

**INTRODUCTION**  
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## FORT COLLINS "FACTS"

From its humble beginnings to the present "Choice City" of over 126,000 residents, Fort Collins has enjoyed a rich history. The area was originally settled by the Arapaho Indians, who were attracted to the river valley by the fertile land and bountiful hunting nearby. The first white men to discover the area were a group of French trappers, who were proceeding north toward what is now Wyoming. Encountering a heavy winter snowstorm, the trappers found it necessary to lighten their loads along the banks of a river. Planning to reclaim this part of their cargo later, they buried their excess supplies, principally gunpowder. The river that flows through Fort Collins, the Cache la Poudre ("hide the powder"), owes its name to these events. This part of Colorado was proclaimed to be "the loveliest spot on earth" by Antoine Janis, a member of the trapping party. In 1844, eight years after originally passing through the area, Janis returned and became the first white settler in what is today Larimer County.

One of the ironies about the history of Fort Collins is there is actually no military outpost in the city. The name Fort Collins originated during the Civil War period when soldiers under the command of Col. William Collins were sent from Fort Laramie, Wyoming to guard the Overland Stage Route. The original "Camp Collins" was located in what is now the town of LaPorte. A devastating flood in 1864 destroyed the camp and a new location for "Fort Collins" (a subtle name change) was chosen near what is the present downtown area of the city. On November 14, 1864, President Abraham Lincoln officially designated "Fort Collins" as a military reservation. For almost two years, Fort Collins remained a military post, until the last soldiers were evacuated in 1866. The fort was abandoned in 1867, but the town remained and prospered. The only remaining building from the old fort has been preserved as part of the Fort Collins Museum.

Much of the history of Fort Collins has to do with the natural beauty of the area, its bountiful agricultural and mineral resources and its panoramic view of the Rocky Mountains. The community has also benefited from its association with Colorado State University, the land grant university of Colorado. CSU, with an enrollment of more than 24,000 full-time students, remains the largest employer in the city. Fort Collins has also become home to a number of high technology firms including Celestica, Hewlett-Packard, LSI Logic, Agilent, and Advanced Energy.

These are but a few of the facts, which make Fort Collins unique. A profile of the community follows:

### **TOPOGRAPHY**

Fort Collins is situated at the eastern base of the "Front Range" of the Rocky Mountains, approximately 65 miles north of Denver and 45 miles south of Cheyenne, Wyoming.

Fort Collins is bordered to the west by the foothills of the Rocky Mountains and to the east by the Great Plains and rolling hills of Colorado's agricultural belt. Fort Collins is situated at an elevation of 5,004 feet above sea level, with the foothills west of the city ranging to nearly 6,000 feet above sea level.

The Cache la Poudre River flows through the city, providing agricultural and recreational benefits to local residents.

## **CLIMATE**

Fort Collins enjoys a moderate, four-season climate. Because of its location along the foothills of the Rocky Mountains, Fort Collins is buffered from extremes of both summer and winter weather. Warm, dry days and mild nights are common in Fort Collins.

Avg. Annual Sunny Days	300
Avg. Annual Snowfall	55"
Avg. Annual Precipitation	18"
Avg. Relative Humidity	
- Summer	30%
- Winter	43%
Avg. Daily Temperature	
- January	22
- July	71
- October	49

## **DEMOGRAPHIC CHARACTERISTICS**

Population (2000 Census)	118,652
Median Age:	28.5 (including CSU students)
Median Education:	42.7% residents w/4 or more years college
Median Family Income:	\$60,800 (family of 4)

Fort Collins is a young, growing community. With several high technology employers within the city, as well as Colorado State University, the community tends to be comprised of a large number of specialized, technically skilled and service oriented professions.

## **ECONOMY/EMPLOYMENT**

**Growth** Fort Collins has consistently ranked as one of the fastest growing metropolitan areas in the nation over the past 15 years.

**Economy** The local economy is strong and diversified. Fort Collins has traditionally been below national and state averages for unemployment (currently around 4%).

Employers                    The largest employers in the Fort Collins area are the following not listed in order of number of employees):

Advanced Energy  
Agilent Technologies  
Anheuser-Busch  
Celestica  
City of Fort Collins  
Colorado State University  
Eastman-Kodak  
Hewlett-Packard  
Larimer County  
Poudre R-1 School District  
Poudre Valley Hospital  
LSI Logic  
Water Pik Technologies  
Woodward Governor

### **COLORADO STATE UNIVERSITY**

Colorado State University, the land grant university of Colorado, has been a fixture in Fort Collins since 1879. As the largest employer in the city, CSU provides many cultural, economic and educational benefits to the residents of Fort Collins.

- Over 24,000 full-time students are enrolled in 65 undergraduate, 55 master's degree, and 40 doctoral degree programs.
- CSU has four major "learning centers" in and around Fort Collins (occupying 38,000 acres). In addition to the main campus, located in downtown Fort Collins; Colorado State University maintains a world class Veterinary Teaching Center, a Foothills Campus which includes the Equine Research Center and the Pingree Park campus - providing field opportunities for Forestry and Wildlife Biology students.
- CSU is a nationally recognized leader in the fields of Forestry, Agricultural Science, Veterinary Science and Civil Engineering.

### **CULTURAL AMENITIES**

Fort Collins, and the northern Colorado region, are home to a strong arts community. Among the many cultural amenities available in Fort Collins are the following:

- The Lincoln Center, operated by the City of Fort Collins, presents performances by nationally acclaimed artists and visual arts displays by members of the region's strong arts community.
- Fort Collins Symphony, Larimer Chorale, and several other musical groups.
- Foothills Civic Theatre, Open Stage Theatre and other local theatre presentations.

- The CSU Art Series presents both visual and performing arts events by nationally acclaimed artists.
- Foothills Ballet and several other local dance groups.

## **RECREATION**

Recreational opportunities are bountiful in and around Fort Collins year round. Local residents consistently rank recreation as one of the leading "Quality of Life" factors associated with life in Fort Collins. Opportunities are as limitless as the variety of activities enjoyed by Fort Collins residents. A sampling of recreational opportunities includes the following:

- Skiing - Colorado's world-famous ski areas are within a few hours of Fort Collins. Closer to town, cross-country skiing opportunities are available in the parks, foothills, and forest lands around the city.
- Boating - Many lakes are close by and easily accessible. Horsetooth Reservoir, just outside the city limits, is 6.5 miles long and provides many water sport opportunities.
- Fishing - The Cache la Poudre River, northwest of Fort Collins, offers some of the best trout fishing in Colorado. Several lakes, including the Red Feather group, and streams are also nearby and easily accessible.
- Hunting - Antelope, Bighorn Sheep, Black Bear, Deer, Elk, Mountain Lion, and small game are hunted in the surrounding area.
- Hiking/Biking - The City of Fort Collins maintains over 23 miles of bicycle/hiking trails within the city limits. Hiking opportunities in the foothills, state forests, and Rocky Mountain National Park are unlimited.
- Camping - Several state and national forest lands are within easy driving distance of Fort Collins.
- Golf - The City of Fort Collins currently operates one 9-hole and two 18-hole golf courses. Fort Collins residents can also take advantage of the Fort Collins Country Club as well as two privately owned 18-hole courses and a 9-hole course.
- Parks - The City maintains over 500 acres of developed parks. Residents can take advantage of softball, volleyball, racquetball, and tennis at City facilities. The City also manages over 160 acres of undeveloped parkland and over 9,000 acres of open space.

## **TRANSPORTATION**

The City of Fort Collins operates the Transfort bus system, serving residents of the city on ten daily routes. Intrastate and interstate bus service is also available.

Local residents are also served by three nearby airports:

- Downtown "Airpark" - five minutes from Fort Collins; serves primarily commuters and other small aircraft.
- Fort Collins/Loveland Airport - located seven miles south of the city; serves commuter aircraft, small airlines, and charters.
- Denver International Airport (DIA) - one of the nation's busiest airports, approximately one hour south of Fort Collins; serves over 900 domestic and international flights per day.

# **BUDGET PROCESS AND BASIS**

## **The City Budget**

The City provides a wide variety of services to over 126,000 residents. Municipal services are financed through a variety of taxes, fees, charges for service, and intergovernmental assistance. In order to plan for the delivery of effective services and efficiently manage the revenues which support those services, the City adopts a budget or financial plan.

Direction for the budget comes from many distinct sources. The State Constitution and the City Charter provide the basic legal requirements and time lines for the process. Council goals and public input provide the policy direction to respond to the needs of the community.

The fiscal year of the City is the calendar year. By Charter, the City may adopt budgets for a budget term of one or more fiscal year(s). Council has approved a two year budget term and has adopted this biennial budget for the years 2004 and 2005. Even though the budget is adopted for a two-year term, the State and City Charter require that prior to each fiscal year, an appropriation ordinance must be adopted to authorize budgeted expenditures for the coming fiscal year.

## **Budget Process**

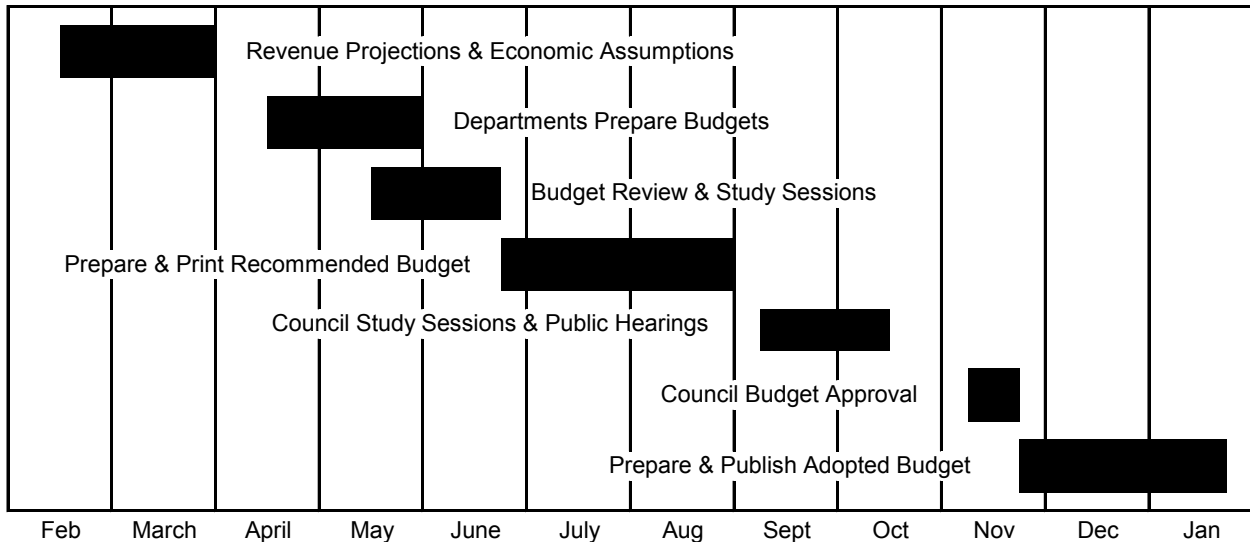
The intent of the process is more than just budget preparation and financial presentation of revenue and expenditures. The most important piece is the generation of a sound operational plan to serve the residents of the community and measure the impact of decisions projected in our five year financial plan.

The City of Fort Collins Charter establishes the time limits pertaining to the adoption of the budget. The budget process and schedule of development is designed to fit within the Charter mandate and to allow for active and early participation by the City Council and the service areas, with emphasis on public input.

The City's Financial and Management Policies guide the preparation of the budget. A Budget Issues Team composed of the City Manager, Deputy City Manager, and the Budget Director develops the guidelines, consistent with the Policies, to be used for budget preparation. During the development of the budget, various department and division representatives are called on to provide their expertise to the Budget Issues Team. In addition, the City Council, the Council Finance Committee, and the Executive Lead Team provide guidance during preparation.

The City's budget is developed over a nine month period, beginning in March and ending in November. The Executive Lead Team is involved in each milestone in preparing the recommended budget, with Council input at various decision points during the process.

**BUDGET PROCESS**  
2004-2005 Budget Preparation Schedule



In March, departments develop five year revenue projections along with early cost projections. These are submitted to the Budget Office and with input from the Budget Issues Team and the Executive Lead Team, target budgets are prepared. This information, along with internal charges and other budgetary information, is compiled into the Budget Manual which provides the basis for the development of each program budget. Departments begin developing budgets in April.

In May, Council Study Sessions are scheduled. At these sessions, policy issues are discussed and Council has the opportunity to provide direction for development of the budget. Departments submit their budgets to the Budget Office in late June. Requests for funds above the target amount must be submitted for supplemental funding. The submitted budgets, along with any requests for supplemental funding, are reviewed.

The City Manager's Recommended Budget is presented to the City Council on or before the first Monday in September and made available to the public at the same time. In September and early October, two Public Hearings on the budget are held during regular Council meetings, and two or more Study Sessions are scheduled for Council/staff discussions.

The budget for the ensuing term and the annual Appropriation Ordinance for the coming fiscal year are adopted in November. The final adopted budget document is printed and is available to staff and the public after the first of the year.

A budget exception process is conducted during the first fiscal year of the adopted budget term. Revenue and expenditure projections for the budget term are reviewed in July and if need be, adjusted. The City Manager may present any budget adjustment recommendations to the City Council in Study Sessions held in late September and early October. In November, Council may amend the budget and, as required by the State and City Charter, appropriates or authorizes expenditures for the coming fiscal year.

There generally are three opportunities during the fiscal year for supplemental additions to the annual appropriation approved by Council. The first is usually adopted in February to re-appropriate funds from the previous years' ending balance for projects or obligations that were



approved but not completed during the year. The second opportunity to supplement department budgets is in June when appropriations from earned productivity savings are allowed to cover unforeseen events or equipment replacement. The third supplement, usually in October, is used to fine-tune (clean up) the current fiscal year for previously unforeseen events. In addition, if revenue is received during the fiscal year from a source that was not anticipated at the time of budget adoption or appropriation for the fiscal year such as grants or implementation of a new fee, Council may appropriate that unanticipated revenue for expenditure when received anytime during the year.

## **Fund Accounting**

Fund accounting is used both for budgeting and accounting purposes. Each fund is established for a specific purpose and is considered a separate accounting entity.

The flow of revenues and expenditures within each fund is somewhat like a bank checking account and a savings account. Revenues are deposited into the checking account and are used to pay for operations and other ongoing activities throughout the year. Any excess of revenues over expenditures are placed in a savings account, fund balance, at year end. The savings can be restricted or designated to be spent for future capital needs or to be used for any unforeseen emergencies.

Council must approve, or appropriate any expenditure from the various funds, including expenditures from reserves, just as you have to authorize any expenditure from your checking and savings accounts. The authorization is generally done prior to the beginning of each fiscal year, but can be done by the City Council anytime during the year if funds are available. In government, appropriate or appropriation is used instead of authorize or authorization.

Total appropriations or expenditures which make up the City's budget become somewhat complex when dealing with the issue of internal transfers, the transfer of revenues and expenditures between funds. Because each fund is a separate entity, Council must appropriate the expenditure in the entity transferring the funds and must appropriate the funds in the receiving entity. Simply put, revenues and expenditures transferred between City funds are accounted for twice and occasionally three times in arriving at total appropriations of the City. For this reason, the total appropriated or authorized amount for any fiscal year can be significantly higher than actual dollars spent or budgeted for that year. If you exclude internal transfers, you arrive at a close approximation of the actual budget of the City.

## **City Fund Types**

The City of Fort Collins utilizes several types of funds: General Fund, Internal Service Funds, Enterprise Funds, Special Revenue and Debt Service Funds, and Capital Project Funds.

The General Fund includes the majority of city services. Some of the services provided by the General Fund are: City Council, City Manager's Office, City Attorney, City Clerk, Municipal Court, Planning, Engineering, Building Inspection, Police, Parks, Library, Facilities Maintenance, Human Resources, Information & Communication Services, and Finance. Also, the General Fund contributes to the operations of the Poudre Fire Authority as well as provides subsidies to Recreational and Cultural Services, Cemeteries, Transportation and Transfort (the City' bus system). Revenues come from sales and use taxes, property taxes, user fees, permits and licenses, internal transfers and various other miscellaneous sources.

Internal Service Funds provide support to other City departments. Included in this category are: the Benefits Fund; the Equipment Fund which supports the city fleet and vehicle maintenance; Communications Fund which supports the City telephone and computer systems; and the Self Insurance Fund for city liability insurance. Internal Service Funds are self-supported by charges and transfers from the various funds that use their services.

Special Revenue and Debt Service Funds each have a specific revenue source or sources which are restricted to specific purposes for expenditure by federal or state law, or by City ordinance or resolution. Special Revenue Funds include Cultural Services and Facilities, Cemeteries, Recreation, Transit, Transportation, and the various Pension funds. The Debt Service Fund is used for payments on the City's long-term debt.

Enterprise Funds are self-supporting through user fees. Light and Power, Water, Wastewater, and Stormwater Utilities, and the Golf Fund are classified as Enterprise Funds.

The City's Capital Improvement Program includes the Capital Projects Fund, the Conservation Trust Fund and the Neighborhood Parkland Fund. Projects are funded by various sources such as bond proceeds, grant funds, specific fees, and dedicated sales and use taxes. Operation and maintenance costs associated with each capital project are budgeted in the appropriate operating fund, and also are noted on each capital project sheet.

### **Budget Basis**

The basis or principle used for budgeting is the same as used for accounting. The different types of funds can be grouped into three broad categories based on the resources employed and the operations required: governmental funds, proprietary funds, and fiduciary funds. The basis of fund accounting and budgeting varies according to which category the fund resides.

Governmental Funds, which include the General Fund, Special Revenue and Debt Service Funds, and Capital Project Funds, use the modified accrual basis of budgeting. This means that revenues are recognized when they become measurable or available (cash basis), while expenditures are accounted for or recognized in the budgeting period incurred (accrual basis).

Proprietary Funds, Enterprise Funds and Internal Service Funds, use the accrual basis of budgeting. Revenues are recognized when they are earned and expenses are recognized when incurred.

The City's General Employees' Retirement Fund is classified as a Special Revenue Fund for budgetary purposes. However, for accounting purposes the fund is classified as a fiduciary fund. Revenues and expenditures in this fund are budgeted by the accrual method of accounting.

# ORGANIZATIONAL STRUCTURE

The City of Fort Collins is structured into eight organizational units called service areas. Within the service areas are operating departments or programs that provide similar services to the community. Each department is further broken down into its functional units, or activities.

## 1. **Executive, Legislative and Judicial Services**

Departments:           City Council  
                              City Manager  
                              City Attorney  
                              City Clerk  
                              Municipal Court

Executive, Legislative and Judicial Services provides leadership and policy direction for the City of Fort Collins. Policy decisions and legislative actions taken by the City Council are administered and executed by the City Manager and recorded by the City Clerk. The City Attorney and Municipal Court play a complementary role in the interpretation and enforcement of ordinances adopted by the City Council.

## 2. **Administrative Services**

Departments:           Administration  
                              Finance  
                              Human Resources  
                              Operations Services

Administrative Services includes all of the major internal services and support functions that are provided to the City's operating departments. The emphasis in this group is to provide quality support services and advice to operating departments. In this regard, Administrative Services serve primarily in an advisory and consultatory capacity.

## 3. **Communication and Technology Services**

Departments:           Communications and Public Involvement  
                              Geographic Information Services  
                              Information Technology

Communications and Technology Services focuses on improving public access and citizen communications, as well as developing technology infrastructure and providing support services that enable other departments to effectively serve the public.

4. **Community Planning and Environmental Services**

Departments: Administration  
Advance Planning  
Building & Zoning  
Current Planning  
Natural Resources

Community Planning and Environmental Services focuses on the strategic planning efforts of the City. It combines, in one organizational area, development issues such as master planning efforts, development review, inspection services and natural resource planning, with close ties to transportation planning.

5. **Cultural, Library, and Recreational Services**

Departments: Administration  
Cultural Services and Facilities  
Library  
Parks and Recreation

Cultural, Library, and Recreational Services consolidates those departments which provide similar services to the community. These services all provide enhancement for the quality of life in Fort Collins.

6. **Police Services**

Department: Police Department

The Fort Collins Police Department serves as the law enforcement branch of City government. A primary objective is to provide a safe, secure community environment for all residents.

7. **Transportation Services**

Departments: Administration  
Engineering  
Streets  
Traffic  
Transit  
Transportation Parking and Planning

Transportation Services is organized into two primary groups: Transportation Operations & Projects Group and Multimodal Transportation Group. This positions the most closely related groups together to facilitate management and communication. The service area is committed to meeting the City's changing and future transportation needs in the most timely and efficient manner.

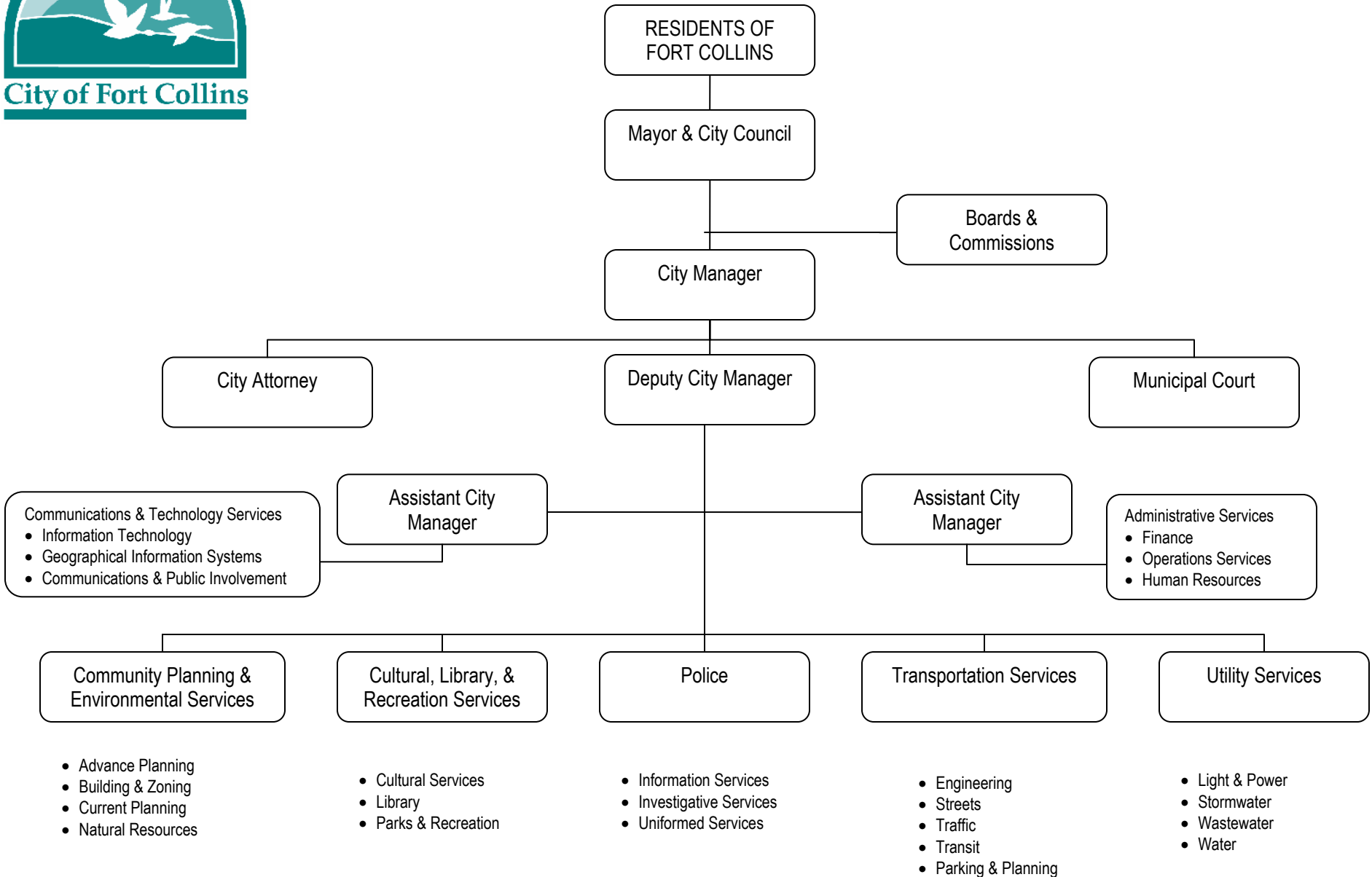
8. **Utility Services**

Departments:           Customer Service and Administration  
                              Light & Power Fund  
                              Storm Drainage Fund  
                              Wastewater Fund  
                              Water Fund

Utility Services manages and operates the City's electric, stormwater, wastewater and water utility systems. The Utility delivers products and services to our customers, the citizens and businesses of Fort Collins, in a manner that is safe, environmentally responsible, reliable, of high quality, efficient and cost effective.



# CITY OF FORT COLLINS ORGANIZATION CHART



## **BUDGET TERMS**

### **Accrual Basis**

The basis of accounting under which revenues and expenses are recognized when they occur, rather than when collected or paid.

### **Administrative Charges**

Allocates the cost of general administrative departments that are required to manage the City and provide support to all funds.

### **Ad Valorem Tax**

Tax based on the Assessed Valuation of property. Also known as Property Taxes.

### **Appropriation**

Legal authorization granted by City Council to make expenditures and incur obligations up to a specific dollar amount.

### **Appropriation Ordinance**

An ordinance by which appropriations are made legal. It is the method by which the City Council authorizes expenditures for the subsequent fiscal year.

### **Assessed Valuation**

Basis for determining property taxes. Assessor determines assessed valuation of real property by using a value percentage of the property's actual value. The percentage is determined by the State of Colorado.

### **Authority**

A government or public agency created to perform a single function or a restricted group of related activities. An authority may be completely independent of other governments or partially dependent upon other governments for its creation, its financing, or the exercise of certain powers.

### **Benchmark**

A comparison of the service provided with cities providing a like service, a national standard, or a service standard existing in the private sector. Used as one element of performance measures.

### **Bond**

Written promise to pay a specified sum of money, called the face value or principal, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

### **Budget**

Plan of financial operation, embodying an estimate of proposed expenditures for a given period and the proposed revenue estimates of financing them. Upon approval by Council, the budget appropriation ordinance is the legal basis for expenditures in the budget year.

### **Capital Outlay/Assets**

Assets of significant value and having a useful life of several years. Capital assets are also referred to as fixed assets.

**Capital Improvement Program**

An annual, updated plan of capital expenditures for public facilities and infrastructure (buildings, streets, etc.), with estimated costs, sources of funding and timing of work over a period of time.

**Capital Project**

Projects involving the purchase or construction of capital assets. Often a capital project encompasses the purchase of land and the construction of a building or facility, or major street construction or reconstruction. Design, engineering or architectural fees are often a part of a capital project.

**Capital Projects Fund**

A fund created to account for financial resources and the payment of the acquisition or construction of capital assets such as public facilities, streets, etc.

**Classified Employee**

An authorized, budgeted position which is included in the City Pay Plan. Classified employees may be either full-time (1.0 FTE consisting of a 40 hour work week or equivalent) or part-time (0.5 FTE or greater, with a work week of a minimum of 20 and a maximum of 39 hours). These employees are covered by the City's Personnel Policies and Procedures Manual.

**Certificates of Participation**

Debt instrument used to acquire and construct major capital facilities and improvements. Through the Fort Collins Leasing Corporation, the City issues certificates of participation (COP's). The debt is secured by the constructed facilities and improvements, and debt service payments are made from the rents collected by the Leasing Corporation, based upon lease agreements between the City and the Corporation.

**Commodities**

Basic or useful items necessary to conduct operations. Supplies for office operations, vehicles, copy machines, computers, or janitorial are some items in this category.

**Contingency**

An appropriation of funds to cover unforeseen expenditures which may occur during the budget year.

**Contractual Services**

Expenses that are usually incurred by entering into a formal agreement or contract with another party. Expenses included in this category can include utilities, insurance, repairs, professional fees, or services.

**Contributions-In-Aid of New Construction**

Funds derived from assessments made on new developments and redeveloped areas to defray the cost of the new or upgraded utility systems required to serve these areas. Contributions offset capital installation costs of secondary, primary, and main feeder lines, streetlighting, and supplemental transformer capacity.

**Debt Service**

Payment of principal and interest related to long-term debt.

**Debt Service Fund**

A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.



**Depreciation**

Expiration in the service life of fixed assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

**Designated Fund Balance**

That portion of a fund balance that has been set aside for a specific purpose by the City Council.

**Encumbrances**

Appropriations committed by contract for goods or services which will not be paid for until the next fiscal year.

**Enterprise Fund**

A fund established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Example.

**Expenditures**

Cost of goods received or services offered.

**Fiscal Year**

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Fort Collins' fiscal year is January 1 through December 31.

**Full-time Equivalent (FTE) Employee**

The hourly equivalent of a full-time employee. An FTE can be made up of either one full-time employee or two or more part-time employees whose total hours equal 40 per week.

**Fund**

An accounting entity with revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Fund Balance**

The balance remaining in a fund after expenditures have been subtracted from revenues.

**General Fund**

The fund used to account for all financial resources except those required to be accounted for in another fund. The General Fund provides a majority of city services to the residents of Fort Collins.

**General Obligation Bond**

Bonds which the full faith and credit of the issuing government are pledged for payment.

**Grants**

Contributions or gifts of cash or other assets from another government or agency to be used or expended for a specified purpose or activity.

**Home Rule**

Statutory and constitutional provisions which allow municipalities to exercise powers of local self-government such as the administration and collection of local taxes. The City of Fort Collins is a home rule municipality.

**Hourly Employee**

A City employee who fills a temporary or short-term position. Such employees provide contingency staffing for City operations during peak workloads, or to address temporary staffing needs. Hourly employees are paid on a per-hour basis, and receive limited benefits.

**Infrastructure**

Facilities on which the continuance and growth of a community depend, such as streets, waterlines, etc.

**Intergovernmental Revenue**

Revenue from other governments (i.e., County, State, Federal) in the form of grants, entitlements, or shared revenues.

**Internal Service Fund**

A fund used to account for the financing of services provided by one department to other departments of the City. Internal Service Funds are usually operated like a business.

**Lapsing Appropriation**

An appropriation is made for a certain period of time, generally for the budget year. At the end of the specified period, any unexpended or unencumbered balance lapses or ends, unless otherwise provided by law.

**Lease-Purchase Agreements**

Contractual agreements which are termed "leases" but, which in substance, amount to purchase contracts, for equipment and machinery.

**Maturity**

The date on which the principal or stated value of investments or debt obligations are due and may be reclaimed.

**Mill Levy**

Rate applied to Assessed Valuation of property to determine property taxes. A mill is 1/10th of a penny, or \$1.00 of tax for each \$1,000 of assessed valuation. The City's maximum mill levy per City Charter, excluding debt service, is fifteen mills.

**Modified Accrual Basis**

Revenues are recorded as the amount becomes measurable and available. Expenditures are recorded when the liability is incurred.

**Net Operating Budget**

Represents the amount of money necessary to provide for the day to day functions of city government. It does not include internal transfers between funds, nor does it include expenditures for debt service and capital projects.

**Ordinance**

A formal legislative enactment by the Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

**Performance Measure**

Measurements that reflect the service that is being provided and permit objective evaluation of the service program.

**Personal Services**

Salaries, salary driven costs, and compensated benefits for classified, unclassified, hourly, and seasonal employees.

**PILOT (Payment in Lieu of Taxes)**

An estimate of the amount of taxes that would be chargeable to a utility if owned privately.

**Plant Investment Fee**

Charge to developers for connecting to the City's water or sewer system to compensate the City for additional facilities needed to serve the development.

**Program Performance Budget**

A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service.

**Projected**

Estimation of revenues and expenditures based on past trends, current economic conditions and future financial forecasts.

**Reserve**

A portion of a fund balance which has been legally segregated for a specific use.

**Resources**

Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.

**Revised Budget**

Most recent estimate of revenue and expenditures including additional appropriations made throughout the year and encumbrances carried over from the prior year.

**Seasonal Employee**

A City employee who works for a department during a specific season or for a specific work project. Such employees are typically hired for positions which fluctuate significantly with the time of year or the specific nature of the work, such as summer recreation employees, or warm-weather construction employees. Such employment needs are typically cyclical, with the same general needs occurring each year.

**Special Assessment**

A levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

**Special Assessment Fund**

A fund used to account for the financing of public improvements or services deemed to benefit primarily the properties against which special assessments are levied.

**Special Revenue Fund**

A fund used to account for the proceeds of specific revenue sources that are legally restricted to be spent for specified purposes. An example is the Recreation Fund that collects fees from recreational users and is legally restricted to spend those fees for recreational purposes.

**Supplemental Requests**

Programs and services which departments would like to have added (in priority order) over their target budget, or if revenue received is greater than anticipated.

**Target Budget**

Desirable expenditure levels provided to departments in developing the coming years' recommended budget. Based on prior year's adopted budget, projected revenues, and reserve requirements.

**Tax Increment Financing**

A financing technique that requires creation of a district whose assessed property value is "frozen". The tax collected on the growth of the district's incremental, or property value over the "frozen" value, is used to finance capital improvements in the district.

**Transfers**

Legally authorized intra-city transfers of appropriations from one City fund to another City fund. Revenue and expenditures are accounted for in both funds. For example, sales and use taxes are collected in the Sales and Use Tax Fund and recorded as revenue. The taxes are then expensed in the Sales and Use Tax Fund as transfers to various other funds. In the receiving fund the transfer is accounted for as revenues and, when spent, again accounted for as an expense.

**Unclassified Employee**

An employee who is not a part of the City's pay and classification system. This includes either Unclassified Management Employees, or Hourly/Seasonal employees.

**Undesignated Fund Balance**

A portion of a fund balance that has not been designated or reserved for any specific use.

**User Fees**

The payment of a fee for direct receipt of a public service by the party benefiting from the service.

**Volunteer**

An unpaid City worker who provides services to the City as a public service, or as a personal interest. Volunteers typically do short-term projects or donate a small number of hours a month.