



Clerk / Auditor

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2017 BUDGET MESSAGE

November 1, 2016

Dear Davis County Board of Commissioners,

Utah State Law requires that this tentative budget be prepared and filed with the Legislative Body of Davis County by November 1st, to be followed by a public hearing and final adoption by December 31st. Special thanks to the budget committee, elected officials, department heads, and staff who have provided valuable insight in to the ongoing and future needs of the County. This budget has been prepared with an emphasis on core County functions combined with individual performance measures for each department. Below is a timeline of the process used for evaluating and compiling the attached tentative budget and accompanying schedules:

April 2016	<ul style="list-style-type: none">•Departmental budget survey data collected
May/June 2016	<ul style="list-style-type: none">•Pre-Budget meetings held w/each department
August 2016	<ul style="list-style-type: none">•Budget guidelines distributed•Detailed review of IS and capital needs
September 2016	<ul style="list-style-type: none">•Departmental budget entry of 2016 projections and 2017 requests• September 27 - Tax increase announced in Commission meeting
October 2016	<ul style="list-style-type: none">•October 3 through October 7 - Departmental budget meetings•October 19 and October 25 - Budget wrap up and review
November 2016	<ul style="list-style-type: none">•Nov 1st - Distribute Tentative Budget•Nov 29 , Nov 30, Dec 1 - 6:00 pm- Tax Increase Open Houses
December 2016	<ul style="list-style-type: none">•December 6, 6:00 pm - Public Hearing• December 13 - Final Budget Adoption

2016 BUDGET RECAP AND BUDGET OPEN SUMMARY

The 2016 budget presented several challenges. Initial departmental requests exceeded revenues by close to \$9,000,000. With these requests came the recognition of the growing reliance on the use of fund balance, or rainy day funds, to keep up with the inflationary costs of providing services in the County. While the final 2016 budget approved a spend-down of County-wide fund balances of over \$4,000,000 (\$2,710,309 of which was attributed to the general fund), current revenue and expenditures estimates have closed this gap to approximately \$1,155,000. Much of this is related to capital projects that will cross budget years as well as well as turn back in the following areas: non-departmental, sheriff's department operations, corrections personnel, justice court personnel, health department operations, inmate services operations, and conference center improvements.

Additional public hearings to open and amend the 2016 budget occurred in March, May, August, September, and October of 2016. These were tied to the receipt of unanticipated revenue streams or requests for additional appropriations, including the following: New K-9 Truck (Sheriff), Honen Loader (Public Works), participation in 1100 West culvert project (Public Works), Roboto disc repair machine (Library), Addition of Shelter Tech FTE and increased overtime pay (Animal Control), Midtown Trolley participation (Prop 1), Additional building inspections (SSA), Books and Materials (Library), Donations (CED), Legal settlements (multiple), and Interlocal contributions (Tourism).

As anticipated, 2016 revenues project only minor increases in tax revenues. Specifically, General Fund property tax revenues are expected to grow from \$30,528,554 in 2015 to \$31,078,899 in 2016 or by 1.8%, while sales tax revenues are estimated to increase from \$13,396,674 in 2015 to \$13,665,610, an increase of 2.01%. Alternately, jail fees, jail reimbursement, and sheriff fees represent a decline of over \$1.4M in 2016 over 2015 while administrative fees (e.g., recording fees, animal licensing) remain relatively flat. Overall general fund revenues are estimated at \$67,771,930, which is a \$647,500 (or .95%) *decrease* over 2015 actual revenues of \$68,419,446.

In addition, the health department experienced \$1,430,045 growth in outside funding, with increased revenues in immunization fees, the Nurse Family Partnership Grant, and WIC program. Other revenue fluctuations are largely related to the receipt of one time monies, as occurs from time to time.

2017 OUTLOOK AND RECOMMENDATIONS

For the 2017 budget year, departmental expenditure requests including transfers out total \$180,922,870. This exceeds 2016 projected expenditures including transfers by \$16,192,884. Correspondingly, projected revenues with transfers-in by departments for the 2017 budget total \$175,550,921 which is an increase of \$7,035,019 over 2016 projected revenues. This includes the addition of new revenues related to the proposed tax increase* of \$7,200,000 for the General Fund and \$1,250,000 for the Library Fund. With expenditure requests exceeding revenue by \$5,371,949, significant Auditor recommended reductions (with the input of the Budget Committee) were made to the following areas:

Department	2016 Projected	2017 Requested	2017 Recommended	Difference
Information Systems	\$4,935,133	\$6,536,246	\$6,103,953.63	(\$432,292)
Sheriff	\$12,565,505	\$15,120,610	\$13,524,605	(\$1,596,004)
Corrections	\$17,627,125	\$19,361,453	\$18,939,863	(\$421,591)
B Roads	\$1,443,184	\$2,307,429	\$1,387,429	(\$920,000)
Floods	\$4,411,811	\$5,104,543	\$4,766,947	(\$337,596)
Cap Projects – Gen Gov	\$247,000	\$636,871	\$492,285	(\$144,586)
Cap Projects - Health	N/A	\$450,000	\$153,000	(\$297,000)
Cap Projects – Tourism	N/A	\$1,176,955	\$74,000	(\$1,102,955)

A complete list of department requests and committee reductions are included in the attached Appendix A.

*2017 Tax Increase. The General Fund is proposing a 23.37%, or \$7,200,000, increase in property tax revenues in 2017. Proposed use of the increase is as follows:

34% - Stop the spend down of General Fund reserves

21% - Adjustments to wages throughout various departments in the County

16% - Establishing reserves for large one-time capital equipment, repairs, improvements, and ongoing maintenance to County buildings and infrastructure.

11% - Revitalization of the historic Memorial Court House

10% - Additional funding in Information Systems in order to meet the county-wide demand for technology

5% - Additional funding for current operations of facilities maintenance.

3% - Various additions to staffing to meet needs of core government services

Fund 10 - General

General Fund expenditures are projected to increase by 7%, or \$5,417,149, in the 2017 tentative budget. The majority of this growth is tied to the tax increase and is explained in the initiatives above. Other areas of increased spending include capital equipment at the jail, accelerated investment in IS, and the upgrade of the County's fleet management system. Outside of the additional \$7,200,000 requested in property tax revenues, General Fund revenues are projected to increase by almost \$2,300,000 in 2017 with the most growth occurring in sales tax and personal property revenues. Modest increases in the amounts charged for contracted services with the cities also contribute to the year over year growth in revenues. The goal for the 2017 fund balance is to hold steady at just slightly over \$16,000,000.

Fund 15 – Health and Aging Services

Total expenditures in Fund 15 appear to decline in 2017 when compared to 2016 estimates (\$17,049,811 compared to \$17,838,247). This is largely due to a decrease in WIC food spending of \$1,000,000 (related to a similar decrease in WIC grant funding). Areas of increased expense in 2017 are related to both the wage market adjustment and the addition of 1.5 FTE's in senior services and 1 FTE in environmental health. The request for new staff is directly tied to critical needs in both of these

divisions. An additional \$200,000 will be transferred to the health department capital reserve fund in order to address future capital needs.

The health department continues to receive 75-80% of its funding from outside sources, while relying on a transfer from the general fund to make up the difference. Of this outside revenue, 21% is projected to come from fees, 5% from state grants, and 44% from federal grants. The general fund is proposing to contribute \$3,700,000 to fund 15 in 2017, generating a projected ending fund balance of just over \$2,000,000. The health department is not proposing any changes to its fee structures in 2017.

Fund 18 – Tourism

The goal of the tourism department is two-fold – to increase local and regional tourism while maintaining positive working relationships with stakeholders. This department also oversees the operation at the Davis Conference Center. While tentative budget revenues have increased to \$7,031,158 from 2016 estimates of \$6,728,820, fund expenditures remain low due to a decrease in budgeted improvements in the Davis Conference Center. Additional transfers totaling \$5,300,000 are scheduled for future capital projects and/or debt service retirement, leaving fund 18 with a projected ending fund balance of \$961,916.

Fund 19 – 911 Emergency

An early finding of the budget survey indicated the critical need for additional dispatch staff. As part of the proposed tax increase, funding for one new dispatch FTE has been included in the 2017 budget. Also included is a one-time expenditure of \$150,000 for new recording equipment, increasing total expenditures for 2017 by approximately 9%. Revenues in the fund are fairly stable and consist of cellular fees and contract revenues for services provided to the cities. In 2017, the General Fund will contribute \$200,000 to fund 19, bringing fund balance to \$375,524.

Fund 21 – B Roads

The tentative budget indicates a slight decrease of roughly 4% in expenditures in B Road funds in 2017, attributed to a year-over-year decrease in operating expenditures. Revenues are anticipated to meet 2016 levels, generating a modest increase of \$47,000 in fund balance.

Fund 22 – Prop 1 Transportation Revenues

This fund was newly created in 2016 to recognize the additional transportation tax that was voted on and approved in November of 2015. Revenue collections began in April of 2016, with the majority of the monies being “passed-through” to Davis County cities and Utah Transit Authority. The formula for calculating the County portion of this revenue is still under review, and as such, revenues have been conservatively budgeted at \$1,000,000 with no new expenditures outside of the existing Midtown Trolley contract.

Fund 23 – Library

Community demand for library services continues to grow, with an increased emphasis in technology. Funded almost entirely by property tax revenues, current levels are enough to maintain basic operations, but does not allow for new technology or future capital building projects. The library is

proposing a \$1,250,000 increase in property tax revenues in 2017, with an estimated 68% dedicated to future investment in aging buildings. Budgeted expenditures in 2017 have grown from \$6,661,423 to \$7,117,975, with increased investment in wages (based on the market survey), software, and equipment.

Fund 24 – Public Works

In 2016, the County identified 90 projects related to flood control, with an estimated cost of \$30,000,000. Currently, all funding for these services/projects are recognized in Fund 24 and are dependent on an annual transfer from the General Fund. The amount of this transfer in 2017 is \$4,800,000, with \$1,444,702 attributed to personnel, \$148,565 to operations, \$830,000 to capital projects, and \$2,228,786 in debt service. A portion of the proposed tax increase is incorporated in the transfer figure above and is tied to funding additional flood control projects in 2017. Estimated ending fund balance for 2017 is \$1,993,211 while the target ending fund balance is one-year of debt service obligation, or \$2.24 M.

Fund 25 – Special Service Area

The special service area fund is designed to appropriate and track expenditures related to municipal-type services that are provided to those that live in the unincorporated areas of the County. These services include public safety, fire protection, animal control, streets and roads maintenance, planning and engineering, and general administration. Revenues for these services are provided by individual mill levy (currently set at .000981), sales tax revenues, and user fees. Projected ending fund balance is \$1,509,411, representing a gradual spend down from the beginning balance of \$1,820,478.

Funds 26 and 27 – Tax Pass-Through

The County uses pass through funds 26 and 27 to record monies levied by the County but dispersed to another government agency. These include transportation taxes, corridor preservation funds, and tax increment to redevelopment and community development agencies. In Fund 26 the ending fund balance is attributed to reserves for future corridor preservation projects and Fund 27 ending fund balance is expected to be zero as money is received and dispersed within the same budget year.

Funds 45, 46, 47, 48 – Capital Projects

Beginning in 2016, the County created dedicated capital reserve funds to manage and plan for future capital improvement needs. Use of these funds is specifically tied to the purpose for which they have been committed, as further described below and the *attached Summary of Capital Requests*:

- **Fund 45 – General Governmental:** Revenues of \$1,024,000 (transfer in, tax increase and interest earnings), expenditures of \$492,285 for building improvements in animal control, public works, and the County Administrative building, projected ending fund balance of \$4,607,409.
- **Fund 46 – Health:** Revenues of \$200,000 (transfer in), expenditures of \$153,000 for building improvements to Autumn Glow, Golden Years, and the Health Department Administrative building, projected ending fund balance of \$ 1,047,000.

- **Fund 47 –Tourism:** Revenues of \$5,300,000 (transfers in), expenditures of \$74,000 for building improvements at Legacy Events Center, projected ending fund balance of \$7,626,000.
- **Fund 48 – Library:** Revenues of \$1,625,000 (transfer in, tax increase), expenditures of \$369,300 for building improvements spread across several facilities, projected ending fund balance of \$2,212,175.

Fund 51 – Golf

Budgeted golf revenues for 2017 are expected to increase by 11%, from \$2,386,953 to \$2,649,037. This is in large part due to a proposed change in fee structure for green fees and punch tickets. Additional revenues, combined with the use of fund balance, will assist with the increasing capital demands on both courses. Capital expenditures in Davis Park are estimated to increase by \$26,000 while capital needs at Valley View increased by \$112,500. Projected ending fund balance is \$4,530,753 with a targeted fund balance goal of \$4,900,000. As with all enterprise funds, the Davis County golf courses are expected to operate independently from the government-wide funds.

Fund 52 – Commissary

The tentative budget recognizes an increase in commissary revenues of 12.7%, attributed to the continued growth in weekend co-pay revenue and anticipated growth in telephone revenues. Revenues generated from this area are utilized to offset funding for inmate programs, which have nearly doubled from 2016 estimates. Projected ending fund balance is \$1,196,440 with a target fund balance goal of \$500,000.

Funds 61, 62, 63 – Internal Services

The County continues to create efficiencies by centralizing key services, including Insurance, Telephone, Security, Email, and Facilities Maintenance. Increases in 2017 insurance allocations relate to both a 10% increase in general liability premiums as well as the change in calculation methodology from percent-total operating budget to FTE count. A minor increase in telephone allocations of approximately \$45,000 is attributed to server and voicemail upgrades, while the cost of security services remains flat. 2017 represents the first year that departments will be allocated a cost for email services, and is based on total email addresses assigned to each department.

Much of the change in Fund 63 expenditures relates to the continued implementation of a County-wide facilities management program. Planned changes for 2017 include transferring additional charges (e.g., utilities) to fund 63 so that these may be monitored for variances on a large scale. Departments will then be charged back based on actual costs through monthly allocations. In addition, 2017 building improvements are budgeted in their respective capital reserve funds to eliminate the need for inter-departmental transfers.

This concludes the tentative budget message for 2017.

Summary of Capital Requests by Fund: 2017-2020

Fund	#	2015	2016	Budget Year 2017			2018	2019	2020
		Actual	Budget	Department Requested	Committee Worksheet	Difference	Department Requested	Department Requested	Department Requested
GENERAL FUND	10	805,770	923,103	3,658,478	931,442	(2,727,036)	2,286,000	344,100	2,765,400
AGING	11	189,443	-	-	-	-	-	-	-
HEALTH	15	41,445	498,612	197,528	197,528	-	-	-	-
TOURISM	18	854,601	801,731	330,650	153,800	(176,850)	55,900	180,000	644,000
911 EMERGENCY	19	-	205,000	293,500	158,500	(135,000)	-	-	-
B ROADS	21	429,119	653,750	1,577,000	657,000	(920,000)	1,725,000	415,000	475,000
LIBRARY	23	3,492,851	33,050	21,000	21,000	-	-	-	-
FLOODS	24	202,565	809,000	830,000	830,000	-	1,339,000	1,320,000	2,216,000
SPECIAL SERVICE AREA	25	-	120,000	65,000	35,000	(30,000)	65,000	80,000	110,000
CAP PROJECTS - GEN GOV	45	-	100,000	636,871	492,285	(144,586)	-	-	-
CAP PROJECTS - HEALTH	46	-	-	450,000	153,000	(297,000)	-	-	-
CAP PROJECTS - TOURISM	47	-	-	1,176,955	74,000	(1,102,955)	-	-	-
CAP PROJECTS - LIBRARY	48	-	-	369,300	369,300	-	175,000	20,000	-
GOLF	51	-	96,828	531,992	224,241	(307,751)	125,089	122,715	126,000
COMMISSARY	52	-	-	200,000	200,000	-	-	-	-
TELEPHONE/SECURITY	62	-	24,500	43,500	43,500	-	-	-	-
BLDG MAINTENANCE	63	-	978,566	1,232,357	262,920	(969,437)	3,206,380	2,566,780	2,444,585
Totals		\$ 6,015,793	\$ 5,244,139	\$ 11,614,131	\$ 4,803,516	\$ (6,810,615)	\$ 8,977,369	\$ 5,048,595	\$ 8,780,985

Capital Requests by Type: 2017-2020

TYPE	2017	2018	2019	2020
720 BLDG IMPROVEMENTS	1,442,555	3,728,280	2,586,780	5,414,585
730 LAND IMPROVEMENTS	45,000	38,000	30,000	120,000
740 EQUIPMENT	940,240	164,089	321,815	223,600
743 COMPUTER EQUIPMENT	217,031	1,771,000	225,000	89,800
744 VEHICLE RELATED	105,670	50,000	-	50,000
745 VEHICLES	481,024	204,000	222,000	222,000
755 FLOODS	830,000	1,297,000	1,278,000	2,216,000
799 PUBLIC WORKS	645,000	1,725,000	385,000	445,000
811 CAPITAL LEASE	96,996	-	-	-
Total Requested	\$ 4,803,516	\$ 8,977,369	\$ 5,048,595	\$ 8,780,985

The above figures are presented pursuant to Utah Code Ann. Section 17-36-10(6)(b) and represent supplementary estimates of proposed capital projects.

APPENDIX A: Departmental Budget Request and Auditor Recommendations

Department	2015 Actual	2016 Projected	2017 Requested	2017 Recommended	Difference
Commission	\$ 789,599	797,453	830,910	848,555	17,645
Justice Court	\$ 786,523	840,922	800,026	810,905	10,879
Drug Court	\$ 197,904	186,123	218,452	233,581	15,129
Legal Defender	\$ 1,828,102	1,918,392	2,068,320	2,080,529	12,209
Human Resources	\$ 953,536	914,136	1,111,745	1,100,481	(11,264)
Information Systems	\$ 4,610,288	4,935,133	6,536,246	6,103,954	(432,292)
Clerk/Auditor	\$ 2,511,065	3,145,712	3,243,639	3,178,913	(64,726)
Treasurer	\$ 549,000	572,829	595,360	573,891	(21,469)
Recorder	\$ 1,315,310	1,358,659	1,418,021	1,417,676	(345)
Attorney	\$ 4,532,385	4,725,177	4,925,217	5,005,540	80,323
Assessor	\$ 2,715,460	3,021,093	3,025,728	3,033,318	7,590
Surveyor	\$ 688,491	693,541	739,155	741,081	1,926
Victim Services	\$ 242,602	326,538	322,436	328,613	6,177
Childrens Justice Center	\$ 305,993	331,385	312,110	319,708	7,598
Non-Departmental	\$ 10,092,893	13,568,571	14,616,246	14,630,723	14,477
CED/Planning	\$ 252,207	1,168,435	959,983	962,729	2,746
Planning	\$ 502,375	136,140	-	-	-
Sheriff	\$ 13,006,358	12,565,505	15,120,610	13,524,605	(1,596,004)
Paramedic	\$ 1,372,092	1,425,900	1,469,000	1,469,000	-
State Forest Fire	\$ 30,060	50,000	50,000	50,000	-
Corrections	\$ 17,585,339	17,627,125	19,361,453	18,939,863	(421,590)
Animal Care & Control	\$ 2,060,311	1,844,208	2,157,178	2,095,547	(61,631)
Poor and Indigent	\$ 2,200	5,650	5,850	5,850	-
Vehicle Maintenance	\$ 383,909	414,930	506,781	516,747	9,966
Ag. Extension	\$ 206,388	206,605	225,500	225,500	-
Health - Admin	\$ 1,417,586	2,070,147	1,707,549	1,911,964	204,415
Health - Air Quality	\$ 413,690	229,746	-	-	-
Health - Environmental	\$ 1,871,698	2,082,662	2,284,870	2,295,627	10,757
Health - Nursing	\$ 2,175,765	2,529,484	2,706,257	2,781,463	75,206
Health - Promotion	\$ 718,887	773,994	886,605	883,797	(2,808)
Health - CD/EPI	\$ 869,993	955,067	979,415	986,095	6,680
Health - W.I.C. Program	\$ 3,910,116	4,829,541	3,846,770	3,851,121	4,351
Health - Public Health Performance	\$ 297,416	271,259	-	-	-
Senior Services Division	\$ -	4,096,347	4,261,986	4,339,744	77,758
Tourism	\$ 3,352,539	4,832,167	8,003,021	7,521,388	(481,632)
Events Center	\$ 1,460,538	1,455,830	1,504,059	1,403,449	(100,610)
Conference Center	\$ -	1,291,242	197,000	635,000	438,000
911 Emergency	\$ 1,721,023	1,887,067	2,197,080	2,067,812	(129,267)
MBA Special Revenue	\$ 237,805	243,731	243,445	243,445	-

APPENDIX A: Departmental Budget Request and Auditor Recommendations

Department	2015 Actual	2016 Projected	2017 Requested	2017 Recommended	Difference
B Roads	\$ 938,136	1,443,184	2,307,429	1,387,429	(920,000)
Prop 1 Transpiration	\$ -	5,091,765	6,250,000	6,250,000	-
Library	\$ 9,862,808	7,947,833	7,796,896	9,017,975	1,221,080
Public Works	\$ 3,841,941	4,411,811	5,104,543	4,766,947	(337,596)
Building Inspection	\$ 134,537	107,376	57,046	56,626	(420)
Roads	\$ 377,338	507,235	434,434	404,434	(30,000)
Special Services Area	\$ 2,491,968	1,838,181	1,711,757	1,492,757	(219,000)
Corridor Preservation	\$ 2,072,316	2,000,000	2,500,900	2,500,900	-
Transportation Tax	\$ 23,178,724	27,250,001	29,000,000	29,000,000	-
RDA Pass Thru	\$ 2,046,594	2,046,681	2,400,000	2,400,000	-
Jail Expans. 2005	\$ 1,230,100	1,000	1,000	1,000	-
Jail Refunding 2012	\$ 588,488	1,841,641	1,817,825	1,817,825	-
MBA Wasatch Front	\$ 77,951	80,878	80,591	83,591	3,000
2010 Admin Bldg RZB	\$ 1,625,668	1,617,028	1,610,778	1,610,778	-
2006 Conf Ctr Expansion	\$ 468,949	311,488	3,000	3,000	-
2009A Flood - Exempt	\$ 1,196,500	1,199,000	3,000	3,000	-
2009B Flood - Build America Bonds	\$ 1,038,638	1,039,138	2,238,413	2,238,413	-
2009C Conf Ctr Refunding	\$ 216,750	685,750	687,588	687,588	-
2015 Conf Ctr Refunding	\$ 8,165,177	293,346	593,575	593,575	-
Capital Projects - Gen Gov	\$ -	247,000	636,871	492,285	(144,586)
Capital Projects - Health	\$ -	-	450,000	153,000	(297,000)
Capital Projects - Tourism	\$ -	-	1,176,955	74,000	(1,102,955)
Capital Projects - Library	\$ -	44,525	369,300	369,300	-
Davis Park Golf Course	\$ 937,459	1,096,729	1,274,624	1,210,546	(64,078)
Valley View Golf Course	\$ 1,348,925	1,436,788	2,123,497	1,841,163	(282,334)
Inmate Services	\$ 637,906	389,428	854,828	885,208	30,380
Insurance	\$ 2,521,783	885,725	1,077,223	1,084,110	6,887
Telephone Services	\$ 1,345,756	350,877	391,214	403,247	12,033
Email Services	\$ -	-	108,960	108,960	-
Security Services	\$ 55,566	75,520	77,500	77,500	-
Facilities Management	\$ 1,419,904	2,570,344	3,261,459	3,057,506	(203,953)
Buildings & Grounds West	\$ 1,687,650	2,071,579	3,226,029	2,167,893	(1,058,136)
TOTAL 2017 Recommended Reductions					(5,706,484)