



# 2007 Budget Overview

Prepared for Salt Lake County Council and  
Mayor

Sean Thomas  
Salt Lake County Auditor

Lance Brown, CPA  
Director, Management & Budget



# 2007 Budget Overview

⇒ Budget Documents – 2007 Tentative Budget

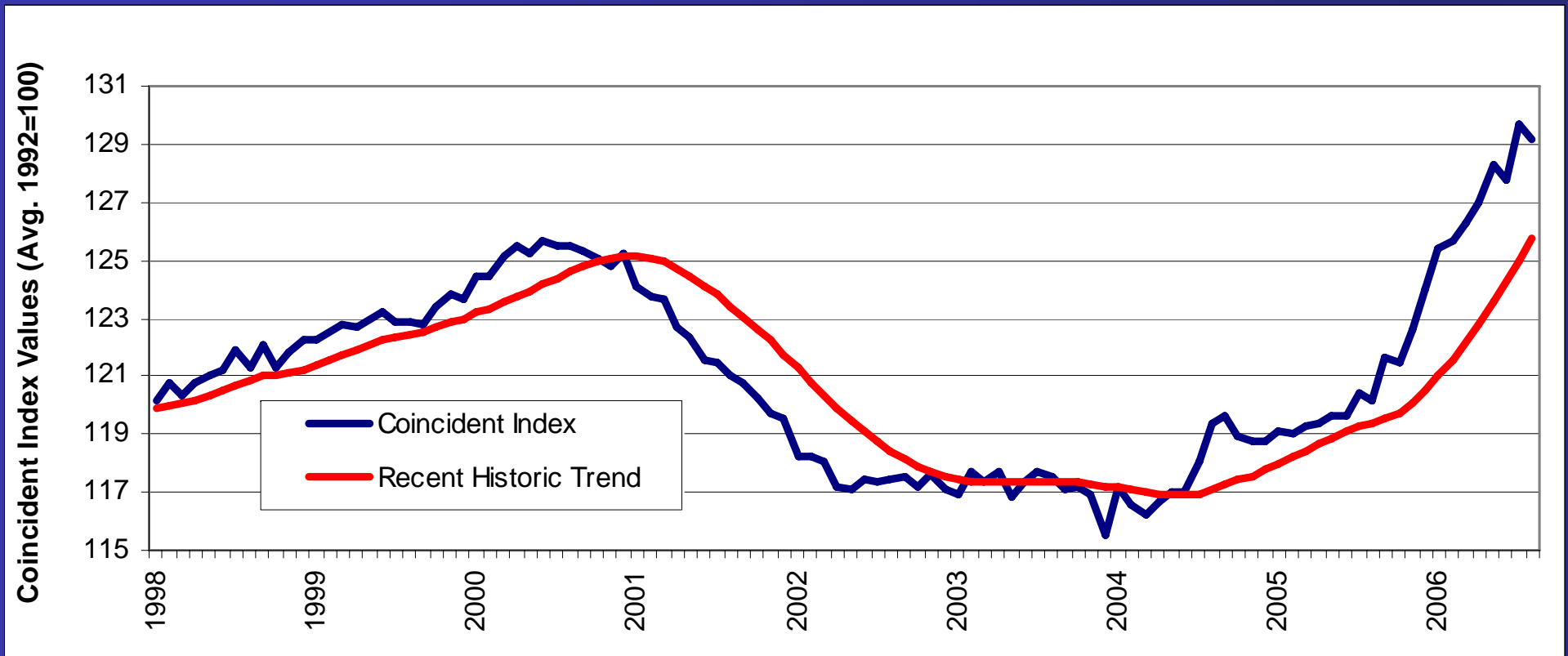
⇒ Economic Outlook

⇒ 2007 Tentative Budget

- Beginning Fund Balance Projections
- 2007 Revenue Projections
- 2007 Expenditure Requests
- Other Adjustments
- Significant Issues

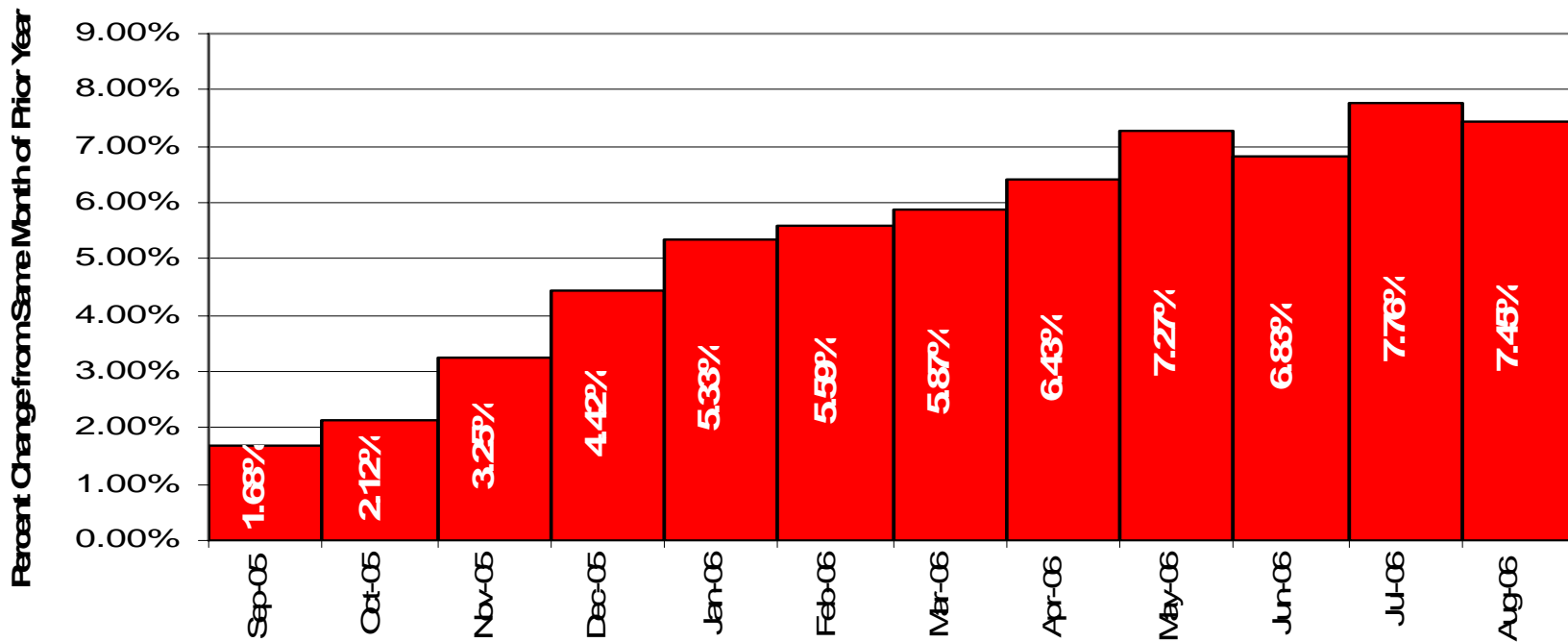


# Salt Lake County Coincident Index



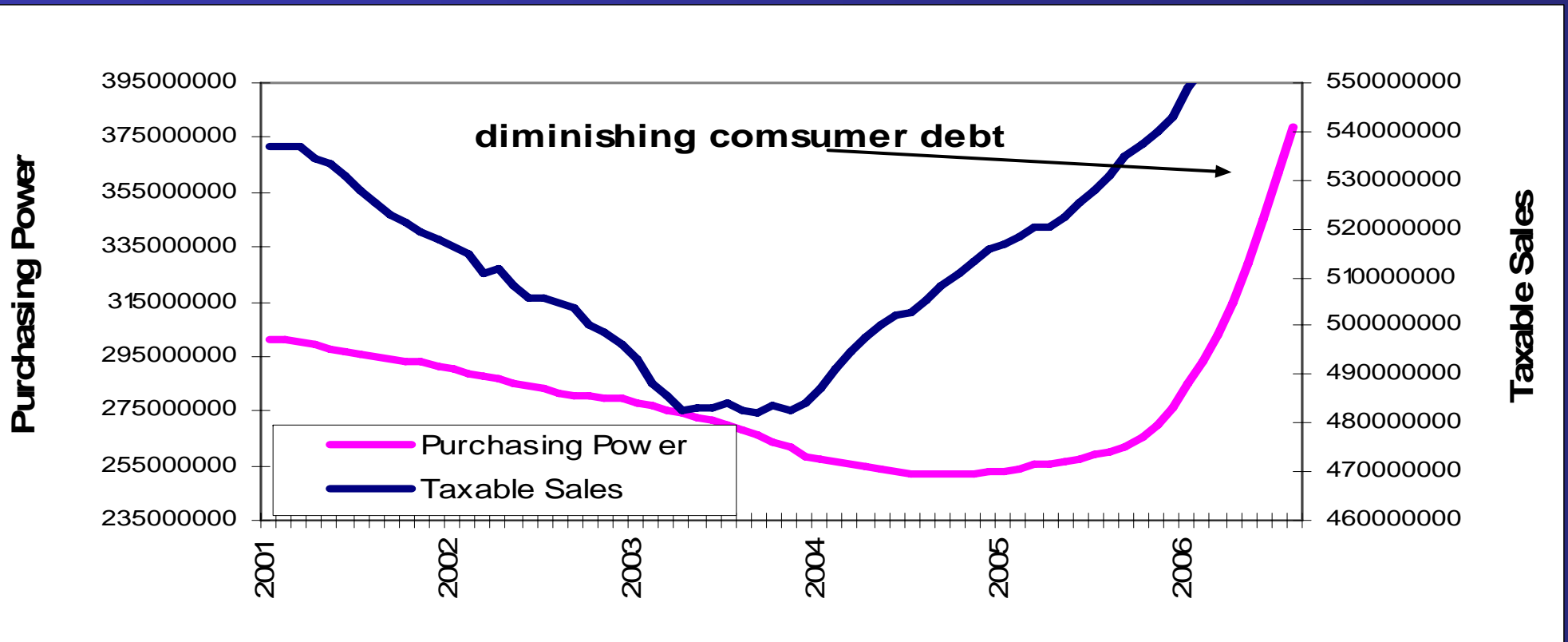


# Salt Lake County Coincident Index Same Month of Prior Year Changes



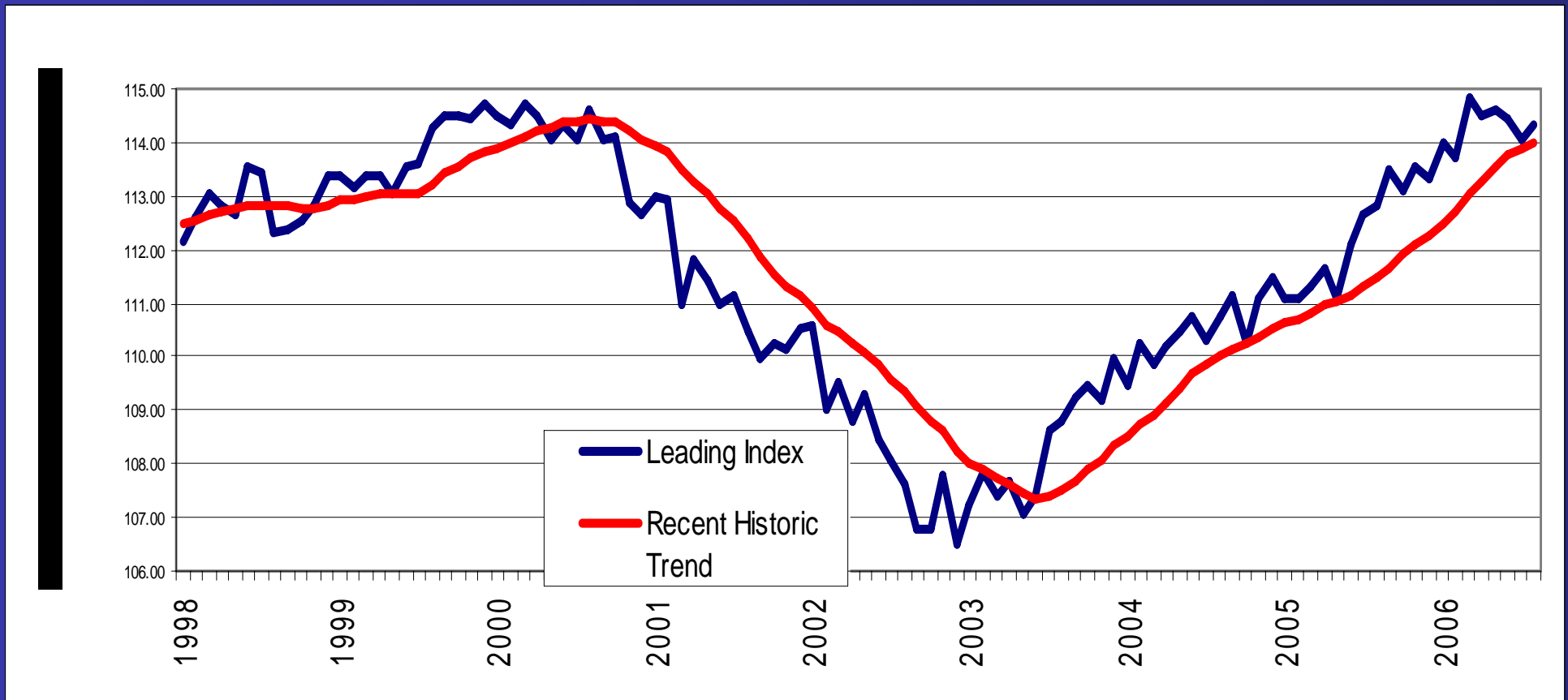


# Taxable Sales--Purchasing Power for Salt Lake County



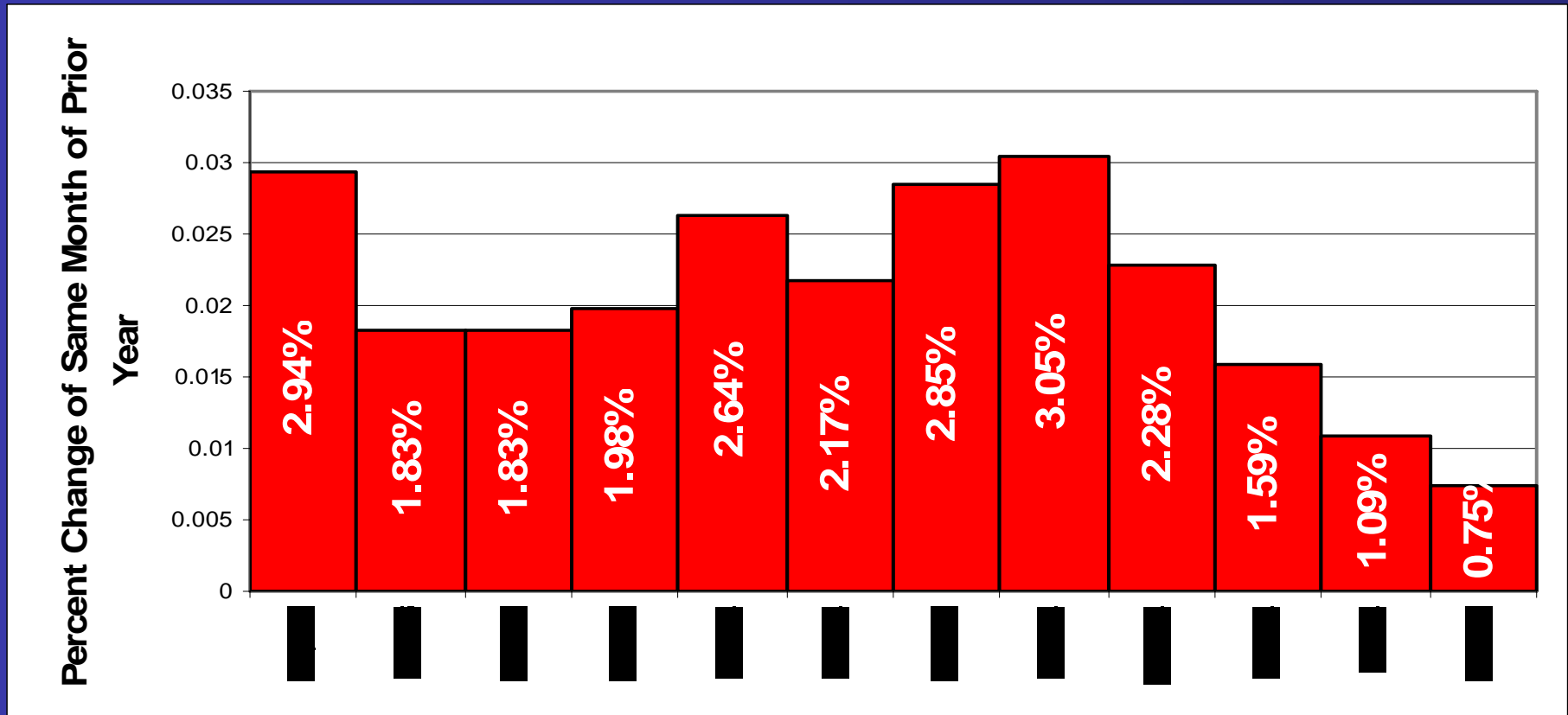


# Salt Lake County Leading Index



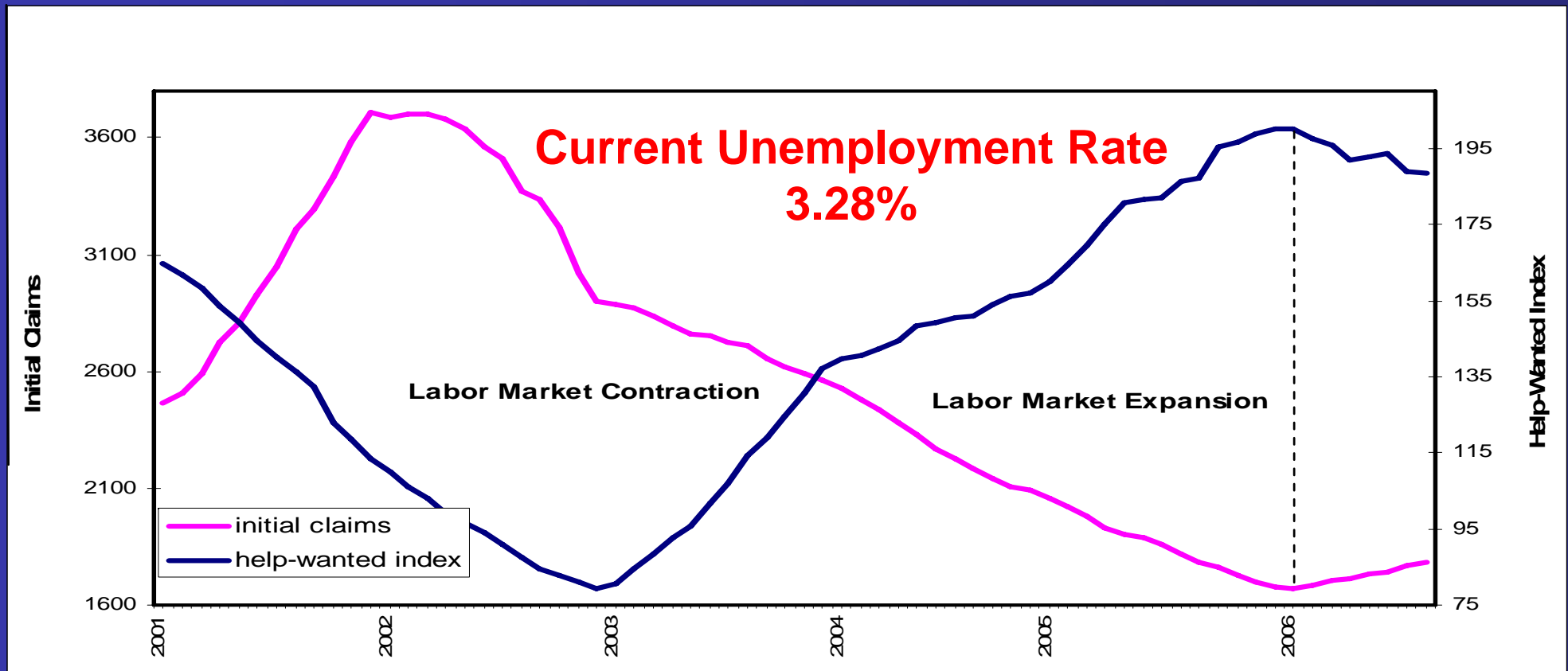


# Salt Lake County Leading Index Same Month of Prior Year Comparisons



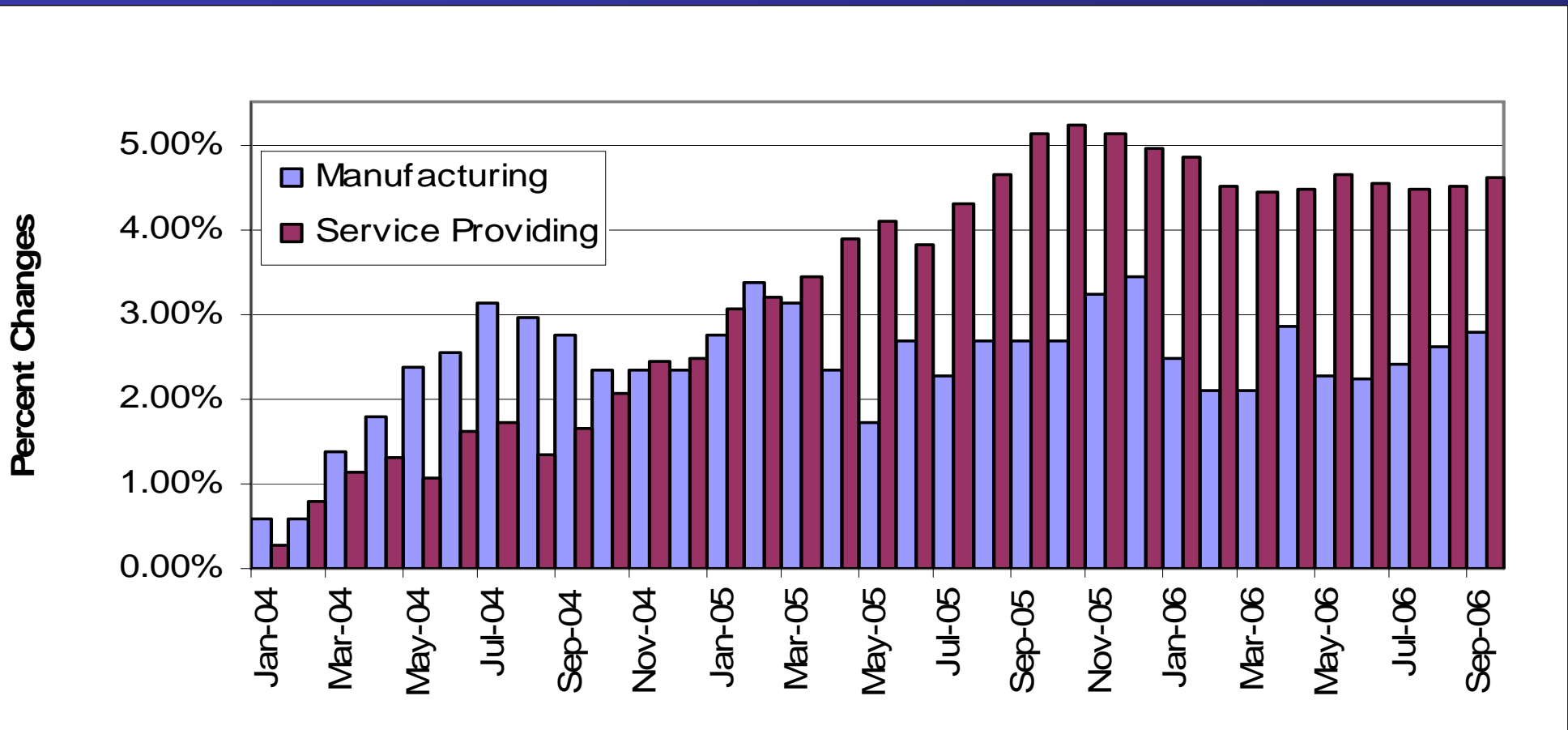


# Initial Claims/Help-Wanted Index Relationship



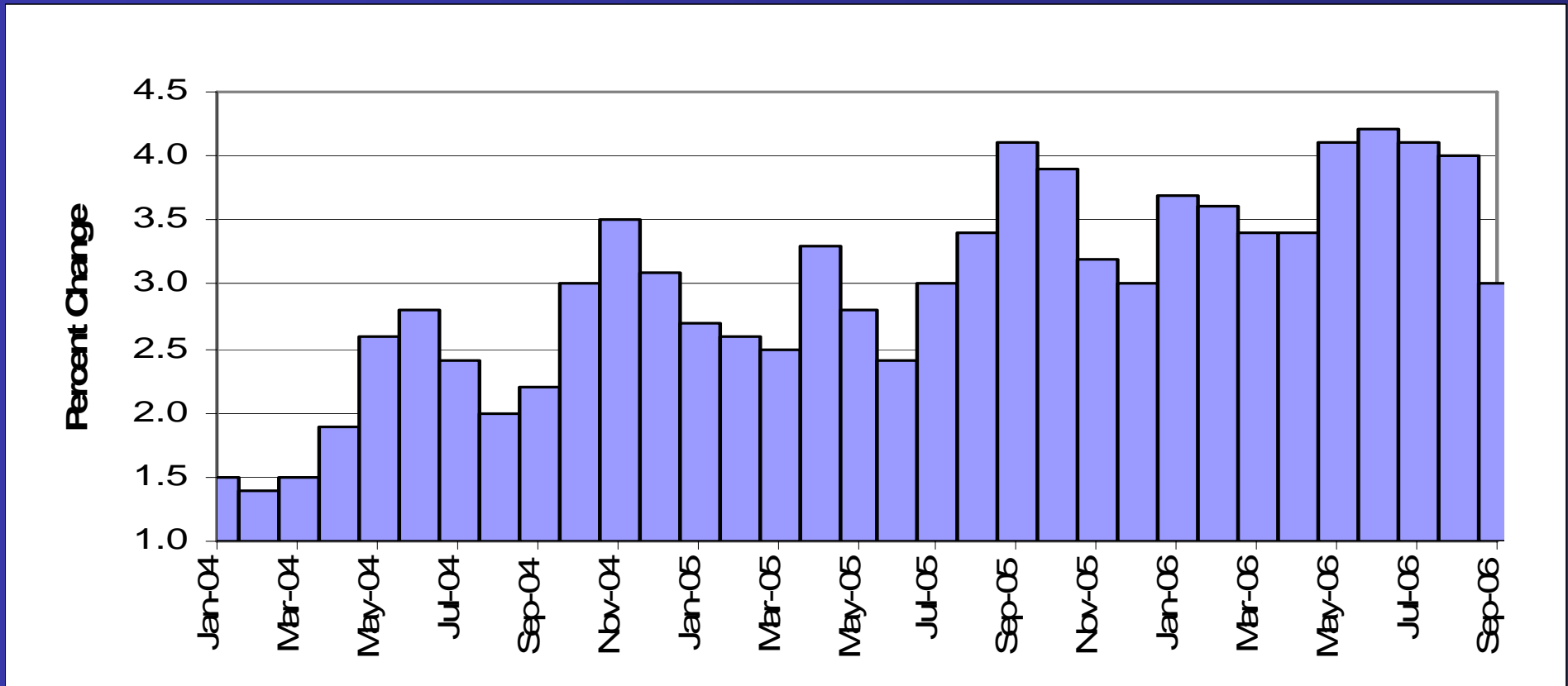


# Same Month of Prior Year Comparisons: Manufacturing and Private Sector Services Providing Employment





# Same Month of Prior Year Percent Change in CPI - Inflation





# Components of CPI

- ⇒ Food and Beverages
- ⇒ Housing (Rental equivalence, 1987)
- ⇒ Apparel
- ⇒ Transportation
- ⇒ Medical Care
- ⇒ Recreation
- ⇒ Education and Communication
- ⇒ Commodities (durable and non-durable)
- ⇒ Services
- ⇒ Energy



# Inflation Growth

⇒ Growth in inflation between the most recent twelve months and the previous twelve months is 3.63% (West Urban CPI)



# 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.



# Year-End Fund Balances

## Tax Funds

Fund	2005 Actual	2006 Projected	2007 Tent. Budget
General	\$43,281,682	\$43,000,000	\$21,520,446
Flood Control	\$3,116,534	\$2,900,000	\$1,615,264
Health	\$5,923,273	\$5,000,000	\$1,341,330
Gov. Immunity	\$4,602,532	\$5,000,000	\$1,021,305
Bond Debt Service	\$2,307,951	\$2,600,000	\$6,468,555
Capital Improvements	\$4,268,065	\$4,250,000	(\$2,471,740)
Planetarium	\$827,483	\$800,000	\$352,748
Municipal Services	\$18,825,552	\$22,500,000	\$16,672,736
SL Valley Fire Service	\$1,484,692	\$2,675,000	\$2,449,788
Library	\$8,313,688	\$9,000,000	\$7,514,600
Tax Admin	\$4,204,939	\$3,300,000	(\$27,127)



# Year-End Fund Balances

## Special Revenue Funds

Fund	2005 Actual	2006 Projected	2007 Tent. Budget
Grant Programs	\$2,159,181	\$1,500,000	(\$952,218)
Class B Roads	\$4,613,975	\$4,300,000	\$3,829,688
Open Space	NA	\$0	\$17,192
Visitor Promotion	\$703,429	\$900,000	\$5,171
ZAP	\$1,179,555	\$450,000	\$3,709,015
Housing Programs	\$2,124,511	\$2,466,500	\$1,051,500
Econ Dev & Community	\$3,914,159	\$3,584,000	\$2,683,308
Redevelopment Agency	\$4,371,501	\$5,545,000	\$5,196,403
Millcreek SID	\$1,018,801	\$2,050,000	\$1,881,340



# Year-End Fund Balances

## Special Revenue Funds

Fund	2005 Actual	2006 Projected	2007 Tent. Budget
Salt Pal. Exp. III Phase 1	\$776,998	\$15,000	\$0
Salt Pal. Exp. III Phase 2	\$25,771,982	\$22,500,000	\$0
Millcreek Fireflow	\$936,886	\$900,000	\$217,092
Children's Museum Constr.	(\$255,860)	\$633,600	\$0
Salt Palace Convention Cen	\$2,054,094	\$2,500,000	\$916,368
TRCC	\$20,936,566	\$15,600,000	\$12,476,207
South Towne Exposition Cen	\$1,377,000	\$2,000,000	\$1,255,152
Fine Arts	\$1,219,967	\$1,300,000	\$93,561
Capital Projects Revolving	\$12,000,000	\$9,000,000	\$10,634,914



# 2007 Property Tax Revenue Projections

⇒ Reviewed permit authorized construction trends for residential and non-residential properties.



# Permit-Authorized Dwelling Units Countywide Residential Value



\* Projection



# Permit-Authorized Dwelling Units Unincorporated Residential Value



\* Projection



# Permit-Authorized Construction Countywide Nonresidential Value



\* Projection



# Permit-Authorized Construction Unincorporated Nonresidential Value



\* Projection



# 2007 Tentative Budget

## Property Tax Revenue Projections

Fund	2005 Actual	2006 Budget	2007 Projected
General	\$85,099,918	\$87,377,304	\$90,500,000
Flood Control	\$4,538,266	\$4,667,713	\$4,850,000
Health	\$9,954,947	\$9,676,965	\$10,000,000
Governmental Immunity	\$97,595	\$113,847	\$118,000
Bond Debt Service	\$15,127,739	\$15,540,068	\$16,000,000
Capital Improvements	\$4,315	\$0	\$0
Planetarium	\$1,951,878	\$2,276,933	\$2,360,000
<b>Total- Countywide Funds</b>	<b>\$116,774,658</b>	<b>\$119,652,830</b>	<b>\$123,828,000</b>



# 2007 Tentative Budget

## Property Tax Revenue Projections

Fund	2005 Actual	2006 Budget	2007 Projected
Municipal Services	\$6,811,836	\$6,867,794	\$7,100,000
SL Valley Fire Service	\$15,125,282	\$16,394,586	\$18,400,000
Library	\$23,545,004	\$24,109,401	\$25,000,000
State Tax Admin	\$14,250,837	\$14,629,294	\$14,500,000



# 2007 Tentative Budget

## Property Tax Revenue Projections

Fund	2005 Actual	2006 Budget	2007 Projected
Municipal Svc-Judgment	\$0	\$60,547	\$62,600
State Tax Adm-Judgment	\$0	\$170,770	\$175,000
Library-Judgment	\$0	\$117,798	\$122,000
Countywide-Judgment	\$0	\$1,252,313	\$1,296,000
<b>Total-Property Tax Revenue</b>	<b>\$176,507,617</b>	<b>\$183,255,333</b>	<b>\$190,483,600</b>



# Motor Vehicle Fee in Lieu

Fund	2005 Actual	2006 Budget	2007 Proj.
General	\$8,360,875	\$8,544,545	\$8,600,000
Flood Control	\$446,617	\$450,000	\$460,000
Health	\$979,679	\$940,455	\$950,000
Governmental Imm.	\$9,605	\$9,700	\$11,000
Bond Debt Service	\$1,488,726	\$1,510,000	\$1,520,000
Planetarium	\$192,101	\$195,000	\$220,000
Municipal Services	\$583,092	\$600,000	\$600,000

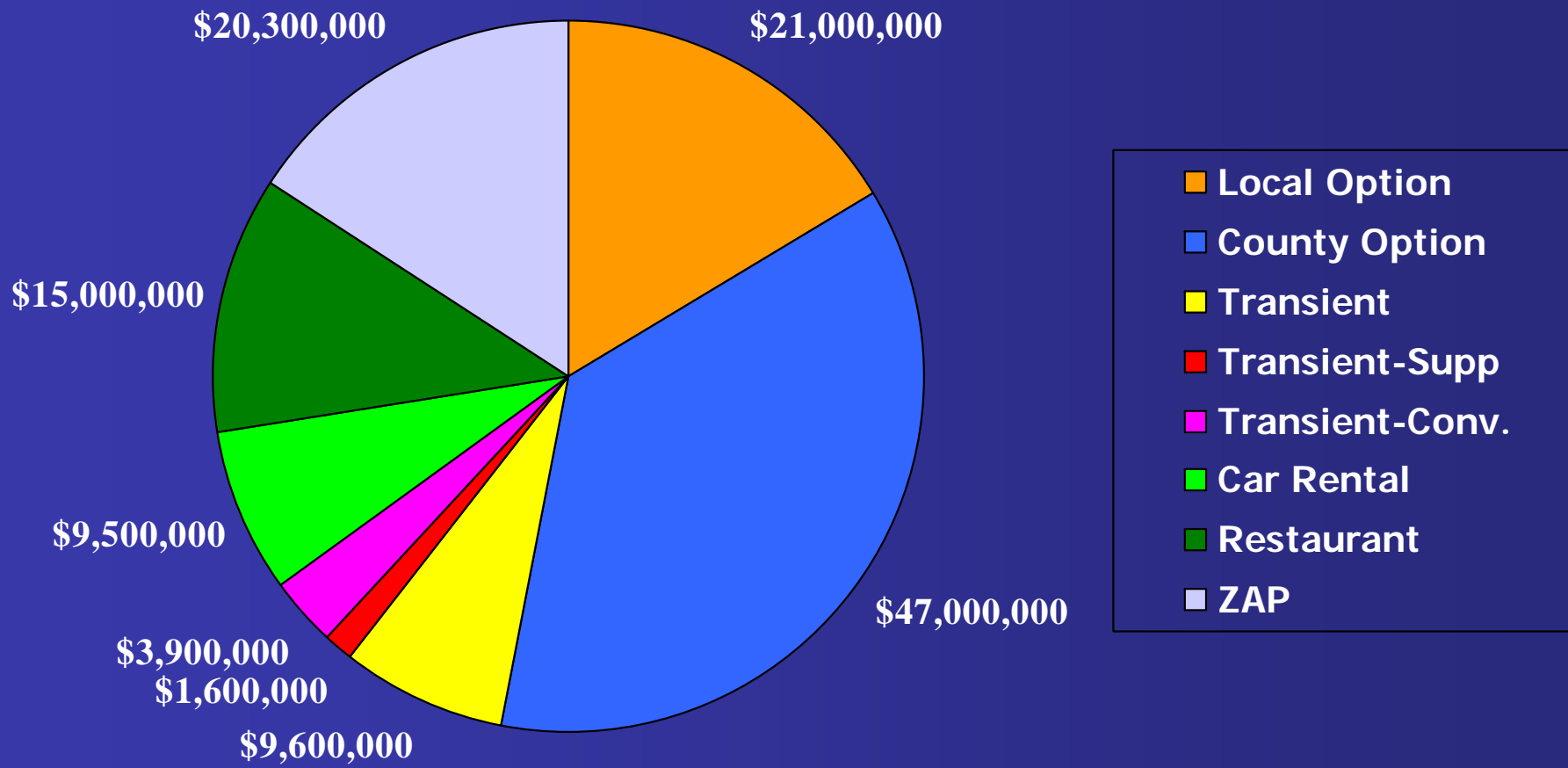


# Motor Vehicle Fee in Lieu

Fund	2005 Actual	2006 Budget	2007 Proj.
SL Valley Fire Service	\$1,303,716	\$1,525,200	\$1,650,000
Library	\$2,479,411	\$2,575,000	\$2,625,000
State Tax Admin	\$1,402,291	\$1,425,000	\$1,380,000
Municipal Svc- Judgment	NA	\$0	\$5,300
State Tax Adm- Judgment	NA	\$0	\$16,900
Library-Judgment	NA	\$0	\$13,000
Countywide-Judgment	NA	\$0	\$123,000
<b>TOTAL</b>	<b>\$17,246,113</b>	<b>\$17,774,900</b>	<b>\$18,174,200</b>



# Sales and Use Tax 2007 Projected Tax Revenues

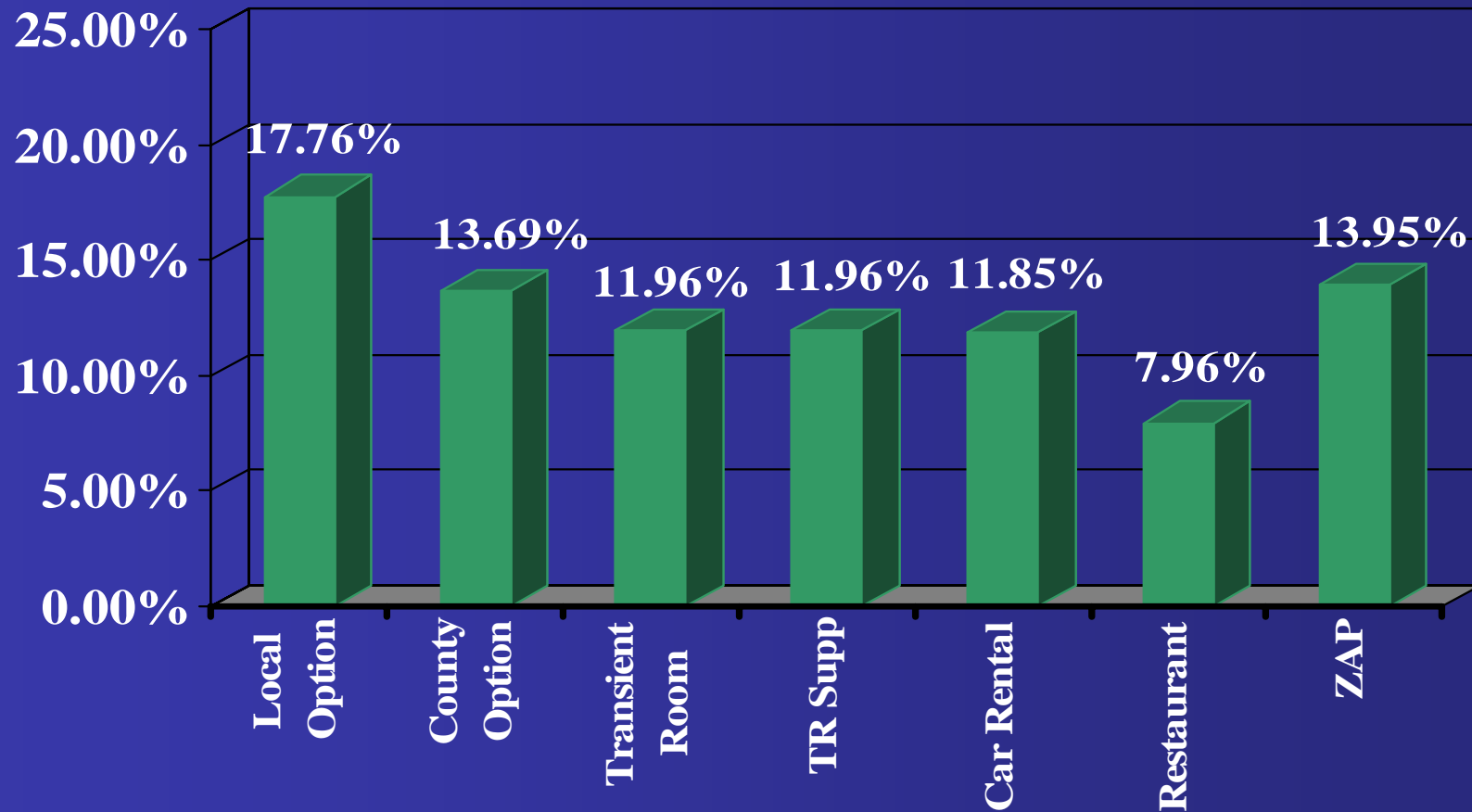


**\$127,900,000** Total Sales and Use Tax Revenue's Projected



# Sales Tax Revenues (Jan- July)

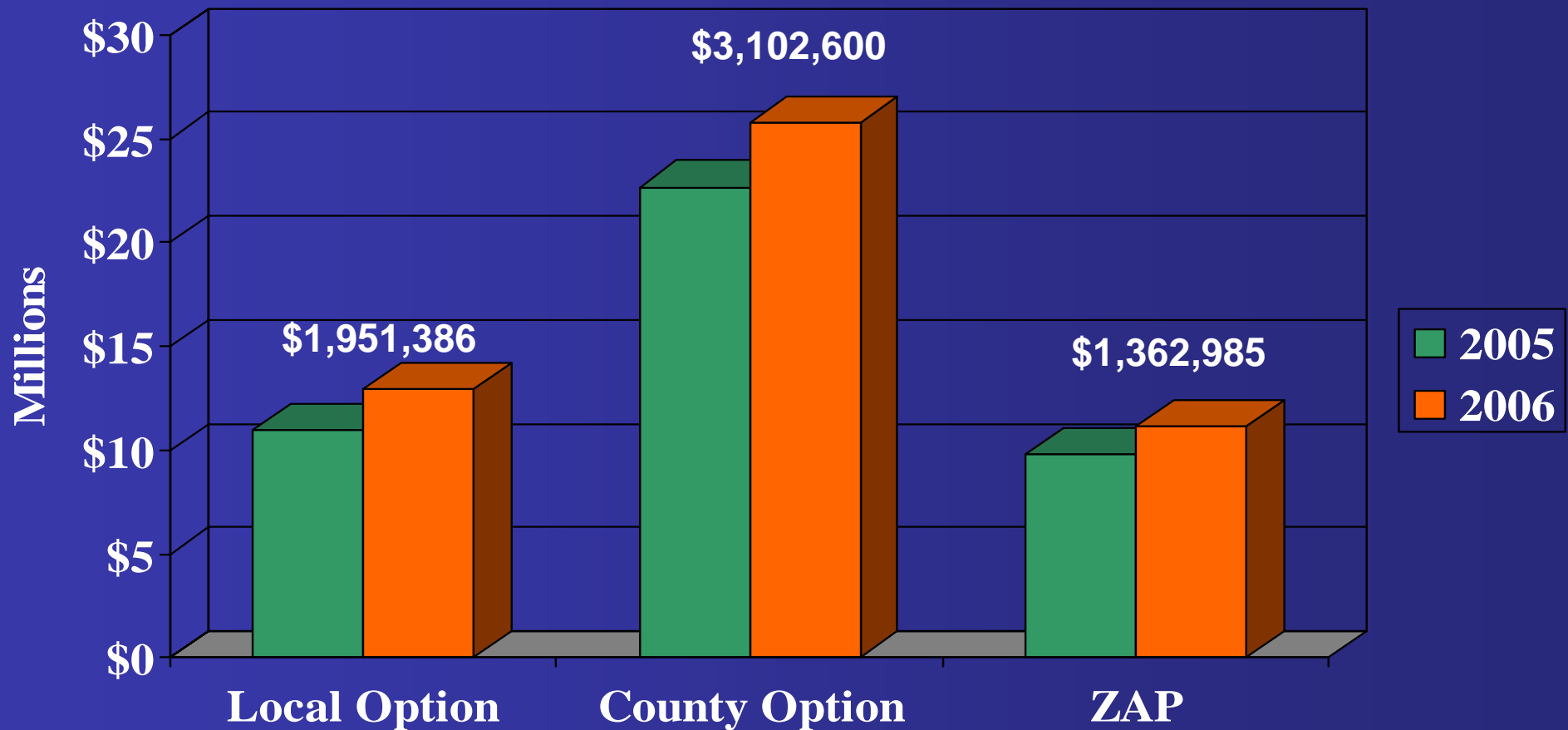
## 2005 vs. 2006





# Sales Tax Revenue Growth (Jan- July)

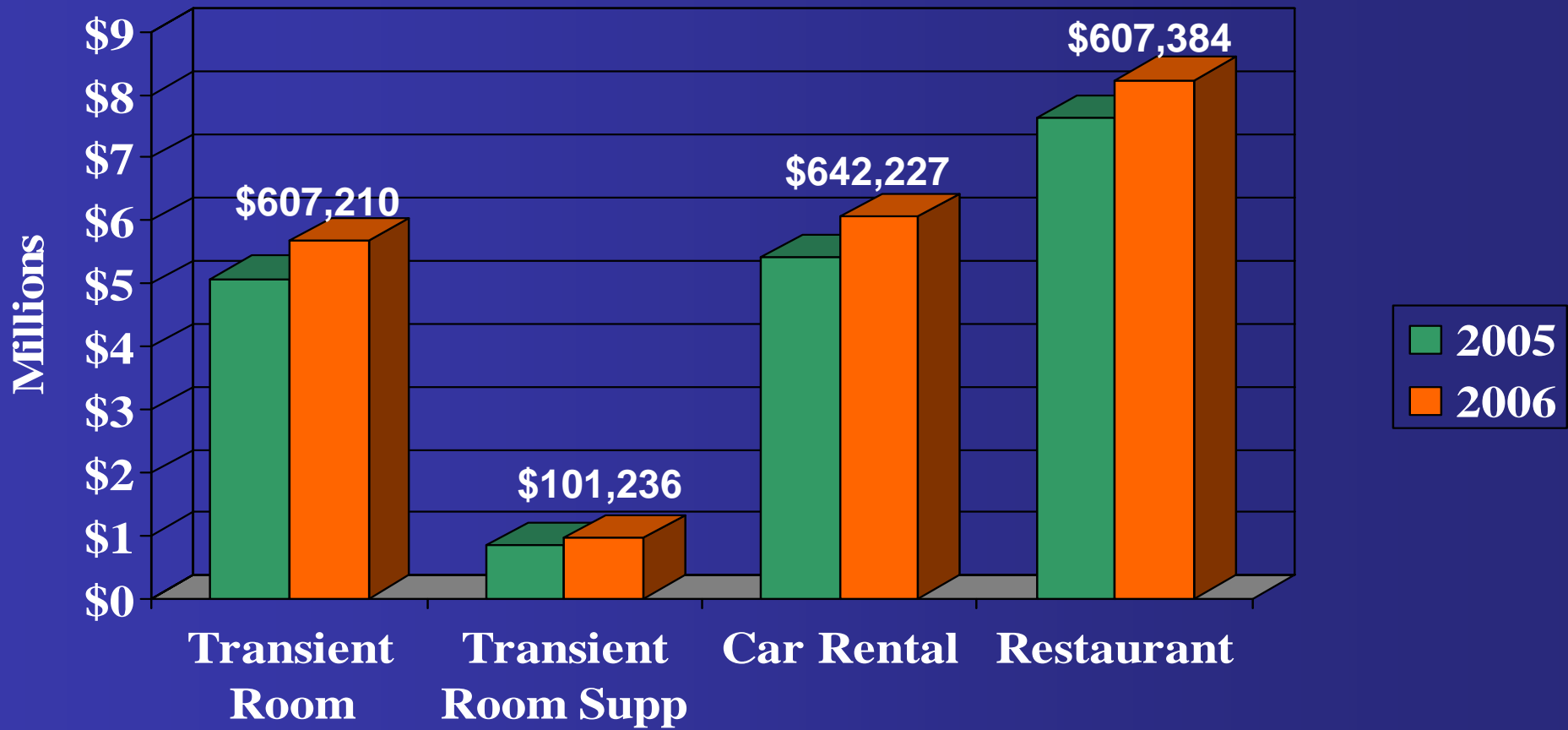
## 2005 vs. 2006





# Sales Tax Revenue Growth (Jan- July)

## 2005 vs. 2006





# Sales Tax Revenues

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Local Option	\$19,215,327	9.8%	\$21,100,000	(0.5%)	<b>\$21,000,000</b>
1% tax to Municipal Services Fund					

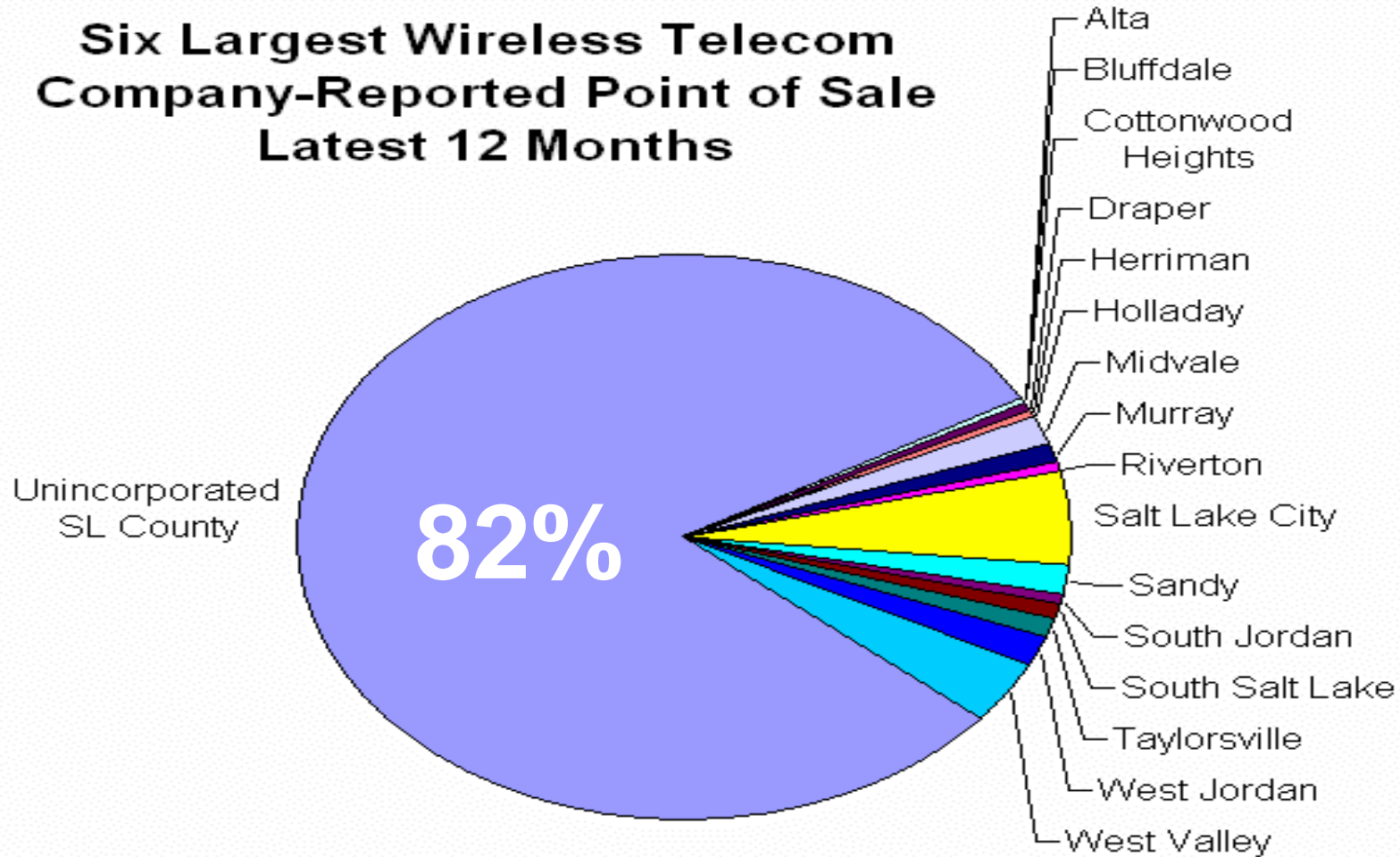


# 2007 Local Option Sales Tax

	<u>Projection</u>
2005 Total	\$19,215,327
2006 Projection	\$21,100,000
+4.25% growth	\$22,000,000
Less: Adjustments	
Loss from Telecoms	(\$1,300,000)
Senate Bill 35 Impact	<u>\$300,000</u>
<b>2007 Projection</b>	<b>\$21,000,000</b>



### Six Largest Wireless Telecom Company-Reported Point of Sale Latest 12 Months





# Sales Tax Revenues

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
County Option	\$40,857,601	10.4%	\$45,100,000	4.2%	<b>\$47,000,000</b>
0.25% tax to General Fund					



# Sales Tax Revenues

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Transient	\$8,462,904	8.7%	\$9,200,000	4.3%	<b>\$9,600,000</b>
3% tax to Visitor Promotion Fund					

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Transient- Convent.	\$1,673,298	127.1%	\$3,800,000	2.6%	<b>\$3,900,000</b>
1.25% tax to Visitor Promotion Fund					



# Sales Tax Revenues

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Transient-Supp	\$1,410,437	6.4%	\$1,500,000	6.7%	<b>\$1,600,000</b>
0.5% tax to TRCC Fund					

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Car Rental	\$8,555,290	8.7%	\$9,300,000	2.2%	<b>\$9,500,000</b>
7.00% tax to TRCC Fund					



# Sales Tax Revenues

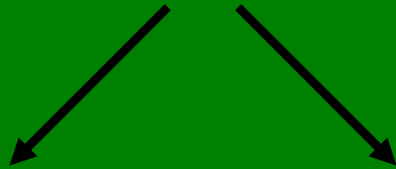
Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
Restaurant	\$13,304,696	8.2%	\$14,400,000	4.2%	<b>\$15,000,000</b>
1.0% tax to TRCC Fund					

Sales Tax	2005 Actual	% Change	2006 Projection	% Change	2007 Projection
ZAP	\$17,680,067	10.3%	\$19,500,000	4.1%	<b>\$20,300,000</b>
0.1% tax to ZAP Fund					



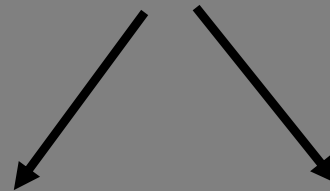
# Recorder Fees Revenue Projection

2005 Actual  
\$7,073,646



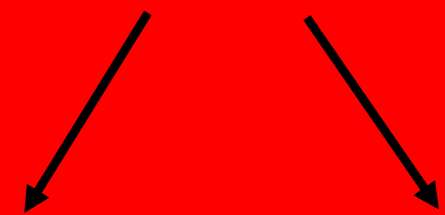
<u>General Fund</u> \$3,822,877 54%	<u>Tax Admin</u> \$3,250,769 46%
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2006 Budget  
\$6,775,000



<u>General Fund</u> \$3,658,500 54%	<u>Tax Admin</u> \$3,116,500 46%
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2007 Projection  
\$7,100,000



<u>General Fund</u> \$3,834,000 54%	<u>Tax Admin</u> \$3,266,000 46%
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# 2007 New FTE Requests

General Fund	FTE's
Mayor Operations	1.00
County Jail	55.00
Sheriff Court Svcs & Security	9.50
Criminal Justice Services	2.50
Personnel	1.00
Parks	3.00
Emergency Services	1.00
<b>TOTAL-General Fund</b>	<b>73.00</b>



# 2007 New FTE Requests

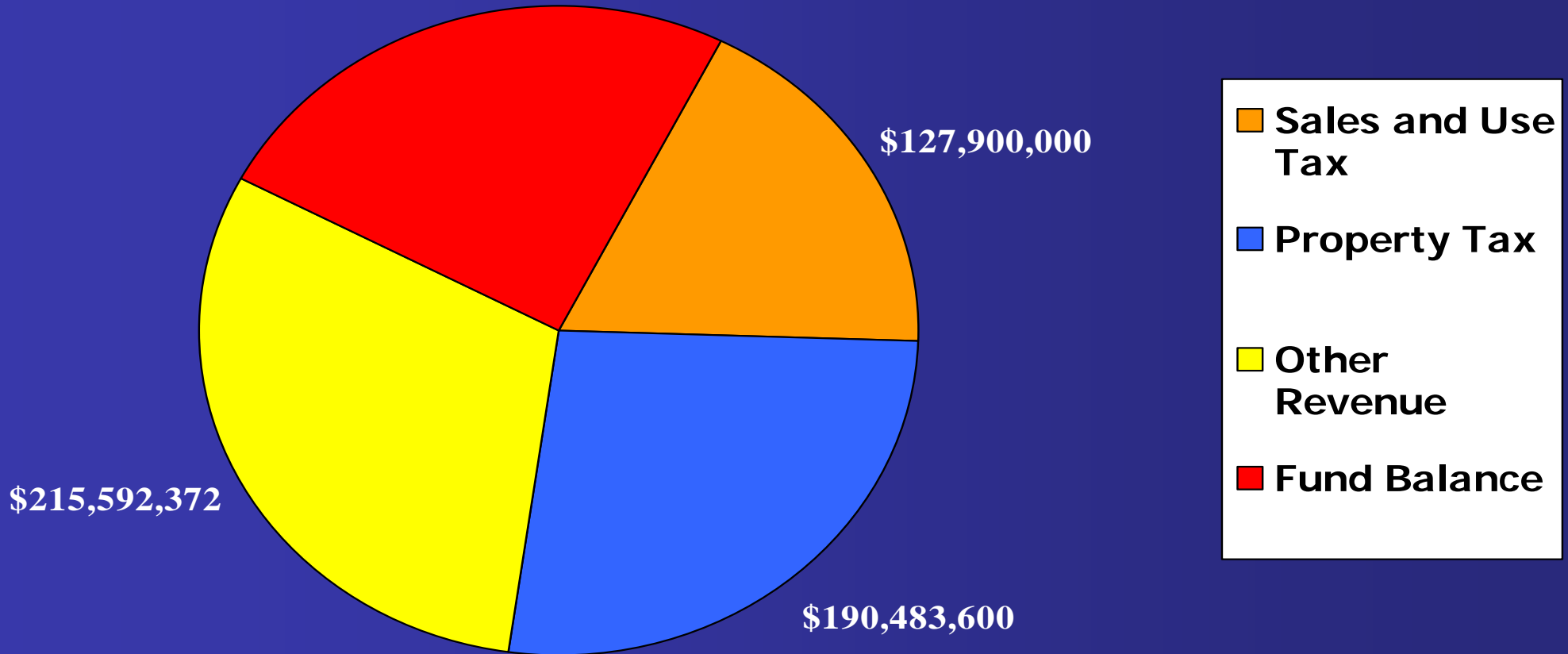
Organization	FTE's
Youth Services	2.00
Econ Dev & Community Res.	1.50
Animal Services	4.00
Development Services	9.00
SL Valley Fire Service Dist.	17.50
Open Space	1.00
ZAP	0.50
Recorder-Tax Admin	1.00

Organization	FTE's
Treasurer-Tax Admin	1.00
Library	5.75
Fine Arts	0.50
Planetarium	1.50
Facilities Services	5.00
Sheriff Law Enforcement	9.00
<b>TOTAL COUNTY WIDE</b>	<b>132.25</b>



# 2007 Projected Revenues and Fund Balances Governmental Funds

\$176,269,099 (\$31,666,494 Minimum Reserve)

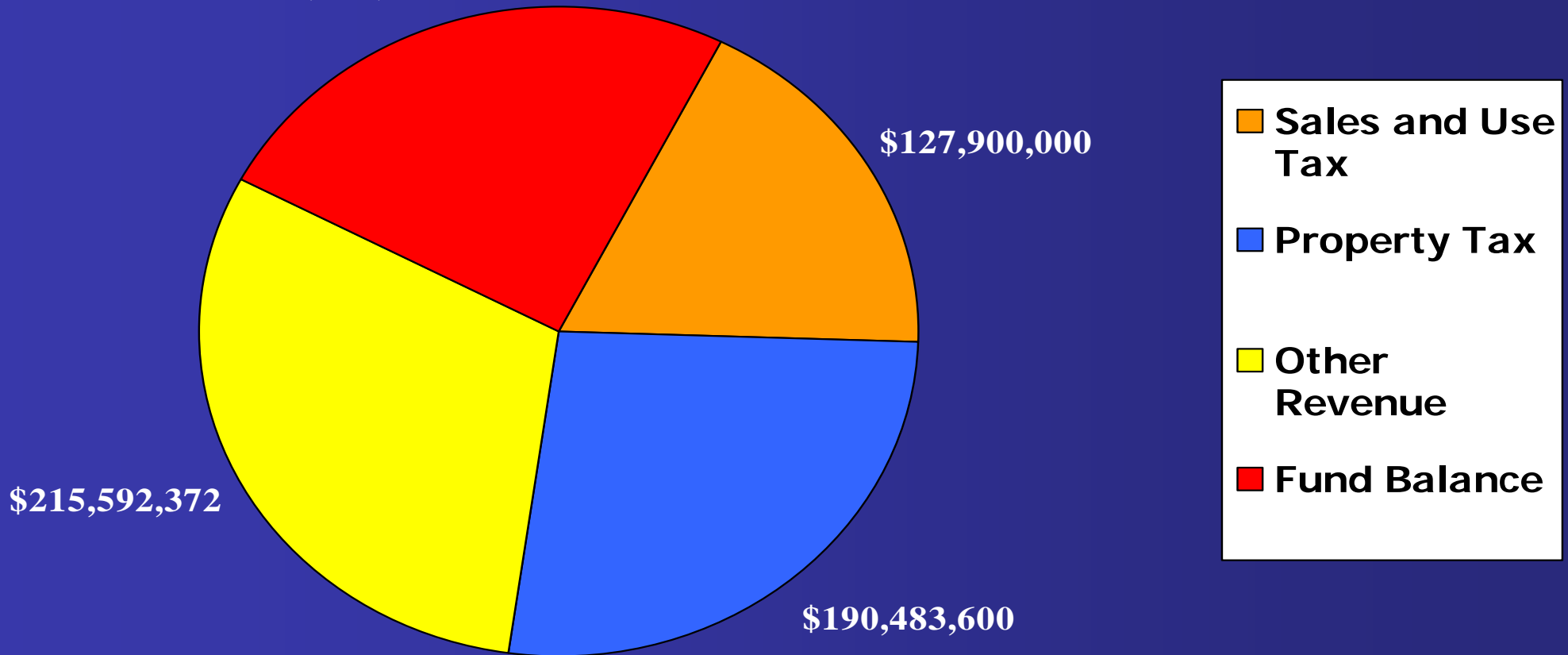


**\$710,245,071 Total Revenue and Fund Balance**



# 2007 Projected Revenues and Fund Balances Governmental Funds

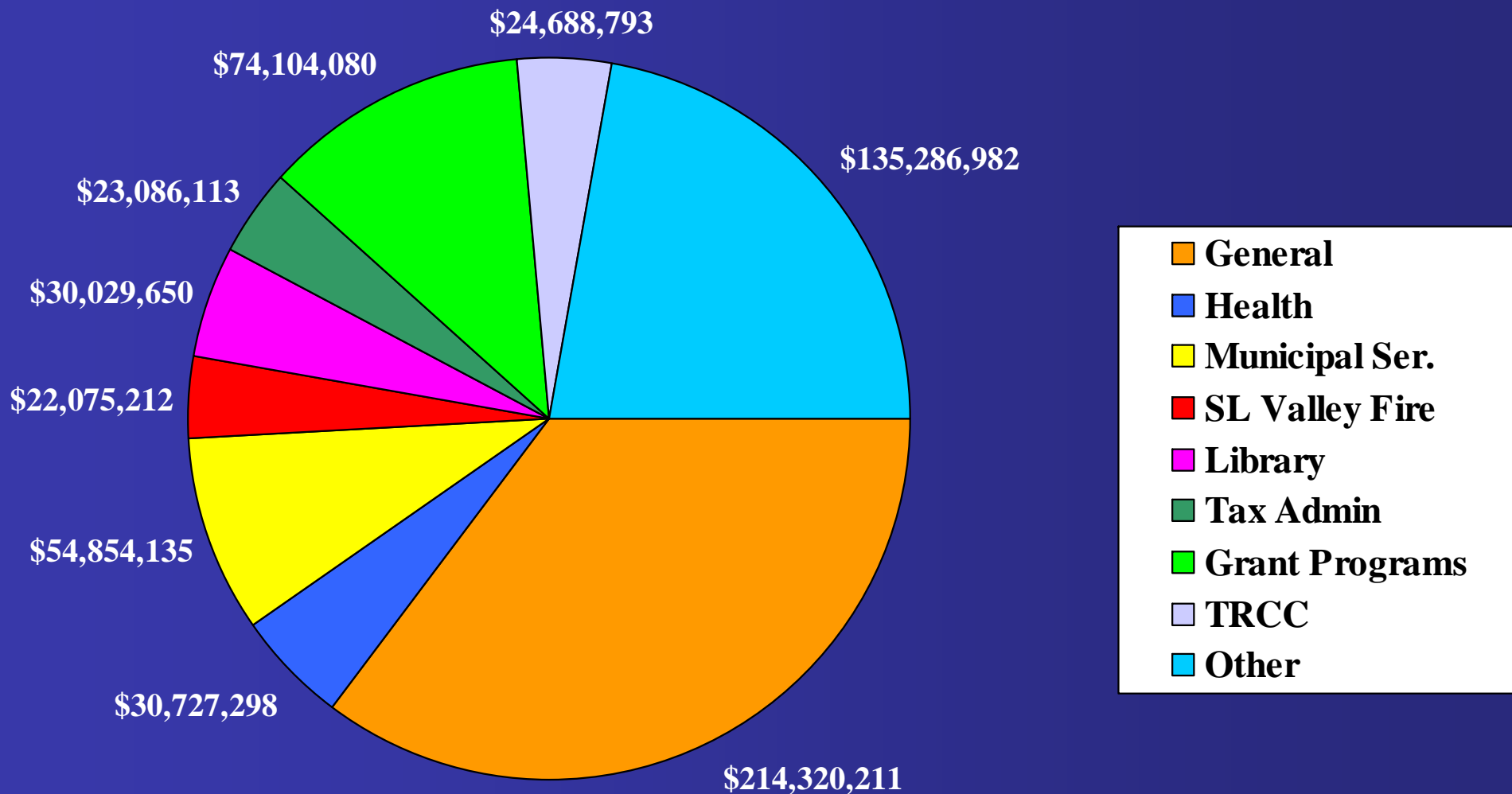
\$176,269,099 (\$31,666,494 Minimum Reserve)



**\$533,975,972 Total Current Year Revenue**



# 2007 Expenditure Requests Governmental Funds



**\$609,172,474 Total Expenditures in the Governmental Funds**



## Salt Lake Valley Fire Service District

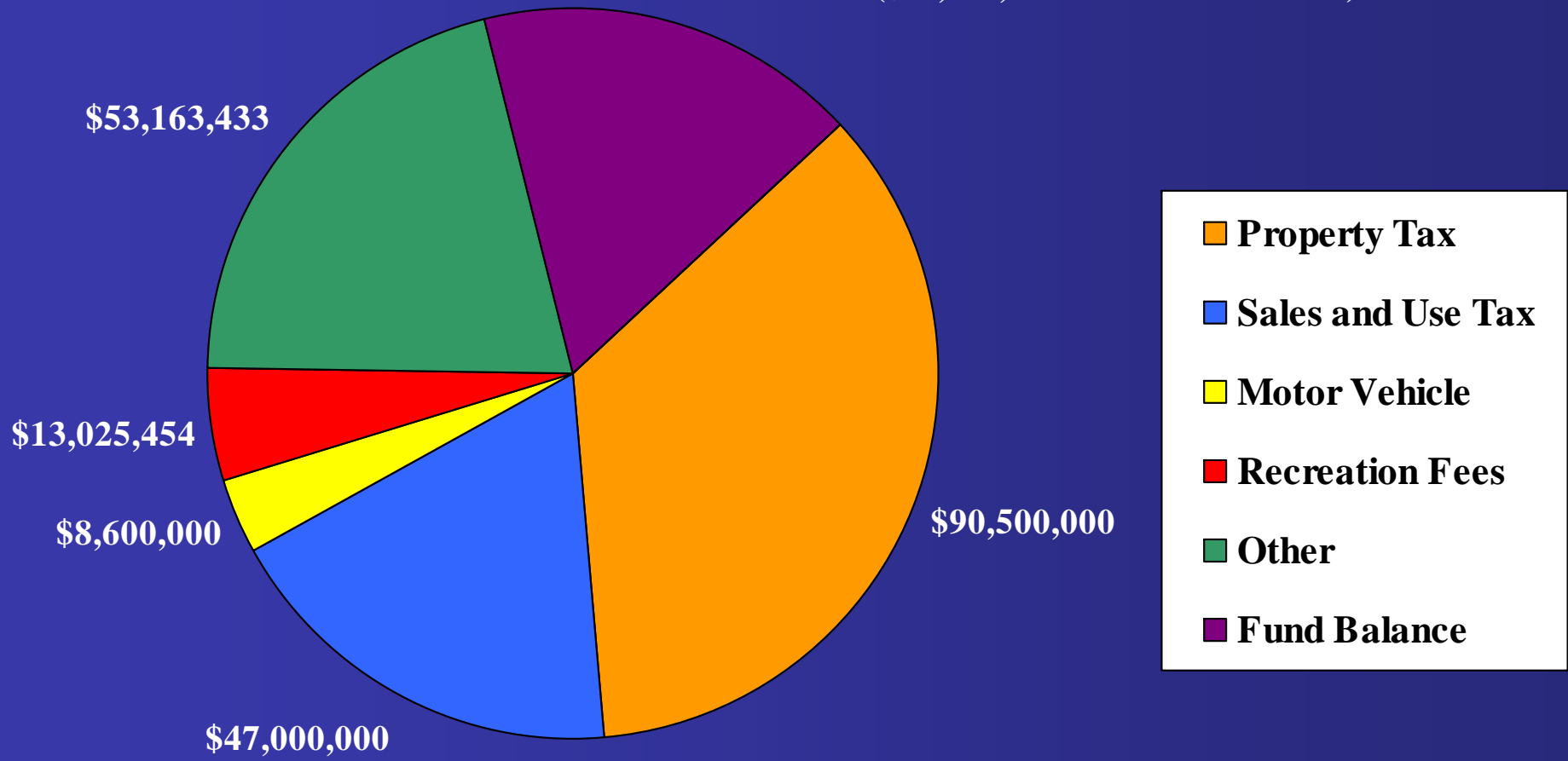
2007 Beginning Balance	\$2,675,000
Property Tax Revenue	\$18,400,000
Other Revenue & Transfer In	<u>\$3,450,000</u>
Total Available	\$24,525,000
Budget (includes 17.5 new FTE's)	\$22,075,212
2007 Ending Balance	\$2,449,788



# 2007 Revenue Sources & Fund Balance

## General Fund

\$43,000,000 (\$21,432,021 Minimum Reserve)

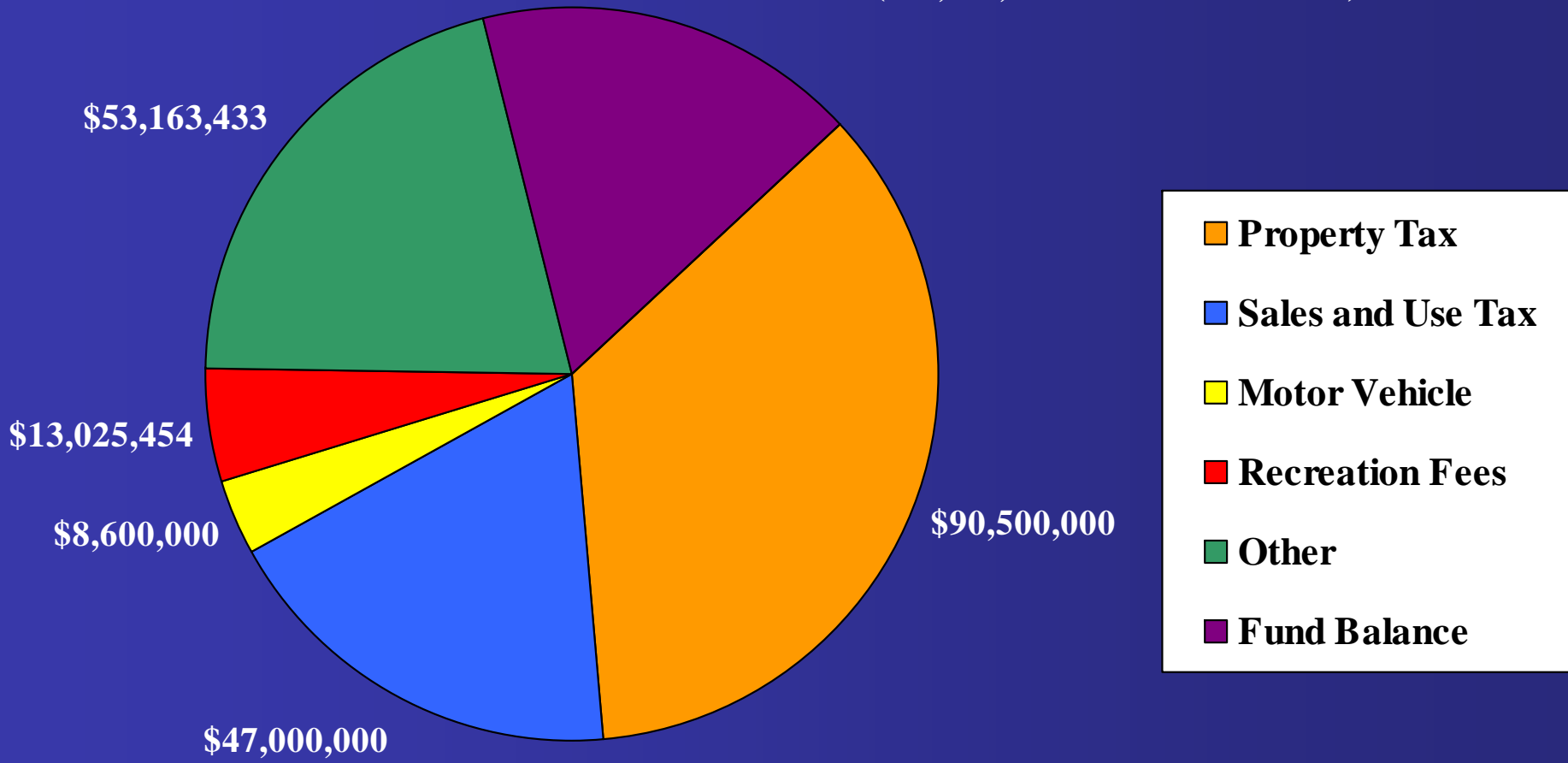


**\$255,288,887 Total Revenue and Fund Balance**



# 2007 Revenue Sources & Fund Balance General Fund

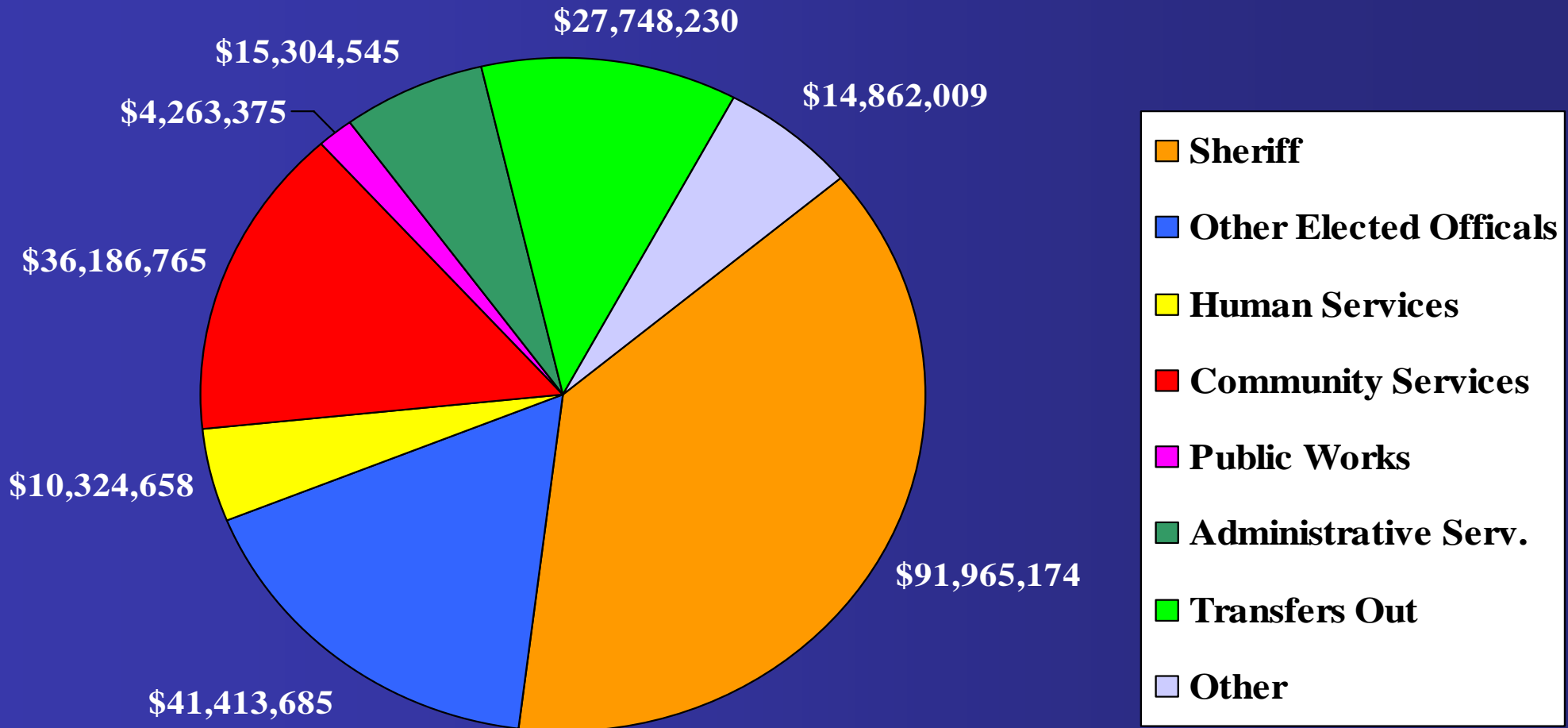
\$43,000,000 (\$21,432,021 Minimum Reserve)



**\$212,288,887 Total Current Year Revenue**



# 2007 Expenditures & Transfers Out General Fund



**\$242,068,441 Total Requests in the General Fund**



# Proprietary Funds

Fund	Sources	Uses	Increase/(Decrease) in Cash
Golf Course	\$9,699,569	\$9,212,049	(\$302,480)
Solid Waste	\$24,335,400	\$12,980,342	\$1,911,058
Santitation	\$22,171,475	\$18,024,825	(\$4,833,350)
MBA's	\$38,405,395	\$22,466,325	\$34,070
Fleet Management	\$22,666,414	\$15,343,222	\$1,023,192
Facilities Services	\$20,760,355	\$16,673,096	(\$847,741)
Sheriff Law Enforce.	\$34,047,029	\$33,497,926	(\$1,550,897)
Employee Ser. Res.	\$93,408,108	\$87,564,704	(\$156,596)



# Tentative Budget Adjustments

## ⇒ Employee Compensation

- 3.22% structure adjustment
- 2.75% merit increase for eligible employees
- 1% longevity payment for merit employees not eligible for a merit increase.

## ⇒ 6.22% Health insurance increase

- **Revised to 2% increase for Medical Insurance**
- **No increase for Dental Insurance**



## 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 2006 was 3.72%
- ⇒ The resulting Cost of Living change is therefore 3.22% (3.72 minus 0.50 substitution bias adjustment) for this period.
- ⇒ **September 2006 inflation data is now available. Inflation for the 12 month period ending September 2006 was 3.63%.**
- ⇒ **The resulting Cost of Living change is therefore 3.13% (3.63 minus 0.50 substitution bias adjustment) for this period.**



# 2006 Salt Lake Area Compensation Survey

- ⇒ In prior years studies, data was available on average COLA/market adjustments and merit increases for the next 12 month period.
- ⇒ However, this information was not available in the current study for 2006.



# Compensation Adjustment Cost 2007 Tentative Budget

Fund	COLA	Merit	Long.	Total
General	\$3,392,730	\$1,227,619	\$211,460	\$4,831,809
Grant	\$535,628	\$170,577	\$24,989	\$731,194
Municipal Services	\$445,116	\$132,717	\$26,192	\$604,025
State Tax Admin	\$415,735	\$117,223	\$35,122	\$568,080
Library	\$475,833	\$163,966	\$24,256	\$664,055
Health	\$601,938	\$185,241	\$30,514	\$817,693
Sheriff Law Enforce.	\$641,854	\$191,708	\$66,635	\$900,197
Other	\$640,767	\$172,422	\$45,643	\$858,832
Total	\$7,149,601	\$2,361,473	\$464,811	\$9,975,885



# Compensation Adjustment Cost Tentative Budget 2003-2007 (not actual)

Year	Cost
2003	\$7,850,792
2004	\$7,957,148
2005	\$4,359,028
2006	\$7,707,308
2007	\$9,975,885



# Retirement Contribution Rates

	2006-2007	2007-2008	Increase
<b>Contributory</b>	<b>13.58%</b>	<b>13.61%</b>	<b>0.03%</b>
<b>Non-Contributory</b>	<b>11.59%</b>	<b>11.62%</b>	<b>0.03%</b>
<b>Public Safety</b>			
<b>Contributory</b>	<b>23.30%</b>	<b>23.51%</b>	<b>0.21%</b>
<b>Non-Contributory</b>	<b>22.38%</b>	<b>22.61%</b>	<b>0.23%</b>



# Retirement Adjustment Cost 2007 Tentative Budget

Fund	Cost
General	\$42,877
Grant	\$1,950
Municipal Services	\$1,641
State Tax Admin	\$1,464
Library	\$1,740
Health	\$2,196
Sheriff Law Enforcement	\$14,628
Other	\$2,286
Total	\$68,782



# Retirement Adjustment Cost Tentative Budget 2003-2007

Year	Cost
2003	\$927,095
2004	\$2,392,209
2005	
2006	\$926,796
2007	\$68,782



# Employee Health Care Incremental Cost Increase for 2007

Fund	Cost
General	\$265,310
Grant	\$40,590
Municipal Services	\$37,859
State Tax Admin	\$30,482
Library	\$41,107
Health	\$49,240
Sheriff Law Enforcement	\$55,501
Other	\$52,372
Total	\$572,460



# Employee Health Care Adjustment Cost Tentative Budget 2003-2007 (not actual)

Year	Cost
2003	\$1,401,204
2004	\$1,079,364
2005	\$3,309,686
2006	\$3,649,428
2007	\$572,460



# Significant Budget Issues

- ⇒ Capital project requests (ZAP, Maintenance, Facility Enhancement)
- ⇒ Oxbow Jail and Alternatives to Incarceration
- ⇒ Structural Imbalance in general fund and other funds
  - Grant Fund
  - Capital Improvements
  - Tax Administration Fund
- ⇒ FTE Requests
- ⇒ Inflation and Employee Compensation
- ⇒ Health Care Cost Inflation
  - OPEB Liability > \$100 Million