



Clerk / Auditor

Davis County Administration Building - P.O. Box 618 - Farmington Utah 84025
Telephone: (801) 451-3213 – Fax: (801) 451-3421

Curtis Koch, MBA, CGFM
Clerk/Auditor

Heidi Voordeckers, MPA
Chief Deputy

Final Budget Message for 2016

December 8, 2015

Thanks to our Elected Officials, Department Heads, Budget Committee and staff who have diligently helped assemble the tentative budget presented this evening for consideration by the Commission. Contained in this budget message are key components and an outline of the proposed financial policies of the county for the budget year, including important features of the budgetary plan. It also provides a brief summary/description of the funds of the County, their intended use, significant changes over prior years and when applicable, the goal for end of year fund balances. Also included in the attached packet is a summary of the three year capital plan as provided by the departments. It is intended to provide a glimpse of the future capital needs to aid the County in considering future budget needs.

Beginning in budget year 2012, Davis County began to budget for and utilize fund balance in order to present a balanced budget. The spending of fund balance is tied primarily to the expansion of county services, inflation in the cost of goods and services rendered to citizens, and increased debt service payments required by the county to cover capital building projects. The proposed final budget presented for the 2016 year continues to project the spending of total governmental fund balance by approximately \$3,700,000. The continued spend down of fund balance will not be sustainable in future budget years. Therefore, in subsequent years the County will have to expand efforts to find greater operating efficiencies, consider reductions to non-statutory functions, defer ongoing expenditures, and/or increase revenues.

For the 2016 budget year, departmental expenditure requests totaled \$128,975,805.45. Correspondingly, projected revenues by departments for the 2016 budget are \$116,402,051.00. As total requested expenditures by departments exceed revenues for the County by \$12,573,754.45 it is necessary for requests to be reduced and/or revenue projections increased.

After evaluating department presentations, receiving department head feedback, employee feedback, and observing recent downward trend of fund balances, it is necessary to recommend reductions to operational expenditures, capital equipment, employee benefits, and workforce size. These changes will affect all departments and funds of the County. All recommendations have been evaluated with a pervading interest to preserve service quality and employee morale. Specific recommendations include adjustments to medical benefits from 90/10 to 80/20 with increased deductibles, dental benefits, and employer match to 401(k) from 5% to 4%. Additionally, many vacant and newly-requested positions have been removed from the 2016 budget.

Throughout the 2015 budget year and in the 2016 budget requests process, several departments reported total compensation levels for employees were lagging behind market level. As a result of this, departments are concerned with retention and recruitment of quality employees. Subsequently, funding has been allocated for a salary and workforce utilization study in Fund 10- General and Fund 15- Health Department and Aging Services. \$500,000 has been allocated in Fund 10 - General so that when the study is complete, positions that are found to be deficient will have a market adjustment retroactive to January 1. Adjustments identified in Fund 15- Health Department and Aging Services will require a budget opening in 2016 to make necessary adjustments.

Additional changes to the 2016 budget relate to the County-wide vehicle allowance policy. In 2015, an audit was conducted to determine if the utilization of vehicle allowances and mileage reimbursement was the most cost efficient way to move employees in their daily work functions. The audit revealed that the current system is largely ineffective at minimizing per-mile costs to the County, particularly for departments and functions requiring travel. In order to gain long term efficiencies, the Transportation Policy will be modified in 2016 in order to gain long term efficiencies.

The following is a summary of each fund:

Fund 10 - General

The 2016 budget requires spending down fund balance in Fund 10 – General by \$2,710,308.93. This is in large part due to the factors listed above. A major consideration of this fund is the transfers out that occur to provide other funds with operating revenues. The budgeted ending fund balance for 2016 is \$15,304,076.14.

Fund 15 – Health and Aging Services

Beginning in 2016, fund 15 will be comprised of the Health Department and Aging Services. Historically, these two departments have existed in separate funds. In 2015 Davis County discontinued the operation of the Weatherization program, leaving Aging Services as the stand alone department in fund 11. In order to gain organizational efficiencies, consolidation of these funds will occur. The primary reason for increases in both expense and revenue in the Health Dept. are related to the Nurse Family Partnership program that is funded by the Utah Department of Health. The budgeted ending fund balance for 2016 is \$2,287,635.14 with transfers out to be committed to future capital projects.

Fund 18 – Tourism

In 2015, the County refunded bonds related to the 2009 expansion of the Davis Conference Center. In doing so, the County was able to recognize on average an annual savings of approximately \$32,000. The refunding also allows for pre-payment of the bonds with no penalty at any time. Transfers out of this fund are primarily related to debt service payments on the Davis Conference Center and committed funds for future capital projects and/or debt service retirement. The budgeted ending fund balance for 2016 is \$1,704,414.30.

Fund 19 – 911 Emergency

This fund services the County operated dispatch services with approximately 17% of funding coming from the County through a transfer from the general fund. The budgeted ending fund balance for 2016 is \$324,196.20.

Fund 21 – B Roads

In 2015, the Legislature passed HB 362 which provided additional funding through gas tax for B Road operations beginning in April of 2016. Additional funds were also approved by the public on the November 3rd election. Projections for those increases are included in the budget. The budgeted fund balance for 2016 is \$3,664,660.29.

Fund 23 – Library

In 2015, the Library system opened the new Kaysville Library in August. Current revenues will support the operation of the Library system, but will not allow for future capital building projects. Beginning in 2016, a \$100,000 transfer to Fund 45 was made in an effort to establish a savings for future capital projects. The budgeted ending fund balance for 2016 is \$2,575,369.25.

Fund 24 – Public Works

This fund largely services the flood needs of the County. Currently, all funding for this fund comes from a transfer of \$4,000,000 from the general fund. Of that transfer, 56% is utilized in debt service repayment for prior year capital flood control projects. The budgeted ending fund balance for 2016 is \$1,481,661.53.

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 .000992), sales tax revenues, and user fees. Budgeted ending fund balance for 2016 is \$1,779,840.82.

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. Fund balance is expected to vary year over year depending on variance in corridor preservation fund expenditures.

Fund 45 – Capital Projects

Beginning in 2016, the County is establishing committed fund balances for capital improvements and/or debt service repayment for multiple funds in Fund 45 Capital projects. The budgeted ending fund balance for 2016 is \$7,432,194.84 and is committed to the following funds:

Fund 10 - \$3,432,195

Fund 15 - \$1,500,000

Fund 18 - \$2,400,000

Fund 23 - \$100,000

Through the budget process, several capital improvements that have been deferred were identified. As capital projects, improvements, and debt service repayment options become available, these funds will be utilized only by the funds that they were committed from. Target fund balance will vary year over year as projects change and opportunities arise.

Fund 51 – Golf

Golf course revenues for 2016 are conservatively projected at 5% less than the current fiscal year. Keeping with the existing equipment rotation schedule, Davis Park will procure a new fairway mower in 2016, while Valley View is scheduled to replace a mower the following year. The County expects golf course fund balance to remain relatively flat via properly aligning expenses with revenues, with a budgeted ending fund balance of \$3,077,934.17.

Fund 52 – Commissary

Commissary projects a significant increase in weekend co-pay revenue for 2016. This results in a \$430,000 year-over-year increase. Revenues generated from this area are utilized to offset funding for inmate programs. Budgeted ending fund balance for the Commissary fund is \$299,328.70. As with all enterprise funds, the Commissary fund is expected to operate independently from the government-wide funds.

Funds 61, 62, 63 – Internal Services

Allocation methods for the County's internal service funds continue to be studied. The insurance and telephone internal service funds were over-hauled in 2015, resulting in more accurate reporting of costs department-wide. In 2016, a similar analysis will be performed in the buildings and grounds/facilities fund. Custodial services will now appear as an allocation for Animal Control, libraries, Events Center, Public Works, and golf courses rather than a direct payroll item. Fund 63 will also receive \$750,000 in funding to perform building improvements in the libraries, the Events Center, Administration Building, and Animal Control facility. Funding for these projects will come from their respective funds as well as capital project reserves. In addition, new fund balance goals have been set at \$1,000,000 for insurance, \$350,000-\$500,000 for telephone and security, and \$500,000 each for buildings and grounds west and facilities.

This concludes the Budget Message for 2016.

Where Your Property Tax Dollars Go

Davis County Government is responsible for the collection of property taxes for multiple entities throughout the county. These taxes are due on November 30th. Below is a breakdown of the entities that receive these taxes.

