

North Logan City Corporation

ADOPTED

Annual Operating Budgets

Fiscal Year 2006-2007

Prepared and Presented by:

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Mayor

& North Logan City
Budget and Finance Committee

**North Logan City
Proposed Operating Budgets
General and Enterprise Funds
2006-2007
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Budget Executive Summary

To the Citizens of North Logan City:

This proposed budget for fiscal year 2006-07 maps out a financial course of action for North Logan City that will continue to keep the city financially healthy. The city always tends to have more legitimate needs than it has funds. It is up to the Mayor and City Council to plan, prioritize and balance identified needs in concert with expected revenue. In recent years the city has been taking special care to maintain the required five to eighteen percent unrestricted fund balance in the General Fund. This year's targeted fund balance is 10% and the budget is set up to achieve that goal. Even though the city anticipates continued growth in revenue from sales tax from a growing retail business base, the city remains cautious and conservative in its estimated sales tax revenue, trying not to rely solely on that revenue source. With sales taxes being the main source of revenue for the city, and with steadily increasing costs to maintain even the same level of service to the residents of the city, the Mayor and the City Council have seen a need to increase the revenue in the General Fund. This budget includes raising the Energy Sales and Use Tax from its current rate of 3% up to 5%. Assuming a combined electricity and natural gas bill of \$200 per month this tax increase will cost a homeowner using that amount of energy an additional \$4.00 per month or \$48 per year. The budget also includes implementing a new Stormwater Utility Fee that will help cover certain costs related to new EPA requirements for managing and controlling stormwater. The details of this new stormwater utility will be worked out over the next few months but the budget relies on at least some funds being generated for this purpose.

The budget proposes no increases in the city's general purpose property tax rate. There has been a steady decline in the general purpose tax rate since it was last raised in 1990. An individual property owner's property taxes may have gone up even though North Logan's portion of that rate has declined. This is due to either increases in other components of the property tax (school district tax rate increases or county tax rate increases) or increased taxes paid could be the result of property values increasing due to inflation or market value increases. The budget does include an increase in the property tax dedicated for the library. The proposed new library tax rate is 0.000750. This increase would raise the dedicated library property tax on a typical \$150,000 home from \$55.03 to about \$61.88, an increase of about \$6.85 per year. The taxable value to which that tax rate is applied is 55% of the value of the home or \$150,000 times 55% - in this case or \$82,500. \$82,500 times the tax rate of 0.000750 provides the tax due - \$61.88 per year. The last time this library tax rate was adjusted to this point was five years ago so this increase of 12.4% over five years equates to an increase of about 2.5% per year.

The largest increases in expenditures for the various departments in the city are in the police department and the street department. North Logan City's portion of the budget for the police department is programmed to increase by about \$56,843 or about 10.1%. The majority of this increase is in response to an on-the-job injury to one of the department's police officers. Currently this officer is unable to work because of the injury and is on worker's compensation. His position has been filled by another officer with the understanding that if the injured officer is able to return to duty, the police force will increase by one and both officers will be kept on the force. If the injured officer is unable to return to duty and finds employment elsewhere, the costs associated with this added position would be reduced from the budget.

The increased expenditure in the street department of about \$146,905 when compared to 2005-06 comes mainly from an increased effort in streets maintenance. Two major projects are planned in this year's budget. The first is the repair of 2500 North (Airport Road) between Main Street and about 200 West. The programmed cost of this project is about \$325,000 of which Logan City will pay half. The remainder of the needed repairs for this road from 200 West to North Logan's boundary at 600 West is programmed to be done in the following two years. The second major project is the repair of the curb, gutter, sidewalk and the road surface in the Greenbriar Acres Subdivision (1630 North and 1600 to 1515 East). The programmed cost of this

project is about \$105,000. The streets department also plans on doing a limited amount of chip and seal work on North Logan roads.

No other major changes in expenditures are planned for 2006-07 when compared to 2005-06. There does however remain a significant amount of unfunded need, the most significant of which is what should be transferred from the general fund to the capital improvement fund to cover future needs for replacement of the city's capital assets. Based on the expected life of the city's infrastructure and buildings, the city should be setting aside approximately \$370,000 more in 2006-07 than what is budgeted.

The Library Special Revenue Fund is being modified this budget year in such a way that accounting for library related expenditures is all within the library fund. Prior to this year the bond payments for the library were paid out of the general fund. Money received from an endowment and a charitable foundation (typically about \$100,000 per year) were split between the general fund and the library fund in such a way that the general fund had some relief in its payment of the bond and the library had at least some additional funds for operations. With the accounting changes planned for this budget year, the bond payment comes out of the library fund and the entire endowment and foundation monies also go in their entirety to the library fund. Even with the increase in the property tax dedicated to the library there will still be a shortfall in the library fund. That shortfall is planned to be made up through a transfer of about \$55,000 from the general fund. This is actually a net decrease in the general fund's support to the library fund of about \$65,000. With the increase in the library tax the fund balance in the library for 2006-07 will remain about the same as it was in 2005-06. No exceptional changes are planned in the expenditures for the library for library operations for the coming year.

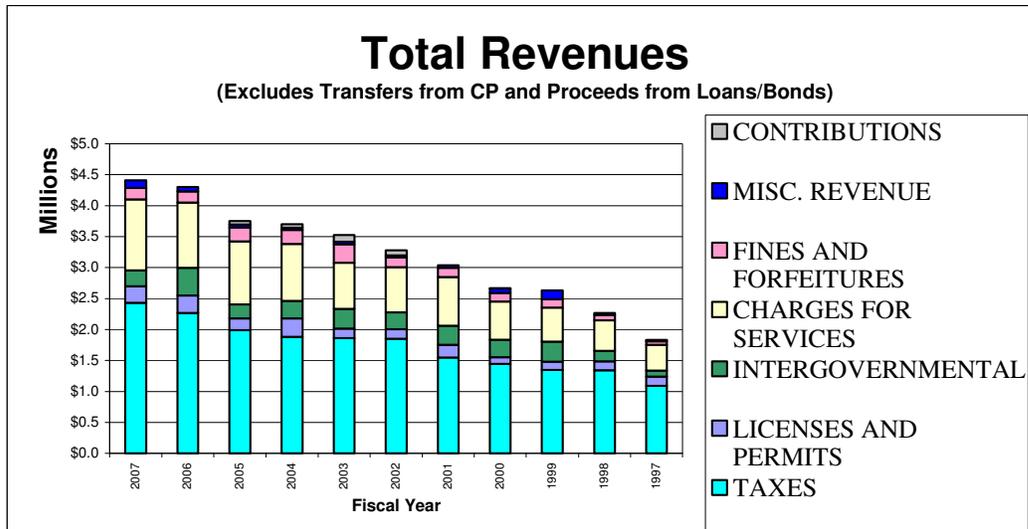
There are no out of the ordinary budget changes in the water or sewer utility funds. These departments' funds stand aside from the general fund and the departments must be self sustaining. Fees received for water and sewer use must be used within their respective departments. No significant projects are planned in these departments this budget year. Excess funds generated within these departments will be available for future needs (beyond FY 2006-07) which will include for the water department - the development of an additional well, the acquisition of additional water rights, and the construction of additional water mains; and for the sewer department - there will be additional main lines installed in the northwest quadrant of the city west of Main Street and north of 2500 North.

Personnel costs make up about 39% of the expenditures in the general fund. The budget, as proposed, includes an approximate 3% increase in wages or about \$45,500 for all funds combined. Raises for city employees are merit based therefore an individual employee may receive more or less than this 3% increase depending on their performance and how their salary compares with other cities' employees in the same position. Increased health insurance rates for benefited employees will cost the city about \$50,800 over last year. With the employees paying 20% of their health care costs the employees will collectively pay another approximate \$13,000 towards these increased health insurance costs.

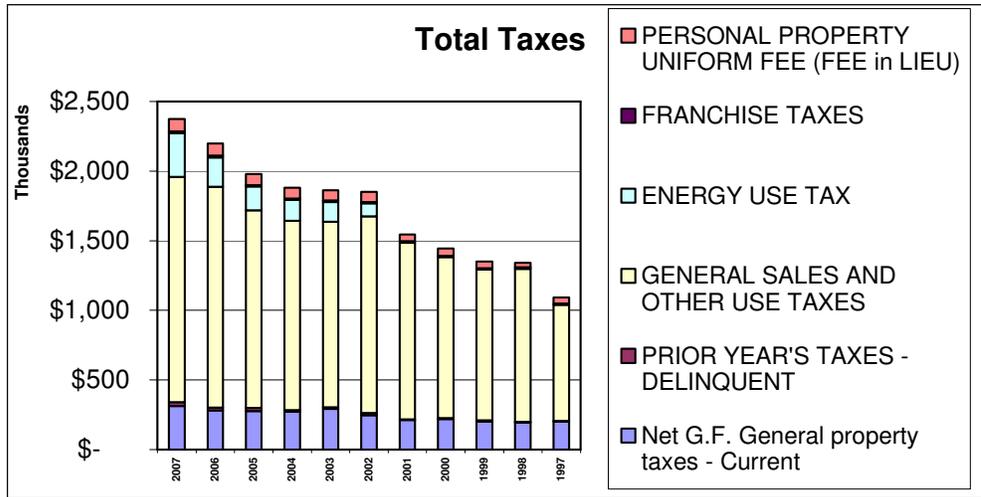
The following pages of this report provide more detailed information about the budget for 2006-07. Since this report is new for this fiscal year, the city staff encourages comments on its format and content. Direct any comments to Jeff Jorgensen the City Administrator/Recorder. It is the intention of the Mayor and City Council that the public's input in the budget process is important and encouraged.

General Fund Revenues

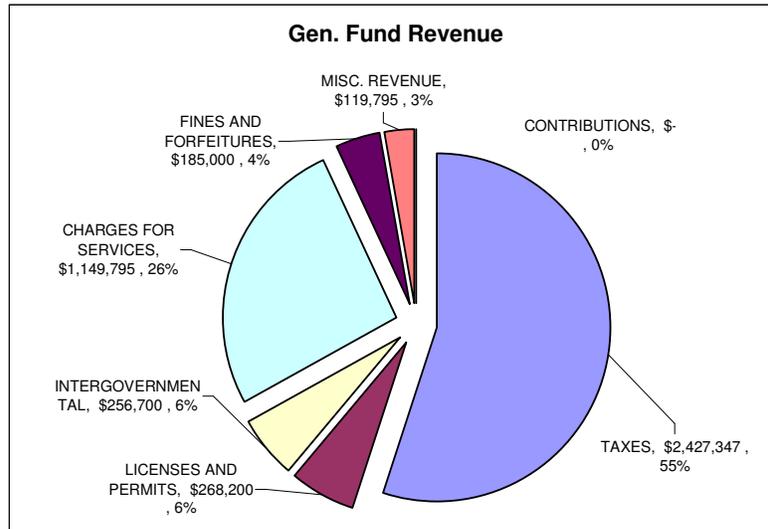
The following chart shows the total General Fund Revenues as a total and each major element that makes up the city's revenue for the general fund and the trend of the city's revenue over the previous ten years. Total revenues for the city have steadily increased over the past twelve years. The revenue for 2006-07 is projected to increase less than typically, only about 2.48% over 2005-06. This is a bit misleading however since the revenue for 2005-06 included about \$141,000 in a Homeland Security Grant. If this exceptional, one-time revenue is not counted, then the total general fund revenue for 2006-07 would show an increase of about \$245,501 or 5.9% over 2005-06.



Revenue from taxes has also continually increased over the past twelve years. The projected increase in revenue from all taxes is expected to be about \$156,506 increase over 2005-06 or about 6.9%. The largest projected increase will be from the Energy Sales and Use Tax with the rate being raised from 3% to 5%. This new rate is projected to bring into the city an additional \$160,000. The energy tax rate would still be one percentage point below the maximum allowed by law which is 6%. That rate (6%) is the rate most cities charge in Cache County. Another increase in revenue for 2006-07 will be about \$120,000 for implementing a Stormwater Utility. The new fee is planned to be about \$3.00 to \$4.00 per month per household but that revenue is not included in the General Fund, it is included as the revenue source for a new Stormwater Fund.

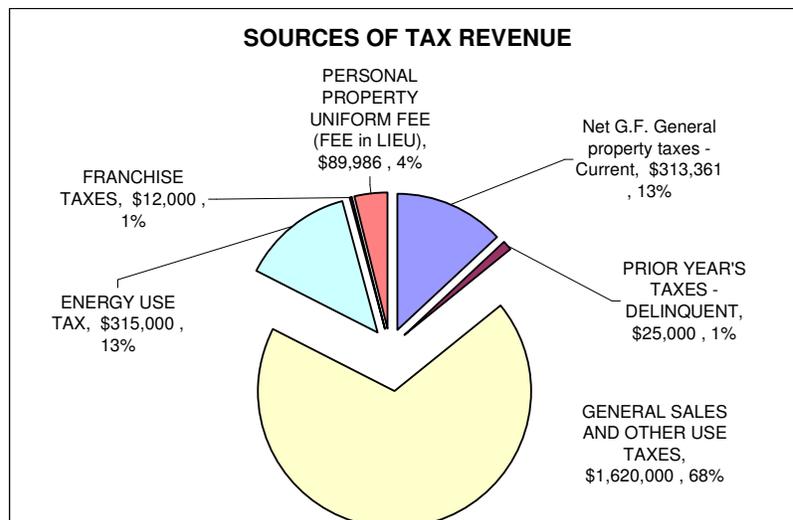


General Fund Budget 2006-2007 Revenue Percentages

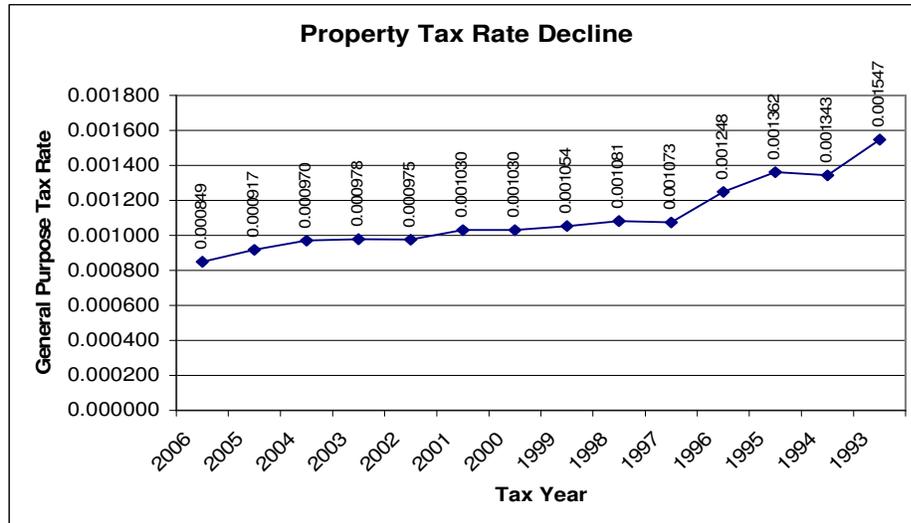


Taxes remain the largest source of General Fund Revenue for 2006-07 (55%). Tax revenues include sales tax, property tax, fee-in-lieu taxes (vehicle taxes), franchise taxes, RAPZ tax, and energy sales and use tax. 'Charges for Services' is the second largest source of revenue (26%) for the general fund and includes refuse collection charges, various zoning and subdivision fees, reimbursement from Hyde Park for police and animal control services, and misc. parks and recreation fees. To be added as an additional revenue source, beginning in 2006-07, will be approximately \$120,000 from a new Stormwater Utility. Those funds are not shown here because they are part of a separate Stormwater Utility enterprise fund. The total expected revenue from all sources for 2006-07 is expected to be \$4,406,837 compared to \$4,300,219 (\$4,158,994 if the Homeland Security Grant is not counted) for 2005-06, an increase of 2.48%.

Tax dollars projected for 2006-07 supply 55% of General Fund revenues which is an increase of about two percentage points over 2005-06. Sales tax continues to be the largest source of Tax Revenue, contributing 67% of the total tax dollars. With the proposed increased rate of Energy Sales and Use Taxes going from 3% in 2005-06 to 5% in 2006-07, that source of dollars now makes up the second largest revenue source (13%) for the general fund followed by general purpose property taxes (13%).



The General Purpose Property Tax rate for tax year 2006 (fiscal year 2006-07) is estimated to be 0.000905 compared to 0.000917 for 2005-06. The certified tax rate computed by Cache County is typically not received by the city until after the budget has been approved therefore the tax rate in the budget is only an estimate. Once the certified rate is received by the city the budget will be changed to reflect the new certified rate. The certified rate is intended to be set at a level that would maintain the same level of revenue less new growth. Since property values increase the rate tends to decline over time as shown in the following chart. The tax rate is not adjusted to keep up with inflation and therefore there is a erosion in the ability for property tax to keep up with the costs of running the city. As costs increase there is more and more reliance on other taxes, especially sales tax, to fund city services.



The General Purpose Property Tax Rate has not been increased in North Logan City since August of 1990 when it was set at 0.002144. The Dedicated Library Tax, after being initially set at 0.000750 in 1994-95, was raised to that level again in 2001-02 and is being proposed to be raised to that level once more in this budget. The maximum rate allowed by law for the library tax is 0.001000 therefore North Logan’s library tax rate is 75% of the maximum allowed. The maximum rate allowed by law for the General Purpose Property Tax is 0.007000. If the General Purpose Tax Rate is not increased this year, and assuming a new rate of 0.000905, the tax rate would be only 12.9% of the level allowed by law and 42% of what the rate was in 1990.

Comparing the general purpose tax rate with other cities can sometimes be useful. Differences in the character of the city and its ability to generate funds from sales tax, energy taxes, or other sources may, however, make comparisons less than useful. The following chart provides some general information on property tax rates coupled with the Energy Sales and Use Tax for last year for selected other cities in close proximity to or similar to North Logan.

Comparison of Typical Tax Burden for Selected Cache Cities - FY 2006									
Energy Sales and Use Tax Rate	City	General Purpose	Sinking Fund for Bond	Dedicated Library Tax	Assumed Valuation of Home	Property Taxes (City Portion Only)	Assumed Electric + Gas Bills per month	Annual Energy Sales and Use Taxes Paid	Sorted by Total Tax Burden
6%	Logan City	0.001043	0.000429	0.000802	\$200,000	\$ 250.14	\$200	\$144	\$394.14
6%	Smithfield	0.000860	0.000841		\$200,000	\$ 187.11	\$200	\$144	\$331.11
6%	Nibley	0.001570			\$200,000	\$ 172.70	\$200	\$144	\$316.70
6%	Logan City (Without Ded. Library Tax)	0.001043	0.000429		\$200,000	\$ 161.92	\$200	\$144	\$305.92
6%	Richmond	0.001368			\$200,000	\$ 150.48	\$200	\$144	\$294.48
5%	Wellsville	0.001343			\$200,000	\$ 147.73	\$200	\$120	\$267.73
6%	Hyrum	0.001050			\$200,000	\$ 115.50	\$200	\$144	\$259.50
3%	North Logan	0.000917	0.000094	0.000667	\$200,000	\$ 184.58	\$200	\$72	\$256.58
3%	River Heights	0.001550			\$200,000	\$ 170.50	\$200	\$72	\$242.50
0%	Lewiston	0.002115			\$200,000	\$ 232.65	\$200	\$0	\$232.65
4%	Providence	0.001154			\$200,000	\$ 126.94	\$200	\$96	\$222.94
0%	Mendon	0.001775			\$200,000	\$ 195.25	\$200	\$0	\$195.25
4%	Millville	0.000853			\$200,000	\$ 93.83	\$200	\$96	\$189.83
3%	North Logan (Without Ded. Library Tax)	0.000917	0.000094		\$200,000	\$ 111.21	\$200	\$72	\$183.21
0%	Hyde Park	0.001100			\$200,000	\$ 121.00	\$200	\$0	\$121.00

The City Council considered increasing the General Purpose Property Tax Rate instead of raising the Energy Sales and Use Tax. The following chart shows the estimated rate for 2006-07 as well as higher rates that were considered. The chart also shows the increased revenue that would result from these higher rates and the increased tax burden for a typical \$150,000 residence. The taxes on residential property is 55% of the appraised value therefore a tax rate of 0.001000 would require an annual tax payment on a \$150,000 residence of \$110 (computed as - \$150,000 * 0.55 * 0.001000 = \$82.50).

	V	W	X	Y	Z
	If the Gen Purpose Tax Rate Was:	Taxes on a \$150,000 Residence Would Be	An Increase of _____ Over No Rate Increase	Revenue Received by the City For That Rate	Amount of Increased Revenue to City Above No Change Rate
1					
2	0.000905	\$74.66		\$313,361	
3	0.001000	\$82.50	\$7.84	\$346,256	\$32,894
4	0.001100	\$90.75	\$16.09	\$380,881	\$67,520
5	0.001200	\$99.00	\$24.34	\$415,507	\$102,145
6	0.001300	\$107.25	\$32.59	\$450,132	\$136,771
7	0.001400	\$115.50	\$40.84	\$484,758	\$171,397

General Fund Expenditures

City Council

No significant changes for expenditures for the City Council are anticipated in 2006-07. A portion of the projected expenditures attributed to the City Council are expected to go down due to the fact that there will be no municipal elections in 2006-07, saving the city about \$5,200 from what was spent in 2005-06. The expenditures for this department are expected to increase by about **1%** or about **\$886**.

City Justice Court

The only expected changes in expenditures for the justice court (the judge, the court clerk and the bailiffs) will come from the planned personnel costs increases - wages and benefits. The expenditures for this department are expected to increase by about **1%** or about **\$1,956**.

Executive Staff

The expected increases in expenditures for the executive staff (the city administrator and the executive secretary) will also come mainly from the planned personnel costs increases - wages and benefits. The hours for Winona Perry's position will be distributed between a part-time secretary for the mayor and city administrator, plus more hours for the payroll clerk and one of the part-time billing clerks. The proposed budget assumes that the person replacing her will not be entitled health benefits and retirement. The expenditures for this department are expected to decrease by about **-16%** or about **-\$17,331**.

Administrative Agencies

The expected increases in expenditures for the administrative agencies (the city treasurer, the deputy recorder, the payroll clerk/personnel clerk, and two secretary/receptionists – one full-time and one half-time) are due to changes in the number of hours for employees assigned to this department. Other changes will also come from the planned personnel costs increases - wages and benefits. The expenditures for this department are expected to increase by about **19%** or about **\$17,688**.

Non-Departmental (Administration)

The expenditures for this department are expected to decrease by about **-1.5%** or about **-\$2,123**. The changes are due to minor adjustments in miscellaneous budget line items.

Facilities Department

The expenses in this department are distributed throughout other departments in the city to account for utilities, insurance and repairs and maintenance of city facilities. Planned discretionary projects within this department are \$3,000 for the development of a concept design for the construction of a new municipal building; \$25,000 for replacing the roof on the Fire/Police Building; and installing air conditioning in the basement of that same building for about \$1,870. Replacing the exterior doors in the city office building remains as an unfunded requirement for this department. The total expenditures for this department are expected to decrease by about **-8%** or about **-\$27,509** from what was spent in 2005-06.

Police Department

Significant changes are planned for the expenditures in the police department. Hyde Park shares in the costs of this department according to a formula that splits the costs based on relative sales taxes received, calls for service, and property taxes received. Discrepancies in how the number for the relative property taxes is computed have caused the joint North Logan/Hyde Park Police Department Committee to recommend that that portion of the formula be changed. Instead of basing the cost sharing on property taxes received it would now be based on the relative amounts of property valuations. Doing so will tend to increase the share paid by North Logan but it is a more accurate way of setting the amount. If the formula is not changed then all of the property taxes for North Logan (except the dedicated library tax) should be used since that is the amount than Hyde Park has been submitting to the formula in the past. The end result will not be much different but using property valuations is much simpler. Changing the method by which the costs are shared between the two cities accounts for about \$17,500 of the increase in the cost borne by North Logan City for police services for 2006-07.

Other increases in police department costs come mainly from personnel costs. Besides the planned increased costs due to wage and benefits increase there is planned the costs of an additional crossing guard (about \$3,200) plus planning for an increase of one-half year of a Police Officer I position starting in about January '07. This would be required in the event one of police officers currently out for an on-duty injury, is physically able to return to work. If that happens, the budget, as planned, would also include the purchase of an additional patrol vehicle. The additional costs for this additional position (1/2 year) and the associated vehicle would be about \$60,000. This amount would also be a cost savings equal to that amount if the person does not return to duty.

The only other significant increase in costs for the police department is an increase of about \$5,000 over the previous year for capital equipment for the planned purchase of replacement side arms (\$2,170) and a new radar display board (\$7,000). A replacement patrol vehicle (\$35,000 including added equipment) is also planned for in the budget using funds set aside in the Capital Improvement Fund.

The total expenditures for this department are expected to increase by about 13% or about **\$86,862** above what was spent in 2005-06. Hyde Park will pay about 22.57% of the total cost of the police department or about \$180,761 .

Animal Control

Significant increases in work load for the animal control officer have led the three cities to agree to add an additional full-time officer. In doing so they felt it was best to separate Smithfield from North Logan and Hyde Park. The costs for animal control services were previously shared among North Logan (40%), Smithfield (40%) and Hyde Park (20%). In FY2007 the animal control services and costs will only be split between North Logan and Hyde Park. In doing so the costs for 2006-07 for North Logan's portion of the animal control budget are expected to increase by about 95.50% or about \$20,840.

Fire Department

The budget for the fire department for 2006-07 versus 2005-06 shows a significant decrease in costs (about \$158,000). This apparent decrease in projected costs is primarily due to a Homeland Security Grant and a State Grant received and spent in 2005-06 (\$166,000 and \$12,000 respectively). Those one-time funds do not show up in the 2006-07 budget and hence both the revenue and the expenditures related to these grants are lower for the upcoming fiscal year.

If the Homeland Security Grant and the State Grant are not counted, the fire department would show an increase in expenditures of about **5.6%** or about **\$16,866**. This increase is primarily due to a combination of wages and benefits costs and various

categories of training expenses. The budget includes the replacement of the department's wildland fire fighting truck

Three grants are anticipated for the fire department in 2006-07 but will not be included in the budget until they are actually confirmed. Grants for extrication equipment, wildland equipment, and an extrication power plant would require a match by the city totaling about \$8,500. About \$41,000 worth of equipment could be purchased with the grant money combined with the city match.

Building Inspection & Engineering

No significant changes for expenditures for the Building Inspection and Engineering Department are anticipated in 2006-07. The expenditures for this department are expected to increase by about **6.5%** or about **\$14,936**. About \$11,300 of that increase in from planned changes to wages and benefits. Other increases are spread throughout the department's eight line items.

The budget shows unfunded a request from the department head to purchase an approximate \$30,000 GPS survey system. The cost for this piece of equipment would be shared among this department plus the Water and Sewer enterprise funds.

Roads and Streets

The budget for the Roads and Streets Department shows a decrease in costs for wages and benefits that can be misleading. With the advent of the new Stormwater Utility enterprise fund, the costs for one-third of the wages and benefits for the Streets Department have been charged to that fund. The budget includes the addition of a summer-hire laborer for the streets department.

The 2006-07 budget includes \$50,000 for much needed chip sealing of roads. This amount is just a portion of the \$155,000 for chip sealing recommended by the Streets Superintendent. The budget shows as unfunded the proposed purchase of an additional 1-Ton truck with a snow plow and a vibratory plate for the backhoe. The department currently is leasing its backhoe and a cost benefit analysis of lease versus lease to own, versus purchase of a backhoe should be accomplished prior to next year's budget to determine the best way to provide this equipment.

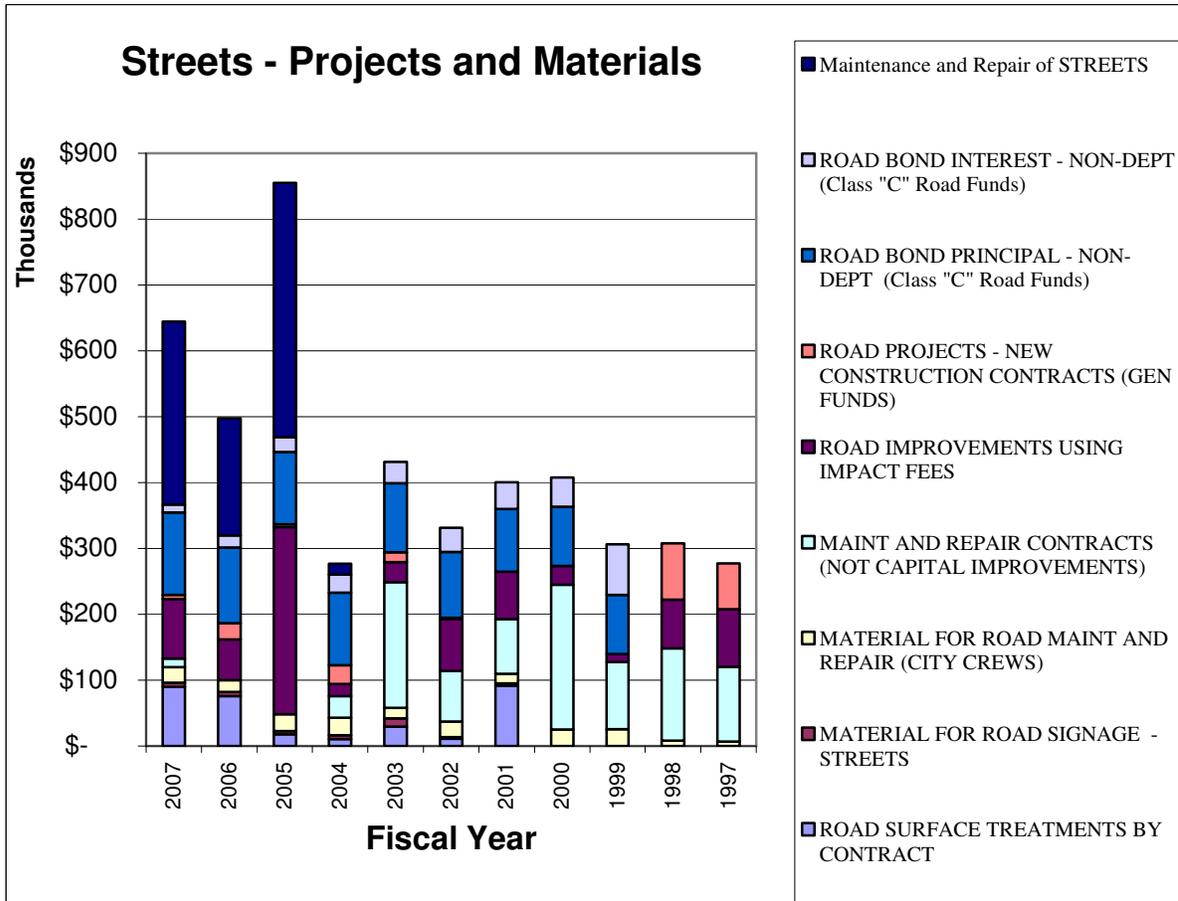
Several projects are planned for this fiscal year's budget for the streets department. They include widening the access into the Golden Corral restaurant (\$ 3,000) and constructing a sidewalk along 2300 North from 1200 East to about 1250 East (\$6,500).

Projects planned to be accomplished using road impact fees include the sidewalk and the east portion of the road next to Palomino Circle (\$10,000), and constructing the northern-most 300 feet of the west half of 1400 East to be done in concert with the construction of the proposed Harvest Meadows Subdivision (\$ 30,000).

Two major street repair projects are planned to be funded in the 2006-07 budget year using roads and streets capital improvement funds. They are 1) the curb, gutter and sidewalks plus grinding and re-laying the asphalt in the area of 1630 North and 1600 to 1515 East (\$105,425) and 2) \$162,500 for the repair of 2500 North from Main to 200 West.

The overall expenditures in 2006-07 from all sources related to roads and streets shows an increase in spending on roads of \$146,905 or 29.5% when compared to 2005-06.

The following chart shows how the proposed expenditures in roads and streets for 2006-07 compares to the previous ten years.



Sanitation

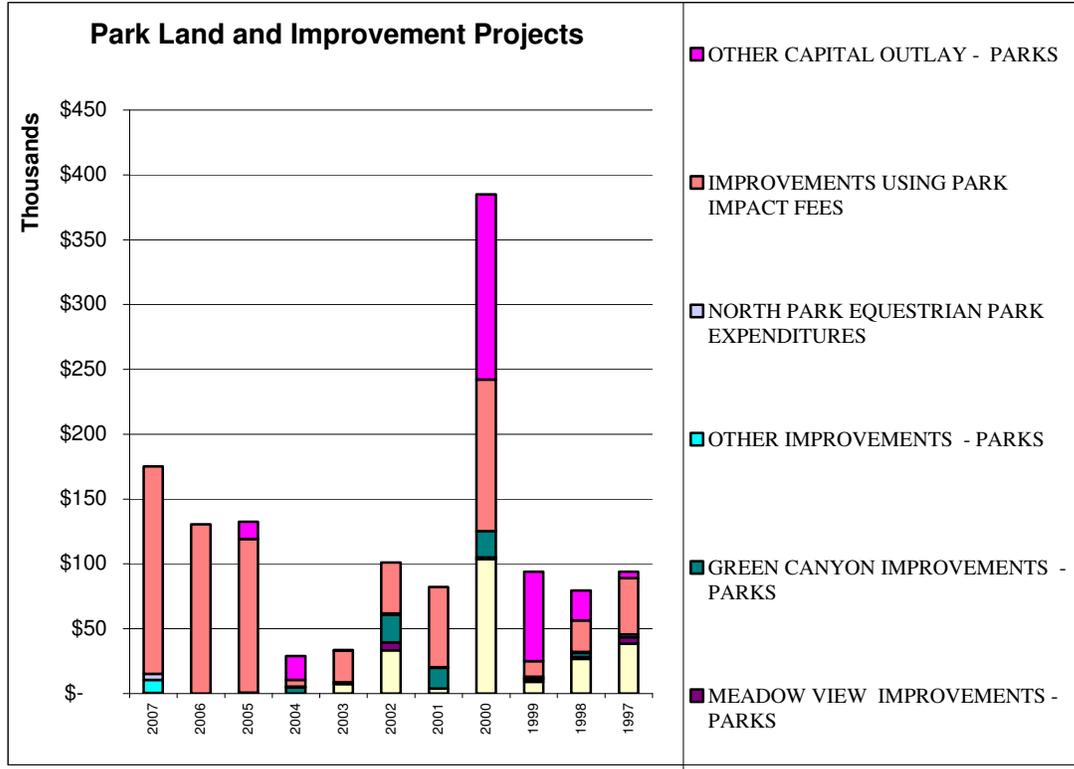
Trash collection costs for 2006-07 are expected to increase by about **13%** or **\$62,000** when compared to 2005-06. This amount is the fees paid the Logan City for this service. Revenue received in North Logan to cover these costs is expected to also increase by about \$66,000 or 13% compared to 2005-06. A portion of these increases in costs and revenue are due to new growth, but the majority of the increases are due to the change in the trash collection services to now include mandatory recycling for all residential users.

Parks and Park Areas

Major expenditures in Parks and Parks areas includes 1) the remaining funds needed to purchase park land in the mouth of Green Canyon (\$60,000); 2) the construction of a building at Elk Ridge Park in which equipment and Pumpkin Walk materials will be stored (\$100,000). Also funded are misc. park upgrades at Elk Ridge including rebuild of the sand volleyball court, repairs to the basketball area, and the addition of more picnic tables (to be funded as a RAPZ Project by the County). Unfunded projects for Parks include replacing the floor covering and the windows in the Lion’s Building (\$8,500), the installation of a secondary water system for Meadow View Park (\$13,790), and the purchase of additional park land (\$300,000),. Also unfunded are miscellaneous pieces of equipment for the Parks Department including a seeder, an aerator, two additional mowers, and the replacement of the utility truck for parks. Funds for the replacement truck would come from the Capital Improvement Fund.

With all of these changes and planned increases in personnel costs the overall budget for the Parks Department is planned to increase by 6% or about \$26,121 when compared to 2005-06.

The following chart shows how the proposed expenditures in park land purchases and improvements for 2006-07 compares to the previous ten years.



Recreation and Culture

Minor changes are planned for the Recreation and Culture Department. The expenditures are planned to decrease by about -7% or -\$3,144 when compared to 2005-06. The minor increase in cost for personnel is more than offset by a decrease in the expenditures for Little League Supplies.

Cemetery

The budget for the Cemetery is planned to increase significantly. The increase is \$39,100 when compared to 2005-06. The only expenditure for 2005-06 was for engineering/surveying work done to help lay out the plots for the future cemetery. The expenditures for 2006-07 include \$ 4,000 for grass, \$ 6,000 for trees, \$ 13,000 for installing a water line to the property, and \$ 30,100 for installing a sprinkler system.

Planning Commission

The Planning Commission’s budget is planned to increase by about \$8,060. The increase is for additional travel and training funds for the commission plus professional and technical services funds identified to help assist the commission with their work.

Community Planning and Economic Development

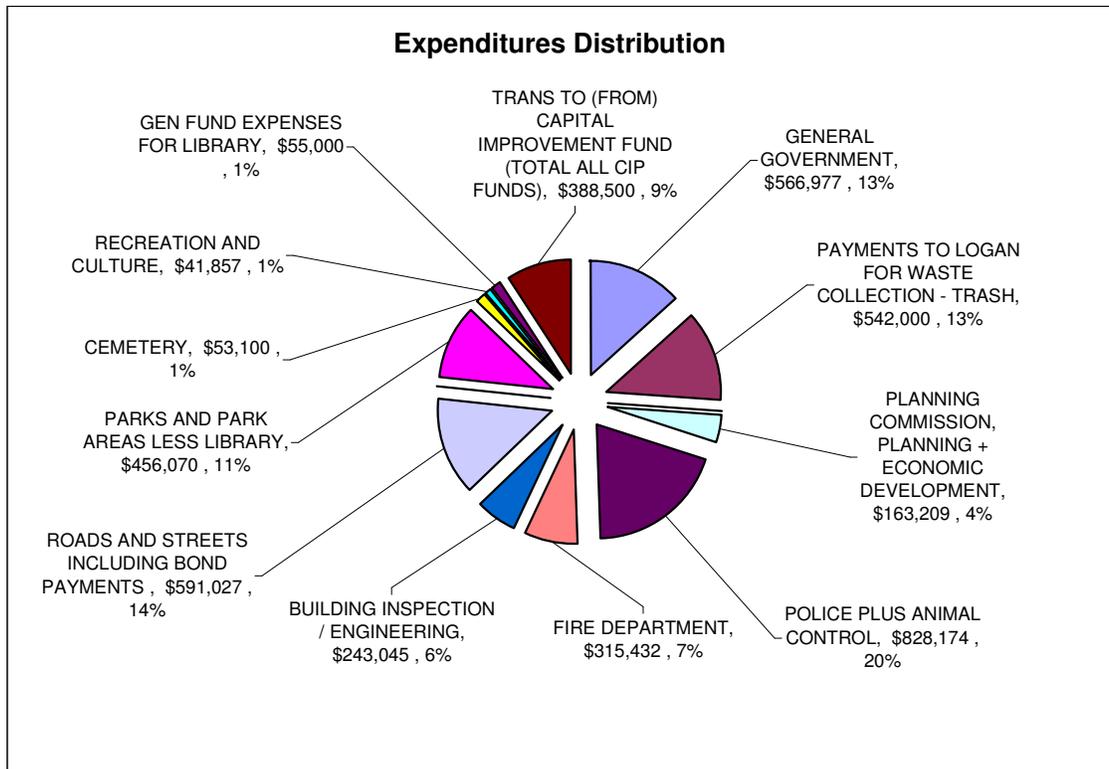
The Community Planning Department's spending coupled with Economic Development is programmed to actually decrease about -18% or about -\$32,119 when compared to 2005-06. The majority of this decrease is due to the fact that in 2005-06 the city commissioned a study to develop a city center plan plus there was work done for establishing an RDA and an EDA for the city. The budget includes funds for a professional opinion survey to be done in the city in 2006-07.

Debt Service

Debt service is planned to remain essentially the same for 2006-07 when compared to 2005-06 but the budget does indicate a major change in how the bond for the library will be paid. Previously, the library bond was paid from the General Fund. With the planned increase in the property tax dedicated to the library and a recommendation from the Budget Committee to have all of the proceeds from the Thorne Endowment go to the Library Special Revenue Fund, the city plans to separate all costs associated with the library such that they are all accounted for in the library fund.

Expenditures Summary

The following chart shows the distribution of expenditures within the General Fund for various categories of spending:



General Fund Summary and Unreserved Fund Balance

The following table gives a summary of the revenue and expenditures for the general fund plus information about the unreserved fund balance for the city. The unreserved fund balance represents funds that are on hand with the city at the end of the fiscal year to ensure continued operation of the General Fund through the first few months of the year fiscal year and to hedge against emergency needs. The year-end percent unreserved fund balance must, by law, be between 5% and 18%.

	FY 2006-07	FY 2005-06
Total General Fund Revenue	\$ 4,406,837	\$ 4,300,219
Total General Fund Expenditures (Includes transfers to Capital Improvement Fund and Library SRF)	\$ 4,248,391	\$ 4,098,066
Amount Revenues Exceeds Expenditures	\$ 158,446	\$ 202,153
Total Fund Balance (Reserved and Unreserved)	\$ 799,046	\$ 640,599
Total Reserved Funds	\$ 417,327	\$ 313,532
Total Unreserved Fund Balance	\$ 381,718	\$ 327,067
Percent Unreserved Fund Balance (Compared to the <u>following year's</u> projected revenue)	9.29%	7.42%

Reserve Funds

Reserved Funds are those funds within the General Fund which must be used for specific purposes. They include impact fees, funds received for specific RAPZ projects, the little league program and others. Monies left in these accounts at the end of each fiscal year are carried over to the next year and are not included in the unreserved fund balance. Impact fees collected must be spent within six years of their receipt and must be used for projects that are required due to new growth.

Roads Impact Fees

Revenue from Road Impact Fees are expected to generate about \$140,000 plus reimbursement from the sell of the house near Elk Ridge will put another \$25,000 back into the Road Impact Fee reserved fund. Projects planned which will use road impact fee funds include: 1) \$10,000 for the sidewalks and the east portion of the road on 1600 East adjacent to Palomino Circle plus 2) \$30,000 for the east half of 1400 East – the portion of the road not completed by the approved Harvest Meadows Subdivision and 3) the construction of a bridge over the upper canal at the end of 2500 North (Beck's Lane). The fund balance in this reserved fund is expected to increase from \$86,062 at the end of 2005-06 to \$162,662 at the end of 2006-07.

Liquor Law Enforcement

The proposed budget shows an increase in the usage of the funds in this reserved fund for the year 2006-07. These funds are received from taxes on the sale of alcoholic beverages and the funds must be used for alcoholic beverage law enforcement. The fund balance in this reserved fund is expected to decrease from \$13,540 at the end of 2005-06 to \$7,460 at the end of 2006-07 primarily due to the planned expenditures for liquor law enforcement supplies.

Library Bond Reserve Fund

This fund is made up of the funds remaining from the money borrowed to build the library after construction was complete. The fund balance in this reserved fund is being transferred to the Library Special Revenue Fund where it will be maintained in reserve.

Parks and Recreation Impact Fees

Revenue from Park Impact Fees is expected to generate about \$104,000 plus reimbursement from the sell of the house near Elk Ridge will put another \$75,000 back into the Park Impact Fee reserved fund. Projects planned which will use park impact fee funds include: 1) \$70,000 towards the purchase of park land in the mouth of Green Canyon plus 2) \$100,000 for the construction of a building at Elk Ridge to house park equipment and Pumpkin Walk supplies. The fund balance in this reserved fund is expected to increase from \$16,139 at the end of 2005-06 to \$37,939 at the end of 2006-07.

RAPZ Tax Specified Project

North Logan City was successful last year in obtaining project specific funds from the county's Recreation, Arts, Parks, and Zoo tax. Those funds were used to construct a trail throughout Elk Ridge Park. For 2006-07 the city applied for funds for miscellaneous improvements to Elk Ridge Park. That request has been approved for \$40,000, slightly less than requested. This project is intended to provide for rebuilding the sand volleyball court, repairing the basketball area, and adding more picnic tables at the park.

Equestrian Park

This fund contains monies intended for use at the Equestrian Park on Meadow View Park. There are no specific plans for this fund this year. The Equestrian Park is to be moved in the not too distant future and there is little interest in putting more money than is necessary into the park at its current location. One unfunded project has been identified for these funds. \$4,790 could be used in conjunction with \$9,000 of regular parks funds to install a secondary water system for Meadow and surrounding areas. That project is not yet supported.

Little League Funds

This fund is used to track revenue from fees paid for participating in the Little League program. Funds are used to purchase supplies for the program such as bats, balls, other equipment and payments to umpires. The fund balance for this fund is expected to increase from \$755 at the end of 2005-06 to \$1,370 at the end of 2006-07.

Use of Funds Received From Energy Sales and Use Taxes

The Energy Use and Sale Tax imposed in 2002 was originally intended to help balance the budget when the city began making annual payments on the cemetery/park land on the east bench. Even though the money received from the Energy Sales and Use Tax is not a reserved fund, the city council expressed a desire to track these funds against the costs of land purchased for parks. Since 1997 and through the 2006-07 budget year, the city will have spent about \$1,014,000 on cemetery and park land. About \$673,800 of this was for the cemetery property, \$205,700 for the land west of Elk Ridge, and \$134,500 on the land around the library not used for the library itself. Through fiscal year 2006-07 the amount received from the Energy Sales and Use Tax for the six years it has been in effect, will total about \$1,092,000. Thus the total received from this energy tax for six years has now, for the first time, exceeded the amount spent over the past eleven years for park/cemetery land.

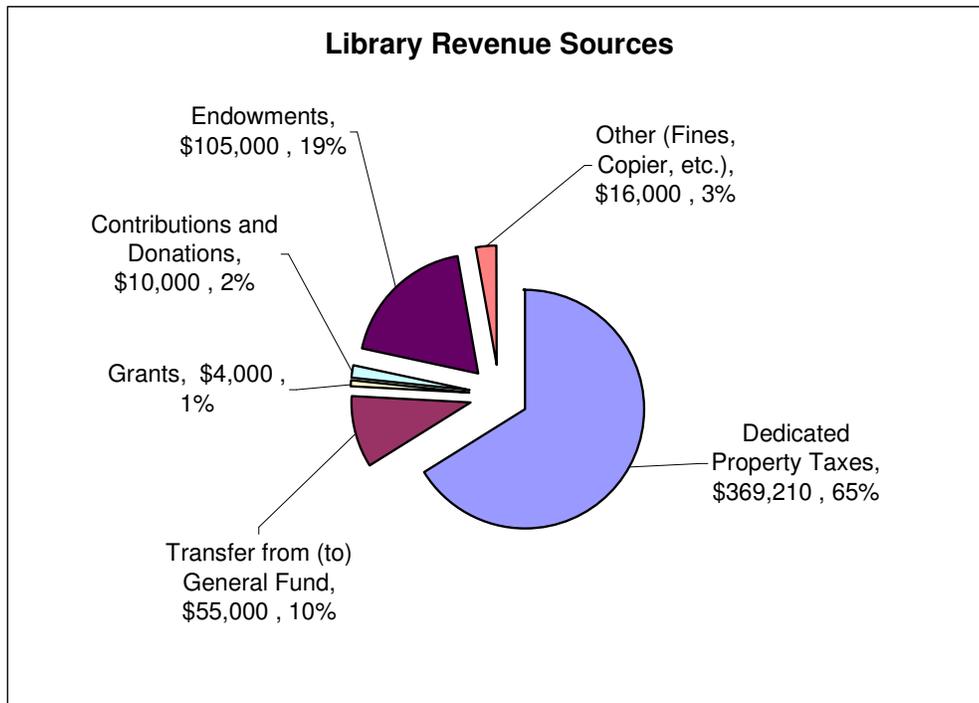
Library Special Revenue Fund

This fund is separate from the General Fund and provides for the operation of the North Logan City Library. The majority of the revenue for the library comes from a dedicated property tax. The 2006-07 budget includes raising the library's dedicated property tax back the original rate established in 1994-95 and the same rate to which it was raised in 2001-02, that rate being 0.000750. This tax rate increase is equal to about seven dollars per year for a house valued at \$150,000.

The second largest revenue source is the combination of the Thorne Endowment (Endowment herein) and the Dell Loy & Lynette Charitable Support Foundation (Foundation herein). The proceeds from the property donated through the Thorne Endowment will generate about \$95,000 in 2006-07 plus there will be about \$10,000 contributed by a combination of donations from citizens in Hyde Park and the Foundation. As a result of the Endowment and the Foundation, North Logan City allows the use of the library by the residents of Hyde Park.

This budget year includes significant changes in the accounting of the library fund. The original position of the city was that the General Fund would cover the cost of the library bond. When the Thorne Endowment was established a portion of the proceeds (usually about half) would stay in the General Fund to help offset the cost of the bond. The remaining portion was transferred to the library fund for library operations. In this budget the library bond payment is made from the library fund, all of the Endowment and Foundation goes directly to the Library Fund and the General Fund will provide about \$ 55,000 to the Library Fund because of the use of the library, especially the meeting room, which the city enjoys for things not related to the library itself. For example, city council meetings and planning commission meetings are held regularly in the library plus the library meeting room is rented out for various purposes and the proceeds from doing so go into the General Fund.

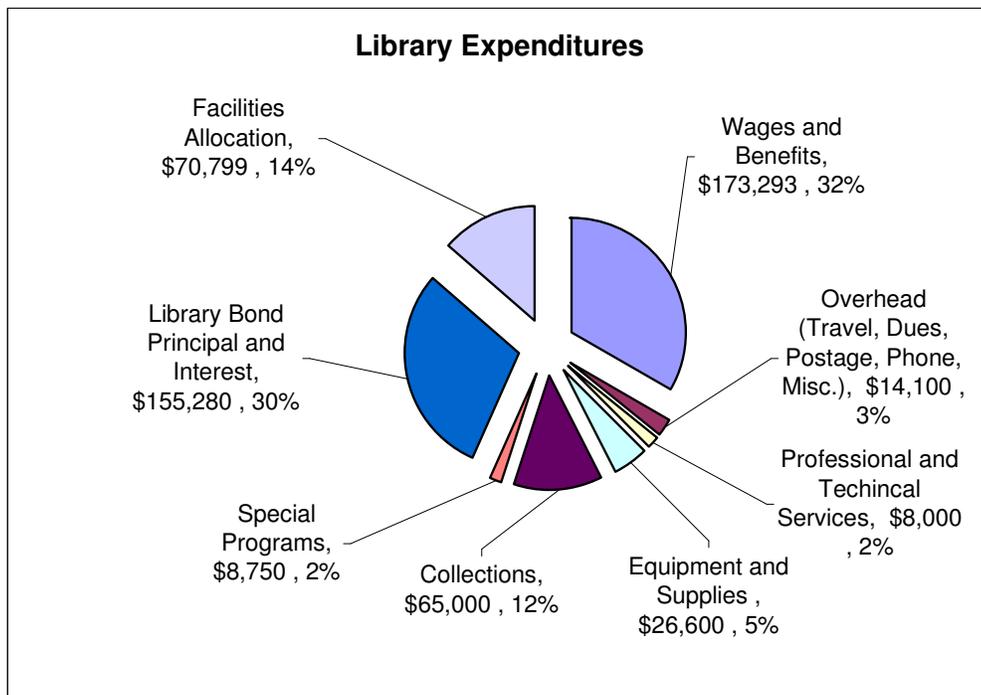
The following chart shows the various general sources of revenue for the library:



Most of the expenses for library operations are the wages and benefits for the library staff. With the payment of the library bond now coming out of the library fund, that expense becomes the second highest cost to this fund. The library's facility allocation covers the cost of utilities, insurance and maintenance of the library and is the next highest expenditure for the library. Collections (namely books, videos, magazines, and the processing of same) represents the fourth largest category of expenditures for the library. The \$65,000 shown in Chart #8 includes \$50,000 for normal collection costs, \$5,000 for collections processing plus up to an additional \$10,000 is authorized to be spent on collections contingent upon the library receiving that amount in donations for collections.

Grants are typically received by the library each year. This budget will show no grant money until the grants are specifically received at which time the budget will be modified accordingly.

The following chart indicates the various categories of expenditures for the library fund. The library tries to maintain an end-of-year reserve fund balance within the library fund even though there is no statutory requirement to do so. The library board attempts to maintain a fund balance of about ten to twenty percent. The projected unreserved fund balance for 2006-07 for the library is budgeted to be \$ (57,308) or 10%.



Capital Improvement Fund

The Capital Improvement Fund is intended to provide for capital expenditures, primarily through replacement of assets. Funds transferred from the General Fund representing 'depreciation costs' become the revenue source for the Capital Improvement Fund. Expenditures from this fund should be limited to replacement of infrastructure such as roads, bridges, sidewalks, buildings and elements of buildings for which replacement significantly extends the life of the building such as a total roof replacement, vehicle replacement, and other capital equipment replacement. The depreciation schedule for capital assets would have the city transfer about \$740,018 into the Capital Improvement Fund. This budget sets aside through transfers only \$388,500 or about 52% of that amount into the following subcategories of the Capital Improvement fund:

1. Building Replacement & Capital Improvements to Building	\$ 0
2. Replacement of General Fund Vehicles (Non-NPPPD)	\$95,000
3. Park Facilities Capital Repairs and Replacement	\$5,500
4. Replacement of NPPD Vehicles (incl. Animal Control)	\$43,000
5. Capital Repairs to Streets	\$245,000
6. Capital Improvements for Library	<u>\$ 0</u>
Total	\$388,500

Planned expenditures in the Capital Improvement Fund are as follows:

1. Replacement of One Police Department vehicle	\$34,000
– Includes vehicle plus police related equipment of \$6K	
2. Repair 2500 N - Main to 200 W.	\$162,500
– Logan City also pays same amount, total project is \$325K	
3. Grind and Re-Lay 1630 N 1600 to 1515 E	\$105,425
– Includes Curb and Gutter Replacement	
4. Misc. Other	\$10,000
5. Replacement of the Wildland Truck for the Fire Department	\$40,000
– Includes water tank, pump and fire fighting equipment	

The expected total fund balance for the Capital Improvement Fund at the end of 2006-07 is \$41,175 .

The only unfunded requirement in the Capital Improvement Fund for 2006-07 is :

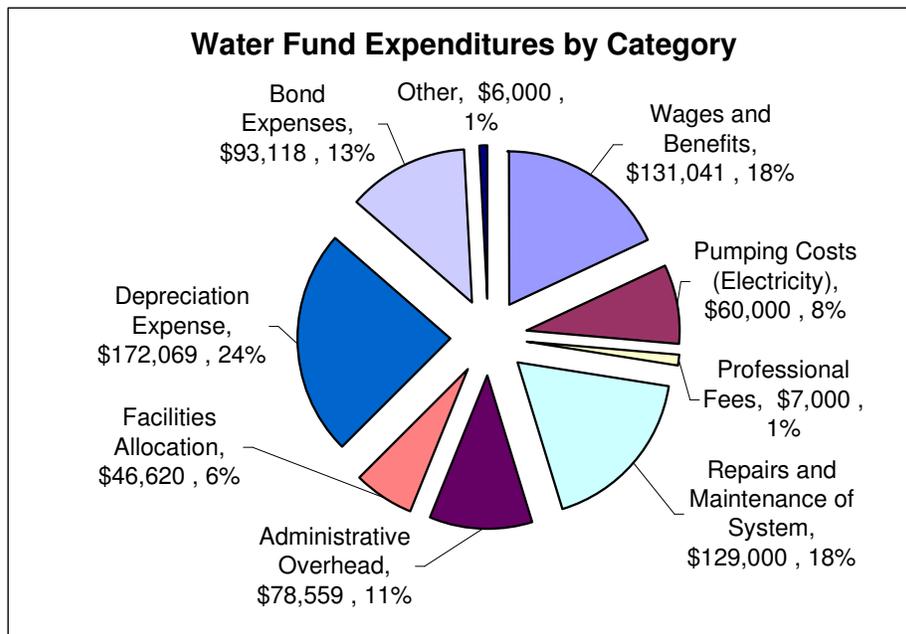
1. Replacement of the Utility Truck for the Parks Department	\$35,000
– Includes placing a snow plow on the track	

Water Utility Fund

Planned revenue and expenditures for the Water Utility Fund for 2006-07 is projected as follows (with comparison to 2005-06):

	A	B	C
170	Revenue	2006-07	2005-06
171	Charge for Services (Metered Water Sales)	\$ (767,000)	\$ (787,000)
172	Impact Fees Collected (New Services)	\$ (175,000)	\$ (205,000)
173	Interest Income	\$ (51,650)	\$ (39,100)
174	Other	\$ (3,000)	\$ (3,000)
175	Total	\$ (996,650)	\$ (1,034,100)
176	Expenditures		
177	Wages and Benefits	\$ 131,041	\$ 126,675
178	Pumping Costs (Electricity)	\$ 60,000	\$ 42,000
179	Professional Fees	\$ 7,000	\$ 3,500
180	Repairs and Maintenance of System	\$ 129,000	\$ 134,000
181	Administrative Overhead	\$ 78,559	\$ 73,100
182	Facilities Allocation	\$ 46,620	\$ 50,460
183	Depreciation Expense	\$ 172,069	\$ 173,647
184	Bond Expenses	\$ 93,118	\$ 98,180
185	Other	\$ 6,000	\$ 6,000
186	Total	\$ 723,407	\$ 707,562
187			
188	Net Change (Increase) in Assets	\$ (273,243)	\$ (326,538)
189			

This budget shows a projected \$28,550 increase in revenue over 2005-06 or 3%. The revenue for the year 2006-07 exceeds the expenditures for a net increase in assets for the Water Fund of \$280,855 compared to \$247,882 for 2005-06.



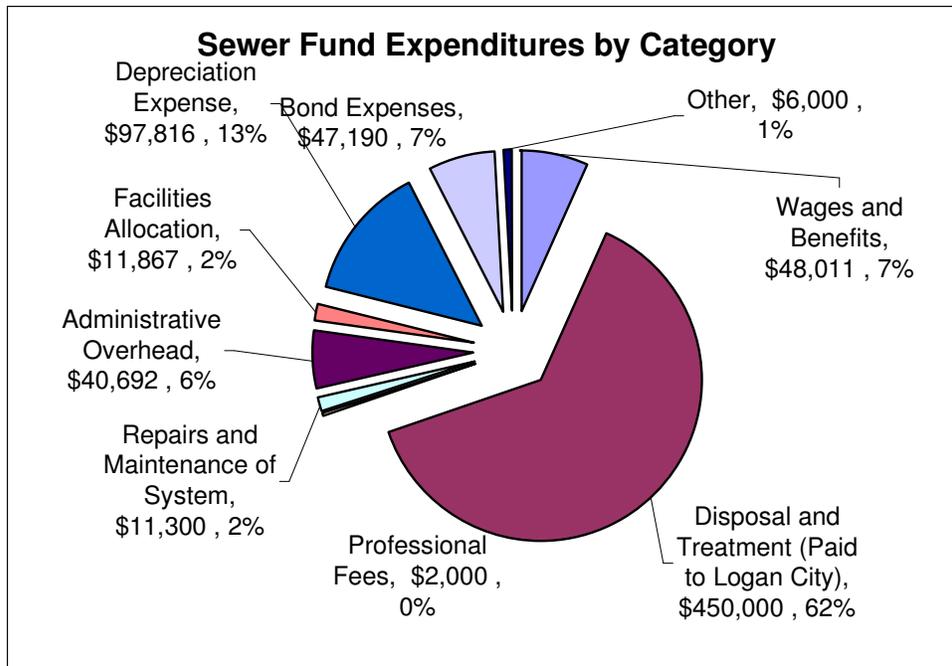
No specific projects are planned for the Water Fund including the use of any Water Impact Fees this fiscal year.

Sewer Utility Fund

Planned revenue and expenditures for the Sewer Utility Fund for 2006-07 is projected as follows (with comparison to 2005-06):

	A	B	C
192	Revenue	2006-07	2005-06
193	Charge for Services (Service Fees)	\$ (525,000)	\$ (547,000)
194	Impact Fees Collected (New Services)	\$ (120,000)	\$ (90,000)
195	Interest Income	\$ (17,900)	\$ (22,700)
196	Sewer Bond Taxes Received	\$ (32,911)	\$ (32,911)
197	Total	\$ (695,811)	\$ (692,611)
198	Expenditures		
199	Wages and Benefits	\$ 48,011	\$ 65,850
200	Disposal and Treatment (Paid to Logan City)	\$ 450,000	\$ 439,000
201	Professional Fees	\$ 2,000	\$ 2,000
202	Repairs and Maintenance of System	\$ 11,300	\$ 11,300
203	Administrative Overhead	\$ 40,692	\$ 37,531
204	Facilities Allocation	\$ 11,867	\$ 12,845
205	Depreciation Expense	\$ 97,816	\$ 104,423
206	Bond Expenses	\$ 47,190	\$ 50,197
207	Other	\$ 6,000	\$ 6,647
208	Total	\$ 714,876	\$ 729,793
209			
210	Net Change (Increase) in Assets	\$ 19,065	\$ 37,182
211			

This budget shows a projected \$18,800 increase in revenue over 2005-06 or 3%. The revenue for the year 2006-07 exceeds the expenditures for a net increase in income for the Sewer Fund of \$31,772 compared to \$2,092 for 2005-06.



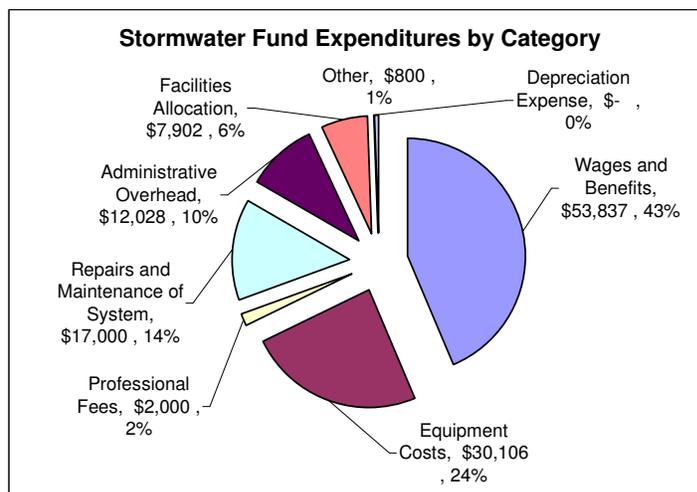
No specific projects are planned for the Water Fund including the use of any Water Impact Fees this fiscal year.

Stormwater Management Fund

This enterprise fund is new to the budget this fiscal year. Expenditures related to stormwater management in the past have been accounted for mostly in the Roads and Streets Department budget. Adding a new Stormwater Utility Fund will allow the city to collect costs associated with an EPA mandated stormwater management and water quality protection program. The costs shown in this department include all the costs for the road sweeper; one-third of the costs for wages and benefits for the Streets Department’s three full-time employees plus a part-time summer hire laborer; one-third the facilities allocation for the Streets Department; about \$15,000 for various improvements that could be made to the stormwater system (inlet boxes and grates, sumps, storm drain lines, etc.); plus miscellaneous overhead costs. Of the estimated \$120,000 anticipated in increased revenue form the stormwater utility, about \$110,000 in needs is shown here. Planned revenue and expenditures for the Stormwater Utility Fund for 2006-07 is projected as follows (with comparison to 2005-06):

	A	B	C
213	Revenue	2006-07	2005-06
214	Charge for Services (Service Fees)	\$ (120,000)	\$ -
215	Interest Income	\$ -	\$ 200
216	Other Income	\$ -	\$ -
217	Total	\$ (120,000)	\$ 200
218	Expenditures		
219	Wages and Benefits	\$ 53,837	\$ -
220	Equipment Costs	\$ 30,106	\$ 30,200
221	Professional Fees	\$ 2,000	\$ -
222	Repairs and Maintenance of System	\$ 17,000	\$ 1,500
223	Administrative Overhead	\$ 12,028	\$ 11,070
224	Facilities Allocation	\$ 7,902	\$ 8,552
225	Depreciation Expense	\$ -	\$ -
226	Other	\$ 800	\$ 800
227	Total	\$ 123,673	\$ 52,122
228			
229	Net Change (Increase) in Assets	\$ 3,673	\$ 52,322
230			
231			

This budget shows a projected \$120,000 increase in revenue over 2005-06. The revenue for the year 2006-07 does not exceed the planned expenditures for a net decrease in income for the Stormwater Fund of \$1,866 compared to \$49,272 for 2005-06.



Personnel Wages and Benefits Summary

The following chart compares 2005-06 versus 2006-07 personnel expenditures for all funds for North Logan City. Since Hyde Park pays about one-fourth of the costs for the police department and animal control, that department's costs were adjusted to only reflect North Logan City's costs.

	A	B	C
63	Personnel Expenditures (All Funds)	2006-07	2005-06
64	City Council	\$ 42,487	\$ 45,380
65	City Justice Court	\$ 73,155	\$ 67,219
66	Executive Staff	\$ 109,560	\$ 123,202
67	Administrative Agencies	\$ 165,077	\$ 138,900
68	Facilities	\$ 144,161	\$ 153,130
69	Planning Commission	\$ 8,660	\$ 5,300
70	Police Department including Animal Control (North Logan's Portion only)	\$ 468,046	\$ 424,714
71	Fire Department	\$ 108,777	\$ 92,300
72	Building Inspection/Engineering	\$ 212,390	\$ 200,809
73	Streets Department	\$ 107,674	\$ 163,100
74	Parks and Recreation	\$ 89,326	\$ 89,941
75	Community Planning and Economic Development (Inc. Interns)	\$ 101,349	\$ 85,568
76	Library	\$ 173,293	\$ 179,205
77	Water Department	\$ 131,041	\$ 126,675
78	Sewer Department	\$ 48,011	\$ 65,850
79	Total	\$ 1,983,007	\$ 1,961,293
80	General Fund Only	\$ 1,630,662	\$ 1,589,563
81	Percent Increase (General Fund Only)	2.59%	5.59%
82	Percent Increase (All Funds)	1.11%	6.20%
83	Dollars Increase over previous year (All Funds)	\$ 21,714	\$ 114,576
84	FTEs - All Departments, (All Funds)	45.93	43.78
85	Percent Increase in FTEs - (All Funds)	4.91%	5.41%

This budget shows a projected \$21,714 increase in personnel costs over 2005-06. This includes wages and benefits in all funds and any planned increases in FTEs (full-time equivalents). The projected increase of 2.15 FTEs includes the following:

- 0.50 FTEs for one full-time police officer for one half of the year
- 0.40 FTEs for realignment of hours for three part-time administrative staff positions
- 0.50 FTEs for re-authorizing a second engineering/planning intern which had been authorized in previous years but was not in 2005-06
- 0.29 FTEs for additional hours for the fire department's volunteer forces
- 0.46 FTEs for a summer hire laborer for the Streets Department

An additional 0.17 FTE for another crossing guard for 3000 N and 800 E is not included in the budget but may be needed at some point in 2006-07. If needed, the budget will be revised accordingly.

Approximately \$45,500 is planned for wage increases, or about 3%. Actual individual raises are merit-based using comparisons with other cities statewide. The computation of a particular employee's raise is made through a combination of an individual's rating score and a comparison of that individual's current wages with the actual wages of employees in similar positions in similar cities.

Health insurance costs continued to rise about 20% over the previous year. A change to a less expensive health plan in 2005-06 actually netted a decrease in costs in 2005-06 versus 2004-05 but this coming year the additional costs incurred by the city for health insurance is about \$50,790 above what was paid in 2005-06. The city pays 80% of the health insurance costs for qualifying employees and the employee pays the other 20%. The city council will be investigating alternative health plans for 2006-07 and into the future including health savings accounts with high deductible health insurance among their options to attempt to reduce the increasing costs of health insurance to the city.