



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 30, 2007

SUBJECT: Tentative Budget Message for Fiscal Year 2008

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 30, 2007

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

Commissioners: Steve White, Commission Chair
Gary J. Anderson, Commission Vice Chair
Larry A. Ellertson, 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
 - Tourism, Recreation, Cultural and Convention Taxes

- Special Revenue Funds (continued)
 - Assessing and Collecting
 - E-911 Surcharge
 - 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 Projects Fund
- Internal Service Funds
 - Motor Pool Operations
 - Jail Food Services
 - Building Maintenance
 - Telephone Communications
 - Radio Communications
 - Healthy Lifestyles
 - Information Systems Support & Programming
- Enterprise Funds
 - Dispatch

Budget Message

Utah County's 2008 tentative budget is presented and accounted for in the same format as fiscal year 2007.

Estimated Revenue Calculations

Revenue from property taxes is estimated based upon the calculation used by the Utah State Tax Commission. Anticipating a projected growth of 4.5 percent, the property tax revenue is budgeted at \$27.7 million for fiscal year 2008. Of the \$27.7 million budgeted for property taxes, \$23 million is for general property taxes that are unrestricted in their use and \$4.7 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 minimal increase.

The County option sales tax, which represents the 0.25-percent levy the County has opted to collect, is projected to grow at 4.9 percent. Revenue from the County option tax is budgeted at \$19.4 million for fiscal year 2008.

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 on December 4, 2007.

Statutory budgetary procedures require each governmental fund to have a balanced budget. This tentative budget presents an excess of expenditure requests in the general fund of \$5.5 million. The tentative budget also shows the special revenue fund for Substance Abuse (Fund 210) with an excess of expenditure requests in the amount of \$277,261. All other governmental funds are presented as balanced budgets.

This budget document includes several personnel-related changes. First, the 401(a) plan was eliminated and a salary increase granted for non-Public Safety employees beginning with Pay Period 1 of 2008. Second, benefits were budgeted at actual amounts per staffing plan position rather than calculating benefits as a standard percent of salary. Finally, \$3.5 million has been budgeted for the results of the salary survey that will be implemented in July 2008. The tentative 2008 salary budget over all governmental funds increased \$7.1 million over the 2007 adjusted budget while the tentative 2008 benefits budget over all governmental funds increased \$4.5 million over the 2007 adjusted budget.

This budget document also includes \$4.2 million for costs related to opening additional pods at the Utah County Jail.

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 fiscal year 2008. 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 fiscal year 2008 budget process for departments funded either in the general fund or with funds transferred from the general fund is to maintain a status quo of the budgets established in fiscal year 2007 plus a growth factor of 5.5 percent. Department heads with this funding limitation were notified in August 2007 of the maximum budgetary request that could be made. 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 is not balanced, department heads may be asked to make cuts to their 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 tentative budget includes no new staffing positions and no extraordinary budget increases. All individual department budgets have been reviewed with the department heads.

The County's 2008 tentative budget represents a departure from budgetary procedures utilized in the past. First, this tentative budget includes less conservative revenue estimates. Second, personnel expenditures have not been estimated as high as in prior years due to (1) budgeting salaries according to the positions actually filled rather than at the positions shown in the staffing plan and (2) calculating benefits at the actual benefits received rather than utilizing a standard percentage. Finally, some departments have expenditures that cannot be estimated but are necessary to operate. In the past, these items have been restricted from transfer meaning the department could make expenditures according to the line item description, but could not transfer the funding for other purposes. In 2007, the County Attorney wrote a memo indicating that this type of restriction could not be made. All of these factors increase the likelihood that the County will have to rely heavily on its general fund balance during 2008—especially if an unanticipated event negatively impacts property tax and/or sales tax collections. Because fund balance is a one-time revenue source, the level of budgetary expenditures in the 2008 tentative budget will not be sustainable in subsequent years without either new revenue sources or increased revenue from existing sources.

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	Potential Budgetary Impact
Justice Court	4.0	\$254,257
Personnel	1.0	\$101,914
Auditor	0.5	\$20,964
Treasurer	1.0	\$26,225
Sheriff - Enforcement	2.0	\$102,867
Sheriff - Corrections	2.0	\$167,988
Sheriff - Jail Expansion	46.0	\$3,065,417
Total General Fund	56.5	\$3,739,632

Department	FTEs Requested	Potential Budgetary Impact
Community Development	0.5	\$24,166
Health Department	3.5	\$156,203
Children's Justice Center	1.0	\$65,341
Wildland Fire	3.0	\$188,495
Prisoner Benefit	1.0	\$32,668
Jail Kitchen	2.0	\$71,477
Buildings Maintenance	2.0	\$99,843
Information Systems	1.0	\$64,938
Total	70.5	\$4,442,763

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 \$114,845.

Three-year Capital Projects Plan

Capital Project Funding:

Funding from Prior Years	\$ 25,231,473
Additional Funding during Fiscal Year 2007	\$ 854,305
Funding Budgeted for Fiscal Year 2007 Projects	\$ (18,532,239)
Funding from Other Sources for 2008 Projects	\$ 2,980,000
Funding from Other Sources for 2009 Projects	\$ 4,200,000
Funding from Other Sources for 2010 Projects	\$ 600,000
Funding from Other Sources for 2011 Projects	\$ <u>4,200,000</u>
Total Long Term Capital Funding	\$ <u>19,533,539</u>

Planned Capital Project Expenditures:

2008 Jail Expansion	\$ 2,560,000
2008 Building Improvements	\$ 3,842,250
2008 Elections Equipment Replacement	\$ 443,000
2009 Building Improvements	\$ 4,830,000
2009 Elections Equipment Replacement	\$ 104,000
2010 Building Improvements	\$ 600,000
2010 Elections Equipment Replacement	\$ 104,000
2011 Building Improvements	\$ 4,200,000
2011 Elections Equipment Replacement	\$ <u>104,000</u>
Total Capital Projects Funding Needed	\$ <u>16,787,250</u>

Funding Excess / (Shortfall)	\$ 2,746,289
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