



UTAH COUNTY
Clerk-Auditor's Office
Phone (801) 851-8237
Fax (801) 851-8232

Kim T. Jackson
Utah County Clerk-Auditor

100 East Center Street
Suite 3600
Provo, Utah 84606

MEMORANDUM

TO: The Honorable Board of County Commissioners and Citizens of Utah County

DATE: October 31, 2006

SUBJECT: Tentative Budget Message for Fiscal Year 2007

Pursuant to Utah Code Annotated §17-36-10, the tentative budget must be accompanied by a budget message in explanation of the budget.

Statutory References Governing the Tentative Budget

§17-36-10 Preparation of tentative budget.
§17-36-11 Tentative Budget – Public record prior to adoption.

Date Available: October 31, 2006

Budget Officer: Kim T. Jackson, Utah County Clerk/Auditor

Commissioners: Larry A. Ellertson, Commission Chair
Steve White, Commission Vice Chair
Jerry D. Grover, Commissioner

Statutory Funds of Utah County

Utah County uses the following budgetary funds:

- General Fund
- Special Revenue Funds
 - Community Development
 - Substance Abuse
 - Health Department
 - Children's Justice Center
 - Senior Services (including Foster Grandparents and Senior Companions)
 - Wildland Fire Services
 - Prisoner Benefit
 - Transient Room Tax
 - Tourism, Recreation, Cultural and Convention Taxes
 - Assessing & Collecting
 - E-911 Surcharge Fund

- Special Revenue Funds (continued)
 - Special Service Area (6) Law Enforcement
 - Special Service Area (7) Structure Fire Support Services
 - Special Service Area (8) Planning
 - Special Service Area (9) Rural Fire Support Services
 - Special Road Funds
 - Soldier Summit
- Debt Service Fund
 - General Obligation Bond Funding
 - Revenue Bond Funding
- Capital Project Fund
- Internal Service Funds
 - Motor Pool Operations
 - Jail Food Services
 - Building Maintenance
 - Telephone Communications
 - Radio Communications
 - Information Systems Support
- Enterprise Funds
 - Dispatch

Budget Message

Utah County's financial structure is presented and accounted for in the same format and using the same budgetary principles as were applied in fiscal year 2006.

Estimated Revenue Calculations

Property taxes revenue was estimated based upon the calculation used by the Utah State Tax Commission. Based upon this calculation, the property tax revenue is budgeted at \$16.7 million for fiscal year 2007. In 2006 a shift was made to reallocate property tax collected for restricted assessing and collecting activities to general property tax revenue. This shift in the tax rate will allow for an extra \$2.5 million in non-restricted tax revenue to help balance the County's budget.

Both the local option sales tax and the County sales tax have been budgeted with minimal increases.

Charges for law enforcement services provided to Saratoga Springs are only budgeted through June 30, 2007 due to the expectation that Saratoga Springs will form its own police department and cancel its contract with the Utah County Sheriff's Office.

Requested Appropriations

As shown in the tentative budget, the County departments requested appropriations exceeding the estimated revenues in the general fund. The Board of County Commissioners and County Auditor will bring the budget into balance prior to the final budget hearing to be held December 5, 2006.

Statutory budgetary procedures require each governmental fund to have a balanced budget. This tentative budget presents an excess of budget expenditure requests in the general fund of \$6.7 million. The tentative budget also shows the special revenue fund for Wildland Fire Services (Fund 272) with an excess of budget expenditure requests in the amount of \$453,248 and the enterprise fund for Dispatch (Fund 510) with an excess of budget expenditure request in the amount of \$806,268. All other governmental funds are presented as balanced budgets.

The zero-based budgetary procedures used by Utah County require all department heads to document (in selected line item budgets) specific expenditures that have no relationship to amounts spent in prior year. Administrative review is by individual items listed and not by the total amount budgeted in the line item accounts.

This budget document includes a \$194,305 transfer to the County's Capital Projects fund to cover the anticipated shortfall shown on the three-year schedule of capital projects found at the end of this tentative budget message.

This budget document includes salary changes resulting from several personnel-related changes. First, a 1.5-percent cost-of-living adjustment ("COLA") was made to the salary scale during Pay Period 14 of 2006. The full annual budgetary impact of this COLA is reflected in the 2007 tentative budget. Second, the County's required contribution to the Utah State Retirement System for Public Safety employees increased by 3.17 percent on July 1, 2006. The contribution rate for other County employees increased 0.5 percent at the same time. An amount equal to the difference between the two rates (2.67 percent) will be contributed to the 401(a) plan for non-Public Safety employees beginning with Pay Period 1 of 2007. As a result of this increase in the County's retirement contribution as well as other benefit changes, the budgeted benefits rate increased from 42 percent used in the adopted 2006 budget to 48 percent for the 2007 tentative budget. Finally, a tenth step will be added to the salary ranges for all merit and appointed positions. This change will provide an additional step in the salary range above the market point, which is currently at Step 8. Employees who are at Step 9 will be eligible to move to Step 10 on their 2007 review dates (each step on the County's salary scale represents a 2.35-percent salary increase). As a result of these three changes, the tentative 2007 salary budget over all governmental funds increased \$1.48 million over the 2006 budget while the tentative 2007 benefits budget over all governmental funds increased \$4.6 million over the 2006 budget.

Tax Increase Projections

This tentative budget does not present an increase in the property tax rate. However, the general fund budget is not balanced and a budgetary procedure allowed to County Commissioners is the adoption of a property tax budget that would generate a tax increase in fiscal year 2007. Utah County's budget has not included a property tax increase for many years and it is not expected that one will be needed to balance the budget for fiscal year 2007.

Budget Integrity

The basic concept of Utah County's fiscal year 2007 budget process is to maintain a status quo of the budgets established in fiscal year 2006. This tentative budget includes no new staffing positions and no extraordinary budget increases. The department heads have made an extra effort to maintain services with available funding. All individual department budgets have been reviewed with the department heads.

Workload Increase Requests

Although departments have requested staffing plan changes, the tentative budget does not include funding for those requests. The following table summarizes the potential budgetary impact of these staffing plan requests:

Department	FTEs Requested	% of Total	Potential Budgetary Impact	% of Total
Recorder	4.0	3.1%	\$206,828	3.8%
Attorney	3.0	2.3%	\$210,441	3.9%
Assessor	12.0	9.2%	\$674,807	12.4%
Sheriff - Enforcement	18.0	13.8%	\$483,704	8.9%
Sheriff - Corrections	75.0	57.7%	\$3,045,458	56.1%
Roads	1.0	0.8%	\$43,092	0.8%
Total General Fund	113.0	86.9%	\$4,664,330	85.9%
Health Department	7.0	5.4%	\$286,593	5.3%
Children's Justice Center	0.5	0.4%	\$25,292	0.5%
Wildland Fire	3.0	2.3%	\$199,483	3.7%
E-911	1.0	0.8%	\$57,058	1.1%
Jail Kitchen	2.0	1.5%	\$34,138	0.6%
Buildings Maintenance	3.5	2.7%	\$157,887	2.9%
Total	130.0	100.0%	\$5,424,781	100.0%

Workload Increase Requests (continued)

The majority of the workload increase requests for the Corrections Bureau of the Sheriff's Office represents staffing needs for the opening of additional pods at the Utah County Jail. The majority of the workload increase requests for the Enforcement Bureau of the Sheriff's Office represents positions created for the deputies staffed at Saratoga Springs which is expected to discontinue its law enforcement contract with the Sheriff's Office on July 1, 2007. In addition to the staffing plan changes, departments have also requested that several positions be upgraded. These upgrades have an additional potential budgetary impact of \$162,466.

Three-Year Capital Projects Plan

Capital Project Funding:

Proceeds from Sales Tax Revenue Bonds	\$ 22,978,920
Other Funding from Prior Years	\$ 14,263,884
Additional Funding during Fiscal Year 2006	\$ 0
Funding Budgeted for Fiscal Year 2006 Projects	\$ (3,301,189)
Estimated Interest Allocation	\$ <u>400,000</u>
Total Long Term Capital Funding	\$ <u>34,341,615</u>

Planned Capital Project Expenditures:

Jail Expansion	\$ 22,978,920
2007 Building Improvements	\$ 1,360,000
2007 Elections Equipment Replacement	\$ 446,000
2008 Building Improvements	\$ 3,600,000
2008 Elections Equipment Replacement	\$ 443,000
2009 Building Improvements	\$ 3,000,000
2009 Elections Equipment Replacement	\$ 104,000
2010 Building Improvements	\$ 2,500,000
2010 Elections Equipment Replacement	\$ <u>104,000</u>
Total Capital Projects Funding Needed	\$ <u>34,535,920</u>

Funding Excess / (Shortfall)	\$ (194,305)
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