



2016 Tentative Budget

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Budget Officer Message

To the Honorable Board of Utah County Commissioners and Citizens of Utah County:

Pursuant to Utah Code Annotated §17-36-10, the following tentative budget for 2016 has been prepared for Utah County using budgetary practices required by the Utah State Auditor.

Estimated Revenue Calculations

Revenue from property taxes is estimated based upon the calculation required by the Utah State Tax Commission. Anticipating a projected collection rate of approximately 90 percent and a reduction for redemptions, the property tax revenue is budgeted at \$42.6 million for 2015. Of the \$42.6 million budgeted for property taxes, \$30.3 million is for general property taxes that are unrestricted in their use, \$8.2 million is for property taxes that are restricted to assessing and collecting activities, and \$4.0 million is for property taxes assigned to redevelopment agencies.

The local sales tax, which represents sales tax collected in the unincorporated area, has been budgeted at \$1.8 million for 2016, which is a three-percent increase from the 2015 budgeted amount.

The County option sales tax, which represents the 0.25-percent levy the County has opted to collect for general governmental purposes, is budgeted at \$23.6 million for 2016, which is a 4.5-percent increase from the 2015 budgeted amount.

Revenues for licenses, grants, fees, and fines were estimated by the respective departments. Most of these amounts are included in the 2016 budget as submitted by the departments.

Requested Appropriations

The 2016 tentative budget is presented as a balanced budget for all funds.

The Board of County Commissioners will make final adjustments to the tentative budget before the budget is officially adopted. The public hearing for the final budget will be held Tuesday, December 8, 2015.

This tentative budget includes no extraordinary budget increases.

The tentative 2016 budget includes a one-step increase for employees with successful performance appraisals effective on their scheduled review dates. One step approximately represents a 2.35-

percent salary increase. Because employees’ review dates are spread throughout the year, the overall salary increase is approximately 1 percent.

In addition to salary increases, the tentative budget includes an estimated ten-percent increase in health insurance. Currently full-time County employees with benefits pay nothing toward the cost of their health insurance. Other benefits are not expected to materially increase, including the State retirement contribution rates.

Tax Increase Projections

This tentative budget does not present an increase in the property tax rate. A budgetary procedure allowed to the Board of County Commissioners is the adoption of a property tax budget that would generate a tax increase in 2016. However, it is not expected that the Board of County Commissioners will increase property taxes.

Budget Integrity

For the 2016 budget, departments were asked to submit a reasonable budget based upon projected 2016 staffing plan costs, charges from the internal service funds, and 2014 actual expenditures. In addition, the basic concept of Utah County’s 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 2016 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, the tentative budget still had to be balanced using “one-time” funding:

<u>Fund</u>	<u>“One-Time” Funding Amount</u>
General	\$1,518,215
DDAPT	\$160,000
Health Department	\$2,430,335
Children’s Justice Center	\$13,891
Inmate Benefit	\$198,755
Assessing & Collecting	\$320,717

“One-time” funding is so named because the funding is available only once. Accordingly, budgets in future years will need to replace the one-time funding either by adding revenue (such as a property tax increase, growth in sales tax collections, fee increases, etc.) or by reducing expenditures. 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.

Staffing Plan Change Requests

Several departments have submitted staffing plan change requests. However, the tentative budget includes no funding for these requests.

Sincerely,

A handwritten signature in black ink that reads "Bryan E. Thompson". The signature is written in a cursive style with a long horizontal flourish at the end.

Bryan E. Thompson
Utah County Clerk-Auditor

Debt Service

As of 2016, the County only carries debt from revenue bonds. Whereas general obligation bonds are backed in full by the good faith and credit of the County and its residents, revenue bonds are backed by an underlying revenue or tax that is applicable to the financing.

Security Center Expansion

On August 4, 2005, the County issued \$15.165 million in Sales Tax Revenue bonds to finance the costs of expansion and improvements related to the Security Center. On May 21, 2014, the County issued \$6,755,000 in Sales Tax Refunding bonds to defease the 2005 bonds.

On August 1, 2006, the County issued \$7.615 million in Sales Tax Revenue bonds to finance the costs of expansion and improvements related to the Security Center.

Transportation Projects

The County issued \$102.73 million in Sales Tax Revenue bonds on August 27, 2009 and \$27.715 million in Fee Revenue bonds on September 3, 2009 to finance the costs of transportation projects within the County.

The County issued \$51.675 million in Sales Tax Revenue bonds on February 14, 2012 for the purpose of financing transportation projects within the County. Previous to the issuance of these bonds, the County had an interlocal agreement with Utah Transit Authority (“UTA”) whereby the County borrowed \$55.2 million from UTA’s portion of the fixed guideway (or “Section 2216”) sales tax to fund transportation projects such as Pioneer Crossing and North County Boulevard. The interlocal agreement stipulated that the County would repay interest to UTA at a rate of five percent. The issuance of these bonds not only reduces the interest payments due, but also provides immediate operational funding for FrontRunner South, which began service in Utah County in December 2012.

Convention Center

On January 20, 2010, the County issued \$40.15 million in Excise Tax Revenue bonds to finance the costs of constructing the Convention Center being built in downtown Provo.

Energy Improvements

On October 22, 2010, the County issued \$4.94 million in Sales Tax Revenue bonds to finance the costs of energy improvements to County facilities.

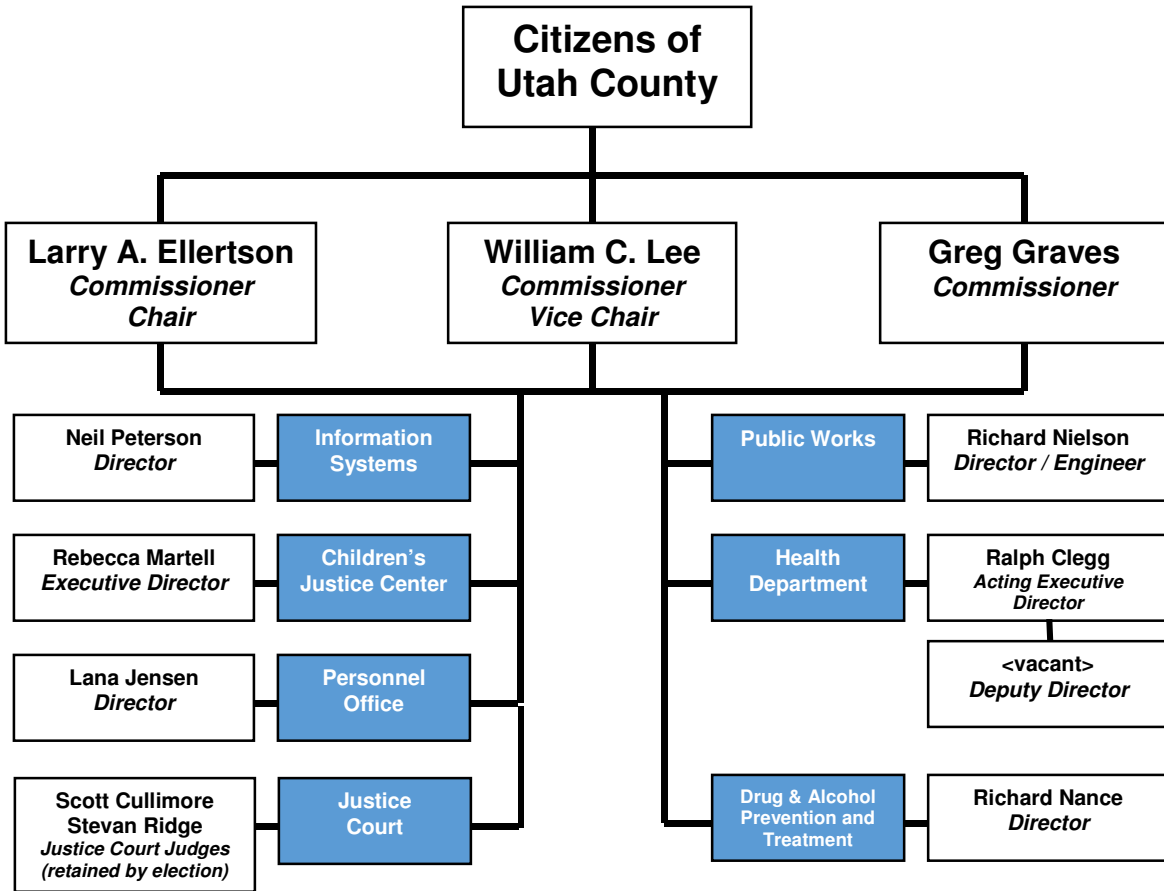
Museum of Natural Curiosity at Thanksgiving Point

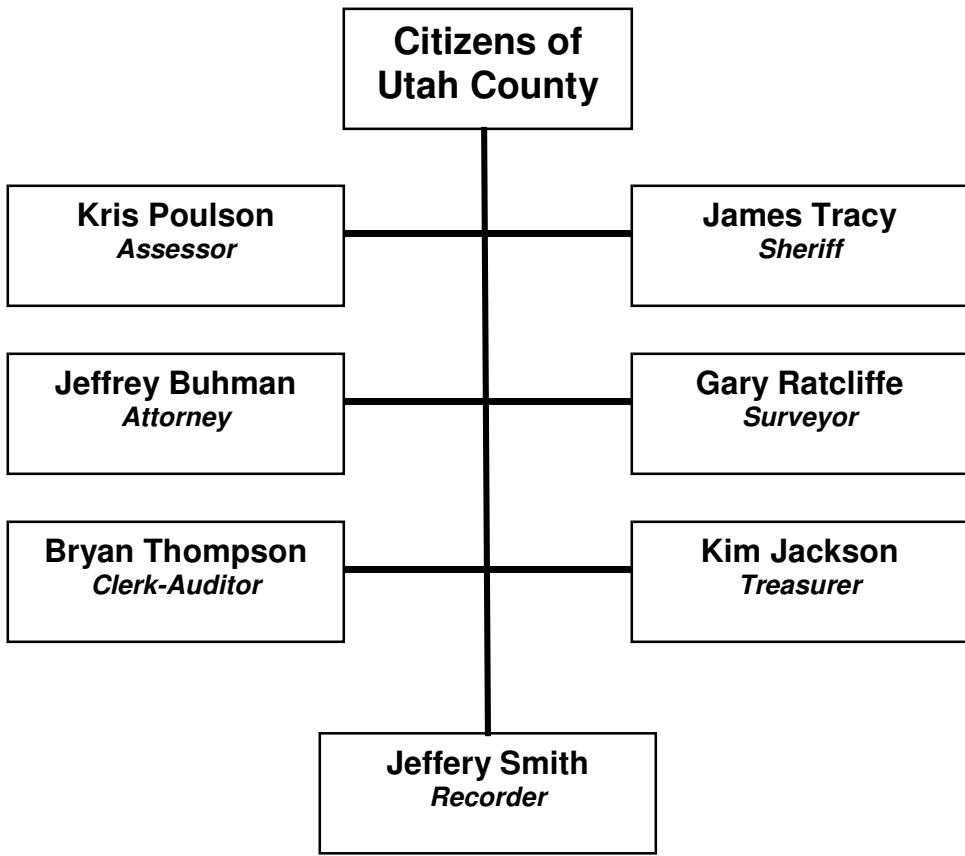
On September 4, 2013, the County issued \$3.8 million in Excise Tax Revenue bonds to finance a portion of the costs of acquiring, constructing, equipping, and furnishing a museum and related improvements and facilities to be located at Thanksgiving Point in Lehi.

	Date of Issuance	Total Principal	Balance as of 12/31/2015	2016 Principal Payments Due	Payoff Date
<u>General Obligation Bonds</u>					
None	na	na	na	na	na
<u>Revenue Bonds</u>					
Security Center Expansion	8/1/2006	\$ 7,615,000	\$ 3,675,000	\$ 550,000	11/1/2021
Transportation Projects (Sales Tax)	8/27/2009	\$ 102,730,000	\$ 88,200,000	\$ 2,710,000	12/1/2034
Transportation Projects (Fee)	9/3/2009	\$ 27,715,000	\$ 23,775,000	\$ 750,000	12/1/2034
Convention Center	1/20/2010	\$ 40,150,000	\$ 35,665,000	\$ 780,000	12/1/2039
Energy Improvements	10/22/2010	\$ 4,940,000	\$ 4,280,000	\$ 265,000	2/1/2027
Transportation Projects (UTA)	1/31/2012	\$ 51,675,000	\$ 47,735,000	\$ 960,000	12/1/2039
Museum at Thanksgiving Point	9/4/2013	\$ 3,800,000	\$ 3,435,000	\$ 135,000	12/1/2033
Security Center Expansion	5/21/2014	\$ 6,755,000	\$ 6,615,000	\$ 1,275,000	11/1/2020
TOTAL		<u>\$ 245,380,000</u>	<u>\$ 213,380,000</u>	<u>\$ 7,425,000</u>	

Organizational Charts

(As of October 27, 2015)

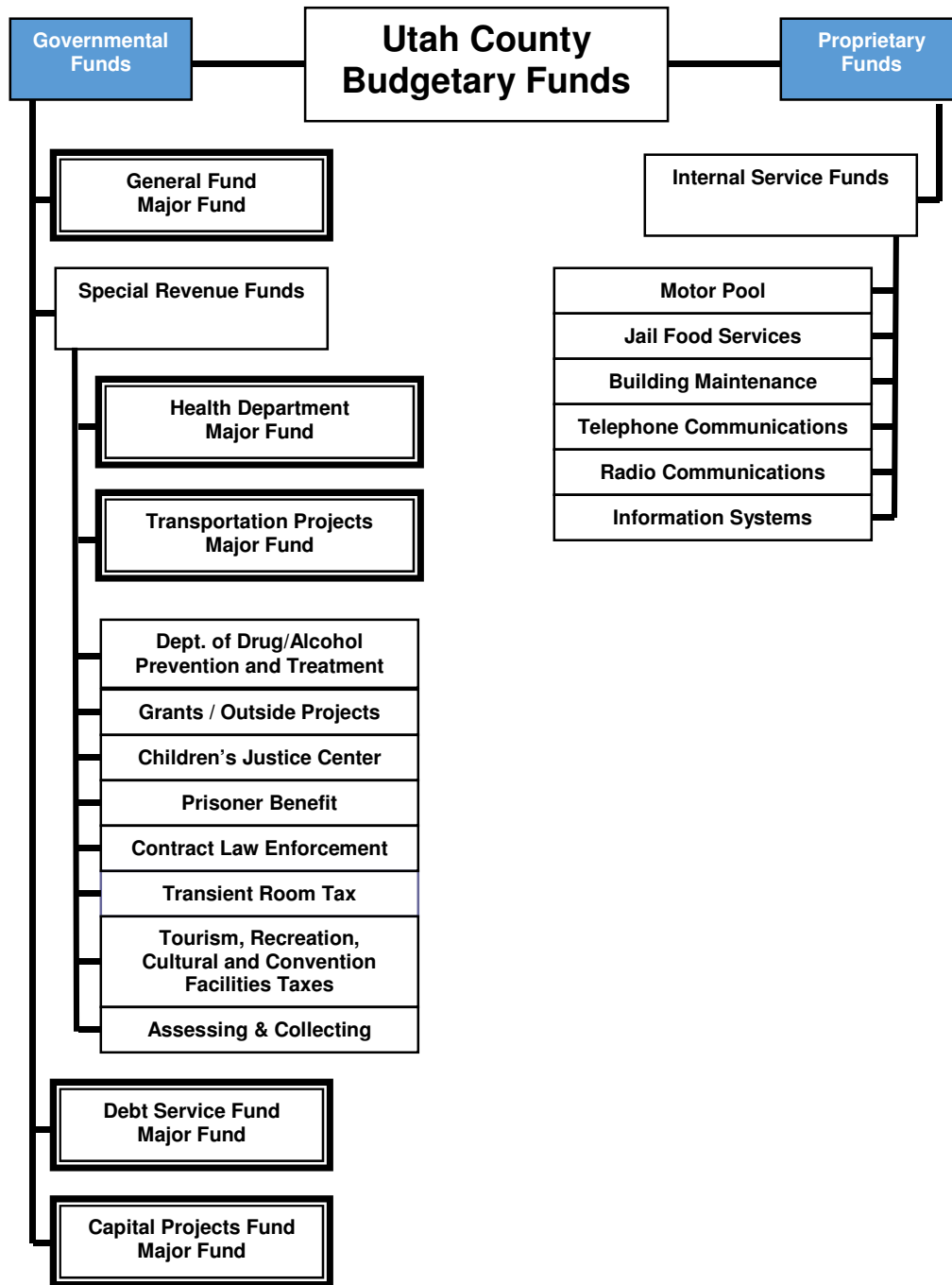




Summary of Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major funds represent the significant activities of the County and basically include any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than ten percent of the revenues or expenditures of the appropriated budget. The County has five major funds: the general fund, the health department fund, the road projects fund, the debt service fund, and the capital projects fund.



General Fund

The general fund is the chief operating fund of the County and is used to account for all transactions that pertain to the general administration of the County and the services traditionally provided to its citizens. This includes law enforcement services, legal services, and other general governmental services.

Health Department Fund

The health department fund is a special revenue fund used to account for the activities of the Utah County Health Department. The Health Department fund includes six main divisions: Administration, Environmental Health, Community Health/Nursing, Health Promotion, WIC (Women, Infants, and Children), and Senior Services. A large portion of the Health Department's revenues come from federal grants passed through the Utah Department of Health.

Transportation Projects Fund

The road projects fund is a special revenue fund used to account for transportation projects of the County. On April 1, 2007, the County enacted a 0.25-percent sales tax known as the Mass Transit Fixed Guideway sales tax. The results of an opinion question included on the ballot during the 2006 general election indicated that voters approved of this sales tax (69 percent for the tax and 31 percent against the tax). On January 1, 2008, the tax for this sales tax increased to 0.30 percent.

On January 1, 2009, the County enacted a 0.25-percent sales tax known as the County Airport, Highway, and Public Transit sales tax.

In addition to these two sales taxes, the County signed an interlocal agreement with the Utah Department of Transportation ("UDOT") to receive the motor vehicle registration fee collected by the Utah State Tax Commission until the County's debt service requirements are paid.

This fund also includes projects funded with Class "B" Road Funds the County receives from UDOT.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the repayment of, general long-term debt principal and interest, and related costs.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

In addition to these five major funds, the County maintains non-major special revenue funds and non-major proprietary funds.

Non-major Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The County utilizes eight non-major special revenue funds: DDAPT (Department of Drug and Alcohol Prevention and Treatment) fund, Grants/Outside Projects fund, Children’s Justice Center fund; Prisoner Benefit fund, Outside Law Enforcement fund, Transient Room Tax fund, Tourism/Recreation/Cultural/Convention Facilities Taxes fund (includes park maintenance and improvements), and Assessing and Collecting fund.

Non-major Proprietary Funds

The County’s non-major proprietary funds are all internal services funds. Internal services funds are used to report activities that provide goods or services to other funds, departments, and agencies of the County and its component units, or to other governments, on a cost-reimbursement basis. The County utilizes six non-major proprietary funds: Motor Pool fund, Jail Food Services fund, Building Maintenance fund, Telephone Communications fund, Radio Communications fund, and Information Systems fund.

Fiduciary Funds

The County has additional fiduciary funds that are audited, but not included in the budget.

General Fund Highlights

The 2016 general fund is tentatively budgeted at \$78.2 million. This represents a decrease of \$0.8 million from the current 2015 budget.

Revenue Comparisons

The following chart shows summarizes the revenue in the general fund by category:

Category	2014 Actual		2015 Budget		2016 Tentative		Δ 14-15	Δ 15-16
Property Taxes	\$ 28,530,647	38.5%	\$ 30,000,000	38.0%	\$ 30,367,000	38.8%	5.2%	1.2%
Sales Taxes	22,762,600	30.7%	24,278,000	30.7%	25,345,000	32.4%	6.7%	4.4%
Other Taxes	4,704	0.0%	4,000	0.0%	4,000	0.0%	-15.0%	0.0%
Licenses and Permits	301,961	0.4%	336,765	0.4%	337,000	0.4%	11.5%	0.1%
Intergovernmental Revenue	863,929	1.2%	825,747	1.0%	805,855	1.0%	-4.4%	-2.4%
Charges for Services	14,003,922	18.9%	13,750,292	17.4%	13,246,179	16.9%	-1.8%	-3.7%
Fines and Forfeitures	2,822,054	3.8%	2,510,365	3.2%	2,478,550	3.2%	-11.0%	-1.3%
Miscellaneous Revenue	1,345,946	1.8%	365,000	0.5%	400,000	0.5%	-72.9%	9.6%
Outside Donations	1,500	0.0%	1,000	0.0%	2,500	0.0%	-33.3%	150.0%
Transfers In	3,429,861	4.6%	3,510,520	4.4%	3,663,908	4.7%	2.4%	4.4%
Appropriated Fund Balance	-	0.0%	3,386,626	4.3%	1,518,215	1.9%	na	na
Totals	\$ 74,067,124	100.0%	\$ 78,968,315	100.0%	\$ 78,168,207	100.0%	6.6%	-1.0%

Utilization of General Property and Sales Taxes

The following chart shows the amount of general property and/or sales taxes utilized by department:

<u>Department</u>	<u>Budgeted Expense</u>	<u>General Use Property and/or Sales Tax</u>	<u>% Total Taxes</u>	<u>% Exp Budget</u>
Sheriff - Corrections	\$ 27,672,523	\$ 18,580,558	32.5%	67.1%
Sheriff - Enforcement	16,686,963	11,710,988	20.5%	70.2%
Attorney	7,673,505	5,948,505	10.4%	77.5%
Public Defender	3,975,000	3,966,000	6.9%	99.8%
Health Dept	2,696,900	2,696,900	4.7%	100.0%
Elections	1,785,638	1,771,638	3.1%	99.2%
Personnel	1,478,277	1,273,277	2.2%	86.1%
Wasatch Mental Health Commission	1,259,794	1,259,794	2.2%	100.0%
Sheriff - Wildland Fire	2,248,714	924,910	1.6%	41.1%
Debt Service	881,885	881,885	1.5%	100.0%
Mosquito Abatement	870,980	870,980	1.5%	100.0%
Public Works	743,339	728,339	1.3%	98.0%
Non-Departmental	1,578,769	724,769	1.3%	45.9%
Auditor	859,469	679,469	1.2%	79.1%
Surveyor	678,986	674,986	1.2%	99.4%
GIS	769,816	619,816	1.1%	80.5%
Roads	499,973	499,973	0.9%	100.0%
DDAPT	470,195	470,195	0.8%	100.0%
Records Management	452,494	436,494	0.8%	96.5%
Justice Court	1,394,237	394,237	0.7%	28.3%
Extension	398,485	390,325	0.7%	98.0%
Utah Valley Dispatch SSD	316,251	316,251	0.6%	100.0%
Children's Justice Center	150,940	150,940	0.3%	100.0%
Utah County Fair	100,000	100,000	0.2%	100.0%
Agriculture	67,916	67,916	0.1%	100.0%
Mountainland Assoc Govt	42,910	42,910	0.1%	100.0%
Utah Lake Commission	36,750	36,750	0.1%	100.0%
South Valley Animal SSD	30,000	30,000	0.1%	100.0%
Indigent Burials	20,000	20,000	0.0%	100.0%
Mt Nebo Water Assoc	13,500	13,500	0.0%	100.0%
North Valley Animal SSD	7,500	7,500	0.0%	100.0%
Utah Valley Chamber	850	850	0.0%	100.0%
Restricted	25,000	-	0.0%	0.0%
Community Development	924,088	-	0.0%	0.0%
Clerk	290,018	(1,982)	0.0%	-0.7%
Totals	\$ 78,168,207	\$ 57,230,215	100.0%	73.2%

Capital Projects

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The following schedule shows the County's funding for capital facilities over the next three years:

Capital Project Funding:

Funding from Prior Years	\$6,690,253
Funding from Other Sources for 2015 Projects	1,600,000
Funding from Other Sources for 2016 Projects	600,000
Funding from Other Sources for 2017 Projects	600,000
Funding from Other Sources for 2018 Projects	500,000
Funding from Other Sources for 2019 Projects	500,000

Total Capital Projects Funding Available	<u>\$10,490,253</u>
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Planned Capital Project Expenditures:

2015: Courthouse Exterior Restoration	\$1,230,000
Courthouse Front Steps & Breakroom	370,000
Energy Improvements	94,096

2016: Courthouse Exterior Restoration	\$600,000
Foothill North Building	3,200,000
Satellite Health Buildings	3,000,000

2017: Courthouse Exterior Restoration	\$600,000
Satellite Health Buildings	3,000,000
New Public Works Facility	6,500,000

2018: Courthouse Exterior Restoration	\$500,000
Jail Dorm Building	7,800,000

2019: Courthouse Exterior Restoration	\$500,000
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Total Capital Projects Funding Needed	<u>\$26,294,096</u>
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Funding Excess / (Shortfall)	<u>\$(15,803,843)</u>
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Other Statistical Information

The following chart summarizes the number of full-time equivalents (FTEs) in the County’s budgeted staffing plan as of October 27, 2015. Except for term-limited and time-limited positions, no person is placed or retained on a department payroll unless the person occupies a position listed in the approved staffing plan. An FTE is the decimal equivalent of a part-time position converted to a full-time basis (e.g. one person working half time would equate to 0.5 FTE).

Department	Elected Official	Non-Public Safety			Public Safety			Total FTEs	% Total
		FLSA Exempt	FLSA Non-Exempt	Grant-Funded	FLSA Exempt	Sgt.	Deputy		
Sheriff - Corrections		25.00	44.00	2.00	5.00	17.00	132.00	225.00	23.9%
Health Department		71.50	72.50	26.00				170.00	18.1%
Sheriff - Enforcement	1.00	0.00	21.50	2.50	9.00	23.00	86.00	143.00	15.2%
Public Works		14.00	66.00	4.00				84.00	8.9%
Drug/Alcohol Prevention		28.00	26.00	12.00				66.00	7.0%
Attorney	1.00	29.00	26.50	1.00	1.00	4.00	1.00	63.50	6.8%
Assessor	1.00	3.00	41.00					45.00	4.8%
Information Systems		18.00	11.00	2.00				31.00	3.3%
Recorder	1.00	1.00	24.50					26.50	2.8%
Clerk-Auditor	1.00	6.00	13.00					20.00	2.1%
Justice Court		3.00	11.00					14.00	1.5%
Children’s Justice Center		4.00	3.00	4.50				11.50	1.2%
Personnel		6.00	5.00					11.00	1.2%
Treasurer	1.00	1.00	5.00					7.00	0.7%
Commission	3.00	1.00	3.00					7.00	0.7%
Sheriff - Fire			6.00					6.00	0.6%
Surveyor	1.00	1.00	4.00					6.00	0.6%
Extension			4.00					4.00	0.4%
Totals	10.00	211.50	387.00	54.00	15.00	44.00	219.00	940.50	100.0%
	1.1%	22.5%	41.2%	5.7%	1.6%	4.7%	23.3%		

The following table shows the general property tax levies adopted by the County for the last five years:

	2015	2014	2013	2012	2011
General fund	0.000870	0.000916	0.001006	0.001116	0.001098
Debt service	na	na	na	0.000011	0.000045
State assessing & collecting	0.000012	0.000013	0.000158	0.000168	0.000172
Local assessing & collecting	0.000216	0.000220	0.000095	0.000029	0.000027
Total direct rate	0.001098	0.001149	0.001259	0.001324	0.001342

The following sales tax rates have been enacted by the County:

<u>Sales Tax</u>	<u>Rate</u>	<u>Purpose</u>
County Option Sales Tax	0.25%	General fund
Local Sales Tax	1.00%	General fund
Transient Room Tax	4.25%	Tourism promotion
Restaurant Tax (TRCC)	1.00%	Tourism, recreation/cultural/convention facilities
Short-term Vehicle Leasing (TRCC)	7.00%	Tourism, recreation/cultural/convention facilities
Section 2216 Sales Tax	0.30%	Transportation projects, including public transit
Section 2218 Sales Tax	0.25%	Transportation projects
Section 2208 Sales Tax	0.25%	Mass transit projects (distributed directly to UTA)

There is currently an opinion question on the ballot for the November 3, 2015 election where voters will decide if the County should impose an additional 0.25% sales and use tax for the specific purpose of transportation improvements. If approved by the voters, 40 percent of the tax will be distributed to UTA, 40 percent of the tax will be distributed to cities, and the County will retain the remaining 20 percent.

The following chart summarizes the salaries of the elected officials of the County:

<u>Elected Official</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Commissioner	\$ 103,896 ²	\$ 103,896	\$ 103,896	\$ 103,896	\$ 103,896	\$ 119,444 ^{9,10}	\$ 119,444 ¹⁶
Attorney	\$ 122,226 ³	\$ 122,226	\$ 122,226	\$ 122,226	\$ 122,226	\$ 140,504 ^{9,11}	\$ 140,504 ¹⁶
Sheriff	\$ 108,862 ⁴	\$ 108,862	\$ 108,862	\$ 108,862	\$ 108,862	\$ 111,410 ^{9,12}	\$ 111,410 ¹⁶
Assessor	\$ 96,902 ⁵	\$ 96,902	\$ 96,902	\$ 96,902	\$ 96,902	\$ 111,410 ^{9,13}	\$ 111,410 ¹⁶
Clerk-Auditor	\$ 94,692 ⁶	\$ 94,692	\$ 94,692	\$ 94,692	\$ 94,692	\$ 108,862 ^{9,14}	\$ 108,862 ¹⁶
Recorder	\$ 94,692 ⁶	\$ 94,692	\$ 94,692	\$ 94,692	\$ 94,692	\$ 108,862 ^{9,14}	\$ 108,862 ¹⁶
Treasurer	\$ 94,692 ⁶	\$ 94,692	\$ 94,692	\$ 94,692	\$ 94,692	\$ 108,862 ^{9,14}	\$ 108,862 ¹⁶
Surveyor	\$ -	\$ 74,230 ⁷	\$ 74,230	\$ 84,292 ⁸	\$ 84,292	\$ 96,902 ^{9,15}	\$ 96,902 ¹⁶

¹ For comparison purposes, the annual salaries shown are calculated using 26 pay periods even though in a particular year more than 26 pay periods may be paid.

² The biweekly salary was increased from \$3642 to \$3996 effective June 14, 2008.

³ The biweekly salary was increased from \$4285 to \$4701 effective June 14, 2008.

⁴ The biweekly salary was increased from \$3905 to \$4187 effective June 14, 2008.

⁵ The biweekly salary was increased from \$3477 to \$3727 effective June 14, 2008.

⁶ The biweekly salary was increased from \$3319 to \$3642 effective June 14, 2008.

⁷ The Surveyor was previously combined with the Recorder with no increase in salary. The Commission separated the position effective January 1, 2011. The salary for the Surveyor was set at \$2855 per pay period. There was no change to the Recorder's salary.

⁸ The biweekly salary was increased from \$2855 to \$3242 effective December 22, 2012.

⁹ The change in salary was the result of a decrease in the 401(a) benefit and the implementation of a market study adjustment.

¹⁰ The biweekly salary was increased from \$3996 to \$4594 effective December 20, 2014.

¹¹ The biweekly salary was increased from \$4701 to \$5404 effective December 20, 2014.

¹² The biweekly salary was increased from \$4187 to \$4285 effective December 20, 2014.

¹³ The biweekly salary was increased from \$3727 to \$4285 effective December 20, 2014.

¹⁴ The biweekly salary was increased from \$3642 to \$4187 effective December 20, 2014.

¹⁵ The biweekly salary was increased from \$3242 to \$3727 effective December 20, 2014.

¹⁶ The 2016 tentative budget does not include an increase in salaries for elected officials; however, the Commission may choose to increase elected officials' salaries.