid Waste Fund: The specific fund which receives all payments for and charges against the collection and disposal of solid waste refuse in Laramie. The Solid Waste Fund is an enterprise of the City of Laramie.

Tax: Compulsory charges levied by a governmental unit for the purpose of raising revenue, which in turn pays for services or improvements provided for the benefit of the general public.

Transfer Fee: A transfer of money from one City fund to another (inter-fund transfer) to reimburse personnel costs, and outlays for legal services, accounting, and general managerial services.

User-Fees / Charges: A payment made to the City of Laramie for receipt of services by the user who benefits from the service. The City of Laramie's primary source of user-fees is for utility services. Other examples include recreational programs, building permits, and inspection fees.

Wastewater Fund: The fund that receives all payments for and charges against the collection and treatment of wastewater and sewage in Laramie. The Wastewater Fund is an enterprise of the City of Laramie.

Water Fund: The fund that receives all payments for and charges against the acquisition and distribution of water in and around Laramie. The Water Fund is an enterprise of the City of Laramie.

GOVERNMENT FUNDS

The City of Laramie complies with Generally Accepted Accounting Principles (GAAP). In addition, the city adheres to the principles set forth by the Governmental Accounting Standards Board (GASB) and the Accounting Principles Board (APB).

The accounts of the City are organized on the basis of funds and each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate.

Government resources are allocated and accounted for in these individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into fund types and broad fund categories.

FUND OVERVIEW

GENERAL FUND

The general operating fund of the City of Laramie that accounts for all financial resources not restricted to any specific purposes. The General Fund accounts for "basic" City services such as public safety, street maintenance, community services and general government activities.

In Laramie and throughout Wyoming, the 5th Cent sales tax supports general government services.

Specific examples of City services accounted for in the General Fund:

Police patrol	Ice Arena	City Council
Police investigations	Cemetery maintenance	Municipal Court
Animal control	Parks maintenance	Human Resources
Police special operations	Engineering	Employee safety
Fire suppression	Code administration	Outside agency funding
Street maintenance	Planning	City Clerk services
Fleet maintenance	Financial administration	Ambulance services
Recreation programs	Information Technology	
Mosquito control	Legal services	

ENTERPRISE FUNDS

Funds in which the services provided are financed by charging the cost of these services back to the user, similar to a private business. Revenues are generated by charging for the services provided, either to customers or to other units within the City government. The City uses enterprise funds to account for water, wastewater, and solid waste services.

Utility Fund – A fund to account for the operation of the water and wastewater services provided by the City.

City services accounted for in the Utility Fund:

Potable water generation	Waste collection
Pumps and wells	Lift station
Water distribution lines	Wastewater treatment plant
Water meters	Wastewater & water education
Monolith Ranch	Industrial pretreatment
Water rights	

Solid Waste Fund – A fund to account for refuse collection and disposal services provided by the City.

City services accounted for in the Solid Waste Fund:

Residential refuse collection	Disposal of solid waste
Commercial refuse collection	Landfill

DEBT SERVICE FUNDS

Funds that account for resources used to pay annual principal and interest payments on general long-term debt.

City of Laramie General Debt Service Fund – to account for the periodic payment and principal and interest on notes or contracts such as the Wyoming Territorial Park loan.

INTERNAL SERVICE FUNDS

Funds that report any activity which provides goods or services to other funds, or departments on a cost-reimbursement basis.

City of Laramie Health Self-Insurance Fund – to account for the cost of providing a defined health and dental insurance plan which covers all regular full-time employees, and some retirees, of the City.

TRUST & AGENCY FUNDS

Funds that account for assets held by a governmental trustee capacity, private organization, or as an agent for other governmental units and/or funds.

City of Laramie Cemetery Endowment Fund – A trust fund to account for all funds granted and bequeathed to the City for the preservation of lots for the Laramie Cemetery.

CAPITAL PROJECT FUNDS

Funds that account for financial resources to be used in acquisition or construction of major capital projects, other than those financed by proprietary (enterprise) funds or trust funds.

City of Laramie **Major Capital** Construction Fund – to account for the costs of major construction or capital improvements. Revenues are derived from grant monies, capital leases, and General Fund operating transfers.

City of Laramie Park & Recreation Fund – to account for the costs for capital improvements or equipment for Parks and Recreation. Revenues are derived from grant monies, recreation mill levy and donations.

City of Laramie West Laramie Fund – to account for the costs for capital improvements or equipment within West Laramie city boundaries. Revenues are derived from grants and transfers from the General Fund.

City of Laramie Specific Purpose Tax Fund – to account for the costs of specific capital improvements and repair and maintenance projects. Revenues are derived from one cent tax collected (the “6th Cent”) in which voters approved both bonded and unbonded projects.

SPECIAL REVENUE FUNDS

Funds that account for proceeds for specific revenue sources, other than those expendable trusts or for major capital projects that are restricted legally to expenditure for specified purposes.

City of Laramie E911 Fund – to account for the costs of major construction or capital improvements directly related to emergency management 911. Revenues are derived from 911 surcharges on telephone bills and grants.

City of Laramie Economic Development Fund – to account for grant revenues which are utilized to administer low interest loan programs for economic development.

Recreation Center Fund – to account for revenues and expenditures for operation of the City of Laramie Recreation Center. Revenues are derived from memberships and user fees, grants, merchandise sales, interest from the recreation endowment, and from donations and recreation mill levy monies. When a revenue shortfall occurs, this fund is subsidized by the General Fund.