



UTAH COUNTY
Clerk-Auditor's Office
Phone (801) 851-8229
Fax (801) 851-8232

Bryan E. Thompson
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 27, 2009

SUBJECT: 2010 Tentative Budget Message

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 27, 2009

Budget Officer: Bryan E. Thompson, Utah County Clerk/Auditor

Commissioners: Larry A. Ellertson Commission Chair
Steve White, Commission Vice Chair
Gary J. Anderson, Commissioner

Statutory Funds of Utah County

Utah County uses the following budgetary funds:

- General Fund
- Special Revenue Funds
 - Community Development
 - Substance Abuse
 - Health Department
 - Public Transit Tax
 - Children's Justice Center
 - Senior Services (including Foster Grandparents and Senior Companions)
 - Wildland Fire Services
 - Prisoner Benefit
 - Transient Room Tax

- Special Revenue Funds (continued)
 - Tourism, Recreation, Cultural and Convention Taxes
 - Assessing and Collecting
- Debt Service Fund
 - General Obligation Bond Funding
 - Revenue Bond Funding
- Capital Projects Fund
- Internal Service Funds
 - Motor Pool Operations
 - Jail Food Services
 - Building Maintenance
 - Telephone Communications
 - Radio Communications
 - Healthy Lifestyles
 - Information Systems Support & Programming

Budget Message

Utah County's 2010 tentative budget is presented and accounted for in the same format as the 2009 budget.

Estimated Revenue Calculations

Revenue from property taxes is estimated based upon the calculation used by the Utah State Tax Commission. Anticipating a projected collection rate of 88 percent, the property tax revenue is budgeted at \$28.9 million for 2010. Of the \$28.9 million budgeted for property taxes, \$20.7 million is for general property taxes that are unrestricted in their use and \$8.2 million is for property taxes that are restricted to assessing and collecting activities.

The local sales tax, which represents sales tax collected in the unincorporated area, has been budgeted with a slight decrease. In July, the Utah State Tax Commission adjusts the population factor. It is anticipated that the population for the unincorporated area will decrease slightly in 2010 and, consequently, the local sales tax has been budgeted at a slightly lower amount than was budgeted in 2009.

The County option sales tax, which represents the 0.25-percent levy the County has opted to collect, is budgeted at \$17 million for 2010. This represents a 5 percent increase over the amount currently budgeted in 2009.

Requested Appropriations

In the County's general fund, the appropriations exceed the estimated revenues in the by \$3.4 million. The Board of County Commissioners has notified department heads of the amounts needed to be cut from their budgets to balance the general fund budget. This

tentative budget shows the general fund budget net of these adjustments. The public hearing on the final budget will be held November 17, 2009.

Statutory budgetary procedures require each governmental fund to have a balanced budget. The following table identifies the funds that are out of balance:

Fund	Revenue	Expense	Out of Balance
General (100)	\$72,522,648	\$75,922,018	\$3,399,370
Substance Abuse (210)	\$6,157,481	\$6,896,242	\$738,761
Wildland Fire (272)	\$2,720,900	\$2,885,135	\$164,235

All other governmental funds are presented as balanced budgets.

The tentative 2010 salary budget over all governmental funds is \$0.7 million lower than the 2009 adjusted budget. The salary amount is lower because of positions eliminated from the staffing plan during 2009. The tentative 2010 benefits budget over all governmental funds is \$1.1 million higher than the 2009 adjusted budget. While the number of employees decreased from 2009 to 2010, the benefits are higher because of an estimated 3-percent increase in health insurance costs and a mid-year increase in the retirement plan contribution.

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 the Utah County Commission is the adoption of a property tax budget that would generate a tax increase in 2010. Utah County's budget has not included a property tax increase for at least ten years.

Budget Integrity

The basic concept of Utah County's 2010 budget process for departments funded either in the general fund or with funds transferred from the general fund is to balance the expenses to the 2010 projected revenue without using fund balance to bridge the gap between revenue and expenses. Budgetary requests from department heads with budgets not funded by the general fund were limited to revenue generated by their departments. Department heads made an extra effort to maintain services within the limitation given. However, since the general fund budget was not balanced, department heads have been asked to make cuts to their budgets.

This tentative budget includes no new staffing positions and no extraordinary budget increases.

The County will be relying heavily on fund balance to balance the 2009 budget (the amount of fund balance needed to balance the general fund budget has grown from \$4.0 million when the budget was initially adopted to \$8.1 million currently needed). Based upon the fund balance expected to be utilized during 2009 and taking into account the statutory minimum fund balance requirement, the County will not have any funding available from fund balance to balance the 2010 budget. It is recommended that the general fund budget not be balanced by utilizing the fund balances of other funds. Due to the County's fiscal conservatism, the County has been able to set aside fund balances to capitalize large equipment purchases and building construction projects. Bond rating agencies look favorably on these fund balances and diminishing them in any manner may negatively affect the County's bond rating. In addition, utilizing fund balances also affects the County's cash reserves. Over the past several years, the County has had sufficient cash to operate without using tax anticipation notes, which is extremely helpful as tax anticipation notes are expensive due to issuance costs and interest expenses.

Workload Increase Requests

Although departments have requested staffing plan changes, the tentative budget does not include funding for those requests.

Three-year Capital Projects Plan

Capital Project Funding:

Funding from Prior Years	\$ 9,526,243
Additional Funding during 2009	\$ 1,477,878
Funding Budgeted for 2009 Projects	\$ (7,221,562)
Funding from Other Sources for 2010 Projects	\$ 0
Funding from Other Sources for 2011 Projects	\$ 604,000
Funding from Other Sources for 2012 Projects	\$ 610,000
Funding from Other Sources for 2013 Projects	\$ <u>1,130,000</u>
Total Long Term Capital Funding	\$ <u>6,126,559</u>

Planned Capital Project Expenditures:

2010 Building Improvements	\$ 850,000
2010 Radio/Other Equipment Purchases	\$ 570,000
2010 Elections Equipment Replacement	\$ 104,000
2011 Building Improvements	\$ 604,000
2011 Radio/Other Equipment Purchases	\$ 500,000
2011 Elections Equipment Replacement	\$ 104,000
2012 Building Improvements	\$ 4,210,000
2012 Radio/Other Equipment Purchases	\$ 500,000
2012 Elections Equipment Replacement	\$ 443,000
2013 Building Improvements	\$ 1,130,000
2013 Radio/Other Equipment Purchases	\$ 350,000
2013 Elections Equipment Replacement	\$ <u>104,000</u>
Total Capital Projects Funding Needed	\$ <u>9,469,000</u>

Funding Excess / (Shortfall)	\$ (3,342,441)
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