



Wyoming
Association of
Municipalities
Building Strong Communities



Municipal Budget

2023 LOCAL GOVERNMENT LEADERSHIP
CORE COURSE

Course Objectives

1

Understand the key components and purpose of your Municipal Budget

2

Review the process, guidelines, and legal constraints for your Municipal Budget

3

Appreciate your role in the broader context of compliance and internal controls

Applicable Wyoming Statutes

Uniform Municipal Fiscal Procedures Act **Wyoming Statutes, Section 16-4-101**

- Regulates the preparation, maintenance and retention of required records and accounts
- Defines required audits of the financial condition of the municipality
- Provides municipalities with power to appropriate money and to pay all necessary expenses
- Provides power to levy and collect special assessments
- Also allows municipalities to borrow money

Wyoming Statutes, Title 15 is where you will find state statutes regarding the powers and duties of municipalities (incl. finance)

The governing body is responsible for the proper administration of its community's financial affairs under Wyoming State Statute 15-1-103(a).

Governing bodies have staff to assist with these important financial oversight functions. The Municipal Treasurer and/or Clerk/Treasurer is typically the employee with custody of all moneys of the organization. As custodian, he or she is responsible for the proper receipt and use of such moneys regardless of who actually receives and or pays it out.

Tools & Guidance



Wyoming Governmental Entity Budgeting, Accounting, and Reporting Manual (WY Dept. Audit)



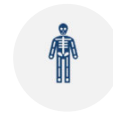
Wyoming Municipal Handbook (WY Dept. Audit)



GASB Statement 34, Basic Financial Statements and Management's Discussion & Analysis (Governmental Accounting Standards Board)




COSO Internal Control Integrated Framework (Committee of Sponsoring Organizations of the Treadway Commission)



Mayor-Council Handbook and Budget Preparation Handbook (WAM)

WYOMING ASSOCIATION OF MUNICIPALITIES
is pleased to provide to
Cities & Towns:

Fiscal Year 2021 (FY21)
Budget Preparation Handbook
April 17, 2020



Wyoming Association of Municipalities
Building Strong Communities

Official instructions and guidance for annual reports can be helpful for understanding the overall fiscal system.

F-32, Survey of Local Government Finances (US Census Bureau/WY)

To avoid duplication of effort, the annual census report currently being filed with the federal bureau of the census, or with the department, by all entities required to report to the department, will be utilized by the department to the extent possible to obtain the required revenue, expenditure and financial activity information.

F-36, Annual City & Town Financial Report Worksheet (WY Dept. Audit)

Each report shall contain a certificate, signed by the mayor and the treasurer for a city or town, verifying under oath that, to the best of their knowledge, the information contained in the report is a true, accurate and complete presentation of the financial activities of the reporting entity

Electronic Budget Form (WY Dept. Audit)

For subsequent years: A new Excel spreadsheet is available on the Dept of Audit website



The municipal budget is a critically important tool for policy AND operations

Specifies how resources, especially time and money, will be allocated or spent during the next year

Allocates money to programs, projects, and facilities that support and implement your strategic plan

Reflects your community values by funding the top priorities at the desired level of service

Must strike a balance between available resources and desired service level

Under Wyoming law, every city and town must prepare and adopt a budget every fiscal year (July 1 - June 30). (If desired and pursuant to W.S. 16-4-104(h), a two-year budget cycle may be employed).

A budget is a financial plan that shows how much money will be available, where it comes from, and how it will be used. The preparation and adoption of a budget is the responsibility of the governing body of each city and town. A well-defined, sound budgeting process is a universal part of an efficient, effective and economical government entity.

Budget Purposes



**Financial and
operational
direction**



**Implement
policy (i.e.,
your Strategic
Plan)**



**Informative
marketing
document**



**Planning,
measuring &
decision-
making
benchmark**



**Tool for
transparency
and account-
ability**



Tips For A Successful Budget Process



TRANSPARENCY



COMMUNICATION



**STRATEGIC
PLANNING**

Does the budget message address major issues, including public concerns?
Does the budget include an overall mission statement?

Budget process reflects ongoing role in all operations

Strategic Planning – everything ties back to your Vision, Mission & Values

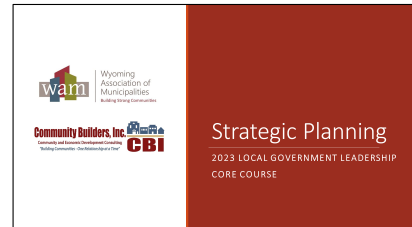
Budget expenditures should be tied to strategic planning goals

Public Hearings required

Budget can be officially adopted by Emergency Ordinance or Resolution

Appropriate of funds allows implementation of plans

Budget provides ongoing basis for review of progress and performance



Strategic Planning

Important first step in developing a municipal budget. By developing an organizational core value statement, vision and mission and setting specific goals and objectives, the budget process logically follows by attaching financial resources to the goals.

Obtaining community input to help in the strategic planning process can be achieved through citizen surveys, community forums or other public participation processes.

Draft goals

Can prepared by the governing body and staff and presented through a public participation process. Goals communicate your community visions, desires and promises and set the philosophical tone of the organization.

Adoption of goals

Adopt final goals for the ensuing fiscal year or multi-year period. These final goals become the roadmap for the direction the governing body wants the municipality to go.

Preparation of budget tied to goals

Staff works on development of a draft budget tied to the adopted goals. The governing body will have the opportunity to determine if the goals are achievable given revenue and/or time constraints and to address any compensation issues related to the goals.

Adoption of Budget

The budget is adopted by either resolution or emergency ordinance (to allow it to be adopted within 24 hours of the public hearing).

Implementation of Goals

Finally, the goals enumerated in the budget are implemented. Governing bodies need to remember that the budget is a means to an end - the "end" is goal achievement.

What's the difference between revenue and appropriation?

Council appropriates money when they adopt a budget designating money to cover expenses for ensuing year

Where the money comes from is the **revenue**

How it is spent is the **appropriation**

The governing body, within the last quarter of each fiscal year, shall pass an annual budget resolution for the next fiscal year in which it may appropriate an amount of money necessary to defray all expenses and liabilities of the town. The resolution shall specify the objects and purposes for which the appropriations are made and the amount appropriated for each object or purpose according to the chart of accounts.

Limits On Appropriations



Cannot appropriate in excess of estimated revenue

To change budget, must go through budget amendment process

Appropriations lapse at end of Fiscal Year (except for capital projects)

A governing body cannot make any appropriation in the budget of any fund in excess of the estimated expendable revenue of the fund for that budget year.

Budget Amendments

At the request of the budget officer or upon its own motion after publication of notice, a governing body may by resolution transfer any unencumbered or unexpended appropriation balance from one fund, department or account to another.

The budget of the general fund may be increased by resolution of a governing body. The source of the revenue must be identified (i.e., unanticipated income, unappropriated surplus, donations, etc.)

If a governing body determines an emergency exists and the expenditure of money in excess of the general fund budget is necessary, it may make such expenditures from reserves as necessary to meet the emergency. Notice of the declaration of emergency must be made in the same manner as for public hearing notices.

Appropriation lapse

All appropriations (excluding appropriations for capital projects) shall lapse following the close of the budget year to the extent they are not expended or encumbered.

Wyoming law distinguishes between cities and towns based on population

Incorporated Towns

population under 4,000

Title 15, Chapter 2

First Class Cities

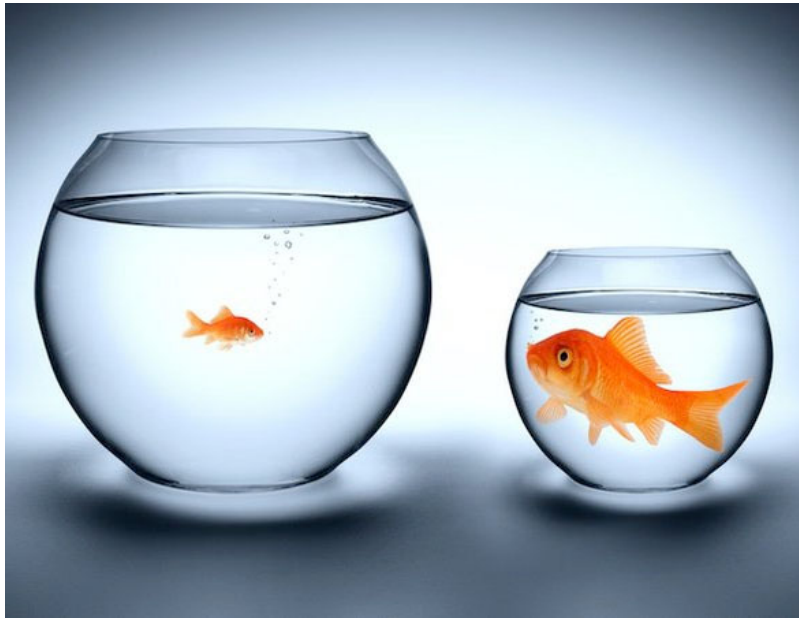
population over 4,000

Title 15, Chapter 3

Financial management and budgets are two key areas where community size makes a big difference



There are different statutes in effect depending on if a municipality is an incorporated town with a population under 4,000 (Title 15, Chapter 2) or a community with a population over 4,000 or defined as a First Class City under Wyoming State Statute Title 15, Chapter 3.



Fiscal responsibilities are different for town and cities

First Class cities must adhere to the Uniform Municipal Fiscal Procedures Act in its entirety

Towns only have to adhere to Audit rules and regulations

Wyoming now requires all public officers to get certain fiscal training

There are different statutes in effect depending on whether a municipality is an incorporated town with a population under 4,000 (Title 15, Chapter 2) or a community with a population over 4,000 or defined as a First Class City under Wyoming State Statute Title 15, Chapter 3.



Specific Requirements for Cities and City Manager Towns

- Must show actual revenues and expenditures from last Fiscal Year
- Estimate total revenues and expenditures for current and next ensuing Fiscal Years
- Compare year-to-year changes
- Provide a Budget Message
- Must specifically budget for all convention or meeting expenses, including travel

Unless changed by charter ordinance, these designated municipalities must comply with the **Uniform Municipal Fiscal Procedures Act** (W.S. 16-4-101 through 16-4-125) in preparing their budgets.

Municipalities are specifically statutorily required to include all convention or meeting expenses in the annual budget. It is a misdemeanor to allow or pay out of city funds any bill for expenses incurred for any municipal officer or employee incurred while attending a meeting or convention unless the expenses are specifically budgeted. (W.S. 16-4-124)

Key Dates for municipalities with more than 4,000 residents

- 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

Within the last quarter of the fiscal year, the governing body must pass an annual appropriation ordinance for the next fiscal year. The ordinance must specify the objects and purposes for which the appropriations are made and the amount appropriated for each object or purpose.

Prior to adoption of the budget, the governing body must determine the amount of general (property) taxes necessary and determine any special taxes or levies.

Budgets for Towns (under 4,000) must be prepared according to Wyoming Dept. of Audit rules

- 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



Budget Message

The most important section of the budget document

- Reveals assumptions upon which the budget is built
- Reviews the economy and its impact on the budget
- Identifies community priorities
- Addresses any special circumstances
- Anticipates upcoming events and circumstances to monitor

City of Douglas FY 2014-2015 Budget Narrative

Overview

Fiscal year 2013-14 has proven to be an exceptional period of economic prosperity for the City of Douglas. Sales tax is commonly a significant indicator of economic activity and the last year has proven to be a record year for the City of Douglas. With regard to sales tax, we have seen a high of \$1,177,887, a low of \$917,097 and a monthly average of \$1,045,109. This continued trend has resulted in sales tax revenue exceeding the projected budgeted amount by approximately \$6 million, which has enabled the City to start the next fiscal year with a positive balance of \$14.8 million in the General Fund. This beginning balance does reflect FY14 Budget Amendments. A copy of the final sales tax report is attached for detail.

While economic times are improving in Douglas, the City nonetheless has taken steps to ensure the long term viability both financially and with regard to capital expenditures. The FY 2014-15 budget provides for a great deal of capital construction and roads along with associated water & sewer projects. Some of these are denoted below in the Capital Projects section and the rest are denoted in the budget notes.

One of the notable placeholders in the budget is once again the funding for a joint communications operation. While this is still in the development stages, there is \$250,000 allotted to the funding of the joint agency project which seeks to combine regional communications (Police, Sheriff, and Glenrock PD). The actual amount estimated to complete the project by all agencies is in excess of \$4,000,000. The Associated representative bodies recently approved moving the project into the next stage with Glenrock being the proposed location. At this time, ongoing operational expenses are not estimated.

Reserve Policy

The City maintains reserves, whether restricted (legally mandated), designated (set by City policy), or unrestricted, in a number of funds. The reserve policy for the General Fund is to maintain a 25% operating reserve as a percentage of expenditures; the Health Care Fund is six months of claim and expense. The Water Fund is to maintain \$2 million in reserves per City Ordinance 13.16.010. The Sewer Fund is to maintain \$1 million in reserve per City Ordinance 13.44.070; Sanitation's goal is \$250,000 per City Ordinance 13.64.040, and the Landfill Fund is goal to keep \$500,000 in reserve per City Ordinance 13.64.045.

FUND	Goal	Projected / Actual
General	\$1,878,071 (25%)	\$10,460,131
Health Care	\$458,500	\$907,000
Water	\$2,000,000	\$2,320,334
Sewer	\$1,000,000	\$636,564
Sanitation	\$250,000	\$245,633
Landfill	\$500,000	\$272,080

Overall Numbers

The City's total anticipated expenditures for FY 2014-15 will be approximately \$23,180,704, which is up from the previous year of \$22,178,215.

One of the most important sections of the budget document is the narrative portion called the budget message. This message gives an overview of all of the key issues, assumptions and priorities for the ensuing fiscal year. It reveals major assumptions that the budget is built upon, identifies financial, economic and inflation rates, and focuses attention on changes from the last budget in terms of service and funding level. The budget message is a great tool for the public's understanding of the overall budget document.

Hearing & Publication Requirements

Budget Summary - one week before public hearing

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

No required public hearing for towns under 4,000 (but it is still considered good practice)

Jackson Hole News & Guide

Public NOTICES

What is a Public Notice?

These pages include a variety of notices required by Town, County and State statutes and regulations. These notices include Meeting Agendas, proposed city and county ordinances, tax and budget information, Liquor Licenses, foreclosures, summonses and bid invitations.

How to place a Public Notice

Jackson Hole News & Guide • PO Box 7445
Jackson, WY 83002 • (807) 733-2047

Rate: \$9.56 per column inch
Preferred Method of Submission is via Email in a Word/Text document to Legals@jhnewsandguide.com. Legals submitted via hard copy or PDF will be charged a typesetting fee of \$10.00 per typed page

LEGAL DEADLINE: THURSDAY AT 3:00 PM

JUNE 19, 2019

TETON COUNTY NOTICES Teton County Board of Commissioners

• MEETING NOTICES •

Teton County Board of Commissioners
Voucher Meeting Notice
200 S. Willow, Jackson, Wyoming
Monday, June 24, 2019, 9:00 a.m.
Meeting agenda is available on tetoncountywy.gov
Meeting streaming is available from the online agenda.
Publish: 06/19/19

Teton County Board of Commissioners
Special Meeting Notice
200 S. Willow, Jackson, Wyoming
Tuesday, June 25, 2019, 9:00 a.m.
Meeting agenda is available on tetoncountywy.gov
Meeting streaming is available from the online agenda.
Publish: 06/19/19

TETON COUNTY DIVISION OFFICES

• REQUEST FOR BIDS •

Teton County/Jackson Parks and Recreation Department

FORMAL REQUEST FOR BID

Invitation for Formal Request for Bids are being accepted for the following: 3/4 Ton, Extended Cab, 4x4 Pick-up Truck

Notice is hereby given that the Teton County/Jackson Parks and Recreation Department will receive sealed formal Bids prior to 3:00 PM M.S.T on July 3, 2019 at the Recreation Center, 155 East Gill Avenue, PO Box 811, Jackson, Wyoming, 83001. The goods requested for bid will consist of a new 3/4 Ton Extended Cab, 4x4 Pick-up Truck with associated attachments that meet the specification identified in the bid package.

Item #	Description	Quantity	Unit	Estimate	Low Bid	High Bid
1.01	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.02	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.03	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.04	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.05	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.06	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.07	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.08	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.09	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500
1.10	3/4 Ton, Extended Cab, 4x4 Pick-up Truck	1	Truck	15,000	14,500	15,500

Publish: 06/19, 06/20/19

• CONTINUED PUBLICATIONS •

General Services
Request for Proposal

Teton County Wyoming is soliciting proposals from Consulting Firms for an Information Technology Systems Study.

A public hearing to take testimony on the proposed policies shall be held on July 18, 2019 during the regular meeting of the Teton County Library Board at the Main Library in Jackson.

Carol Peak
Chair, Teton County Library Board
Publish: 06/20, 06/05, 06/12, 06/19, 06/26, 07/03, 07/10/19

NOTICE OF ACCEPTANCE AND FINAL PAYMENT TO CONTRACTOR

THE GROVE PHASE 3
Habitat Phase 1 Site Improvements

TETON COUNTY, WY

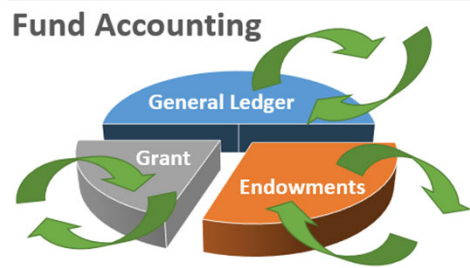
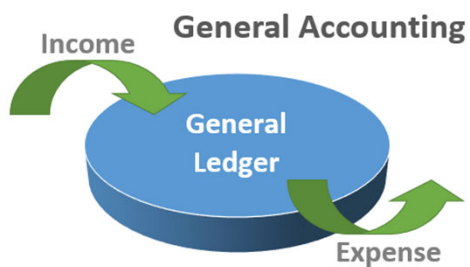
Pursuant to W.S. 16-6-116, notice is hereby given that the Jackson/Teton County Housing Authority, Jackson, WY (OWNER) has accepted the work as completed according to the plans, specifications, and rules set forth in the Contract dated June 25, 2018, between the OWNER and FC Excavation, LLC (CONTRACTOR), and that the CONTRACTOR is entitled to Final Settlement thereof.

Notice is further given that on June 25, 2019, said date being the first (1st) day after the first publication of this Notice, OWNER will pay to said CONTRACTOR the full amount due under the Contract.

If any individual, company, organization, or other entity has any outstanding financial claim against the CONTRACTOR concerning Final Settlement of this Contract, the party should contact Stacy Stecker, Jackson Teton County Affordable Housing Department at P. O. Box 714, Jackson, WY, 83001, stacy@tetoncountywy.gov, or 307.732.0887 prior to June 25, 2019.
Publish: 06/15, 06/22, 06/29, 06/05, 06/12, 06/19/19

TOWN OF JACKSON NOTICES

• OFFICIAL PROCEEDINGS •



Fund Accounting influences your budget

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

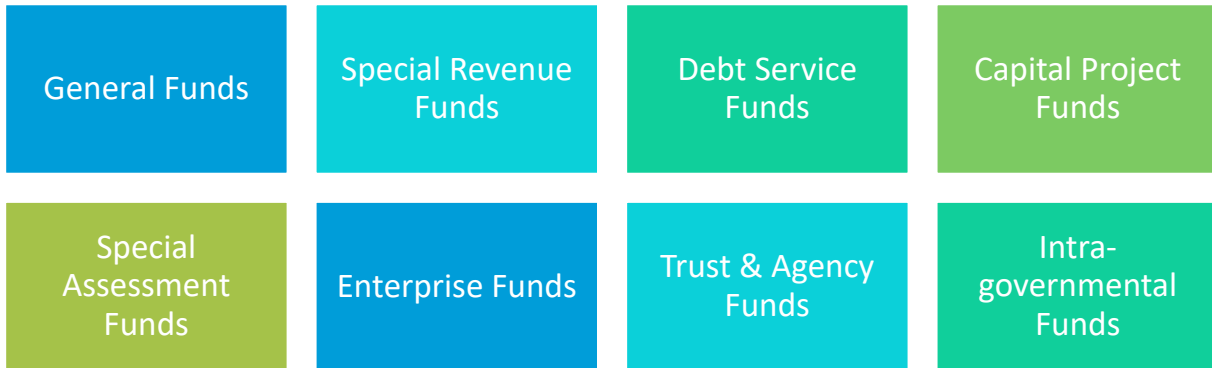
A fund is defined as a group of accounts that is a separate, self-balancing entity

Dollars earmarked for specific purposes in a fund usually cannot be used for other purposes

Public accounting differs from private sector accounting in one key way - in a business context, everything is brought together in a single balance sheet. In governmental accounting, funds are used. Instead of one single balance sheet, a public entity is required to maintain balance sheets for every fund.

A fund is defined as an independent fiscal entity with assets, liabilities, reserves, fund balance and revenues and expenditures for undertaking activities. A fund includes balance sheet accounts as well as revenue and expenditure accounts.

All funds should have a budget



Within each of these funds, budgets will be broken down by department and further by division.

As an example, the General Fund might have a Police Department and a Patrol Division.

Each division may have categories of expenses (sometimes called charts of accounts) that will include:

- Personnel expenses (wages, salaries and benefits, training and development)
- Operating expenses (utilities, supplies, equipment maintenance, contract services)
- Capital outlay (equipment, buildings, land, other improvements)

Examine each fund separately, especially the General Fund

Compare budgeted to actual revenues and expenditures

Use original budgeted figure

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 Pri 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
Budget notes:					
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
Budget notes:					

General Fund

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

General operations of Municipality



The chief operating fund. This includes payments to Council, Administration, Planning, Finance, Municipal Court, Community Development, Public Safety and Public Welfare.

All financial transactions not properly accounted for in another fund go here.



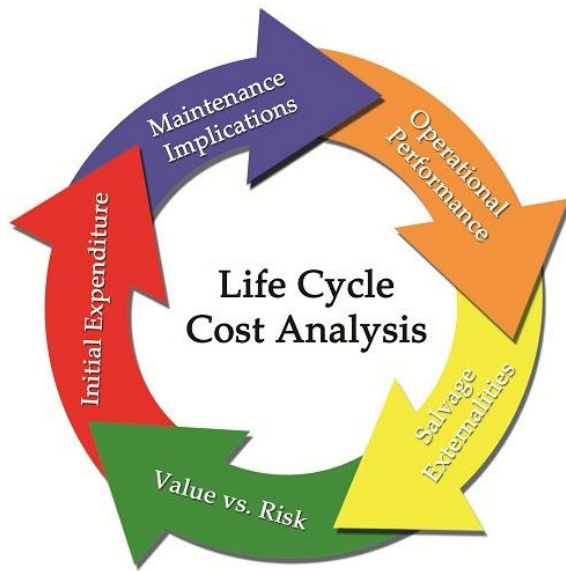
Enterprise Funds

- Water
- Sewer
- Sanitation
- Landfill
- Electric
- Can also include other services
- Citizens like to know if services are subsidized from other funds

Cities and towns with public water supplies and sewer systems charge water and sewer customers for providing this service. Some Wyoming communities also operate local electric service and Municipal landfills charge tipping fees or disposal fees for users.

These business-type activities are often referred to as “enterprise funds” and they are supported largely by user charges. Each fund must operate as a separate self-sustaining business with general operations principally financed through user fees. General purpose capital improvements are typically financed by a combination of user fees, grants and contributions from other funds (impact assistance, general fund, etc.).

It is common for a municipality to operate other services (recreation, for example) as enterprise funds so that it is clear how much subsidy these services require to continue operations.



Setting Enterprise Fund Rates

Should generate adequate revenue to pay costs of operation, maintenance, AND establish replacement fund for future capital needs

Guiding principle:
Self-sufficiency

Typical components of a user charge system:

- Customer service charge
- Demand charge
- Commodity charge

The customer service charge recovers costs that apply equally to each user of the system regardless of demand or quantity used. The demand charge can be assessed to recover costs of debt service and replacement funds. It is typically based on the size of the customer's meter or service. A commodity or volume charge is assessed based on the quantity used during a billing period.



Use Enterprise Funds appropriately!

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 – You cannot just spend money from another allocation on something different!



Special Revenue Funds

Funds are designated or restricted to specific expenditures

Proceeds of specific revenue sources might be defined by funder, by council, or as required by law or regulation

Special revenue funds - these funds are used to account for resources that are legally or administratively restricted for specific purposes (an example would be a grant-funded School Resource Officer position) .

Debt Service Funds

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



Payment of principal and interest on long-term debt other than special assessment and revenue bonds.

Capital Project Funds

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

May involve long-term loans, bonds and/or intergovernmental grants

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



Used for the acquisition of capital assets other than those specified by enterprise and special assessment funds. May involve long-term debt and intergovernmental grants.

It is a good idea to develop a 5-year plan for long-term capital purchases. Each year, that year's capital purchase plan can be integrated into the current budget and a new fifth year capital plan can be developed.

A municipality may accumulate retained earnings in any enterprise or intra-governmental service fund or accumulate a fund surplus in any other fund. The general fund balance may be used to meet any legal obligation of the municipality or to provide cash to finance expenditures from the beginning of the budget year until general property taxes and other revenues are collected or to provide an emergency reserve.

Funds may be appropriated from estimated revenue to a reserve for capital improvements and for depreciation within any capital improvement fund and to purchase or replace specified equipment or to fund a depreciation reserve for equipment. This money may be allowed to accumulate from year to year until the accumulated total is sufficient to permit the expenditure.

Special Assessment Funds

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



Used for money received from special assessments levied against properties specially benefited by the making of local improvements.



Trust & Agency Funds

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

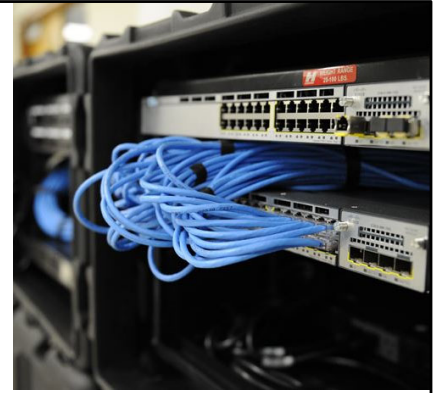
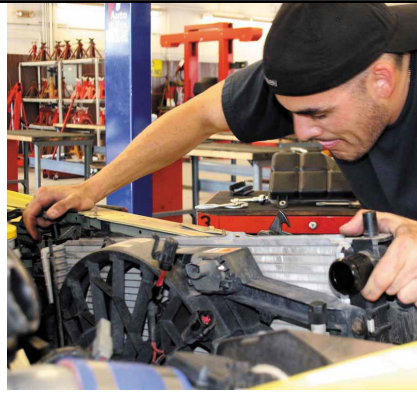
Example: Perpetual Care Fund

Intra-governmental Revenue Funds

Municipalities can effectively allocate the cost of internal operations to other departments that benefit from them

Examples:

- Municipal shop
- IT
- Self-Funded Health Insurance



Financing of special activities and services performed by a designated unit within a government jurisdiction for other organization units within the same government jurisdiction.

Top Ten Municipal Revenue Sources in Wyoming

1. General Sales and Use Tax (local share of statewide excise taxes)
2. Local Option Sales and Use Tax
3. Supplemental Revenue Appropriation
4. Property Taxes
5. Federal Mineral Royalties
6. Mineral Severance Taxes
7. Fuel Taxes
8. Vehicle Registration Taxes
9. Cigarette Taxes
10. Grant funds

Wyoming State Government
Revenue Forecast
Fiscal Year 2023 – Fiscal Year 2028



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

Consensus Revenue Estimating Group
CREG

January 2023

<http://eadiv.state.wy.us/creg/>

Most municipal revenue is generated & shared by State



**EXCISE
TAXES**



**SEVERANCE
TAXES**



**FEDERAL
MINERAL
ROYALTIES**

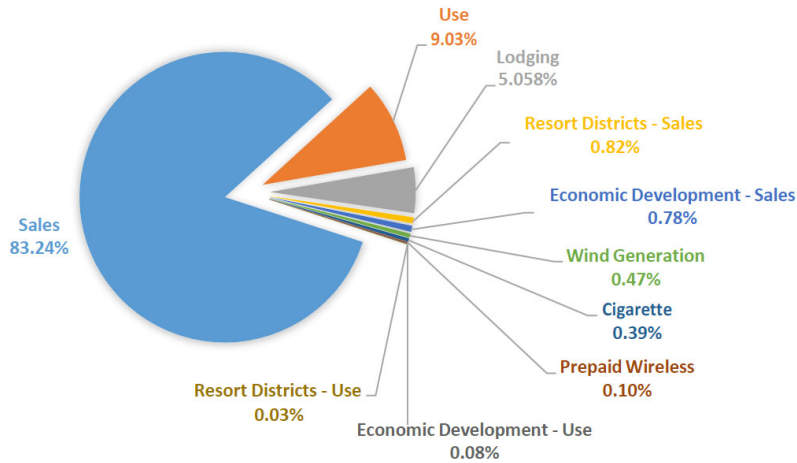


**WHAT IS
CREG?**

A large share of the revenues budgeted at the local level are derived from state shared sources, such as the sales tax, severance tax and federal mineral royalties. All state shared revenues are distributed to cities, towns, and counties through formulas set by state legislative action.

A common question is "what is the source of the revenue estimates?" The major revenue sources, sales and use taxes, federal mineral royalties, and severance tax are based on projections generated by the Consensus Revenue Estimating Group (CREG). The CREG is a group of state experts representing both the executive and legislative branches of government who have been charged with the responsibility of estimating certain revenues for use by the governor and legislature. The CREG usually meets in early October to develop estimates for planning purposes. The group meets again in January or February, just prior to the legislative session, to update the October values. Historically, the CREG's estimates have proven to be very accurate. But remember that CREG bases revenue forecasts on forecasts and NOT on actual revenue received.

FY 22 - TAX DISTRIBUTED TO LOCAL GOVERNMENTS (% OF TOTAL TAX DOLLARS)



Sales & Use Tax

Applies to the retail sale of most property and some 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

4% State Excise Tax, plus local options

Taxes from online sales have boomed

This pie chart of tax distributions to local governments also shows revenue sources.

Sales and Use Tax (Excise tax) - Sales tax applies to retail sale of personal property or services. Examples include automobile purchases, clothing, electronics as well as services such as auto or computer repairs. The legislature has created a number of sales/use tax exemptions (49 at last count)! One important sales tax exemption is food for domestic consumption, typically grocery store food items. Food sold for immediate consumption such as restaurant or fast food is not exempt from sales tax. The lost revenue from sales and use tax exemptions is a tremendous amount of money.

Use tax - The use tax is a companion to the sales tax and is imposed on good purchased tax-free outside of Wyoming for use in Wyoming. Any person making tax-free purchases in another state and bringing those goods into Wyoming is subject to the use tax. As an example, if you purchase new furniture in sales tax-free Montana, legally you are required to pay use tax on that purchase. Use tax also applies to purchase of property made outside of the designated county for use, storage or consumption in the user's county of residence. Vehicle or heavy equipment purchases purchased in another county would be an example of this type of use tax. Although the law requires paying use tax, except for a few instances for which the state has an enforcement system, payment of this tax is primarily on the honor system. Because rigorous enforcement would be very difficult, much of this tax goes unpaid. Likewise, lost revenue from remote sales such as catalog and internet will never be paid absent a national requirement for payment.

Let's look briefly at how sales and use tax is distributed.

Total Distribution by Major Business Class and by County																
Reporting Date Range: 07/2021 - 06/2022																
Monthly Distribution Date: 6/30/2022																
STATE WIDE	Lodging Tax	General Purpose		Specific Purpose		Revert District		Economic Devel.		State		Penalty	Interest	Applic. Fee	County Total	
		Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax					Lodging Assessment
11 AGRICULTURE, FORESTRY, FISHING AND MINING	60,994	54	32,394	4,247	0	141,971	110,148	61,951,281	12,984,406	0	181,747	156	121	6,651	133,992	
22 UTILITIES	833	7,354,178	1,012,417	2,872,716	471,529	338	94,081	1,891	32,203,973	4,064,728	624,89	1,001	306	240	48,942,894	
33 CONSTRUCTION	790	1,284,865	1,272,422	770,462	669,748	674	14,118	82,010	3,752,417	5,702,131	229,89	64,376	30,239	453	18,292,348	
3120 MANUFACTURING	565	4,612,512	877,084	668,686	271,965	2,750	307	54,748	1,244	19,421,139	3,617,008	625,15	33,397	44,085	3,191	28,929,538
42 WHOLESALE TRADE	62	13,934,554	3,819,151	2,898,392	106,983	12,393	127	228,870	2,954	49,148,373	1,548,021	46,61	81,096	40,802	2,548	68,387,677
4440 RETAIL TRADE	1,709,889	96,759,008	2,914,944	29,759,824	1,250,722	844,739	25,149	2,445,129	41,461	128,261,824	9,722,072	210,008,08	916,378	589,249	281,774	497,213,733
4445 TRANSPORTATION AND WAREHOUSING	5,892	491,839	401,562	167,261	169,844	12,414	0	1,820	5,493	1,279,749	1,208,617	810,67	14,864	1,378	4,752,878	
51 INFORMATION	156	2,568,943	184,133	927,078	61,013	5,470	112	96,898	6,533	10,869,567	808,889	116,64	31,670	31,892	1,662	15,428,628
52 FINANCE AND INSURANCE	193,083	21,844	27,429	7,972	0	0	0	2,300	237	436,289	95,492	0	1,007	322	348	734,357
61 REAL ESTATE AND RENTAL AND LEASING	177,381	7,306,941	124,677	2,668,157	46,708	295,337	29,340	61,067	117,744	30,613,616	900,553	137,974,44	82,753	24,778	4,789	42,226,497
64 PROFESSIONAL, SCIENTIFIC, AND MANAGEMENT OF COMPANIES AND ADMINISTRATIVE AND SUPPORT AND EDUCATIONAL SERVICES	144	282,240	462,398	176,681	14,388	839	0	7,095	113	1,468,288	183,343	62,06	12,811	722	914	2,489,009
62 HEALTH CARE AND SOCIAL ASSISTANCE	1,119	81,166	351	39,310	34	0	0	1,672	1	115,372	1,358	839,80	1,315	300	896,694	
71 ARTS, ENTERTAINMENT, AND RECREATION	32	13,181	4,960	7,829	1,854	0	0	548	47	74,425	18,796	24,30	959	45	120	128,848
72 ACCOMMODATION AND FOOD SERVICES	96,693	96,873	5,018	375,431	5,123	180	0	3,932	26	2,479,074	20,161	177,726	14,449	17,991	3,794	3,749,239
81 OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION	19,214	1,104,281	14,081	1,995,289	31,776	887	3	170,971	1,048	28,833,322	387,412	87,911,15	243,731	58,732	6,836	48,972,233
92 PUBLIC ADMINISTRATION	5,774	11,368,821	8,249,392	1,743,939	1,527,639	0	0	409,640	211,149	49,371,458	36,144,618	409,76	493	311,787	113,848,978	
State Wide Total:	38,296,414	178,926,868	18,299,992	85,649,177	7,599,599	1,542,094	199,792	4,212,248	49,978,769	78,542,414	399,620,18	2,321,231	1,491,688	348,379	1,128,426,531	

Statewide Sales And Use Tax

4% - cities and counties combined get about 31%

Tax revenues are distributed back to county of origin, then divided among local governments based on population

Excise tax revenues can be volatile; use WAM projections

Get familiar with local economy, esp. tax base

Sales and Use Tax Distribution Report - Total Distribution by County																		
Report Date Range: 07/2021 - 06/2022																		
Monthly Distribution Date: 6/30/2022																		
County	Lodging Option Tax	General Purpose Option		Main General		Special Purpose Option		Main Special Purpose		Revert District Option		Economic Devel.		State Lodging Assessment	County Total			
		Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax	Sales Tax	Use Tax					
ALBANY (05)	1,289,483.7	1,044,917.1	397,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21,767,712.1	23,942,717.7	963,818.9	4,418,962.3	
BIG HORN (09)	49,645.0	1,096,223.8	399,733.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,291,133.4	1,292,203.9	122,911.96	12,266,891.67	
CAMPBELL (07)	74,624.04	24,791,292.9	3,074,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	189,249,922.6	2,922,261.9	19,049.27	193,889,474.24	
CARBON (06)	1,049,219.49	1,424,818.09	814,842.12	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17,641,976.78	2,612,518.81	17,682.12	19,264,898.96	
CONVERSE (13)	293,211.11	18,846,275.97	733,843.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43,313,286.2	2,819,911.18	29,062.79	46,137,444.79	
CROOK (08)	1,214,187.7	1,298,273.68	276,268.69	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,299,222.69	1,099,342.2	103,601.67	16,491,512.29	
FREMONT (10)	1,264,679.97	2,984,971.62	76,646.32	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,904,841.48	377,081.18	98,149,807.96	47,064,917.62	
GOSHUTE (07)	99,948.86	2,847,476.94	293,791.93	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	211,912.56	73,426.81	1,117,882.56	74,536.14	12,304,913.19
HOT SPRINGS (05)	2,927,914.1	1,213,223.38	96,214.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,441,017.52	249,951.12	17,422.02	7,469,294.24	
JACKSON (04)	27,475,410	1,261,791.9	181,979.78	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9,766,126.89	742,971.76	69,012.32	16,491,419.29	
LARAMIE (02)	2,254,813.67	28,162,809.89	3,862,266.66	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	111,753,154.43	13,771,886.03	189,978.9	127,708,743.92	
LINCOLN (12)	1,282,213.3	4,792,997.61	1,634,914.61	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19,624,232.26	4,170,911.28	1,822,812.6	29,618,447.16	
NATHANIEL (01)	1,889,897.98	21,711,811.88	1,877,824.69	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61,390,914.12	6,812,299.69	1,934,812.3	67,814,926.89	
NORRARA (14)	94,979.91	423,121.89	36,201.24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,679,399.12	232,370.06	36,231.73	1,977,241.82	
PARK (11)	3,611,612.86	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19,019,012.13	3,624,044.69	217,368.8	43,264,885.67	
PLATE (08)	147,203.49	2,974,811.13	914,933.12	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,231,732.46	364,623.37	193,021.17	4,892,386.94	
SIBBARD (03)	98,849.69	7,499,832.27	684,487.89	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29,927,118.42	2,417,987.18	74,999.12	36,324,264.47	
SMITH (13)	330,847.96	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14,717,042.12	1,712,618.03	58,648.77	17,007,508.92	
SWEETWATER (04)	1,262,903.87	13,432,479.46	3,318,214.61	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49,374,887.28	12,317,876.42	1,077,112	62,764,881.47	
TEYON (2)	11,896,761.79	21,392,116.28	1,684,711.39	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81,333,576.71	6,779,077.07	107,904.06	88,809,548.84	
UNTA (10)	192,247.79	1,007,274.8	910,844.67	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,603,317.78	2,278,977.81	109,640.67	24,986,936.24	
WASATCH (20)	13,877.96	1,616,739.68	182,276.74	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,413,933.28	74,621.87	193,162.88	6,211,796.48	
WESTON (11)	189,674.78	1,877,221.38	110,201.74	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,193,011.05	613,892.19	16,027.79	7,064,944.22	
Total for State:	24,876,091.47	174,851,648.89	18,849,642.23	44,492,744.8	7,299,297.42	0.0	0.0	4,262,493.83	189,741.48	4,103,291.84	49,248.19	128,979,742.08	7,742,412.62	1,949,699	4,136,242,123.51			

The statewide sales tax is the most significant local government revenue source.

Municipal government gets a percentage of statewide sales tax. Taxes are returned to the county of origin, then divided among the county and its cities and towns based on percentage of population to total county.

The standard share of the 4 cent tax for cities and counties combined is 29.69% (31% minus 1% that goes solely to counties, minus 1% of 31% for the state administration charge).

In addition to the statewide sales and use tax, counties have the ability to impose optional sales and use taxes.

Optional Sales & Use Taxes

General Purpose County Option(s)

Optional Specific Purpose – capital facilities tax

Optional Lodging Tax

Economic Development Tax

Resort Tax

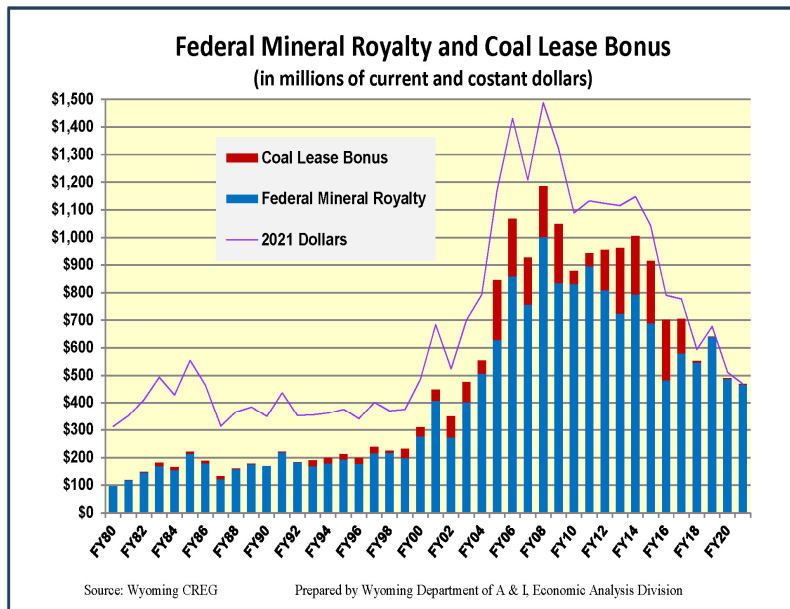


Additional local option sales and use taxes can be implemented in Wyoming, but they first must be approved by voters at the county-wide level. State law limits the sales tax rates that county governments may levy.

Except for an administrative fee, all optional sales and use tax is distributed back to the county of origin. Then, for the general purpose tax, it goes to each of the specific projects approved by the voters.

An optional lodging tax may be imposed county-wide or by any city or town. There are strict limitations on the use of lodging tax proceeds.

There is also an optional sales and use tax for economic development and another optional tax for resort districts that may be imposed.



Federal Mineral Royalties

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

Capped at \$18.6 million/year

Local share tied to population and local school ADM

Federal Mineral Royalties are taxes collected on minerals produced on federal lands. Cities and towns receive 9.375% of a mineral royalty distribution which is limited to a total of \$198 million in this account. Distribution of Federal Mineral Royalties to cities and towns is capped at \$18.6 million/year.

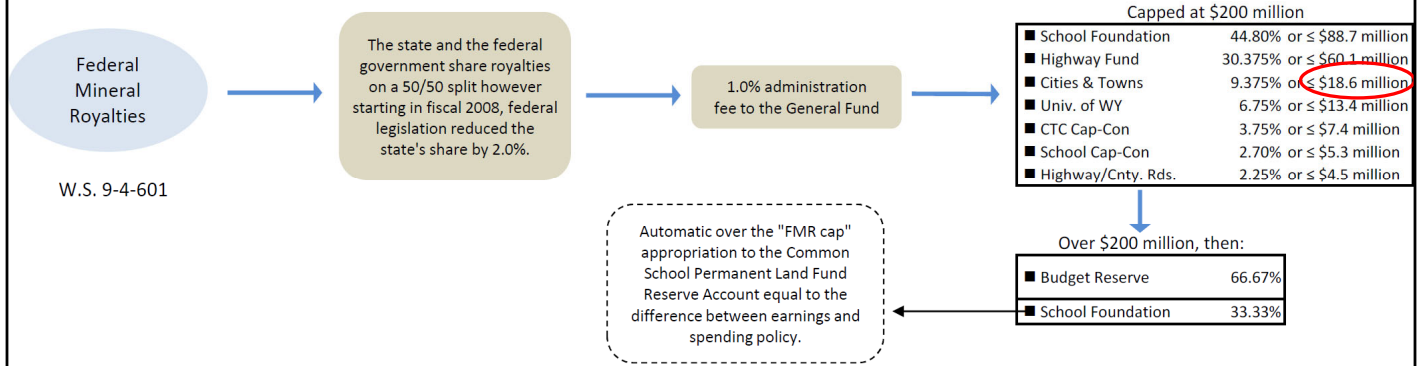
Based on ADM of school district as percentage of total state ADM

They are intended to mitigate the impact of producing minerals from federal leases, so the method of distribution is unique:

Federal Mineral Royalties - Distribution

Municipality Distribution

- ❖ If over 35 population - \$15,000 base payment/year
- ❖ Under 35 - \$12,000/year
- ❖ Amount distributed is ratio of the county's public school Average Daily Membership to total ADM for state
- ❖ Distribution within county based on population percentage of municipality within county



First, each city or town having a population over 325 receives a \$15,000 base payment. Towns having a population of 325 or less receive \$12,000 per year.

Next, the remaining funds are allocated by county in the proportion that each county's Average Daily Membership in K-12 schools (ADM) bears to the total ADM for the state.

Finally, the distribution of the allocation within each county to its municipalities is in the proportion that the population of each incorporated municipality has to the total population of all the towns and cities in the county.

This distribution method is based on the notion that counties with a lot of mineral production will have more young workers with children in school.

The amount for cities and towns comes from 9.375% of a \$200 million cap, or \$18.6 million/year. FMR's over the cap go to schools and to the Budget Reserve Account.

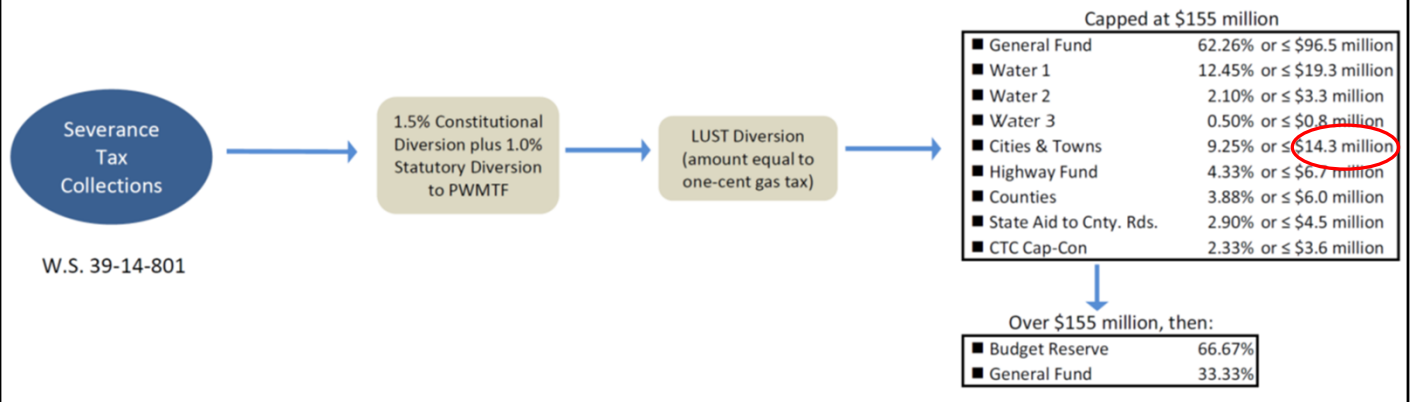
Severance Tax

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

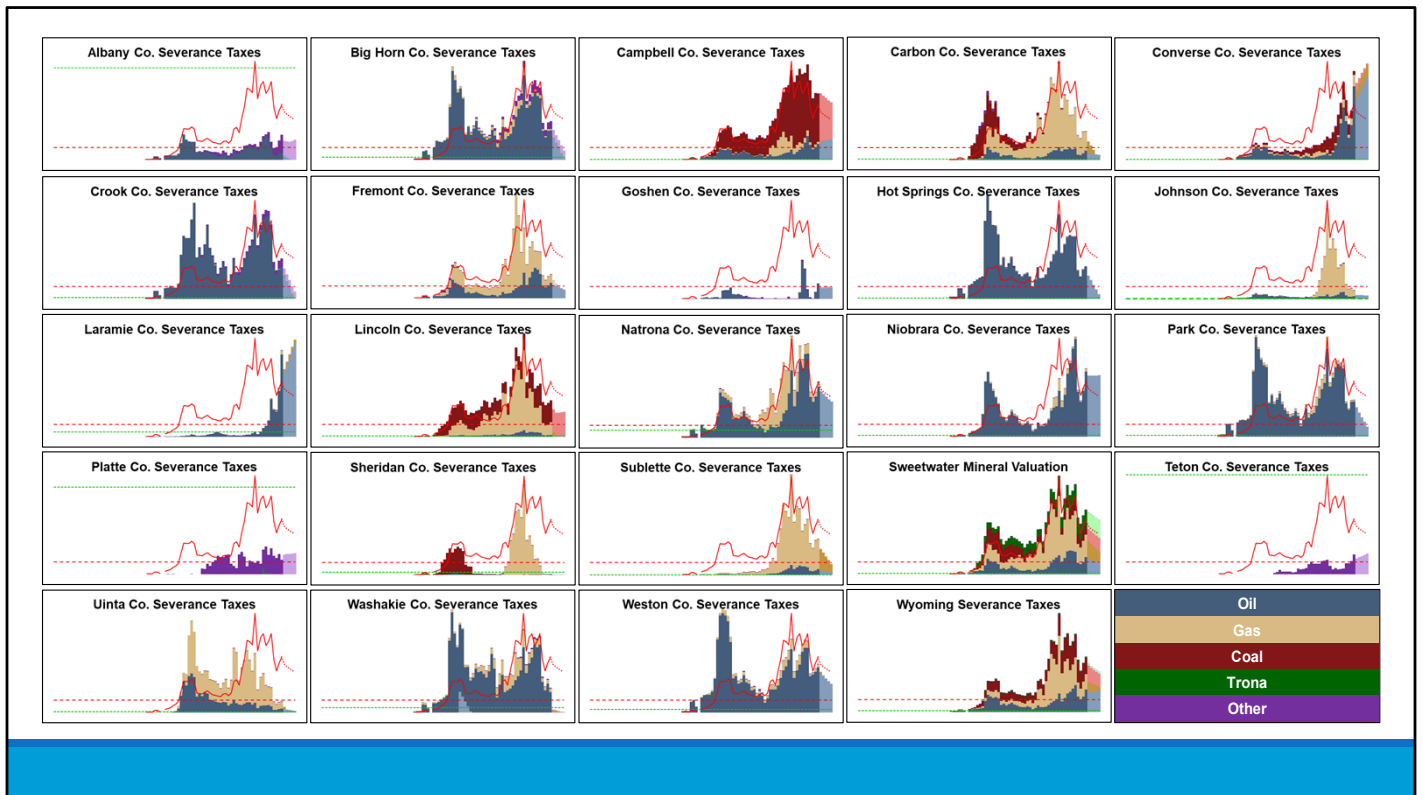
Distribution is based on population - each municipality receives an amount proportional to the % of total state incorporated population

Capped at \$14.3 million



Severance Tax is a share of the tax on all minerals “severed” or removed from their natural location in the state so that the mineral can be processed and sold. Distribution is based on population with each municipality receiving an amount proportional to its percentage of the total state incorporated population.

Cities and towns receive 9.25% of a severance tax distribution account which is limited to a total of \$155 million. Total severance tax distribution is capped at \$14.3 million. Anything over the \$155 million mineral severance tax cap goes to the state General Fund and to the Budget Reserve Account.



These charts show the history of mineral severance taxes in Wyoming since statehood, county-by-county.

Most people know Wyoming produces a lot of minerals, but surprisingly few realize the diversity from county to county. That's important to know, for example, as the coal industry continues to shrink. That shift is going to directly affect those counties where coal is produced (Coal is represented by a burgundy color in the charts above), and indirectly there will also be big negative impacts to State revenues.

Wyoming Insight WYOGOV

ECONOMIC ANALYSIS DIVISION • DECEMBER 2022

Energy index: natural gas and crude oil prices, rig counts, and oil & gas employment

The Henry Hub natural gas price averaged \$5.49 per MMBtu in December, \$0.12 higher than a month ago. The WTI crude oil price decreased 0.4% in December compared to the previous month, but increased 0.6% compared to December 2021.

Oil & Gas jobs numbered 8,800 in November, an increase of 900 compared to a year ago. Average active oil rigs were 130 in December while the conventional gas rig count was 4. New oil & gas jobs include both the NACE222 job and gas employment and NACE 2122 support activities for energy industries.

NATURAL GAS

Contractual Gas Price ¹	Dec 2021	Nov 2022	Dec 2022
Oilfield	\$5.55	\$4.81	\$28.18
Chemicals	\$3.54	\$4.06	\$7.42
Henry Hub	\$3.72	\$5.37	\$5.49

¹Henry Hub (NYMEX) (Oilfield) (NYMEX) (Chemicals) (NYMEX) (Henry Hub) (NYMEX)

CRUDE OIL & FUEL

Contractual Oil Price ¹	Dec 2021	Nov 2022	Dec 2022
WTI Spot ²	\$50.09	\$53.04	\$42.71
WTI Futures ³	\$50.06	\$38.60	\$30.36
WTexas Int ⁴	\$71.71	\$84.37	\$76.44

¹WTI Spot (NYMEX) (WTexas Int) (NYMEX)

RIGS & APDs⁵

Oil Rigs	Dec 2021	Nov 2022	Dec 2022
Conventional Gas Rigs	4/2	4/2	4/2
Oil APDs	277/254	328/316	241/272
Conventional Gas APDs	20/20	26/20	3/8

⁵Oil Rigs (EIA) (Conventional Gas Rigs) (EIA) (Oil APDs) (EIA) (Conventional Gas APDs) (EIA)

WY APDs

WY APDs	Nov 2021	Nov 2022
Oilfield	1,478	201
Chemicals	79	79

⁶Oilfield (EIA) (Chemicals) (EIA)

Business indicators: cost of living, unemployment rates, per capita and quarterly personal income, and ag price index.

COST OF LIVING

Cost of Living	20-2021	4Q-2021	2Q-2022
Wyoming	7.7%	9.3%	10.1%
U.S. CIP ⁷	5.4%	7.0%	9.1%

⁷U.S. CIP (BLS)

UNEMPLOYMENT RATES

Unemployment Rates	Nov 2021	Oct 2022	Nov 2022
Wyoming - Seasonally Adj.	4.0%	3.5%	3.6%
U.S. - Seasonally Adj.	4.2%	3.7%	3.6%

⁸Wyoming (BLS) (U.S.) (BLS)

NON-FARM JOBS

Non-Farm Jobs	Nov 2021	Oct 2022	Nov 2022
Wyoming - Seasonally Adj.	281,700	285,000	286,900

⁹Wyoming (BLS) (U.S.) (BLS)

SPOT PRICES¹⁰ (As of December 31, 2022)

Spot Prices	FY 2022 TO	CY 2022 TO
Oilfield (NYMEX)	\$10.22	\$8.29
Henry Hub (NYMEX)	\$6.73	\$6.38
WTexas Int (NYMEX)	\$87.99	\$84.29
Powder River Coal (Spot)	\$16.42	\$17.81
Urbitium City ¹¹	\$49.54	\$49.81

¹⁰Oilfield (NYMEX) (Henry Hub) (NYMEX) (WTexas Int) (NYMEX) (Powder River Coal) (Spot) (Urbitium City)

¹¹Urbitium City (NYMEX)

Data sources: ¹Natural Gas Intelligence, ²NYMEX Group, ³WTexas Int & Gas Commodity Commission, ⁴WTexas Int (NYMEX), ⁵EIA, ⁶EIA, ⁷Bureau of Economic Analysis, ⁸Bureau of Economic Analysis, ⁹Bureau of Economic Analysis, ¹⁰Bureau of Economic Analysis, ¹¹Bureau of Economic Analysis.

WYOMING DEPARTMENT OF ADMINISTRATION & INFORMATION 01

Wyoming Insight

ECONOMIC ANALYSIS DIVISION • DECEMBER 2022

State & local shares of 4% sales and use tax collections

[Change by County: December 2022 vs. December 2021 by percent and dollars (in thousands)]

In a year-over-year comparison (December 2022 vs. December 2021), sales and use tax collections statewide increased by \$6.8 million or 0.12% of the 23 counties saw year-over-year increases in collections. Campbell and Converse County saw the largest increase in collections, up \$2.8 million (+31.5%) and \$1.8 million (+47.5%), respectively. Both of these increases are mostly due to boosts in mining activity.

Note: Collections in December primarily reflect January-November.

State & local shares of 4% sales and use tax collections

[Change by Industry: December 2022 vs. December 2021 by percent and dollars (in thousands)]

In a year-over-year comparison (December 2022 vs. December 2021), the mining sector experienced the largest increase in collections, up \$3.7 million or 61.2%. The financial activities sector also saw a substantial increase in collections, up \$1.1 million or 55.9%.

Note: Value in parentheses represents share of total collections.

Nonfarm wage and salary employment

[Change by Industry Sector: November 2022 vs. November 2021 by percent and jobs, seasonally adjusted]

Wyoming had 286,900 jobs in November, 5,200 more than a year ago, an increase of 1.8%. The education & health sector saw the largest increase in employment, up 2,200 jobs (+7.8%) relative to last year. The mining industry saw the largest percent increase, up 10.8% year-over-year.

Note: Value in parentheses represents share of total jobs.

Residential building permits

[Comparisons: Single family and multifamily units]

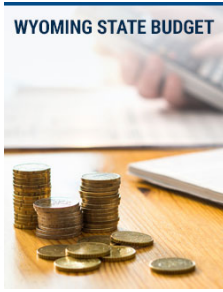
Single family housing units permitted through the end of November 2022 increased by 38 (+1.2%) compared to 2021. The number of multifamily units increased by 537 (+103.3%) during the same period compared to 2021.

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http://eadi.state.wy.us/Insight/WY_Insight1222.pdf

Wyoming Insight is a monthly publication from Wyoming A&I/Div. of Economic Analysis. Helpful to staying current with most major revenue sources in Wyoming.



Supplemental Legislative Direct Distribution

- This is not a permanent funding mechanism, but rather is done at discretion of state legislature
- Requires state appropriation *outside of biennial budget*
- Has been \$105 million for local governments recently

Supplemental funding is additional funding to cities, towns and counties that is appropriated by the State Legislature. It is not a permanent or very predictable revenue stream and is highly dependent on the level of support for local government funding at the state level as well as the state's general economic health. This appropriation goes through the state legislative appropriation process as part of the Governor's budget request. This appropriation typically includes a mix of funding for direct distribution and capital project distribution. The total supplemental appropriation in the most recent biennium was approximately \$105 million – ALL Direct Distribution to cities, towns and counties with no Consensus funding for FY17-18. Part of this direct distribution provides a base amount to every entity. Part goes only to local governments in a "revenue-challenged" condition, and the remainder is distributed based on population. For cities and towns, the "revenue-challenged" designation is based on sales tax strength.

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



Gasoline Fuel Tax is a per gallon tax which is distributed to the State Highway Fund, counties, the County Road Fund, and cities and towns. Because it is a per gallon tax, it does not fluctuate with the price of gas.

For gasoline sales, cities and towns receive 15% of a \$.23 per gallon tax. (An additional 1¢ tax is not shared with local government). The total distribution formula for this .23 tax is:

- 57.5% to State Highway Fund
- 13.5% to counties
- 14% to County Road Fund
- 15% to cities and towns

75% of the distribution is from distributor sales within a municipality and 25% is based on the ratio of population to the total state incorporated population.

Special Fuels Tax (Diesel)

Special Fuels (diesel) = 5% of a \$0.23 per gallon tax
(actual tax is \$0.24 cents with one cent used for the Leaking Underground Storage Tank abatement program)

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



Special Fuels Tax – Cities and towns only receive 5% of the 13 cent per gallon tax on diesel fuel. This tax is distributed to counties, cities and towns, and the remainder to the State Highway Fund. An additional one cent tax is levied on diesel for the Underground Storage Tank Abatement Program

Distribution of special fuels tax is based on the ratio of municipal population to the population of all municipalities in state

The constitution requires that gasoline and special fuels taxes be spent entirely on roads and streets.

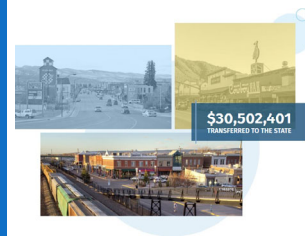
Wyoming has one of the lowest fuel tax rates in the nation. Wyoming diesel tax is at least 6.5¢/gallon less than nearby states and we are ranked in the bottom 15% in the country.

“Sin” Taxes

Cigarettes –Local governments share excise tax of \$0.12 cents per pack of 20 sold by wholesaler

Off-track horse racing wagering

Wyoming Lottery – First \$6 million to local governments each year



Cities, towns, and counties

WyoLotto® was formed in 2013 as a new revenue stream for the state. Since then we've dispersed millions of dollars in unrestricted funds to our own cities, towns, and counties to spend as they choose, on whatever matters most.

Cigarette Tax - Tobacco sales are subject to two excise taxes – There is a 48¢/pack tax that is not shared with local government. Local government shares a separate 12¢/pack tax. The wholesaler retains 6% of the total. A total of 61.75% of the cigarette tax collected is returned to local government entities.

The basis of distribution is the location where the cigarette retailer takes possession of the cigarettes to be sold – typically the point of sale to the consumer.

38 states have a tax higher than the Wyoming tax of 60¢/pack.

Off Track Betting: The Commission will pay an amount equal to one-half percent (1/2%) of the total amount wagered attributable to historic pari-mutuel events and one and one-half percent (1 1/2%) of the total amount wagered attributable to live pari-mutuel events, shown by the report to the commission, to be credited by the state treasurer to a separate account.

WyoLOTTO - The source of this revenue is the Wyoming Lottery – WYOLOTTO - which features Powerball, and Cowboy Draw games sold through approved retailers. Until June 30, 2022, the first six million dollars (\$6,000,000.00) in each fiscal year of these monies shall be paid by the treasurer as they accrue to the treasurers of the counties, cities and towns for payment into their respective general funds.

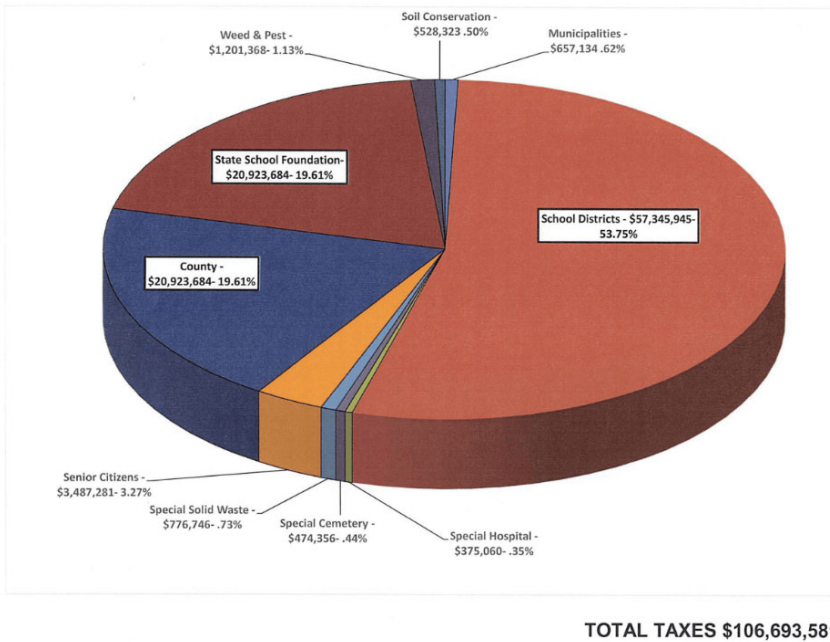


Local Revenue Sources

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

Now let's turn to a review of the variety of local revenue sources available to municipalities. Listed on this slide are the major local revenue source categories. Let's break it down.

2021 CONVERSE COUNTY TAXING AUTHORITIES



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

1 mill = \$1 of tax charged per \$1,000 of assessed property value

Property Tax is based on the assessed valuation of property within the city limits. The tax levy of a municipality is limited to eight mills by the Wyoming Constitution. Property tax is the only true municipal taxing authority.

There is a common belief that property tax is a major revenue source for cities and towns – this is true for counties, but not for most cities and towns. For most property, the assessment ratio is 9.5% or 11% of market value, but for minerals it can be up to 100%. The legislature can change this assessment percentage if it desires.

If a municipality is within a fire district that imposes its maximum property tax of 3 mills, that municipality is limited to 5 mills.

In its annual budget, each city or town must certify to the County Clerk the amount of property tax revenues it will need for the operation and maintenance of the municipality for the coming fiscal year.

FEES



Fees And Charges

Franchise Fees

Licenses and Permits

Development Fees

Cemetery Fees

Fines & Forfeitures (must have municipal court)

Vehicle Registration Fees

User Fees

There are a number of fees and charges that a typical municipality can impose.

- Franchise Fees are “rent” charges for the use of right-of-way by private utilities (power, phone, natural gas, cable television). They are not a tax. Fee can either be a flat annual amount, a percentage of gross revenues, or determined on some other basis such as miles of cable within the right-of-way or the volume of the commodity sold (natural gas therms or electricity kilowatts for example).

- Licenses and Permits can be charged for a number of municipal services including liquor and transient merchant licenses, building permits, business licenses, open container permits, etc. The number and maximum amount of liquor licenses available to a municipality as well as the maximum license fee charged is controlled by State Statute. Any city or town can impose license fees on any business conducted within the municipality.

- Development fees are specific fees for development-related expenses to the municipality such as plant investment or tap fees, annexation fees, subdivision fees, etc.

- Cemetery Fees are assessed for burial fees, the cost of the plot and perpetual care and maintenance of the cemetery lot. A cemetery district with its own taxing authority is another option for municipally-owned cemeteries.

- Fines and Forfeitures are available if the municipality operates a municipal court. The maximum fine is set by state statute at \$750 per offense.

- Vehicle Registration fees are essentially a property tax on vehicles. This source of revenue is based on vehicles that are licensed within the municipality. These funds are collected and distributed by the county treasurer in the same fashion as for other property taxes.

- User fees are assessed for various recreational programs including swimming pool fees, golf course green fees, park use fees, etc. User fees also are assessed for utility funds.

- Management Fees are charges to utility funds for overhead expenses from the general fund. As an example, a municipal shop department maintains the water department’s vehicles and it is appropriate to charge the water fund for a percentage of the shop’s labor and materials charges for these services.

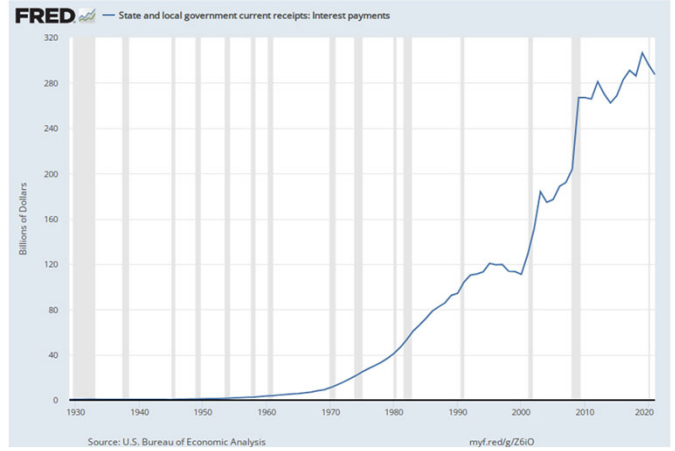
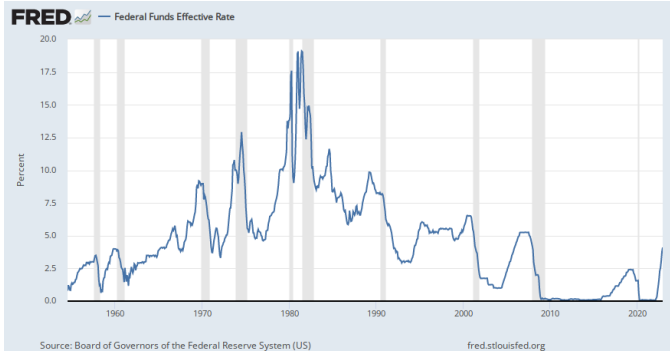


User Fees

Charges for services

- Swimming pools
- Golf courses
- Utilities
- Rec Center

Local governments charge customers for many of the services they use. These charges are called "user fees." For example, most local governments charge a fee to swim at the public pool or play golf at the public golf course. Cities and towns with public water supplies and sewer systems charge water and sewer customers based on the amount of water used. Some Wyoming communities also operate local electric service and charge customers for the electricity they use. These charges are all based on the cost of providing the service.



Interest Income

EARNED FROM BANK DEPOSITORIES ON MUNICIPAL FUNDS

Interest Income is earned from bank depositories on municipal funds as well as earnings on all other types of allowable investments such as the Wyoming Government Investment Fund.

Capital Project Funding Sources

Grants

Capital Facilities Tax

Loans

Savings

Lease-purchase

Bonding

Private Contributions



Finally, we turn to the special funding needs of capital projects. Except as otherwise expressly authorized by law, grants are payments in cash or in kind made to provide assistance for specified purposes. Thus, they are classified as "restricted" funds. Typically a grant agreement summarizing the requirements for expenditures and documentation will be required as a condition of grant receipt. Expenditures will be limited to those outlined in the grant and grantee accounting and reporting responsibilities are crucial.

Capital Facilities Tax

Can levy up to 2%

Requires ballot proposition

Tax ends when amount of money approved has been collected



Counties have the ability to levy special purpose local option sales and use taxes. A special purpose or capital facilities tax, is an excise tax of not more than 2% levied with all other sales and use taxes collected in the county. It must be approved by a popular vote. The revenues from the specific purpose local option tax must be used to pay for specific capital needs identified in the ballot proposition. To put a capital facility tax on the ballot, the board of county commissioners and two-thirds of incorporated municipalities in the county must first pass a resolution authorizing a ballot issue. Projects must be approved when the tax is approved, and the tax ends when the amount of money approved has been collected. This method is a good one to utilize to raise matching funds and to provide evidence of support by the community for the project.



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?

When you think you have it all ready to go, stop to consider if your new budget is really ready.

Pursuit of Appropriate Goals /
Doing Right Things

Effective	Pursuing right goals, but inefficient (costs are high)	Pursuing right goals and efficient (high-ROI, cost-efficient)
Ineffective	Pursuing wrong goals and inefficient (not producing enough and are expensive)	Pursuing wrong goals but is efficient (not producing enough but low-cost)
	Inefficient	Efficient

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?



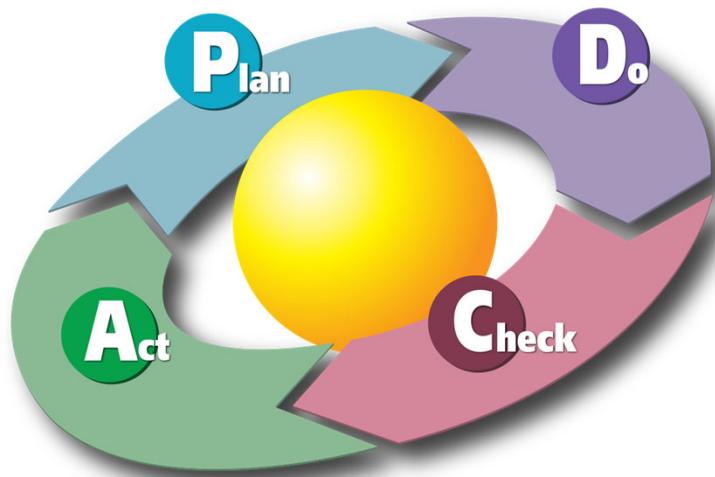
Local Officials Need to be Fiscally Competent & Engaged

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



Council Oversight Duties

Long-term - setting the mission, goals, and financial policies for the community

Annual - setting budget priorities, establishing salary and benefit levels

Constant - examining financial and budget reports; monitoring investments

Periodic - reviewing contracts, adopting budget amendments

Governing bodies have a number of financial oversight duties to their constituents. These range from long-term duties such as setting the mission and goals of the community to constant examination of financial and budget reports. Annual budgetary preparation and periodic review of contracts and projects are other financial duties.



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?



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

Thomas Reilly, Orange County Board of Supervisors
Chair

While others sought to shift blame for the financial calamity, Reilly was one of the few to take responsibility after Orange County filed for bankruptcy

Challenge yourself to lead with responsibility and values that improve your community.



Questions
about
Municipal
Budgets?

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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Building Strong Communities

