



*Salt Lake County
Auditor*

Management & Budget Division

2006 Budget Overview

Prepared for Salt Lake County Council and Mayor

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Tuesday October 18, 2005



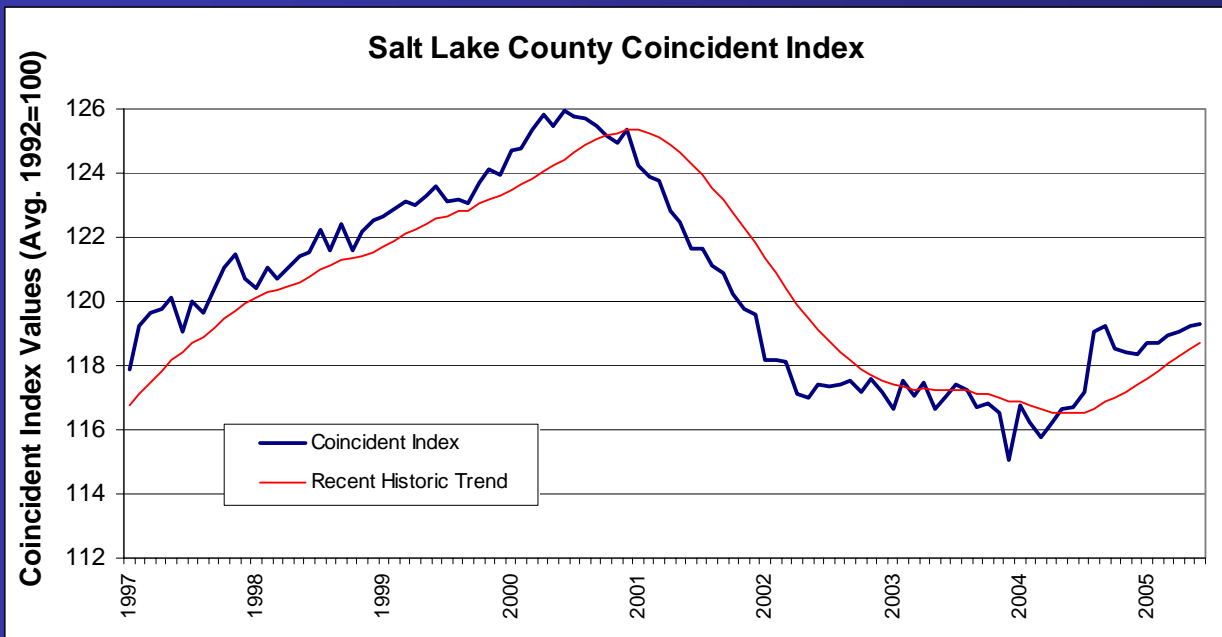
2006 Budget Overview

- ⇒ Budget Documents – 2006 Tentative Budget
- ⇒ Economic Outlook
- ⇒ 2006 Tentative Budget
 - Beginning Fund Balance Projections
 - 2006 Revenue Projections
 - 2006 Expenditure Requests
 - Other Adjustments
 - Significant Issues

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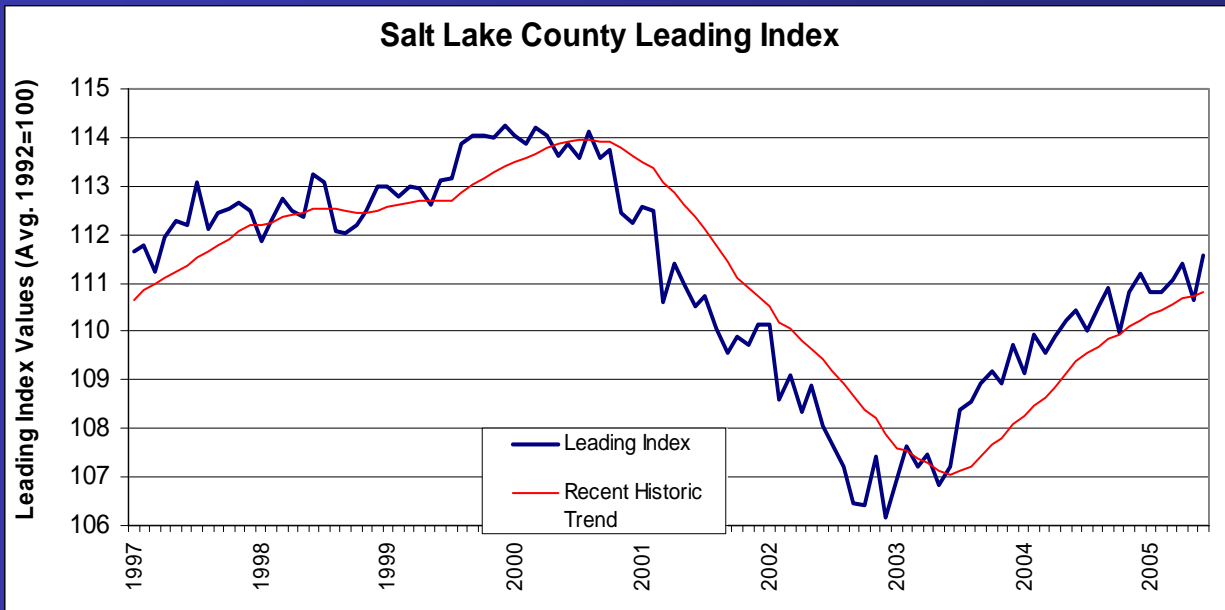
Salt Lake County Coincident Index



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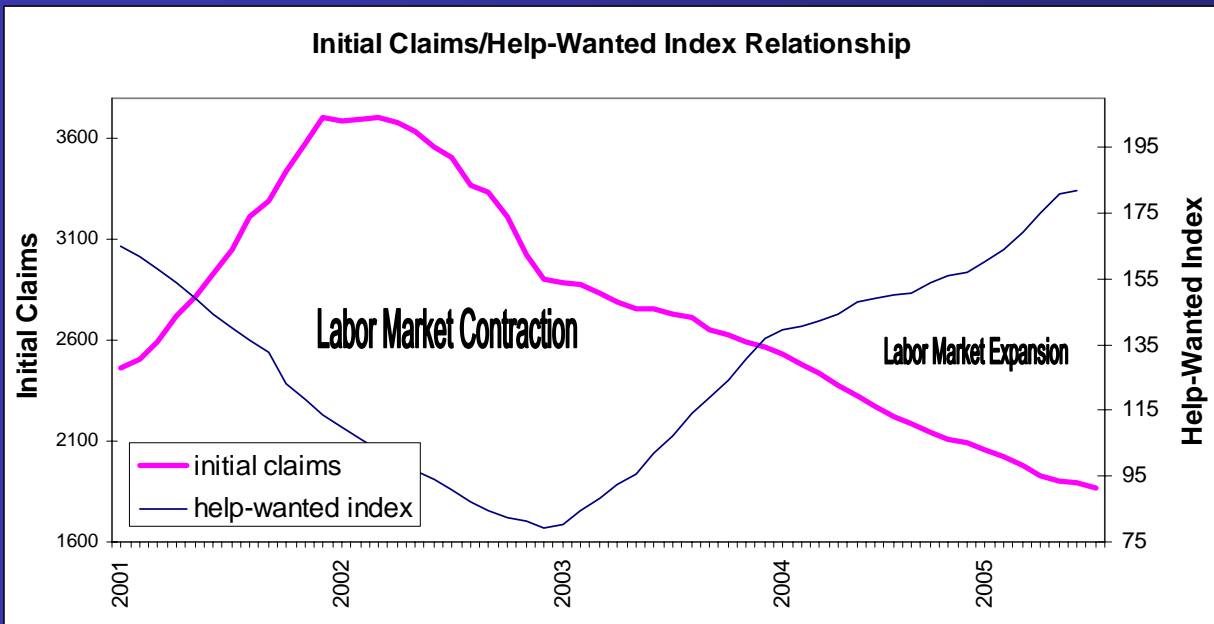
Salt Lake County Leading Index



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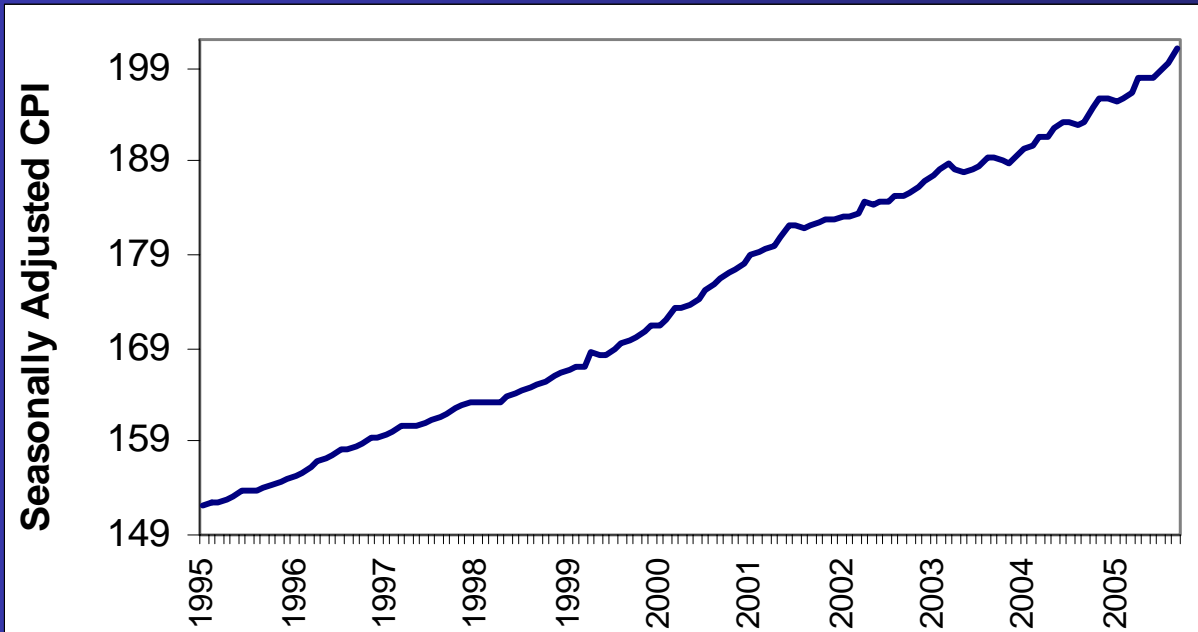
Initial Claims/Help-Wanted Index Relationship



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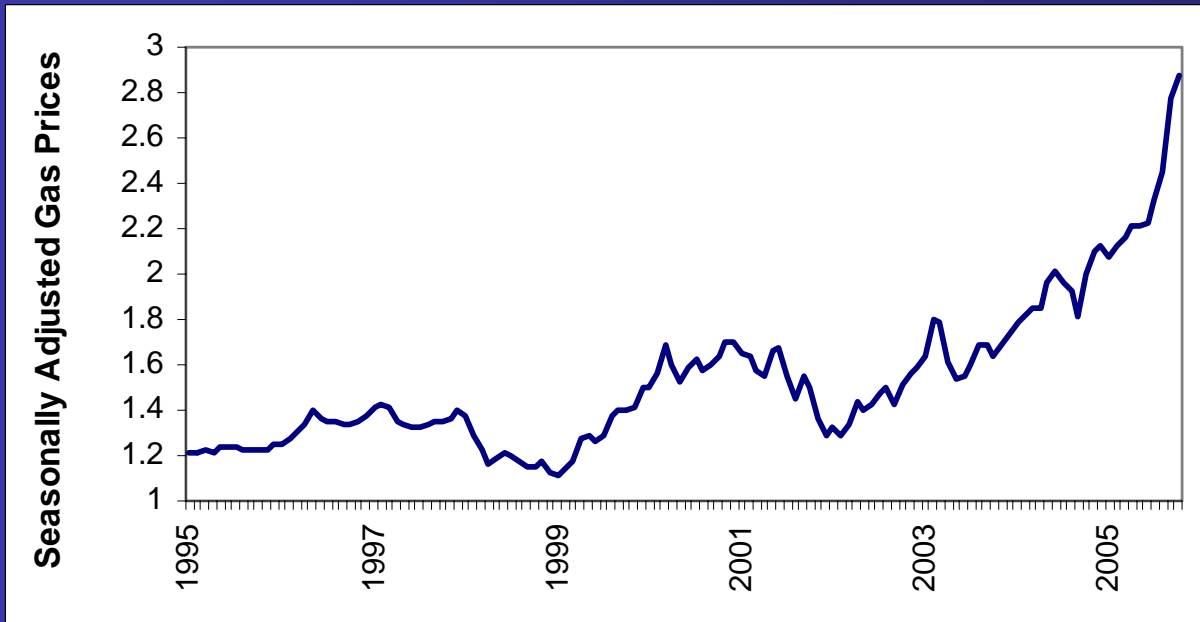
West Urban CPI



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Rocky Mountain Gasoline Prices



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Tentative Budget Adjustments

- ⇒ Add revenue and fund balance projections.
- ⇒ Include adjustments for employee compensation, health care costs, and retirement rate changes.
- ⇒ Miscellaneous technical adjustments and error corrections.

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Fund Balances

Tax Funds

Fund	Balance 12/31/04	Proj. Balance 12/31/05	Budgeted Bal. 12/31/06
General	\$43,888,306	\$40,000,000	\$9,148,878
Flood Control	\$2,840,689	\$1,885,000	\$731,536
Health	\$6,299,276	\$5,000,000	\$1,277,162
Gov. Immunity	\$4,869,192	\$4,800,000	\$521,127
Bond Debt Service	\$4,460,068	\$2,180,000	\$2,234,926
Capital Improvements	\$5,863,582	\$4,870,000	(\$2,927,593)
Planetarium	\$1,051,462	\$1,050,000	\$475,030
Municipal Services	\$21,429,194	\$17,875,000	\$11,117,314
SL Valley Fire Service	\$603,293	\$1,170,000	\$1,136,405
Library	\$10,675,999	\$7,000,000	\$5,679,354
Tax Admin	\$4,981,596	\$3,850,000	\$546,134

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Fund Balances

Special Revenue Funds

Fund	Balance 12/31/04	Proj. Balance 12/31/05	Budgeted Bal. 12/31/06
Grant Programs	\$1,147,233	\$1,850,000	(\$291,342)
Class B Roads	\$4,844,157	\$2,854,000	\$1,558,751
Visitor Promotion	\$1,100,000	\$800,000	\$674,100
ZAP	\$356,426	\$1,430,000	\$2,828,934
Housing Programs	\$1,104,738	\$1,300,000	\$1,587,141
Econ Dev & Community	\$3,652,179	\$3,500,000	\$3,476,917
Redevelopment Agency	\$4,652,179	\$4,500,000	\$4,188,377
Millcreek SID	\$0	\$1,000,000	\$1,000,000
Salt Palace Expansion III Phase 1	\$1,592,408	\$500,000	\$0
Salt Palace Expansion III Phase 2	\$0	\$26,000,000	\$0

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Fund Balances

Special Revenue Funds

Fund	Balance 12/31/04	Proj. Balance 12/31/05	Budgeted Bal. 12/31/06
Millcreek Fireflow	\$0	\$2,793,000	\$41,611
Children's Museum Constr.	\$3,919,335	\$1,280,320	\$0
Wheeler Farm	\$305,775	\$245,836	NA
Equestrian Park	\$601,311	\$291,031	NA
Salt Palace Convention Cen	\$848,055	\$600,000	\$600,625
TRCC	\$14,238,003	\$19,810,000	\$14,399,961
South Towne Exposition Cen	\$943,679	\$650,000	\$650,953
Fine Arts	\$819,671	\$600,000	\$608,482
Capital Projects Revolving	\$11,051,884	\$12,500,000	\$7,292,425

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2006 Property Tax Revenue Projections

- ⇒ Reviewed permit authorized construction trends for residential and non-residential properties.
- ⇒ Considered the impact of taxable value changes for state or centrally assessed properties.

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Permit-Authorized Dwelling Units Countywide Residential Value



* Projection

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Permit-Authorized Construction Countywide Nonresidential Value



* Projection

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Permit-Authorized Dwelling Units Unincorporated Residential Value



* Projection

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Permit-Authorized Construction Unincorporated Nonresidential Value



* Projection

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2006 Tentative Budget

Property Tax Revenue Projections

Fund	2004 Actual	2005 Budget	2006 Projected
General Fund	\$84,427,532	\$84,514,270	\$86,650,000
Flood Control Fund	\$4,504,564	\$4,514,547	\$4,630,000
Health Fund	\$9,837,537	\$9,902,878	\$10,150,000
Governmental Immunity	\$91,927	\$97,087	\$99,500
Bond Debt Service	\$14,985,849	\$15,048,491	\$15,425,000
Capital Improvements	\$0	\$0	\$0
Planetarium Fund	\$1,838,451	\$1,941,741	\$1,990,000
Total- Countywide Funds	\$115,685,860	\$116,019,014	\$118,944,500

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2006 Tentative Budget

Property Tax Revenue Projections

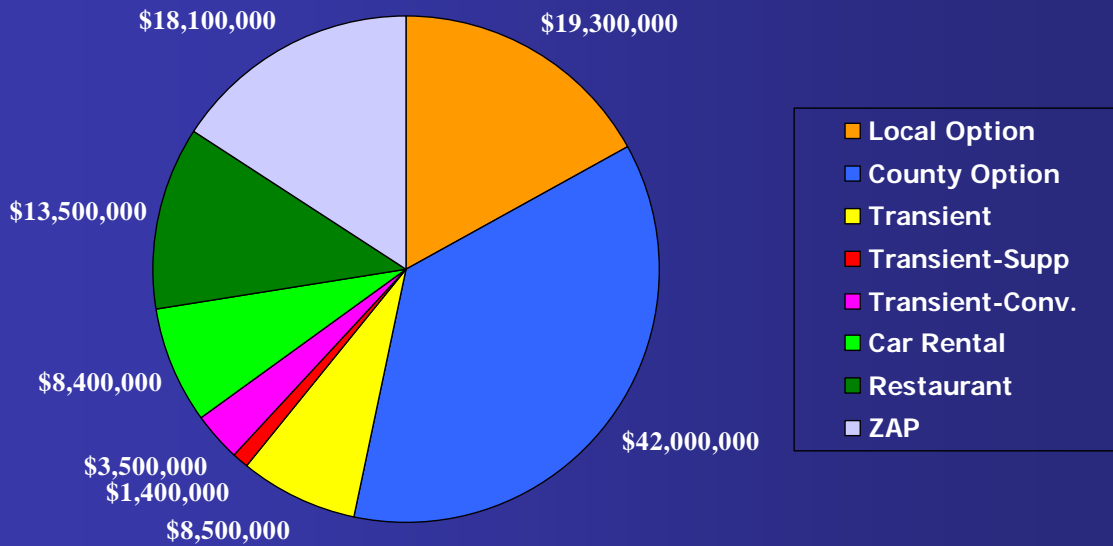
Fund	2004 Actual	2005 Budget	2006 Projected
Municipal Services	\$24,146,240	\$6,755,153	\$6,550,000
SL Valley Fire Service	\$0	\$15,042,130	\$13,000,000
Library	\$22,662,670	\$23,147,341	\$23,850,000
State Tax Admin	\$14,022,390	\$14,077,621	\$14,530,000
Total-Property Tax Revenue	\$176,517,160	\$175,041,259	\$176,874,500

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Sales and Use Tax

2006 Projected Tax Revenues

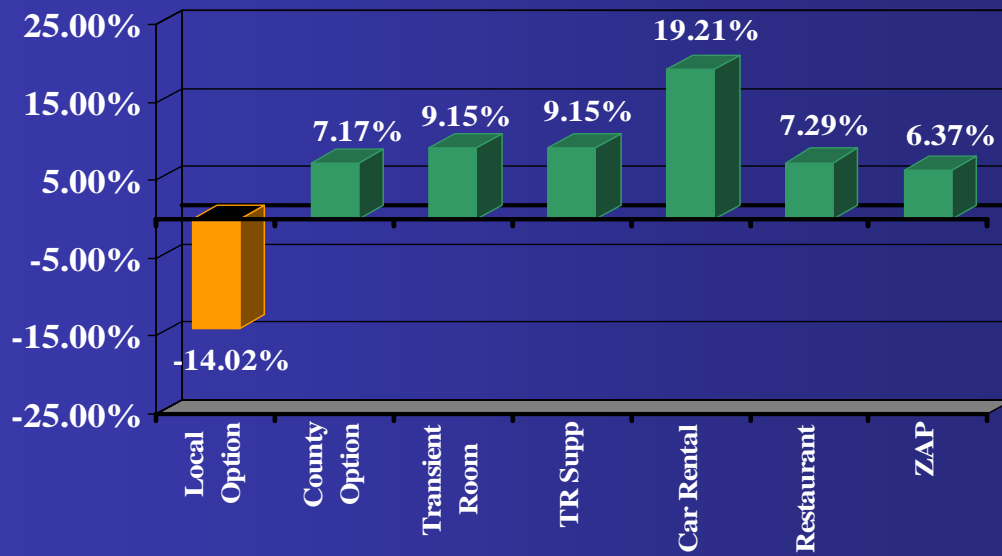


\$114,700,000 Total Sales and Use Tax Revenue's Projected

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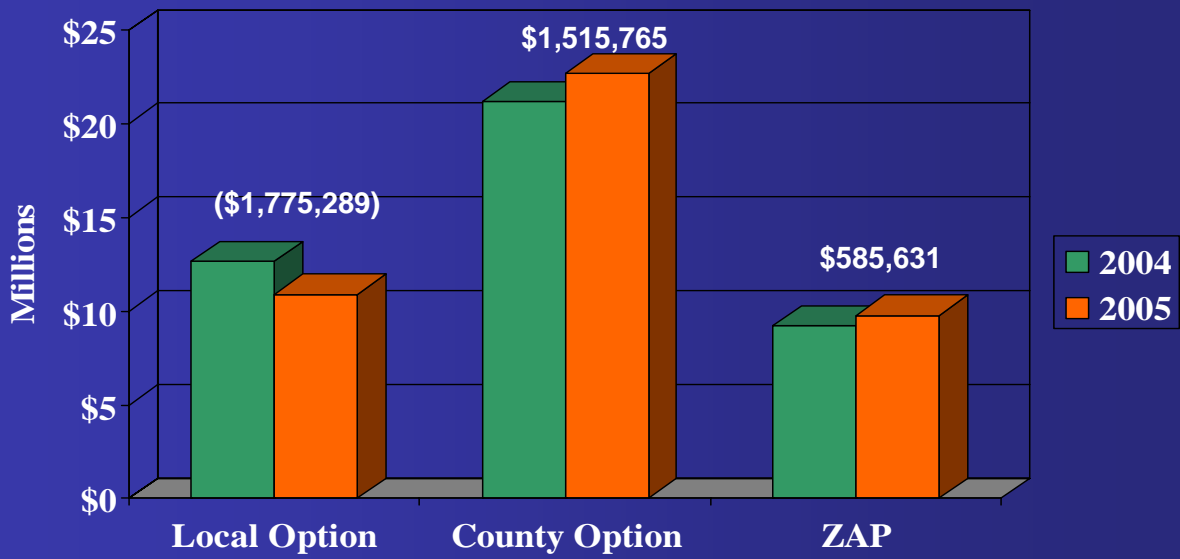
Sales Tax Revenues (Jan- July) 2004 vs. 2005



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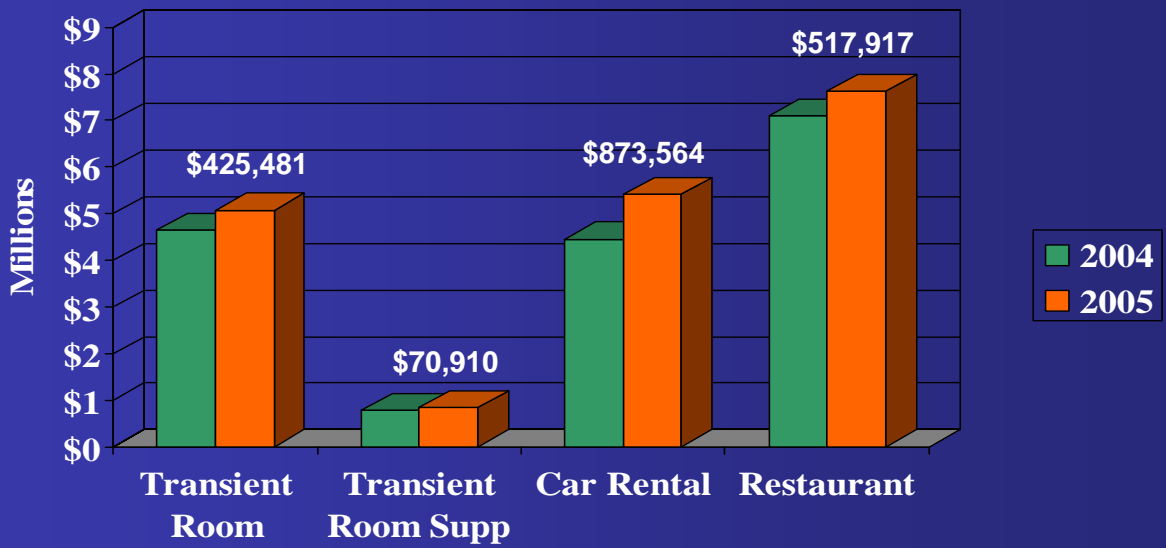
Sales Tax Revenues (Jan- July) 2004 vs. 2005



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Sales Tax Revenues (Jan- July) 2004 vs. 2005



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Sales Tax Revenues

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Local Option	\$22,378,791	-16.0%	\$18,800,000	2.7%	\$19,300,000

1% tax to Municipal Services Fund

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
County Option	\$37,565,445	6.5%	\$40,000,000	5.0%	\$42,000,000

0.25% tax to General Fund

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Sales Tax Revenues

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Transient	\$7,637,547	7.4%	\$8,200,000	3.7%	\$8,500,000
3% tax to Visitor Promotion Fund					

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Transient-Supp.	\$1,272,850	6.1%	\$1,350,000	3.7%	\$1,400,000
0.5% tax to TRCC Fund					

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Sales Tax Revenues

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Transient- Convent.	\$0	NA	\$1,600,000	118.8%	\$3,500,000
1.25% tax to TRCC Fund					

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Car Rental	\$7,379,759	11.1%	\$8,200,000	2.4%	\$8,400,000
7.00% tax to TRCC Fund					

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Sales Tax Revenues

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
Restaurant	\$12,333,723	5.4%	\$13,000,000	3.8%	\$13,500,000
1.0% tax to TRCC Fund					

Sales Tax	2004 Actual	% Change	2005 Projection	% Change	2006 Projection
ZAP	\$16,293,984	6.2%	\$17,300,000	4.6%	\$18,100,000
0.1% tax to ZAP Fund					

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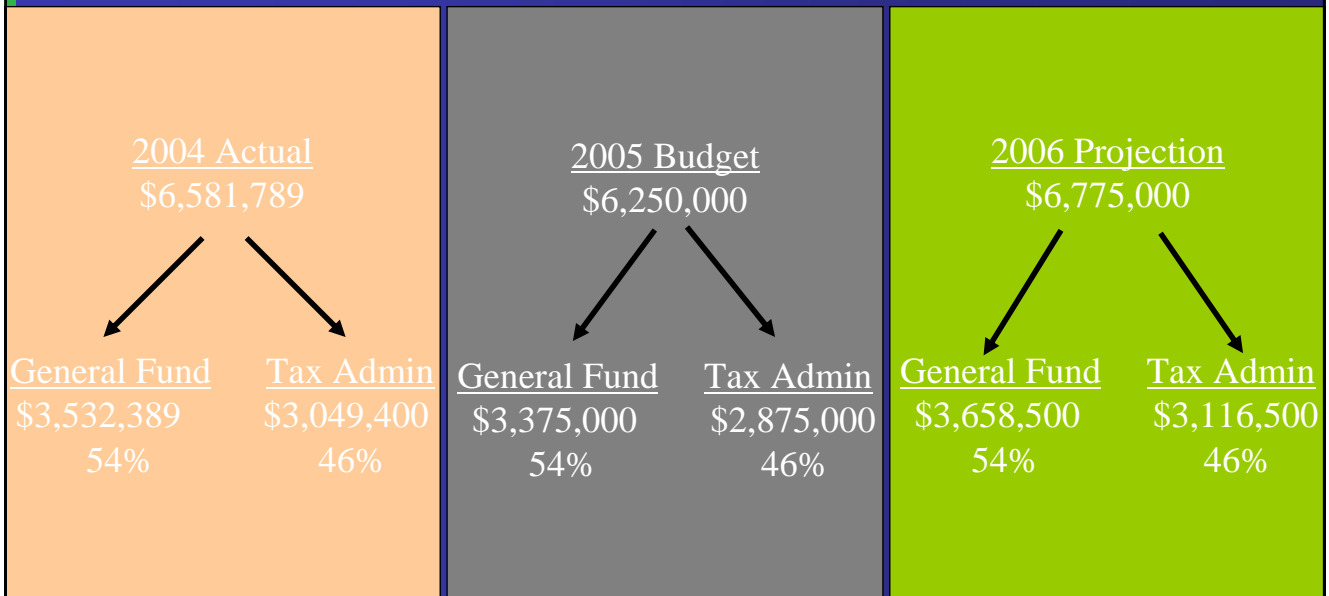
Motor Vehicle Fee in Lieu

Fund	2004 Actual	2005 Budget	2006 Projected
General	\$8,375,515	\$8,400,000	\$8,490,000
Municipal Service	\$2,241,618	\$625,000	\$600,000
SL Valley Fire Service	\$0	\$1,390,000	\$1,200,000
Flood Control	\$448,262	\$449,000	\$450,000
State Tax Administration	\$1,395,155	\$1,400,000	\$1,425,000
Library	\$2,456,483	\$2,500,000	\$2,575,000
Health	\$978,594	\$985,000	\$995,000
Governmental Immunity	\$9,149	\$9,500	\$9,700
Bond Debt Service	\$1,490,070	\$1,495,000	\$1,510,000
Planetarium	\$182,971	\$193,000	\$195,000
TOTAL	\$17,577,817	\$17,446,500	\$17,449,700

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Recorder Fees Revenue Projection





2006 New FTE Requests General Fund

Organization	FTE's
Mayor Operations	1.00
District Attorney	6.00
Surveyor	1.00
County Jail	75.00
Sheriff Court Svcs & Security	7.75
Sheriff Invest/Supp Services	5.00
Extension Services	0.75

Organization	FTE's
Criminal Justice Services	7.75
Contracts & Procurement	1.00
Personnel	1.00
Facilities Management	1.00
Parks	1.00
Recreation	3.00
TOTAL	111.25

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2006 New FTE Requests Other Funds

Organization	FTE's
Youth Services	4.00
Substance Abuse	1.00
Econ Dev & Community Res.	1.00
Animal Services	1.00
Development Services	2.00
Flood Control Engineering	1.60
Library	14.75

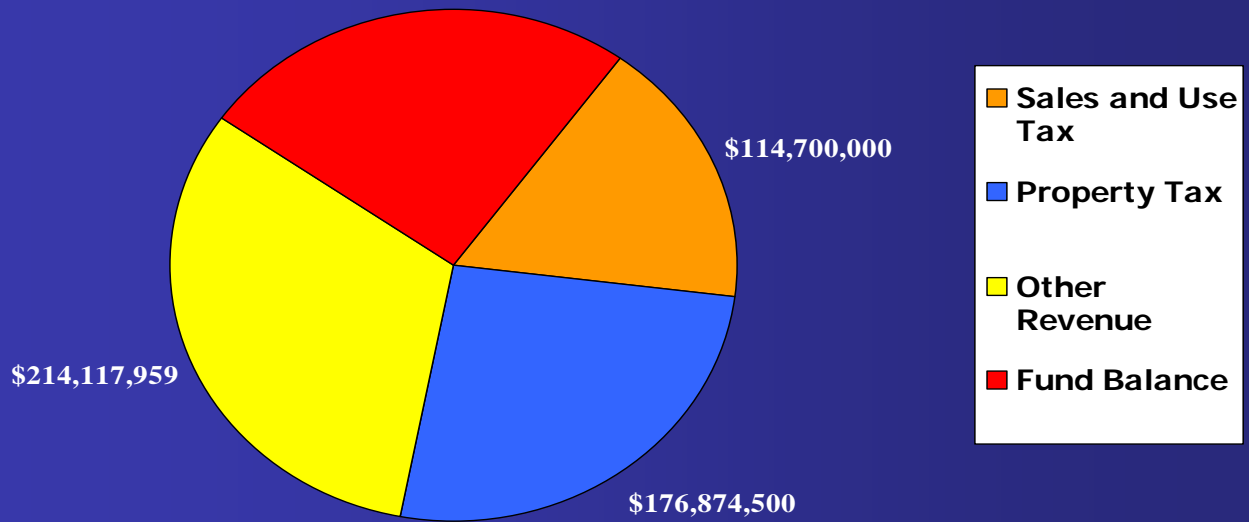
Organization	FTE's
Santitation	18.00
Fine Arts	1.00
Planetarium	1.00
Facilities Services	1.00
Sheriff Law Enforcement	1.00
TOTAL COUNTY WIDE	158.60

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2006 Projected Revenues and Fund Balances Governmental Funds

\$172,184,187 (\$30,225,925 Minimum Reserve)



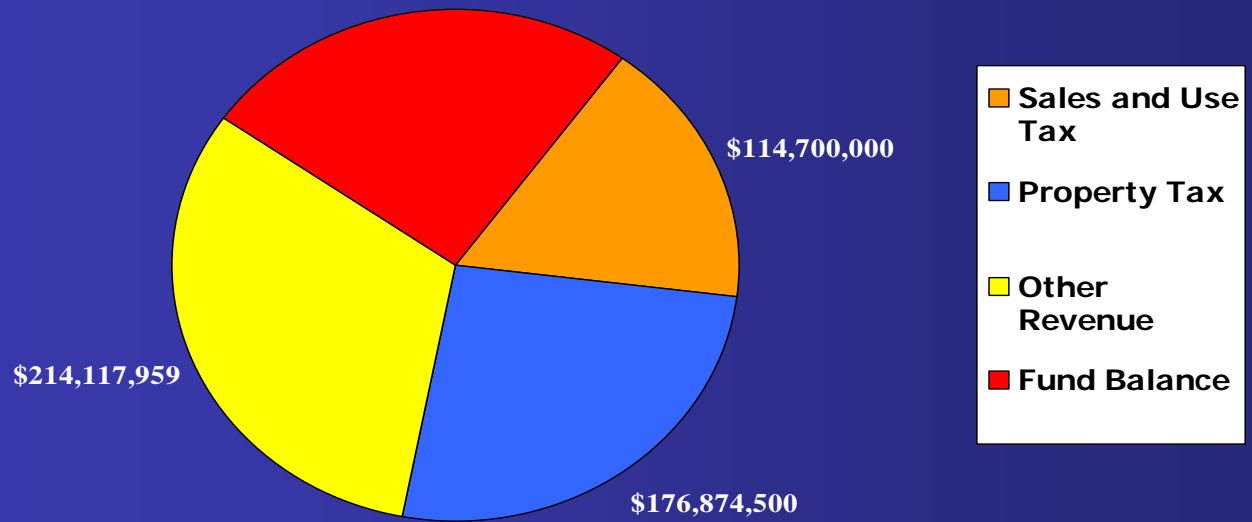
\$677,876,646 Total Revenue and Fund Balance

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2006 Projected Revenues and Fund Balances Governmental Funds

\$172,184,187 (\$30,225,925 Minimum Reserve)

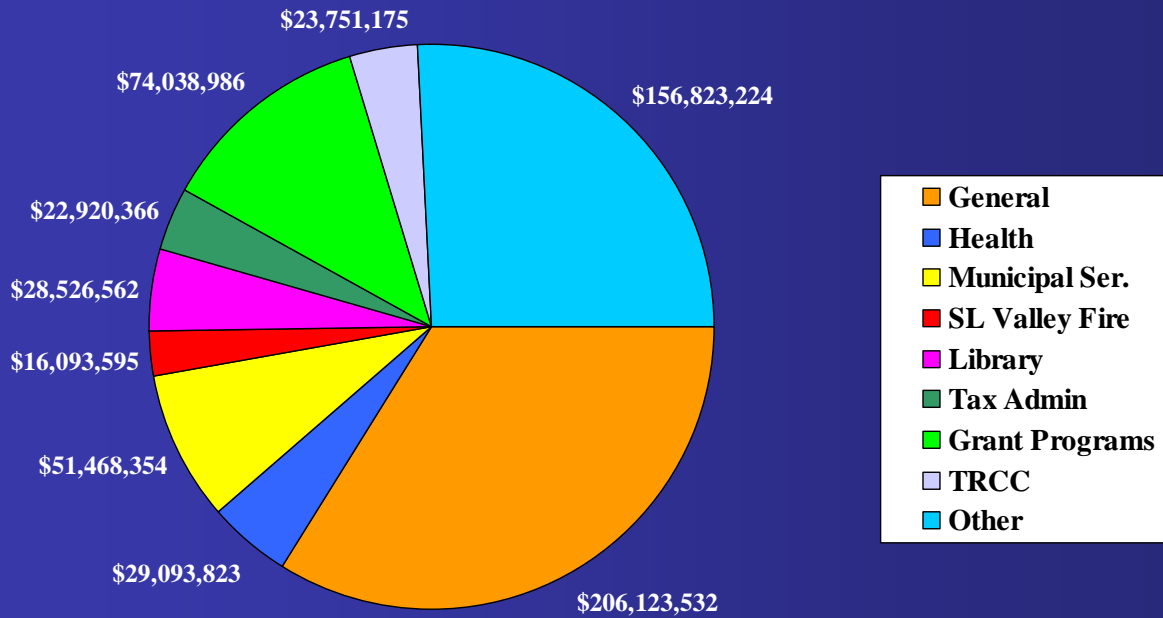


\$505,692,459 Total Current Year Revenue

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2006 Expenditure Requests Governmental Funds

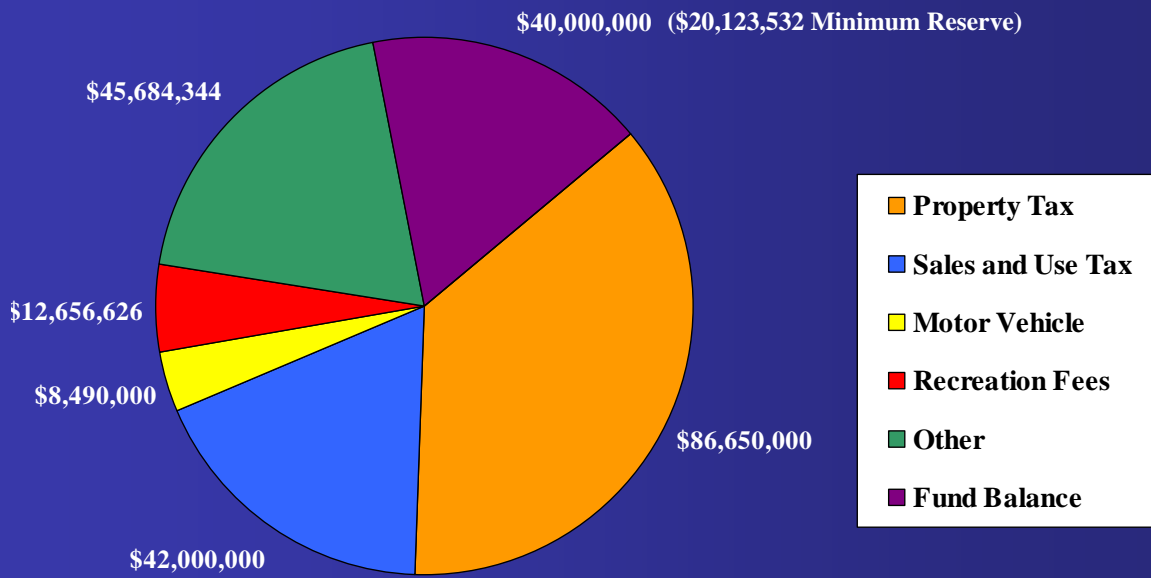


\$608,809,617 Total Expenditures in the Governmental Funds

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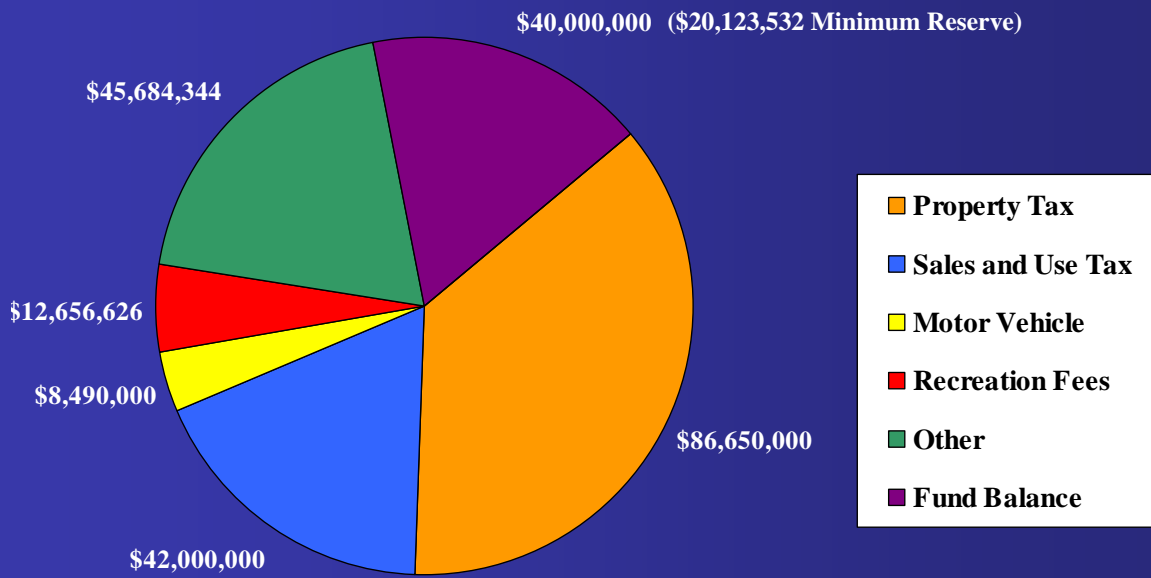
2006 Revenue Sources & Fund Balance General Fund



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2006 Revenue Sources & Fund Balance General Fund

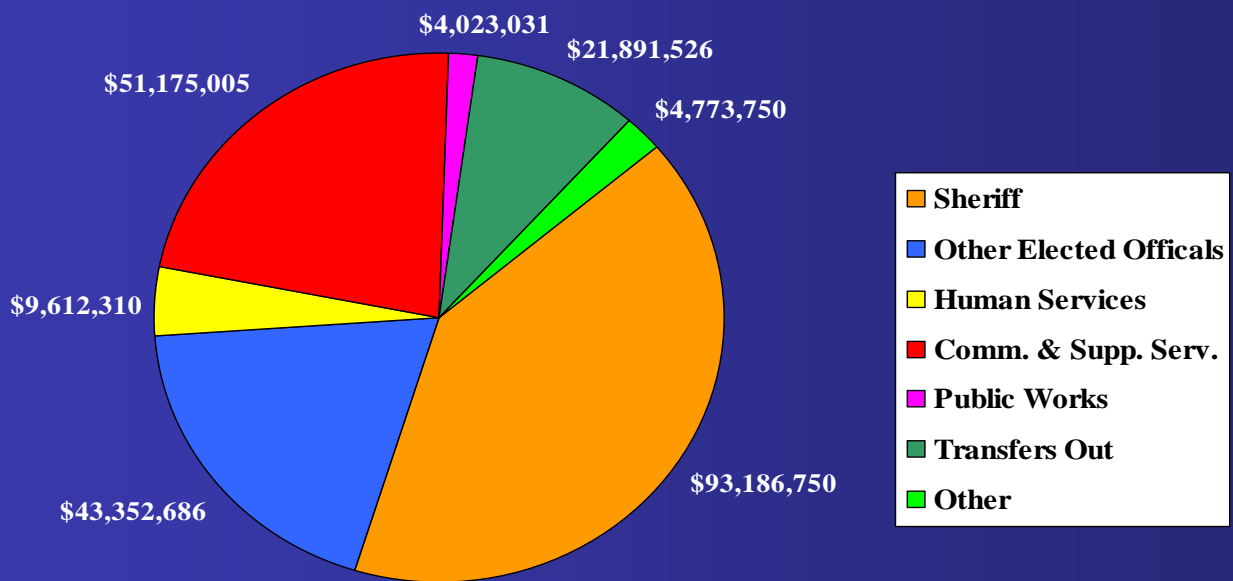


\$195,480,970 Total Current Year Revenue

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2006 Expenditures & Transfers Out General Fund



\$228,015,058 Total Requests in the General Fund

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Proprietary Funds

Fund	Sources	Uses	Increase/(Decrease) in Cash
Golf Course	\$9,750,179	\$9,172,103	(\$221,924)
Solid Waste	\$31,792,000	\$13,473,466	\$443,534
Santitation	\$25,609,230	\$14,958,613	(\$1,519,383)
MBA's	\$38,256,055	\$22,492,463	\$32,590
Fleet Management	\$40,390,663	\$28,793,060	(\$4,887,397)
Facilities Services	\$19,997,843	\$15,908,828	\$3,989,015
Sheriff Law Enforce.	\$33,539,495	\$31,443,120	(\$3,153,625)
Employee Ser. Res.	\$108,092,886	\$87,188,299	\$904,587

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Tentative Budget Adjustments

- ⇒ Employee Compensation
 - 2.37% structure adjustment
 - 2.75% merit increase for eligible employees
 - 1% longevity payment for merit employees not eligible for a merit increase.

- ⇒ 13% Health/Dental insurance increase

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Converting the Consumer Price Index to a Cost of Living Index

- ⇒ Adjust the percentage growth in the CPI for **substitution bias** in order to produce a more accurate Cost of Living measure
- ⇒ The CPI measures only the change in fixed prices over time, while a Cost of Living Index considers the impact of price changes on the willingness of consumers to substitute among goods and services.
- ⇒ Empirical research has shown that the substitution bias in the CPI is 0.5%.

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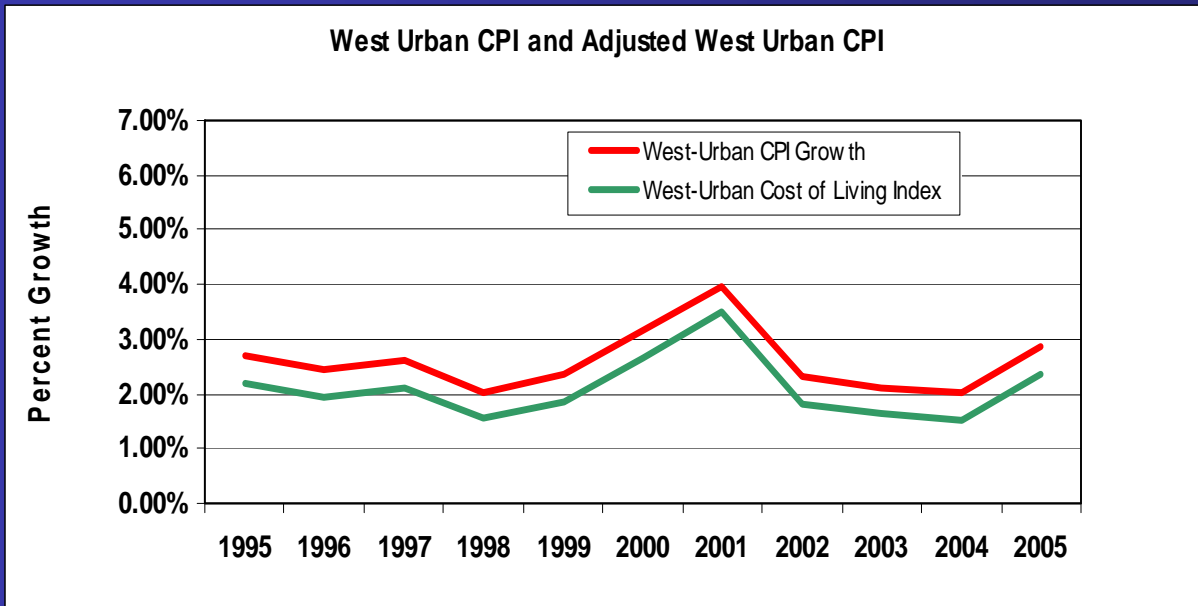
Bureau of Labor Statistics Consumer Price Index

- ⇒ Utilize the Bureau of Labor Statistics West Urban Consumer Price Index
- ⇒ Inflation for the 12 month period ending August 2005 was 2.87%
- ⇒ The resulting Cost of Living change is therefore 2.37% (2.87 minus 0.50 substitution bias adjustment) for this period.
- ⇒ September 2005 inflation data is now available. Inflation for the 12 month period ending September 2005 was 3.03%.
- ⇒ The resulting Cost of Living change is therefore 2.53% (3.03 minus 0.50 substitution bias adjustment) for this period.

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West Urban CPI and Adjusted West Urban CPI



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2005 Salt Lake Area Compensation Survey

- ⇒ 46 participating companies, government and non-profit organizations
- ⇒ Projected change in salary midpoint from current midpoint (next 12 months) is 2.47% overall (30 employers responding)
- ⇒ Projected change in salary midpoint from current midpoint (next 12 months) is 2.52% in the government / non – profit sector (7 employers responding)

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2005 Salt Lake Area Compensation Survey

- ⇒ Average merit increase budget for 2005 is 2.7% with 35 employers responding.

- ⇒ Average merit increase budget for 2005 is 1.5% government / non-profit sector with 8 employers responding.

- ⇒ The cost of merit increases for eligible employees in 2006 is approximately 1.1%.

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Compensation Adjustment Cost 2006 Tentative Budget

Fund	COLA	Merit	Long.	Total
General	\$2,394,954	\$1,187,063	\$214,777	\$3,796,794
Grant	\$380,081	\$165,740	\$25,088	\$570,909
Municipal Services	\$293,114	\$125,377	\$22,227	\$440,718
State Tax Admin	\$294,559	\$118,336	\$29,907	\$442,802
Library	\$333,552	\$165,460	\$20,162	\$519,174
Health	\$413,367	\$186,685	\$27,246	\$627,298
Sheriff Law Enforce.	\$418,238	\$188,481	\$60,342	\$667,061
Other	\$438,472	\$159,299	\$44,781	\$642,552
Total	\$4,966,337	\$2,296,441	\$444,530	\$7,707,308

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Retirement Contribution Rates

	2005-2006	2006-2007	Increase
Contributory	13.08%	13.58%	0.50%
Non-Contributory	11.09%	11.59%	0.50%
Public Safety			
Contributory	20.24%	23.30%	3.06%
Non-Contributory	19.34%	22.38%	3.04%

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Retirement Adjustment Cost

2006 Tentative Budget

Fund	Cost
General	\$574,414
Grant	\$30,966
Municipal Services	\$24,792
State Tax Admin	\$23,792
Library	\$28,140
Health	\$34,674
Sheriff Law Enforcement	\$172,758
Other	\$37,260
Total	\$926,796

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Employee Health Care

Incremental Cost Increase for 2006

Fund	Cost
General	\$1,704,648
Grant	\$283,092
Municipal Services	\$231,984
State Tax Admin	\$196,800
Library	\$268,236
Health	\$279,756
Sheriff Law Enforcement	\$334,236
Other	\$350,676
Total	\$3,649,428

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Significant Budget Issues

- ⇒ Capital project requests
- ⇒ Oxbow Jail
- ⇒ Structural Imbalance in general fund and other funds
- ⇒ Help America Vote Act
- ⇒ 911 Revenue Allocation
- ⇒ Employee Compensation and Health Insurance Costs

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