

# North Logan City Corporation

ADOPTED

## **Annual Operating Budgets**

### **Fiscal Year 2007-2008**

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  
2007-2008  
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## Budget Executive Summary

### To the Citizens of North Logan City:

This proposed budget for fiscal year 2007-08 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 general purpose property tax rate to 0.000895. The resulting total property tax rate for North Logan (adding in the sewer bond tax and the dedicated library tax) would be 0.001679, the same composite rate as in FY2006-07 and FY2005-06.

The budget assumes approval of an increase in the city's general purpose property tax rate. **The total property tax which would go to North Logan**, under this proposed budget would have the taxes on a \$200,000 home at \$184.69 - the same as last year – no net increase as long as one assumes a property's assessed value stays the same. The anticipated tax rate would raise the **general purpose property tax** on a typical \$200,000 home from \$93.39 to about \$98.45, an increase of about \$5.06 per year. The taxable value to which that tax rate is applied is 55% of the value of the home or \$200,000 times 55% - in this case or \$110,000. \$110,000 times the tax rate of 0.000895 provides the tax due for general purposes of \$98.45 per year. This proposed new general purpose property tax rate, when added to the North Logan property tax for the sewer bond and the dedicated library tax, would set the **total tax rate** at 0.001679 which is same total rate for North Logan in both 2006 and 2007. The portion going for general purposes would go up \$5.06 while the portion going to the library would go down about \$4.62 and sewer would go down about \$0.44 for the net zero change for a \$200,000 residence.

The general purpose tax rate has not been increased since 1990. There has been a steady decline in the general purpose tax rate since as far back as 1990 when the total rate was 0.002144. The certified tax rate each year is set such that, in theory, the city should get about the same tax revenue each year (plus new growth). So as property values go up, the tax rate goes down. An individual property owner's property taxes, however, does not always follow the trend of the city. The taxes on an individual home may go up or down even though North Logan's overall revenue is supposed to remain constant. This is most often seen by a property owner because of increases in other components of the property tax (school district tax rate increases or county tax rate increases).

This budget does not include an increase in the property tax dedicated for the library. The property tax rate is set such that next year's rate is the certified tax rate. The dedicated library tax rate was raised to 0.000750 in FY2006-07 to ensure the viability of the operations of the library. It is expected that the dedicated library tax rate will be re-examined every two to three years in the future.

The largest increases in expenditures for the various departments funded through General Funds in the city are in the fire department and the streets department. North Logan City's portion of the budget for the fire department is programmed to increase by about \$54,600 or about 15%. The majority of this increase is in response to the need for an assistant fire chief/fire marshal who will have the responsibility to conduct fire inspections and review building plans to ensure compliance with fire codes. Currently this work is being done by the fire chief without sufficient time to devote to this work. In addition, another full-time person on duty in the fire station will allow better response to emergencies beyond what the otherwise volunteer fire and EMT responders can currently do when faced with increasing calls for service. The budget assumes this additional employee would not be hired until half way through the year.

The increased expenditures of about \$43,000 in the streets department come mainly from increased expenditures on some significant road projects as well as increased emphasis on road maintenance including chip sealing and other surface treatments. See the section on streets on page 12 for details.

No other major changes in expenditures are planned for 2007-08 when compared to 2006-07. 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 funding the Capital Improvement Fund approximately \$624,000 more in 2007-08 than what is budgeted. The proposed budget does transfer about \$350,000 into the Capital Improvement Fund. The proposed budget leaves about \$50,000 in the Capital Improvement Fund end-of year balance for use in future years, almost all of which is dedicated to police department vehicles and is essentially shared with Hyde Park.**

The Library Special Revenue Fund was modified last budget year in such a way that accounting for library related expenditures is all within the library fund. Prior to last year the general fund paid for the bond on the library's construction. Money received from an endowment and a charitable foundation (typically about \$100,000 per year) was used to make the payment of the bond and the remaining funds needed to pay the bond came from the General Fund. With the accounting changes made last 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. The general fund should transfer about \$47,000 to the capital improvement fund for the purpose of setting aside funds for the depreciation on the library but that transfer was not funded. The fund balance in the library for 2007-08 will slightly higher than it was in 2006-07 (14.75% compared to 13.47%). 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 2007-08) 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 continue to be additional main lines installed in the northwest quadrant of the city west of Main Street and north of 2500 North.

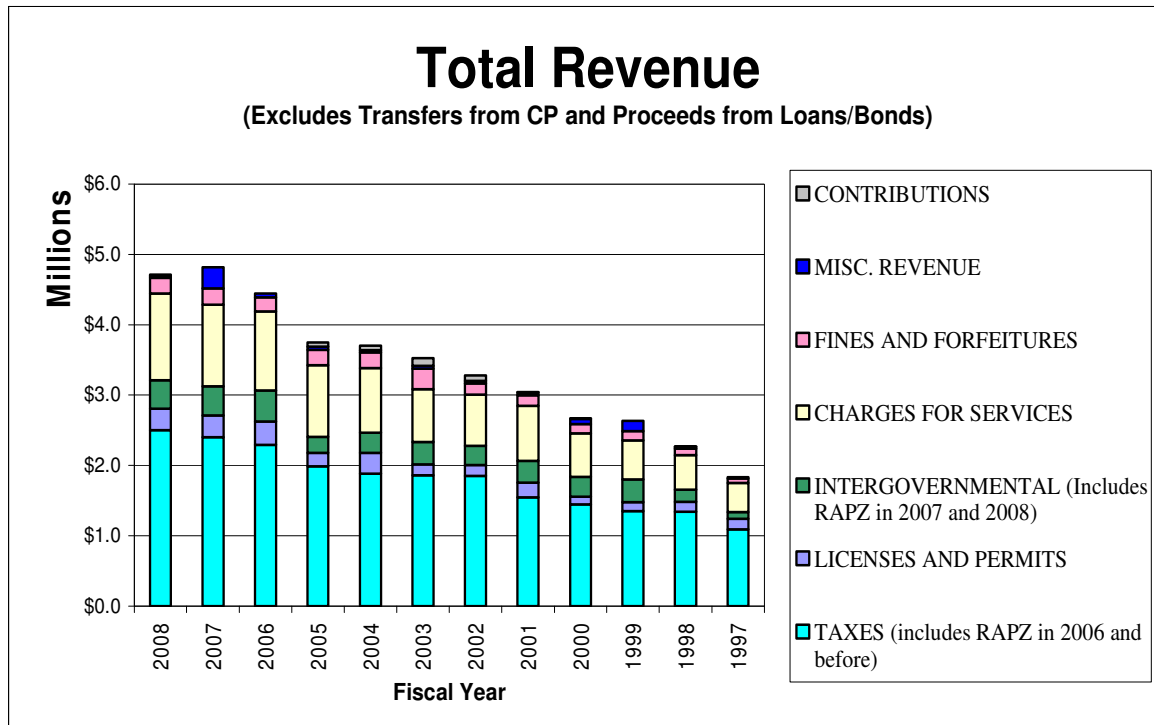
Personnel costs make up about 37% of the expenditures in the general fund. The budget, as proposed, includes an approximate 3% increase in wages or about \$40,000 for all funds combined plus about \$26,500 for raises to bring employees up to the minimum point in their position's wage or salary range. 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 \$19,400 over last year which is a significantly lower increase than what was experienced in FY2006-07, that being about \$50,800. This apparent slowing down on increased health care costs to the city is a little bit misleading because of additional out-of-pocket cost that will be passed on to the employees. The basic health plans offered this year will now include a deductible where the benchmark plan from last year had no deductible. This deductible must be met when major health care services are provided such as surgery or expensive tests like an MRI. The employees will also be paying a higher co-pay for most doctor office visits. There is an offsetting benefit however to the employees because the maximum out-of-pocket limit has increased.

The following pages of this report provide more detailed information about the budget for 2007-08. 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.

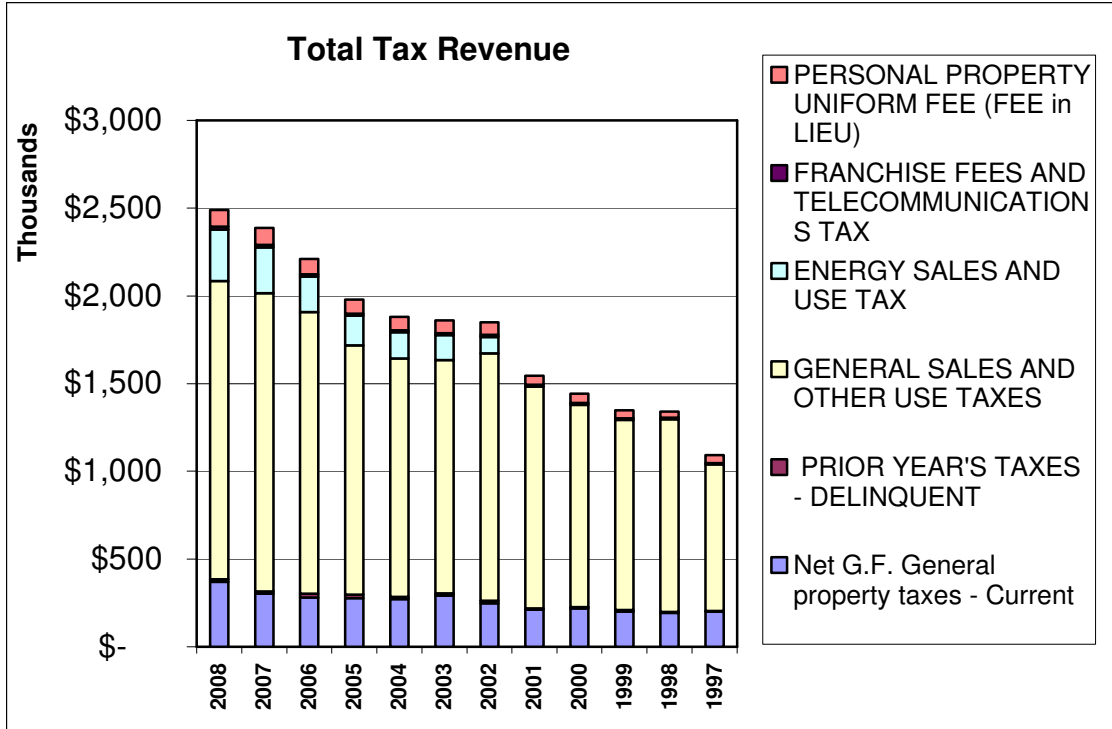
## General Fund Revenues

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 conservatively estimated revenue for 2007-08 is projected to decrease about \$101,000 compared to 2006-07 which is about 2.1% decrease. This will tend to be a bit misleading without looking at a couple of details. The revenue estimates for 2007-08 are generally level when compared to last year except for three areas. FY 2006-07 revenue included the sale of a house near Elk Ridge which was originally purchased to acquire right-of-way to widen a bridge on 2500 North. Once the bridge was complete and the size of the lot reduced for the expanded right-of-way, the house was no longer needed and was sold. This was a one-time revenue for 2006-07 not there in 2007-08. Another major change in the projected revenue in 2007-08 is because the budget does not include some significant grants that were received in FY2006-07 which may or may not be realized in 2007-08. In previous years we have been very successful in receiving significant grants, especially lately for the fire department, but none are included in the budget until they are a sure thing.

During the budget process and the preparation of this budget, the council considered a new source of revenue, that being the Municipal Telecommunications License Tax, which can be up to 4% of the cost of telephone services (regular service and cell phone service). The adopted budget does not include adding this tax. It is anticipated that this tax would generate about \$60,000 in FY2007-08. Most other cities about our size implemented this optional tax in 2004 when it became available for cities to consider. At this time North Logan's City Council has chosen not to implement the tax but public input regarding this tax is solicited.

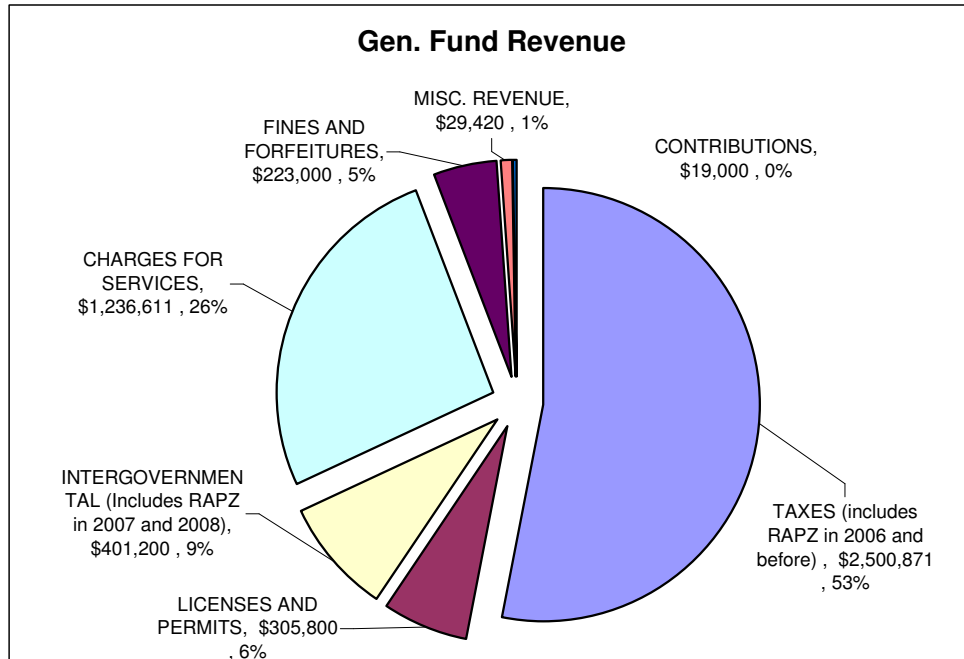


Without an increase in the General Purpose Property Tax Rate the total revenue from all taxes would still go up an estimated \$27,000. With a property tax rate increase the projected increase in revenue from all taxes is expected to be about \$99,000 over 2006-07 or about 4.1%. The energy tax rate would still be 5%, one percentage point below the maximum allowed by law which is 6%. That rate (6%) is the rate most cities charge in Cache County.



## General Fund Budget 2006-2007

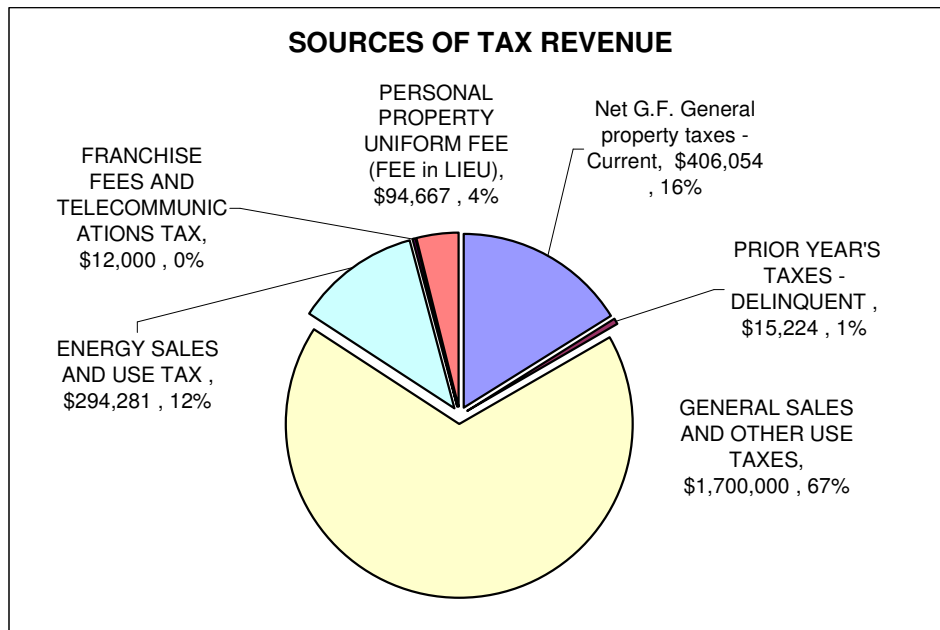
### Revenue Percentages



Taxes remain the largest source of General Fund Revenue for 2007-08 (53%). Tax revenues include sales tax, property tax, fee-in-lieu taxes (vehicle taxes), franchise taxes (which would include new telecommunications tax if adopted), 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. Added in FY2006-07 was an additional revenue source from a new Stormwater Utility. This budget assumes that this fund will, in 2007-08, bring into that fund about the same as it did in 2006-07, about \$120,000. Those funds are not shown here because they are part of a separate Stormwater Utility enterprise fund.

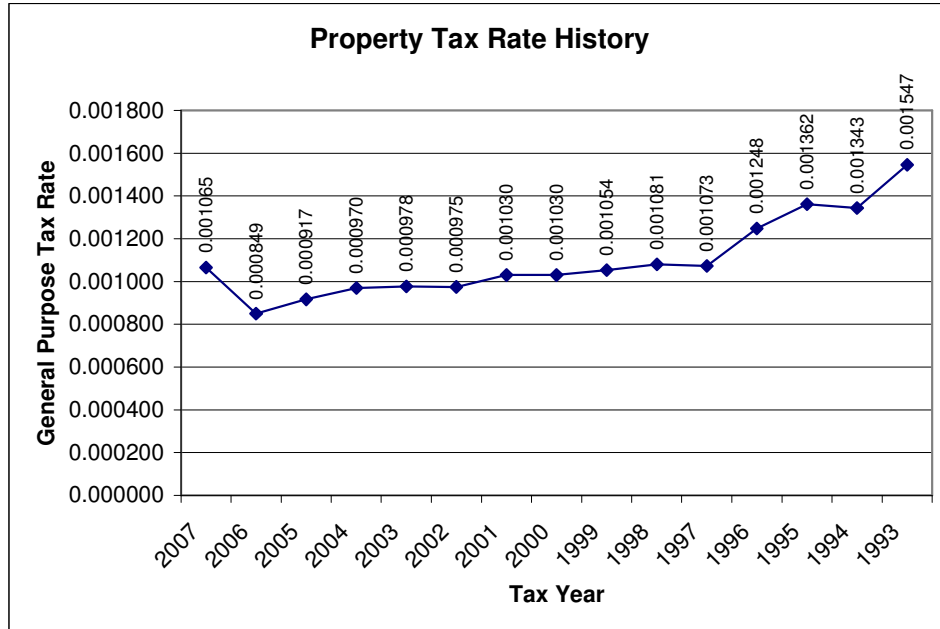
The total expected General Fund revenue from all sources for 2007-08 is expected to be about \$4,716,000 compared to \$4,817,000 in 2006-07 (a decrease of about 2.1%).

**EDITED TO HERE** Tax dollars projected for 2007-08 supply 55% of General Fund revenues which is about the same as it was in 2006-07. Sales tax continues to be the largest source of Tax Revenue, contributing 67% of the total tax dollars. The second largest source of tax revenue is from the general purpose property tax which with the tax increase will bring in about 16% of the total tax revenue for the city. The rate for the Energy Sales and Use Tax went from 3% to 5% one fourth of the way through 2006-07. Since FY2007-08 will have that 5% rate for the entire year, that source of dollars is expected to generate about \$34,000 more than last year or about \$294,000. This counts new growth as well as a full year at the higher rate. This fund source makes up the third largest revenue source (12%) of taxes brought into the general fund.





The Certified General Purpose Property Tax rate for tax year 2007 (fiscal year 2007-08) if no tax increase is approved is estimated to be 0.000832 compared to 0.000849 for 2006-07. The certified tax rate computed by Cache County is typically not received by the city until after the budget has been approved in June therefore the tax rate in the budget is only an estimate. Once the certified rate is received by the city the budget would 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 or increased services, instead there is erosion in the property tax rate such that revenue received does not 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 again in 2006-07. 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 0.000832, the tax rate would be only 11.9% of the level allowed by law and 38.8% 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 useful. The following chart provides some general information on property tax rates for selected other cities in close proximity to or similar to North Logan. The places shown as "CONSIDERED" show where, as compared to the 2006 taxes, the tax year 2007 (FY2007-08) rates would match up to other cities if the proposed tax rate increase were to be adopted in August. Note that North Logan’s General Purpose portion of the property tax is near the lowest in the chart. When the dedicated library tax is added (as well as the sewer bond tax) the rate is near the middle of the pack.

**PROPERTY TAX COMPARISONS**

Box Elder, Cache, Davis, Utah, and Weber Counties

Rank	Community	2006 Tax Rate	Year's Tax on \$200,000 Home	Rank	Community	2006 Tax Rate	Year's Tax on \$200,000 Home
1	Brigham City	0.000685	75.35	36	West Bountiful	0.001500	165.00
2	<b>Smithfield</b>	0.000840	92.40	37	<b>Farmington</b>	0.001528	168.08
3	<b>Millville</b>	0.000843	92.73	38	<b>Harrisville</b>	0.001548	170.28
4	<b>North Logan (Gen Purpose Only)</b>	<b>0.000849</b>	<b>93.39</b>	39	<b>Herriman</b>	0.001659	182.49
5	<b>Trenton</b>	0.000861	94.71	40	<b>Hyrum</b>	0.001666	183.26
6	Woods Cross	0.000880	96.80	41	Nibley	0.001667	183.37
7	West Point	0.000909	99.99	42	Cedar Hills	0.001691	186.01
8	Clearfield	0.000947	104.17	43	Lindon	0.001702	187.22
9	Kaysville	0.001004	110.44	44	Santaquin	0.001731	190.41
10	Syracuse	0.001043	114.73	45	Eagle Mountain	0.001747	192.17
11	<b>Logan</b>	0.001043	114.73	46	Mendon	0.001770	194.70
12	Draper	0.001055	116.05	47	Murray	0.001773	195.03
	<b>CONSIDERED Tax Year 2007 North Logan (Gen Purpose Only)</b>	<b>0.001065</b>	<b>117.15</b>	48	Springville	0.001827	200.97
13	Provo	0.001068	117.48		<b>CONSIDERED Tax Year 2007 North Logan (Total - Gen Purpose, Sewer Bond, &amp; Library)</b>	<b>0.001847</b>	<b>203.17</b>
14	Alpine	0.001091	120.01	49	Taylorsville	0.001858	204.38
15	<b>Hyde Park</b>	0.001100	121.00	50	<b>South Jordan</b>	0.001874	206.14
16	Sunset	0.001108	121.88	51	Pleasant Grove	0.001903	209.33
17	South Weber	0.001108	121.88	52	Clinton	0.001955	215.05
18	<b>Providence</b>	0.001113	122.43	53	<b>Fruit Heights</b>	0.001980	217.80
19	Bountiful	0.001119	123.09	54	Mapleton	0.002031	223.41
20	<b>Paradise</b>	0.001124	123.64	55	<b>Corinne</b>	0.002039	224.29
21	Riverdale	0.001131	124.41	56	West Jordan	0.002043	224.73
22	Spanish Fork	0.001164	128.04	57	Layton	0.002092	230.12
23	<b>Richmond</b>	0.001327	145.97	58	<b>Lewiston</b>	0.002115	232.65
24	Saratoga Springs	0.001331	146.41	59	Cornish	0.002154	236.94
25	Salem	0.001335	146.85	60	Elk Ridge	0.002156	237.16
26	Centerville	0.001349	148.39	61	Pleasant View	0.002189	240.79
27	Sandy	0.001381	151.91	62	American Fork	0.002289	251.79
28	<b>Wellsville</b>	0.001381	151.91	63	<b>North Ogden</b>	0.002399	263.89
29	Highland	0.001390	152.90	64	Roy	0.002451	269.61
30	Orem	0.001404	154.44	65	Lehi	0.002604	286.44
31	Washington Terrace	0.001408	154.88	66	Ogden	0.002822	310.42
32	<b>Newton</b>	0.001447	159.17	67	<b>South Ogden</b>	0.002825	310.75
33	<b>Clarkston</b>	0.001464	161.04	68	<b>South Salt Lake</b>	0.002857	314.27
34	<b>River Heights</b>	0.001477	162.47	69	<b>Tremonton</b>	0.002879	316.69
35	Payson	0.001492	164.12	70	West Valley	0.003700	407.00

## General Fund Expenditures

### City Council

No significant changes for expenditures for the City Council are anticipated in 2007-08. A small portion of the projected expenditures attributed to the City Council are expected to go up due to the fact that there will be municipal elections in 2007-08. Elections cost the city about \$5,000. The total expenditures for this department are expected to increase by about 2% or about \$1,507.

### 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 decrease by about 11% or about \$21,000. The decrease is due to conservatively expecting less income from fines and hence less would have to be paid to the state in Victim Reparation.

### 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 expenditures for this department are expected to increase by about 3% or about \$2,947.

### Administrative Agencies

The expected changes 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 increases in the personnel costs for raises, and a cost decrease which came about from a change in roles for two of the department's positions. The overall expenditures for this department are expected to decrease by about 5% or about \$6,100.

### Non-Departmental (Administration)

The expenditures for this department are expected to decrease by about 0.4% or about \$647. 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. There are no planned discretionary projects within this department. The total expenditures for this department are expected to increase by only about 0.3% or about \$1,145 above what was spent in 2006-07.

## Police Department

No 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 valuation upon which taxes are computed. A higher percentage of the costs for the department will be borne by North Logan City versus Hyde Park this coming year due to the relative increase in sales taxes received by North Logan when compared to Hyde Park's sales taxes.

Other increases in police department costs come mainly from personnel costs. This year's re-evaluation of the city's wages compared to other like cities and positions in the state show that five of the police department's employees are being paid below the minimum wage for their positions at the newly adjusted grades. The costs to bring these five employees at least up to the minimum point in their new wage is about \$4,100.

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.

No significant changes are planned for the animal control portion of the police department's budget for FY2007-08. The costs for animal control services are also shared with Hyde Park in the same proportion as the split for the rest of the police department. North Logan's portion of the animal control budget are expected to increase by about 5.6% or about \$3,000.

The total expenditures for this department are expected to increase by about 3.6% or about \$30,559 above what was spent in 2006-07. Hyde Park will pay about 25.7% of the total cost of the police department or about \$192,911.

## Fire Department

The budget for the fire department for 2007-08 versus 2006-07 shows an increase in costs of about \$55,000. The majority of this increase comes from hiring, for the second half of the year, a new full-time employee for the department, an Assistant Fire Chief/Fire Marshall who will have the responsibility of conducting fire inspections and doing most of the plans reviews for fire code compliance. This is an area of fire protection that should be receiving more attention but has not been, due to the increased number of calls for service. Basically, North Logan volunteer fire department is being called upon to such an extent that a totally volunteer force will not handle the call volume in the near future and the department needs to begin phasing into at least a part-time manned department, especially during the day time when the basic volunteer fire fighter and EMTs are working their normal jobs.

The department's overall budget is expected to increase by about 14.9% or \$54,590, of which \$60,300 is for increased personnel costs for the increased employee, raises, increases in what is paid to volunteer firefighters, and increased benefits costs. The offsetting decrease in expenditures for the fire departments comes from spending less on fire operations equipment. Last year the amount spent for equipment was higher because of significant grant money that was received.

## Building Inspection & Engineering

The budget shows a somewhat significant change for expenditures for the Building Inspection and Engineering Department in 2007-08. The expenditures for this department are expected to increase by about 13.8% or about \$33,000. About \$19,000 of that increase within this department is to hire a new employee, an Engineering Technician/GIS Specialist. The cost for this position in the General Fund is nearly offset by eliminating the engineering interns hired by the Planning Department. The cost of this new employee is also split equally three ways between the General Fund, the Water Fund, and the Sewer Fund.

The budget shows funding for 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 between the Water and Sewer enterprise funds because the majority of the work that will be done with the equipment and by this new employee will be done for the benefits of these two departments.

## Roads and Streets

The budget for the Roads and Streets Department shows an increase in costs for wages and benefits but the figure can be a bit 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 will be charged to that fund. The budget includes the addition of a Streets Maintenance Operator I for the streets department for a full year whereas the most recent revision of the 2006-07 budget included that increase for only a portion of the year. That slight increase in manpower was done following the loss of our Streets Superintendent Burns Crookston.

The 2007-08 budget includes \$100,000 for much needed chip sealing of roads. This amount is for all of the chip sealing recommended by the Streets Superintendent. In addition there is another \$75,000 for other road surface treatments including \$20K for crack sealing, \$30K for slurry sealing, \$15K for road stripe painting, and \$10K for misc. other surface treatments as needed.

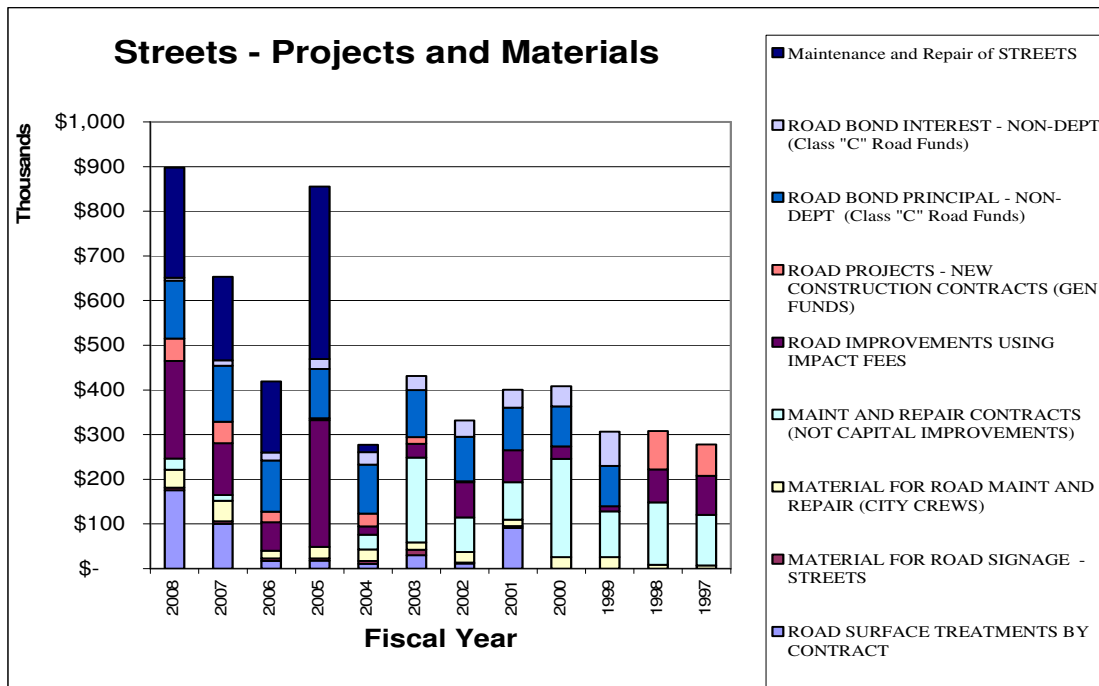
Several projects are planned for this fiscal year's budget for the streets department. They include the following:

- 1) Widening 1800 N. between 600 and 800 E. Only 1/3 of the total distance is funded with the remaining to be done in the future. 25% of the work done this year would be done with road impact fees and the remaining done by regular general fund monies.
- 2) Constructing 200 W. between 2500 and 3100 N. About 25% of this project would be done with road impact fees, the rest to be done by the developers of the area.

There is only one major street repair project planned to be funded in the 2007-08 budget year using roads and streets capital improvement funds. Grinding and re-laying 200 E. from about 1400 to 1800 N (behind WalMart) is planned for FY2007-08. This project is planned to cost about \$236,500 and includes fixing some sub-surface soils drainage problems in the area which have caused continual problems with keeping that section of road maintained.

The overall expenditures for road projects and materials in 2007-08 from all sources (general fund, impact fees, and capital improvement funds) shows an increase in spending on roads of about \$244,000 when compared to 2006-07.

The following chart shows how the proposed expenditures in roads and streets projects and maintenance materials for 2007-08 compares to the previous ten years.



## Sanitation

Trash collection costs for 2007-08 are expected to increase by about 7% or \$41,000 when compared to 2006-07. This amount is the fees paid the Logan City for this service. Revenue received in North Logan to cover these costs is also expected to increase by about \$43,000 or 7% compared to 2006-07. These increases in costs and revenue are due to anticipated new growth only. No change in the trash collection fees are planned for this upcoming year.

## Parks and Park Areas

Major expenditures considered funded in Parks and Parks areas include:

- 1) replacing the tennis court at Elk Ridge (RAPZ Tax project); and
- 2) the completion of the water line and sewer line to the new maintenance building in Elk Ridge West.

Smaller projects funded for FY2007-08 include:

- 1) installing wainscot on the newly maintenance building,
- 2) making repairs to the pavilion at Elk Ridge,
- 3) some of the needed equipment for the shop and office in the new maintenance building,
- 4) adding more picnic tables for the Centennial Pavilion at Elk Ridge,
- 5) miscellaneous improvements at King Park,
- 6) miscellaneous improvements in Green Canyon Park, and
- 7) replacing the roofs on the pavilion and restroom at Meadow View.

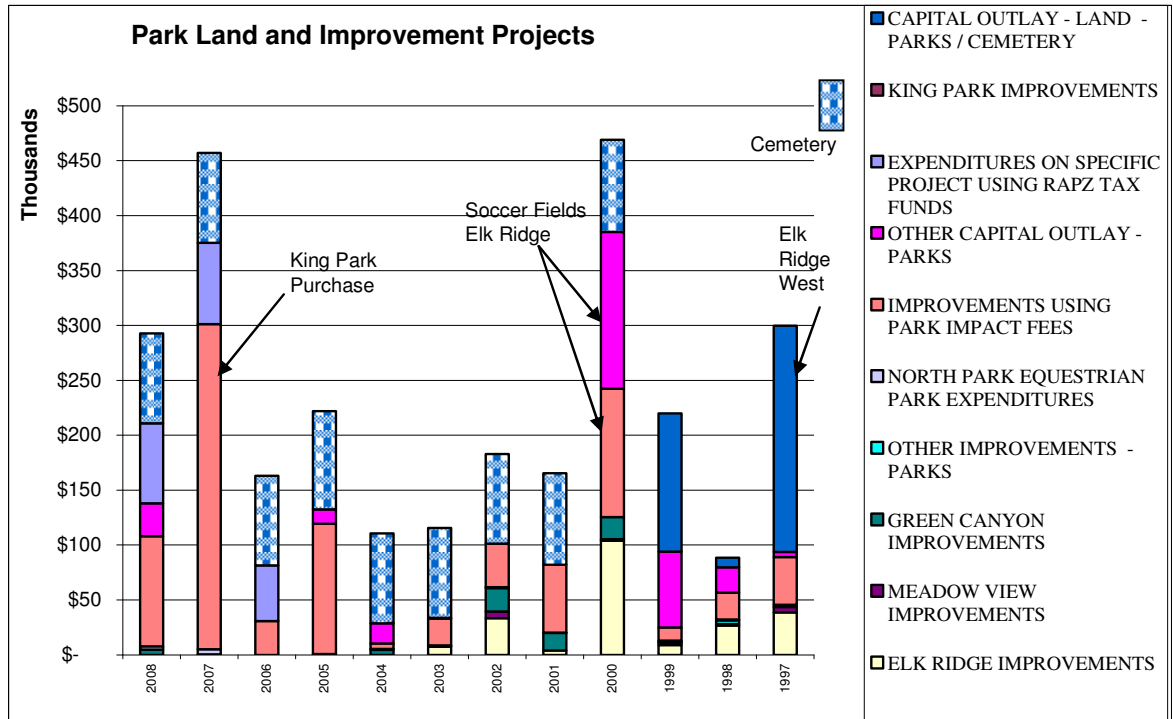
Unfunded additional expenditures and projects for Parks include:

- 1) adding another full-time parks maintenance worker,
- 3) additional funds for general grounds maintenance,
- 4) about half of the funds requested for general grounds maintenance,
- 4) replacing the floor covering and windows in the Lion's building at Elk Ridge.

Also funded for the Parks Department is the replacement of the utility truck for parks including the purchase of a utility bed and snow plow blade for the truck. Funds for the replacement truck will come from the Capital Improvement Fund.

With all of these changes and planned normal increases in personnel costs the overall budget for the Parks Department is planned to decrease by 25% or about \$154,000 when compared to 2006-07. The majority of this decrease is due to the fact that in FY2006-07 the city purchased the land for King Park (\$170,000 of park funds) and built the storage building at Elk Ridge West (\$109,000).

The following chart shows how the proposed expenditures in park land purchases and project improvements for 2007-08 compares to the previous ten years.



### Recreation and Culture

Minor changes are planned for the Recreation and Culture Department. The expenditures are planned to increase by about 1% or \$419 when compared to 2006-07.

### Cemetery

The budget for the Cemetery is planned to decrease significantly when compared to 2006-07. The expenditures for 2006-07 included \$4,000 for grass, \$6,000 for trees, \$13,000 for installing a water line to the property, \$about \$32,000 for installing a sprinkler system. In addition there was about \$75,000 spent from roads funds to build a gravel access road to the property as well as a bridge replacement across the upper canal. The budget, as proposed includes only \$2,500 for a software program to track the sale of burial plots. The final purchase of the land for the cemetery/park is part of the Parks Department budget. Unfunded requirements include, \$2,000 for a drinking fountain area, and \$12,800 for a fence along the east property of the cemetery.

## Planning Commission

The Planning Commission's budget is planned to increase by about \$2,400. 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. A proposed increase in the pay paid to the Planning Commission members is unfunded in this version of the budget. If funded that would cost about \$9,000.

## Community Planning and Economic Development

The Community Planning Department's spending coupled with Economic Development is programmed to remain about the same as last year with a decrease of about 4% or about \$8,800. Some changes include a decrease in the wages portion of the budget of about \$14,400 due to the plan to eliminate the two planning interns on the payroll. A decrease of about \$54,000 in general Professional and Technical Services is offset by an increase of \$27,000 to be authorized for Professional and Technical Services specifically for the city center. These funds would be authorized on a case-by-case basis by the City Council for work on developing a Community Development Area (CDA) to obtain access to tax increment financing for the city center.

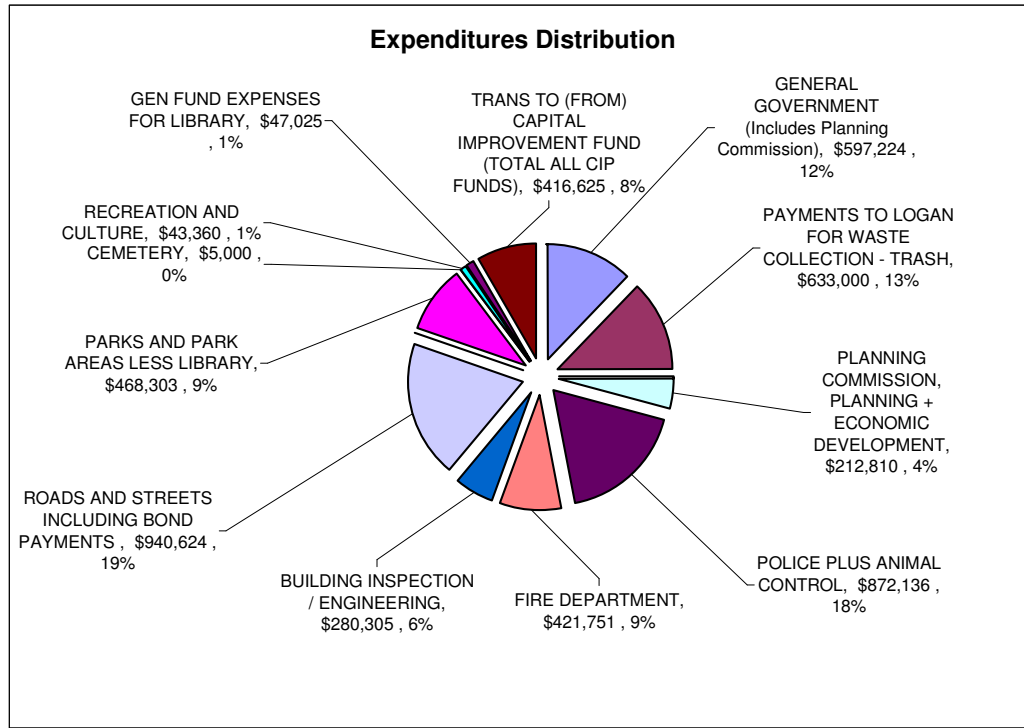
## Debt Service

Debt service is planned to remain essentially the same for 2007-08 when compared to 2006-07. Fiscal year 2007-08 will see the last of the payments for the \$1,070,000; ten-year 1997 Class "C" Road Fund bond (\$136,175). Although not accounted for in debt service, the final payment on the ladder truck for the fire department (\$56,653), and the final payment on the land being purchased for the cemetery/park on the east bench (\$81,503) will also be made in FY2007-08. **After 2007-08 the general fund will be essentially debt free.** The Library bond (about \$155,000 per year) will still remain until 2018 and the city's water bond, with an annual payment of about \$217,500 per year, will also end that same year. The two sewer bonds 1) a revenue bond with annual payments of about 57,960 and 2) a G.O. Bond with an annual payment of \$32,911 for which a property tax is assessed, will both end in 2020.



## 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 2007-08	FY 2006-07 Rev 4
Total General Fund Revenue	\$4,736,656	\$4,879,513
Total General Fund Expenditures (Includes transfers to Capital Improvement Fund and Library SRF)	\$4,891,138	\$4,868,091
Amount Revenues Exceeds [Is Less Than] Expenditures (Includes Transfers)	[\$154,481]	\$11,422
Total Fund Balance (Reserved and Unreserved)	\$705,305	\$859,787
Total Reserved Funds	\$221,054	\$277,959
Total Unreserved Fund Balance	\$484,251	\$581,827
Percent Unreserved Fund Balance (Compared to the <u>following year's</u> projected revenue)	10.03%	12.28%

## 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 liquor law enforcement, 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. Projects planned which will use road impact fee funds include:

- 1) \$12,500 for 25% of the cost of widening about one-third of that portion of 1800 N between 600 to 800 E. plus
- 2) \$198,000 for 25% of the cost of constructing 200 E from 2500 to 3100 N with the remaining 75% to be paid by the developers, and
- 3) \$8,000 for the demolition of the house owned by the city at 2300 N 1200 E that was purchased for right-of-way for the eventual construction of 1200 E north from that point.

The fund balance in this reserved fund is expected to decrease from \$174,152 at the end of 2006-07 to \$104,252 at the end of 2007-08.

### Liquor Law Enforcement

The proposed budget similar usage of the money in this reserved fund for the year 2007-08 when compared to other years. 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 \$8,041 at the end of 2006-07 to \$4,461 at the end of 2007-08 primarily due to the planned expenditures for liquor law enforcement supplies.

### Parks and Recreation Impact Fees

Revenue from Park Impact Fees is expected to generate about \$110,000. Projects planned which will use park impact fee funds include:

- 1) \$8,500 towards installing wainscot on the new maintenance building at Elk Ridge West plus
- 2) \$65,000 for installing the water and sewer lines to that same building.

The fund balance in this reserved fund is expected to increase from \$43,401 at the end of 2006-07 to \$60,901 at the end of 2007-08.

### 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.

### 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 \$570 at the end of 2006-07 to \$1,185 at the end of 2007-08.

The following funds are not considered part of the reserve funds for the purposes of computing the unreserved fund balance for the general fund, but they are similar to those reserve funds in that the monies received and reserved in these two areas must be reserved for the library in the case of the library bond fund and the funds allocated through RAPZ tax must be used to fund the specific RAPZ project for which the monies were awarded.

### **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 of about \$169,500 in this reserved fund was transferred to the Library Special Revenue Fund where it is retained in reserve.

### **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 in FY2006-07 to build a new sand volleyball court, repair the basketball area, and add more picnic tables at the Elk Ridge Park. For 2007-08 the city was approved for funds for the reconstruction of the tennis court at Elk Ridge Park. The anticipated cost of that project is \$78,089 of which \$45,000 will come from the County RAPZ tax.

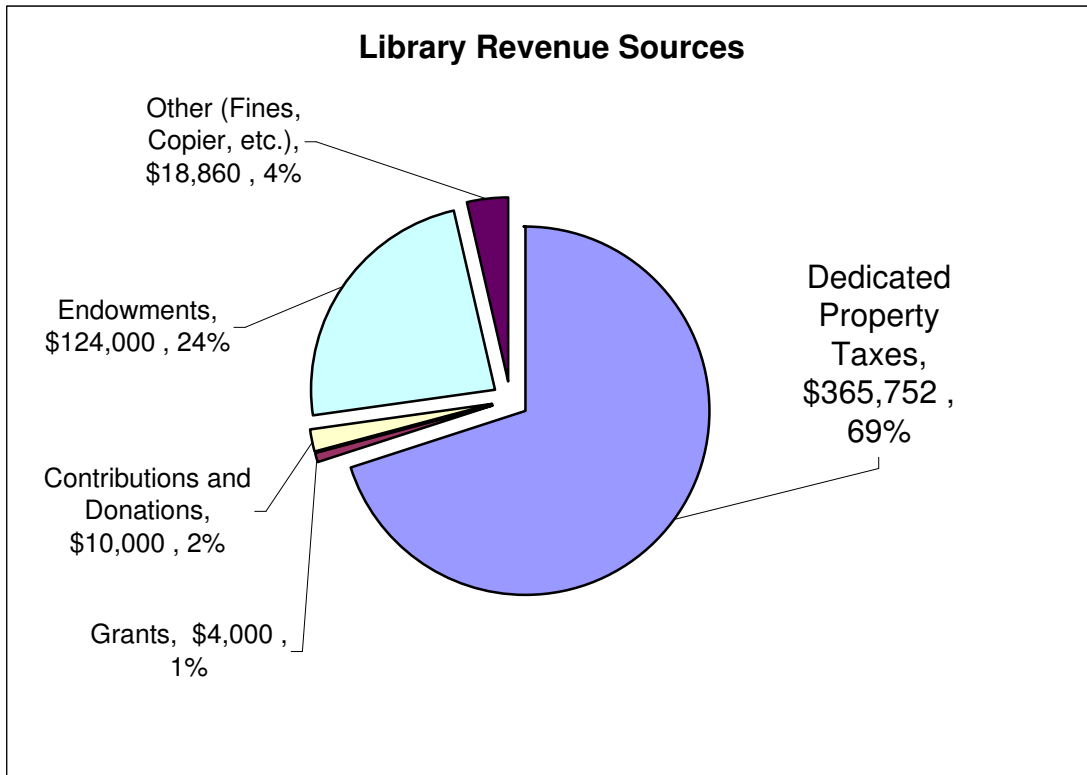
## Library Special Revenue Fund

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 2007-08 budget includes no increase in the library's dedicated property tax.

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 2007-08 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 other 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, as well as in 2006-07 the library bond payment is made from the library fund and all of the Endowment and Foundation goes directly to the Library Fund. In 2006-07 the General Fund also provided about \$55,000 to the Library Fund. This transfer of funds from the General Fund to the Library is not included in the 2007-08 budget. The 2007-08 budget instead includes a transfer of \$47,025 from the General Fund to the Capital Improvement Fund for Library facilities depreciation.

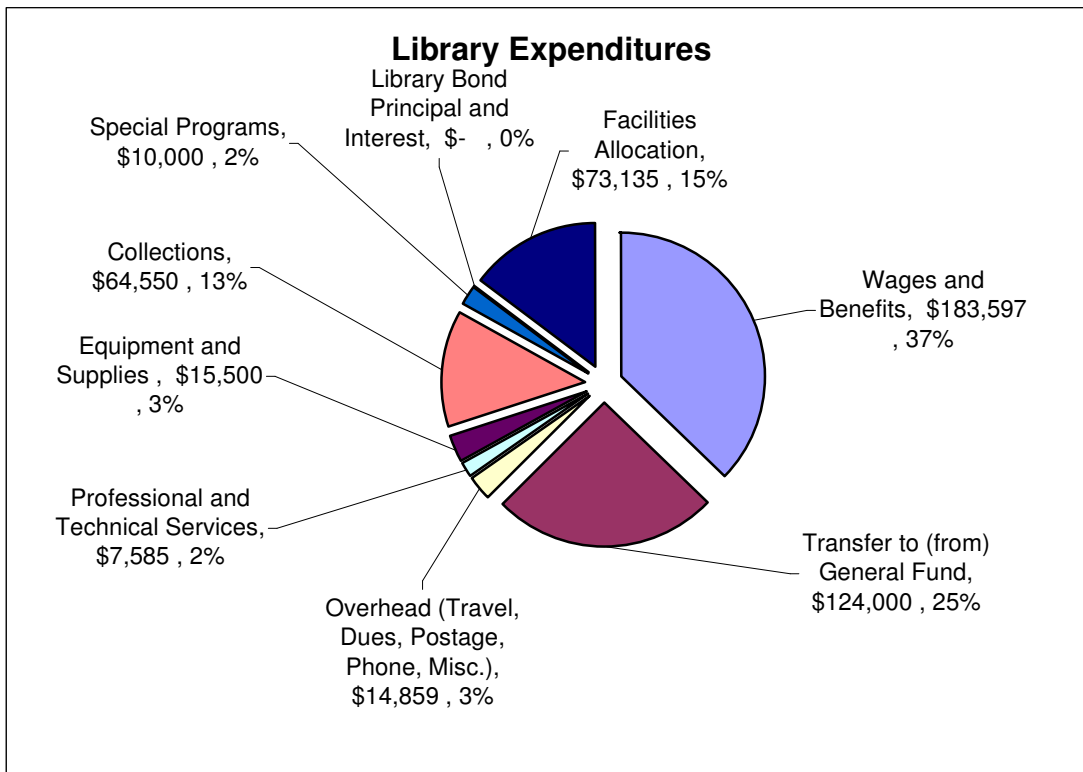
The following chart shows the various general sources of revenue for the library:



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.

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 2007-08 for the library is budgeted to be \$53,137 or 10.55%.



## 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 \$1,011,000 into the Capital Improvement Fund. This budget, as presented sets aside through transfers only about \$416,600 or about 41% of that amount into the following subcategories of the Capital Improvement fund:

	FUNDED TRANSFERS	UNFUNDED TRANSFERS
1. Building Replacement & Capital Improvements to Facilities	\$10,000	\$19,200
2. Replacement of General Fund Vehicles (Non-NPPPD)	\$60,000	\$27,400
3. Park Facilities Capital Repairs and Replacement	\$500	\$8,100
4. Replacement of Capital Equipment	\$10,000	\$36,100
5. Replacement of NPPD Vehicles (incl. Animal Control)	\$43,000	
6. Capital Repairs to Streets	\$246,100	\$503,950
7. Capital Improvements for Library	\$47,025	
Total	\$416,625	\$594,750

Planned expenditures in the Capital Improvement Fund are as follows:

1. Replacing the utility truck for Parks	\$30,000
2. Replacing the 1998 Dodge for Streets	\$30,000
3. Repairing the Wooden Shelter at Elk Ridge	\$3,000
4. Replacing the Roofs on the Shelter and Restrooms at Meadow View	\$3,000
5. Replacing a Police Durango	\$27,000
6. Street Repair, all but \$10K is to Grind & Re-lay of 200 E 1450 to 1800 N	<u>\$246,540</u>
Total	\$339,540

The expected total fund balance for the Capital Improvement Fund at the end of 2007-08 is \$116,678.

# Water Utility Fund

Planned revenue and expenditures for the Water Utility Fund for 2007-08 is projected as follows (with comparison to 2006-07):

## Water Fund Summary

### Revenue

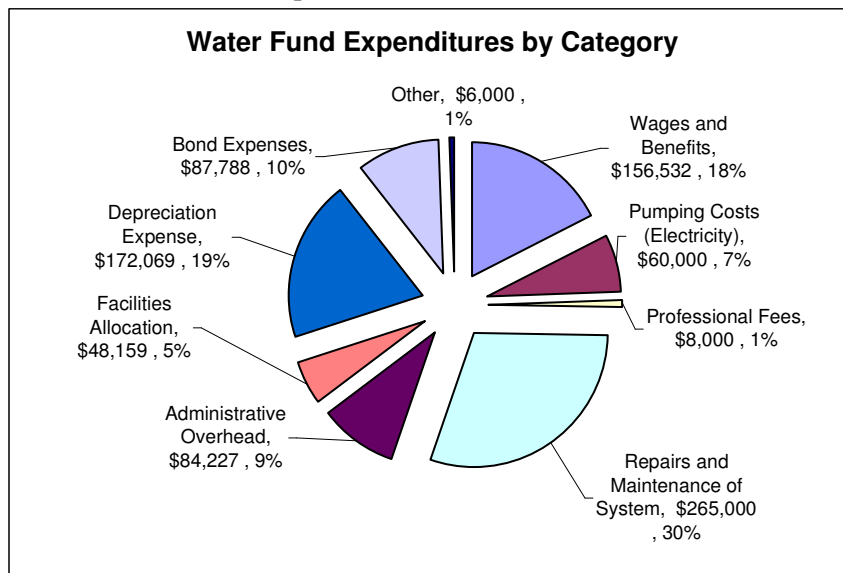
	FY2007-08	FY2006-07 R4
Charge for Services (Metered Water Sales)	\$ (790,000)	\$ (767,000)
Impact Fees Collected (New Services)	\$ (185,000)	\$ (206,672)
Interest Income	\$ (51,650)	\$ (52,056)
Other	\$ (3,000)	\$ (3,000)
<b>Total</b>	<b>\$ (1,029,650)</b>	<b>\$ (1,028,728)</b>

### Expenditures

Wages and Benefits	\$ 156,532	\$ 130,761
Pumping Costs (Electricity)	\$ 60,000	\$ 60,000
Professional Fees	\$ 8,000	\$ 7,000
Repairs and Maintenance of System	\$ 265,000	\$ 131,000
Administrative Overhead	\$ 70,227	\$ 68,781
Facilities Allocation	\$ 48,159	\$ 47,999
Depreciation Expense	\$ 172,069	\$ 174,900
Bond Expenses	\$ 87,788	\$ 93,118
Other	\$ 20,000	\$ 16,000
<b>Total</b>	<b>\$ 887,775</b>	<b>\$ 729,559</b>

Net Change (Increase) in Assets \$ (141,875) \$ (299,169)

This budget shows a projected \$922 increase in revenue over 2006-07 or less than 1/10<sup>th</sup> of 1%. The revenue for the year 2007-08 exceeds the expenditures for a net increase in assets for the Water Fund of \$141,875 compared to \$299,169 for 2006-07.



Specific capital expenditures planned for the Water Fund include: 1) constructing a security fence around all water system facilities, 2) constructing with the Sewer Department a new Utilities equipment storage building to replace the old Quonset hut found at Public Works, 3) purchasing jointly with the Sewer Department a survey/GIS set-up for mapping, 4) funding the design of the development of the well in King Park, 5) installing frequency drives for the two Beef Hollow booster pumps, and 6) authorizing \$50,000 for the purchase of water rights that may become available.



## Sewer Utility Fund

Planned revenue and expenditures for the Sewer Utility Fund for 2007-08 is projected as follows (with comparison to 2006-07):

### Sewer Fund Summary

#### Revenue

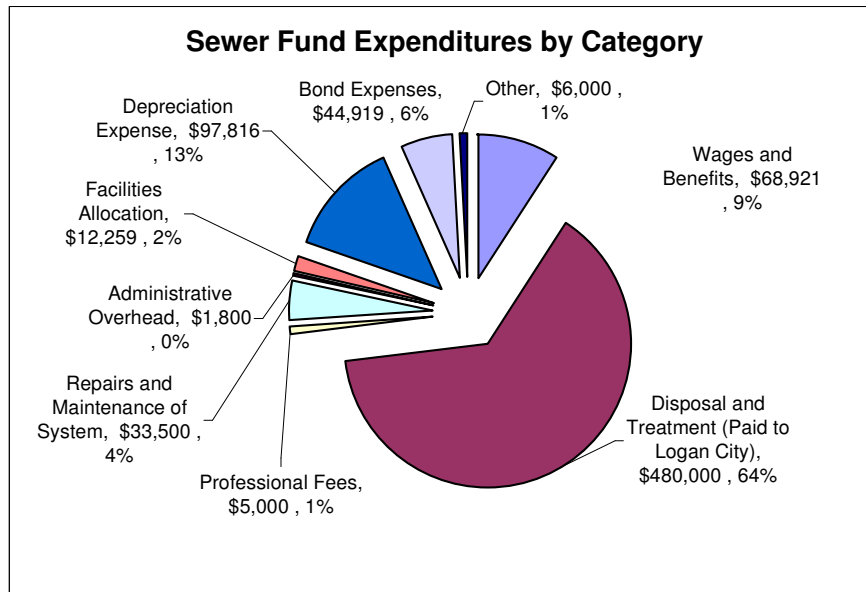
	FY2007-08	FY2006-07 R4
Charge for Services (Service Fees)	\$ (541,000)	\$ (525,000)
Impact Fees Collected (New Services)	\$ (130,000)	\$ (120,000)
Interest Income	\$ (17,900)	\$ (17,900)
Sewer Bond Taxes Received	\$ (32,911)	\$ (32,911)
<b>Total</b>	<b>\$ (721,811)</b>	<b>\$ (695,811)</b>

#### Expenditures

Wages and Benefits	\$ 68,921	\$ 47,757
Disposal and Treatment (Paid to Logan City)	\$ 480,000	\$ 450,000
Professional Fees	\$ 5,000	\$ 2,000
Repairs and Maintenance of System	\$ 33,500	\$ 11,300
Administrative Overhead	\$ 42,458	\$ 40,821
Facilities Allocation	\$ 12,259	\$ 12,218
Depreciation Expense	\$ 97,816	\$ 94,300
Bond Expenses	\$ 44,919	\$ 47,190
Other	\$ 6,000	\$ 6,000
<b>Total</b>	<b>\$ 790,873</b>	<b>\$ 711,586</b>

Net Change (Increase) in Assets \$ 69,062 \$ 15,775

This budget shows a projected \$26,000 increase in revenue over 2006-07 or 3.7%. The expenditures for the year 2007-08 exceed the revenue for a net decrease in income for the Sewer Fund of \$69,062 compared to a net decrease in 2006-07 of \$15,775.



Specific capital expenditures planned for the Sewer Fund include: 1) constructing with the Water Department a new Utilities equipment storage building to replace the old Quonset hut found at Public Works, 2) purchasing jointly with the Water Department a survey/GIS set-up for mapping, 3) replacing the sewer camera with a portable system and 4) designing future sewer-main projects in the 200 to 500 E and 2100 to 2350 N area of the city.

## Stormwater Management Fund

This enterprise fund was new to the FY 2006-07 budget. 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 allows 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 revenue from the stormwater utility, about \$136,528 in needs is shown here. Planned revenue and expenditures for the Stormwater Utility Fund for 2007-08 is projected as follows (with comparison to 2006-07):

<b>Stormwater Fund Summary</b>	FY2007-08	FY2006-07 R4
<b>Revenue</b>		
Charge for Services (Service Fees)	\$ (120,000)	\$ (120,000)
Interest Income (Earned) paid	\$ 100	\$ 3100
Other Income	\$ -	\$ -
<b>Total</b>	<b>\$ (119,900)</b>	<b>\$ (116,900)</b>
<b>Expenditures</b>		
Wages and Benefits	\$ 31,890	\$ 19,857
Equipment Costs	\$ 30,106	\$ 30,106
Professional Fees	\$ 20,000	\$ 7,300
Repairs and Maintenance of System	\$ 7,000	\$ 17,000
Facilities Allocation	\$ 8,162	\$ 8,135
Depreciation Expense	\$ -	\$ -
Other	\$ 800	\$ 800
<b>Total</b>	<b>\$ 97,958</b>	<b>\$ 83,198</b>
 Net Change (Increase) in Assets	 \$ (21,942)	 \$ (33,702)

This budget shows no projected change in revenue over 2006-07. More historical data is needed to better project changes. No fee rate change is anticipated this coming fiscal year. The revenue for the year 2007-08 exceeds the planned expenditures for a net increase in assets for the Stormwater Fund of \$21,942 compared to \$33,702 for 2006-07.

## Personnel Wages and Benefits Summary

The following chart compares 2006-07 versus 2007-08 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.

<b>Personnel Expenditures (All Funds)</b>		
City Council	\$ 41,194	\$ 42,487
City Justice Court	\$ 74,271	\$ 73,304
Executive Staff	\$ 113,771	\$ 109,841
Administrative Agencies	\$ 167,526	\$ 165,718
Facilities	\$ 149,053	\$ 143,674
Planning Commission	\$ 8,053	\$ 8,660
Police Department including Animal Control (North Logan's Portion only)	\$ 518,215	\$ 479,874
Fire Department	\$ 167,881	\$ 107,581
Building Inspection/Engineering	\$ 239,805	\$ 212,027
Streets Department	\$ 176,124	\$ 151,245
Parks and Recreation	\$ 95,441	\$ 93,377
Community Planning and Economic Development (Inc. Interns)	\$ 86,757	\$ 101,189
Library	\$ 183,597	\$ 172,114
Water Department	\$ 156,532	\$ 130,761
Sewer Department	\$ 68,921	\$ 47,757
Stormwater Department	\$ 19,569	\$ 19,569
<b>Total</b>	<b>\$ 2,266,710</b>	<b>\$ 2,059,179</b>
<b>General Fund Only</b>	<b>\$ 1,838,091</b>	<b>\$ 1,688,977</b>
<b>Percent Personnel Costs versus Total Exp. G.F. Only</b>	<b>37.6%</b>	<b>34.7%</b>
Percent Increase (General Fund Only)	8.83%	7.53%
Percent Increase (All Funds)	10.08%	6.93%
Dollars Increase over previous year (All Funds)	\$ 207,532	\$ 133,495
FTEs - All Departments, (All Funds)	48.11	46.47
Percent Increase in FTEs - (All Funds)	3.53%	6.14%

This budget shows a projected \$207,532 increase in personnel costs over 2006-07. This includes wages and benefits in all funds and any planned increases in FTEs (full-time equivalents). The projected increase of 1.14 FTEs includes the following:

- + 0.50 FTEs for one full-time assistant fire chief/fire marshal for the second half of the year.
- + 1.00 FTEs for one full-time engineering technician/GIS Specialist
- - 0.36 FTEs for a combination of other minor changes - namely:
  - 1) eliminating the engineering/planning interns which had been authorized in previous years but will not be in 2007-08. One intern will remain for about two months to ensure adequate overlap with the new engineering technician.
  - 2) increasing the number of hours needed by the reserve police officers and volunteer fire responders.
  - 3) savings in hours by hiring a part time secretary receptionist instead full time and moving the payroll accountant to full time to take care of business licenses.

Approximately \$66,500 is planned for wage increases and the benefits associated with raises. This includes approximately \$21,000 to bring employees up to the minimum point in their position's grade range plus an approximate \$32,000 for a 3% general raise allocated based on merit. 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 6% over the previous year. This is a significantly lower increase when compared to 2006-07 when the increase was about 20%. The city pays 80% of the health insurance costs for qualifying employees and the employee pays the other 20%.