

North Logan City Corporation

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Annual Operating Budgets

Fiscal Year 2012-13

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**North Logan City
Proposed Operating Budgets
General and Enterprise Funds
2012-13
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Budget Executive Summary

To the Citizens of North Logan City:

This proposed budget for fiscal year 2012-13 was developed with continued uncertainty in the general economy as was the budget for the previous year. Decreasing revenues from sales taxes and construction and development continue to make it more difficult to meet the needs of the city. 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 again 10% and the budget is set up to achieve that goal. The city anticipates a modest (3.5%) increase in growth in revenue from sales tax and the city remains cautious and conservative in its other revenue sources, trying not to rely solely on sales tax for its revenue source. This budget includes a composite property tax rate of 0.001784, which is the assumed composite rate at the certified tax rate – no rate increase. The composite property tax rate for North Logan includes the general purpose portion of the property tax plus the library tax and the tax to pay off the sewer bond. The total property tax which would go to North Logan, under this proposed budget would have the taxes on a \$242,000 home at \$237.40 ($\$242,000 \text{ home value} * 55\% \text{ primary residence exemption} * 0.001784 \text{ property tax rate} = \237.45) – about the same as last year. If one assumes a property's assessed value stays the same, the property taxes should be about the same.

The budget also proposes keeping the same rate for the Energy Sales and Use Tax as was set in 2008-09. This is essentially a sales tax on electricity and natural gas used by customers and is allowed to be as high as 6%. In 2007-08 the rate was five percent (5%). In the FY2008-09 budget that rate was reduced to three percent (3%) for about half of that year and it is proposed that it not change for the coming year. Maintaining this tax rate at 3% is anticipated to produce revenue about \$256,000 for the General Fund. In the past few years about one-third of the funds generated in the Energy Sales and Use Tax were assigned to the cemetery fund but that is not to be done this year. Per their discussions in recent council meetings, the City Council expressed a commitment to again do that assignment of funds to the cemetery again in FY2013-14. The amount of funds generated through the Energy Sales and Use Tax is hard to predict since it relies on how much energy (electric and natural gas) is consumed by the residents in the city. For example, a hard winter produces more energy tax revenue than a mild winter.

Most of the various departments funded through General Funds in the city will show a minor increase in expenditures for 2012-13 when compared to 2011-12. The largest increase in spending comes in the Streets Department (including the Capital Improvement – Streets portion of the budget) where the budget increased about \$384,000 from 2011-12 to 2012-13. The increase is due to several road repair projects. The department with the next most increase in expenditures within the General Fund is the Police Department budget where expenditures have been increased by about \$60,000 when compared to 2011-12. This increase is mostly due to costs associated with leasing a temporary facility for the department.

The budget for the Library Special Revenue Fund shows little change from 2011-12 to 2012-13. The funds to be received from the Thorne Endowment are \$84,000. The planned fund balance in the library for 2012-13 will be the same as it is in the final version of the 2011-12 library budget (about \$90,000). No extraordinary changes are planned in the expenditures for the library for library operations for the coming year.

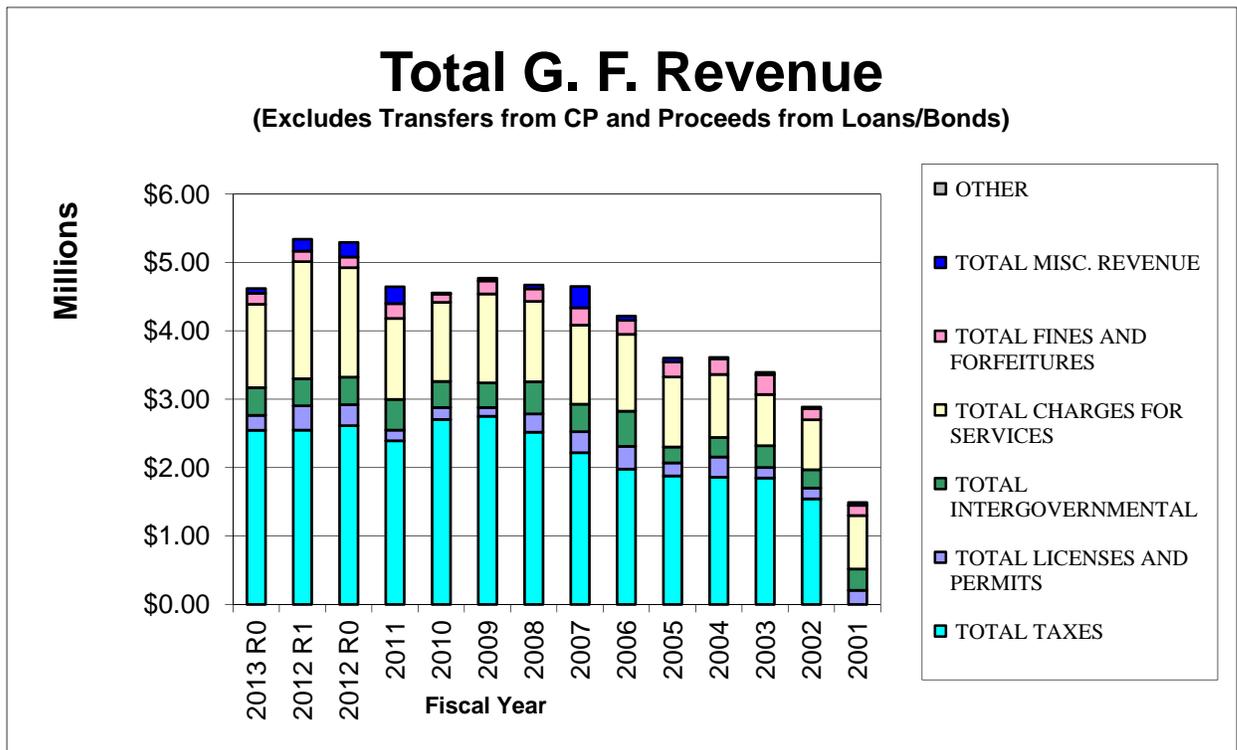
There are no significant budget changes in the water or sewer utility funds. These departments' funds stand aside from the general fund and the departments must be self sustaining. Fees received for water and sewer use must be used within their respective departments. Some limited capital projects are planned in these departments this budget year. Excess funds generated within the two departments will be available for future needs.

Personnel costs make up about 46% of the expenditures in the general fund. The budget, as proposed, includes a 1% increase in wages for 2012-13 plus some additional funds to bring some of the employees' wages up at the Mayor's discretion. There was about a 6% increase in health insurance rates for currently benefited employees this year when compared to last year.

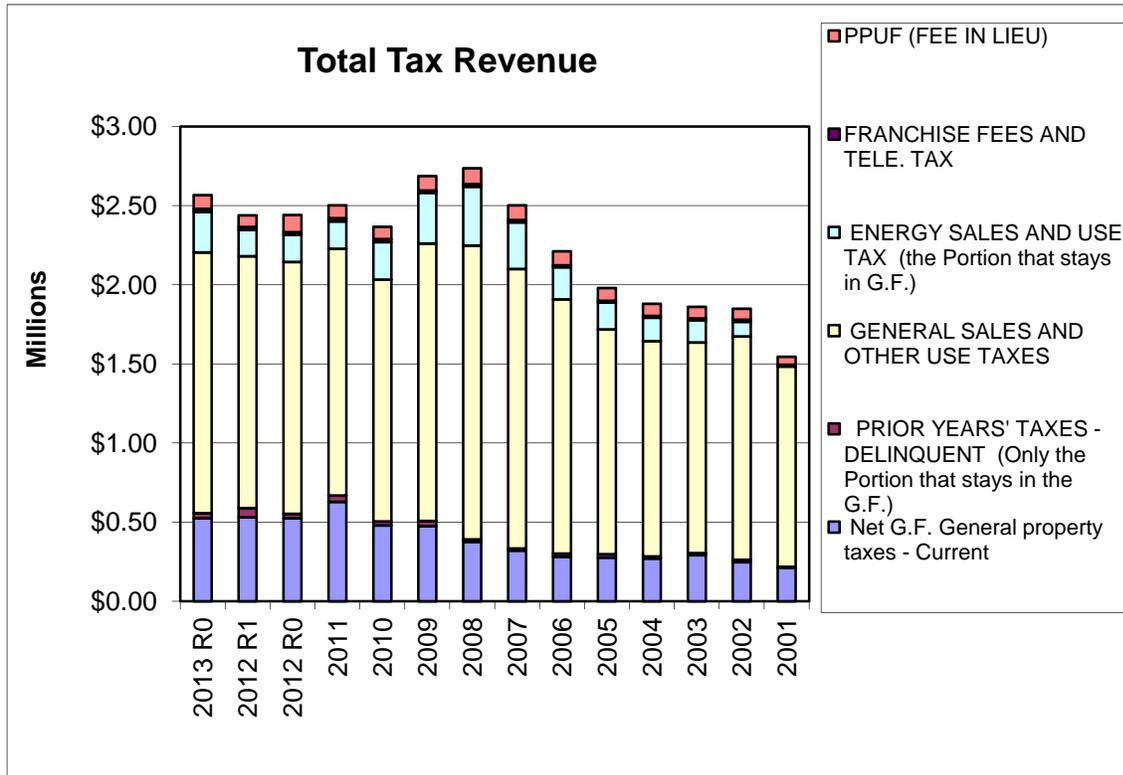
The following pages of this report provide more detailed information about the budget for 2012-13. Direct any comments to Jeff Jorgensen the City Administrator or Scott Bennett the City Recorder. It is the intention of the Mayor and City Council that the public's input in the budget process is important 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 sixteen years. Total revenues for the city steadily increased over the eleven years from 1997 through 2007 and were approximately level for 2008 through 2011. The budget for 2011-12 projected an increase in that year but the proposed budget projects another year of decreased tax revenue in 2012-13. The main reason for this projected decrease in revenue for 2012-13 compared to 2011-12 is due to being very conservative in estimating the 2012-13 revenue received from construction activity. The 2012-13 revenue is projected to decrease about \$671,000 compared to 2011-12 which is about a 13% decrease. The majority of the decrease in revenue is that which results from construction, namely building-permit fees, plan check fees, and impact fees. This decrease is anticipated based on several construction projects that occurred in 2011-12 but are not expected in 2012-13. The sales taxes are expected to only be about \$55,700 higher in 2012-13 than they were in 2011-12 (about 3.5%) because of the continuing sluggish economy.

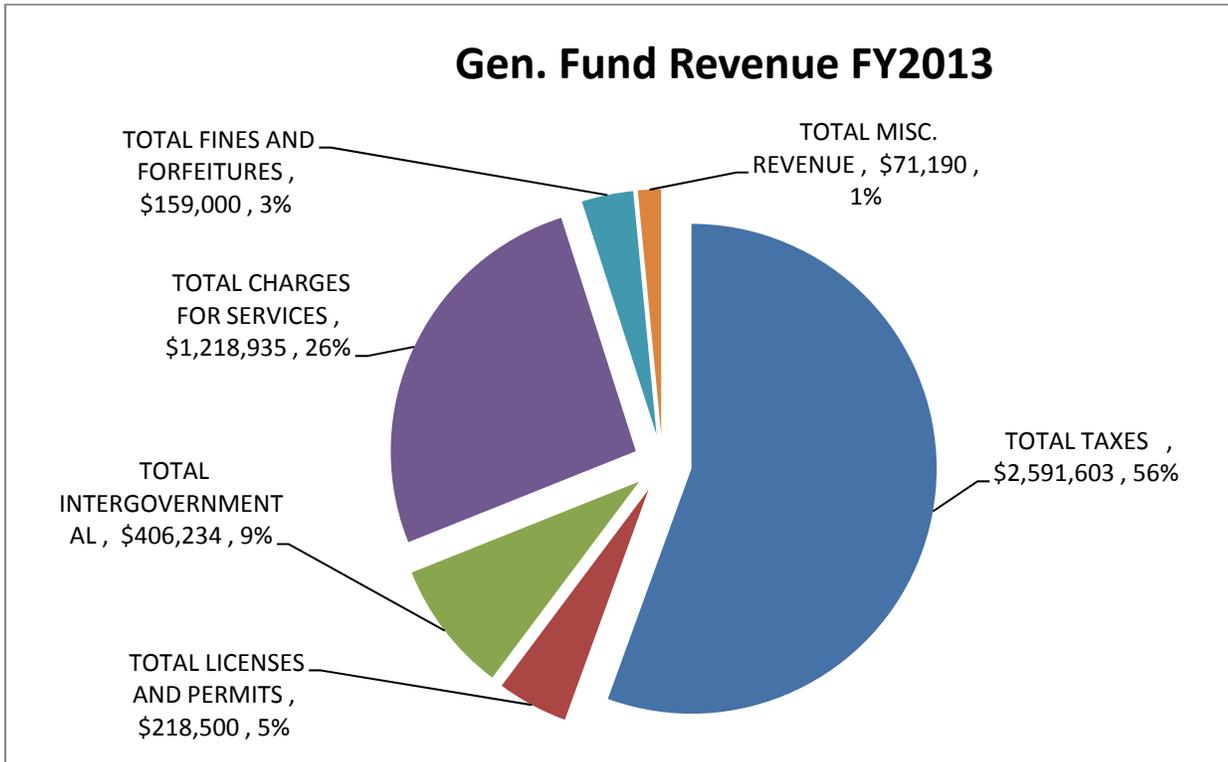


With the proposed Composite Property Tax Rate being held at the certified tax rate as set by the State, the General Purpose portion of the property tax will generate about \$5,600 more in revenue in 2012-13 than it did in 2011-12. The total revenue from all taxes which will stay in the General Fund is projected to go up an estimated \$45,000. The energy tax rate is planned to be held at 3%, three percentage points below the maximum allowed by law which is 6%. That rate of 6% is the rate most cities charge in Cache County.



General Fund Budget 2011-2012

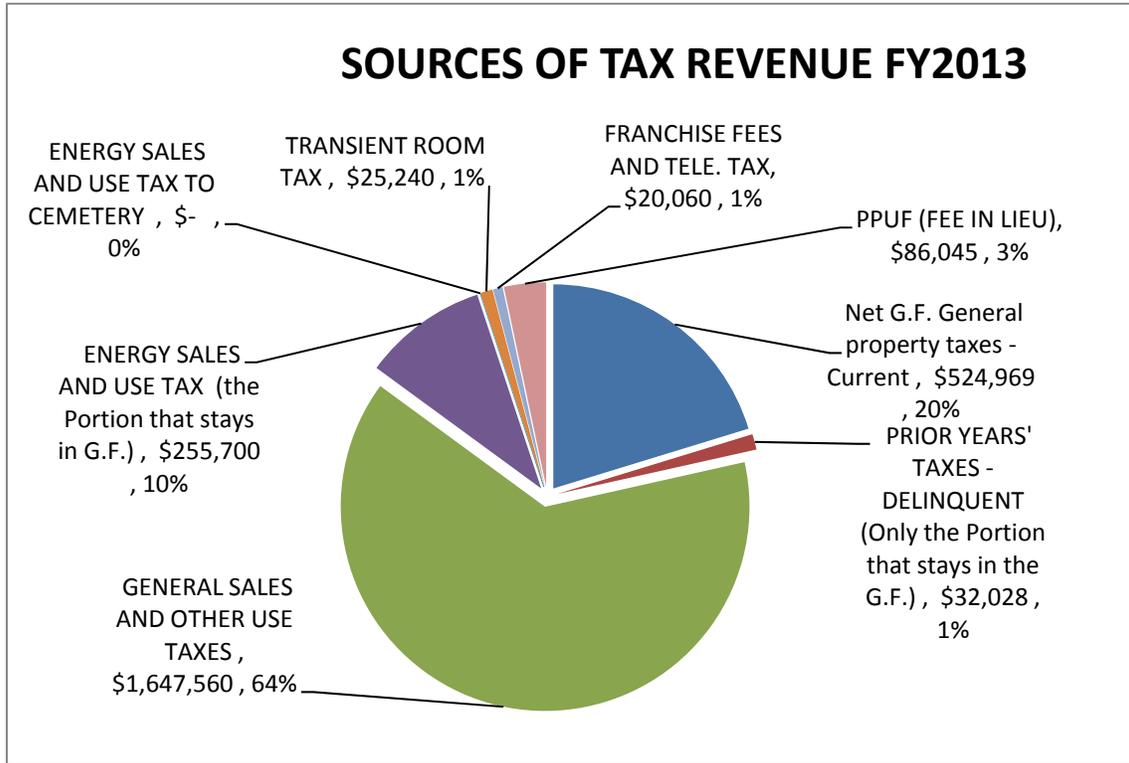
Revenue Percentages



Taxes remain the largest source of General Fund Revenue for 2012-13 (56%). 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.

The total expected General Fund revenue from all sources for 2012-13 is expected to be about \$4,665,000 compared to \$5,336,000 in 2011-12 (a decrease of about 13%). Tax dollars projected for 2012-13 supply 56% of General Fund revenues which is about 7 percentage points higher than what it was in 2011-12, when that percentage was 49%.

Sales tax continues to be the largest source of Tax Revenue, contributing 64% of the total tax dollars. The second largest source of tax revenue is from the general purpose property tax which will bring in about 20% of the total tax revenue for the city. With the rate for the Energy Sales and Use Tax at 3% in 2012-13, that tax is expected to generate about \$256,000. This fund source makes up the third largest revenue source (10%) of taxes brought into the General Fund.



The Composite Certified Property Tax Rate for 2012-13 is proposed to be 0.001784 which includes the General Purpose Property Tax (0.000966, the dedicated Library Tax at 0.000757 and the Sewer Fund rate of 0.000061)

The General Purpose Property Tax rate for tax year 2012 (fiscal year 2012-13), since no tax increase is approved, is estimated to change to about 0.000966 compared to 0.000956 for 2011-12. The certified rate is intended to be set at a level that would maintain the same level of revenue plus new growth. Since property values typically increase, the rate would tend to decline over time but as shown in the following chart, the property tax rate for North Logan City has remained fairly constant over the past twelve years. The tax rate is not adjusted to keep up with inflation or increased services, instead there is erosion in the property tax's ability to provide for the increasing 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 maximum rate allowed by law for the General Purpose Property Tax is 0.007000. With the General Purpose Tax Rate at the certified tax rate of 0.000966, the tax rate will be about 13.8% of the level allowed by state law.

A primary residence is taxed at 55% of its assessed value. To compute one's property tax attributed to North Logan City's portion of their property tax use the following example:

Assumed Assessed Value (assumed average home value)	\$242,000
Taxable Value (55% of Assessed value – 0.55 * 242,000)	\$133,100
NLC's General Purpose Tax = tax rate 0.000966 * \$133,100	\$128.57
NLC's Sinking Sewer Fund Tax = tax rate 0.000061 * \$133,100	\$8.12
NLC's Dedicated Library Tax = tax rate 0.000757 * \$133,100	\$100.76
Total NLC Property Tax = sum of above rates 0.001784* \$133,100	\$237.45

Note that a resident's property tax includes not only North Logan's portion outlined above, but it also includes other property taxes not addressed here, which are paid for statewide and local schools, a variety of countywide taxes, and in some parts of North Logan a property tax for the Hyde Park Cemetery District.

General Fund Expenditures

City Council

The expenditures for the City Council are anticipated to remain virtually unchanged. In 2012-13 there will not be the need to fund a municipal election like there was in November of 2011. The total expenditures for this department are expected to decrease by about \$9,000.

City Justice Court

The expected expenditures for the justice court including the judge, the court clerk and the bailiffs, make up this part of the city's budget. The overall expenditures for this department are expected to decrease by about 19% or about \$36,000.

Executive Staff

The expected expenditures for the executive staff (the city administrator and the executive secretary) will go up slightly due to increased wages and benefits. The expenditures shown in this department are expected to increase by about 4% or about \$3,800.

Administrative Agencies

The expected changes in expenditures for the Administrative Agencies (the City Treasurer, the City Recorder, the payroll clerk/personnel clerk, the accounts payable clerk, and the secretary/receptionist) are due to increased wages and benefits. This department's budget is expected to increase about \$7,000 or about 4%.

Non-Departmental (Administration)

Essentially all of the normal costs for this portion of the budget are unchanged between last year and this year but the overall expenditures for this department are expected to increase by about 13% or about \$20,000. This may seem contradictory or a bit misleading because about \$5,800 of that increase is that portion of the \$10,000 set aside within the general Fund designated by the Council to be available for the Mayor to use to adjust various wages. This is simply a convenient place to set those funds aside. Another \$10,000 is for a copy machine replacement that was originally planned for in 2011-12 which has been moved to 2012-13.

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 three funded discretionary projects planned for this department namely: 1) mechanical control systems for the library, 2) the remodeling of the basement for the fire department, and 3) some work on the library boiler. The total expenditures for this department are expected to increase by about 3.5% or about \$11,300 above what was spent in 2011-12.

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. About the same amount of the costs for the department will be borne by Hyde Park versus North Logan City this coming year. Hyde Park will pay 24.09% of the NPPD costs in 2012-13 versus 23.97% in 2011-12. Hyde Park's 24% of the total cost of the police department is about \$252,000, about \$8,100 more than it was last year.

The total expenditures for this department are expected to increase by about 6% or about \$60,000 above what was spent in 2011-12. \$51,000 of that increase comes from a plan to renovate and then lease some commercial building space for the police department until a new police building can be built.

Fire Department

The budget for the fire department for 2012-13 versus 2011-12 shows a decrease in their budget of about \$22,500 or about 5%. The decrease in costs come from about \$30,800 being spent for wildland fires in 2011-12 with no such expenditure planned for 2012-13. That expenditure brought in a corresponding revenue of \$75,100 to the general fund which is not shown in the fire department's budget but was used to contribute to the cost of a replacement fire engine in 2011-12. Two major purchases are planned with the Fire Department's portions of the Capital Improvement Fund. About \$40,000 is planned for a system to divert engine exhaust from the vehicles while they are running within the fire department's garage area and another about \$40,000 is planned in the event a replacement fire chief's vehicle is needed. \$60,000 is still budgeted to be set aside in the Capital Improvements Fund for future purchases of fire equipment and all of that will be used up this year for these major purchases. These set-aside funds do not show up in the department's regular portion of the budget, but are shown in the Capital Improvement Fund.

Building Inspection & Engineering

The budget shows a 6% increase in expenditures for the Building Inspection and Engineering Department in 2012-13 but this can be a misleading statistic also. The original budget for the previous year was cut back about \$23,000 near the end of the year, mostly because plan check fees did not have to be spent and a vehicle was not purchased. The expenditures for this department are expected to decrease by about \$4,000 below what was originally budgeted in 2011-12. The budget projects lower plan check review costs for this coming year but not as low as the actuals for 2011-12. These are costs associated with hiring outside engineers to assist in reviewing building plans that require special expertise. Instead of purchasing a new vehicle, an excess vehicle from the police department is planned to be provided to the department instead.

Roads and Streets

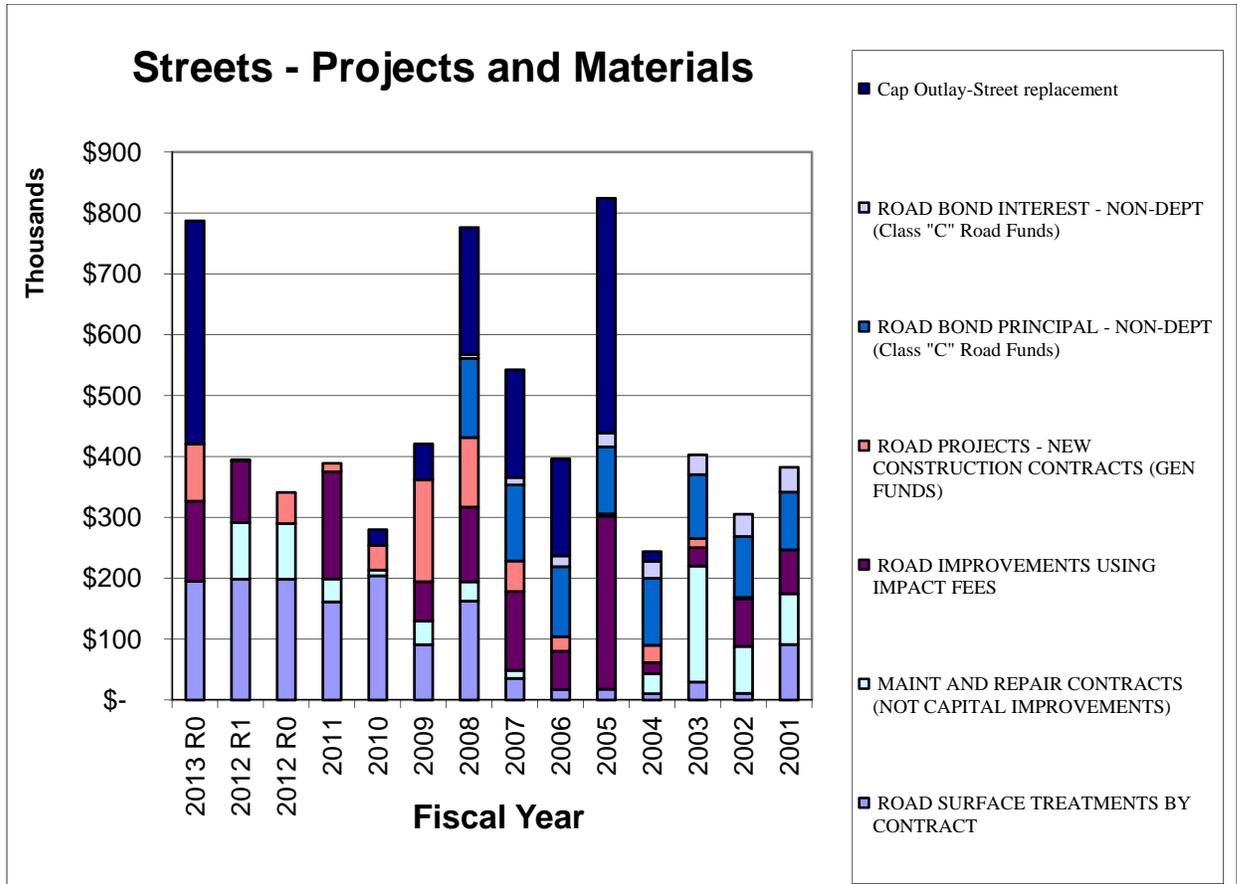
The General Fund portion of the budget for the Streets Department shows an increase for 2012-13 of about \$17,700 or about 2%. The 2012-13 budget includes \$195,000 for much needed chip sealing of roads and other similar road surface treatments. In addition, the budget provides for several road repair projects for this fiscal year's Capital Improvement Budget for Streets, basically using funds remaining in fund balance from 2011-12. They include:

- 1) Grinding and a thick overlay on 2600 North from 200 to 400 East (about \$122K),
- 2) Grinding and a thick overlay on 2700 North from about 1300 to 1600 East (about \$82K), and
- 3) Re-doing the roads and sidewalks within the subdivision south of 2100 North at about 1255 East (about \$163K).

If funds are available from excess in 2011-12, another project could be done, namely 1600 North, north of Wal Mart from Main to 200 East (about \$192K).

The budget includes using \$120,000 of the road impact fees to construct a new section of road within the city. The location of that road is not disclosed at this time pending negotiations with the land owner on the price of right-of-way to be purchased for the new road.

The following chart shows how the proposed expenditures in roads and streets projects and maintenance materials for 2012-13 compare to the previous sixteen years.

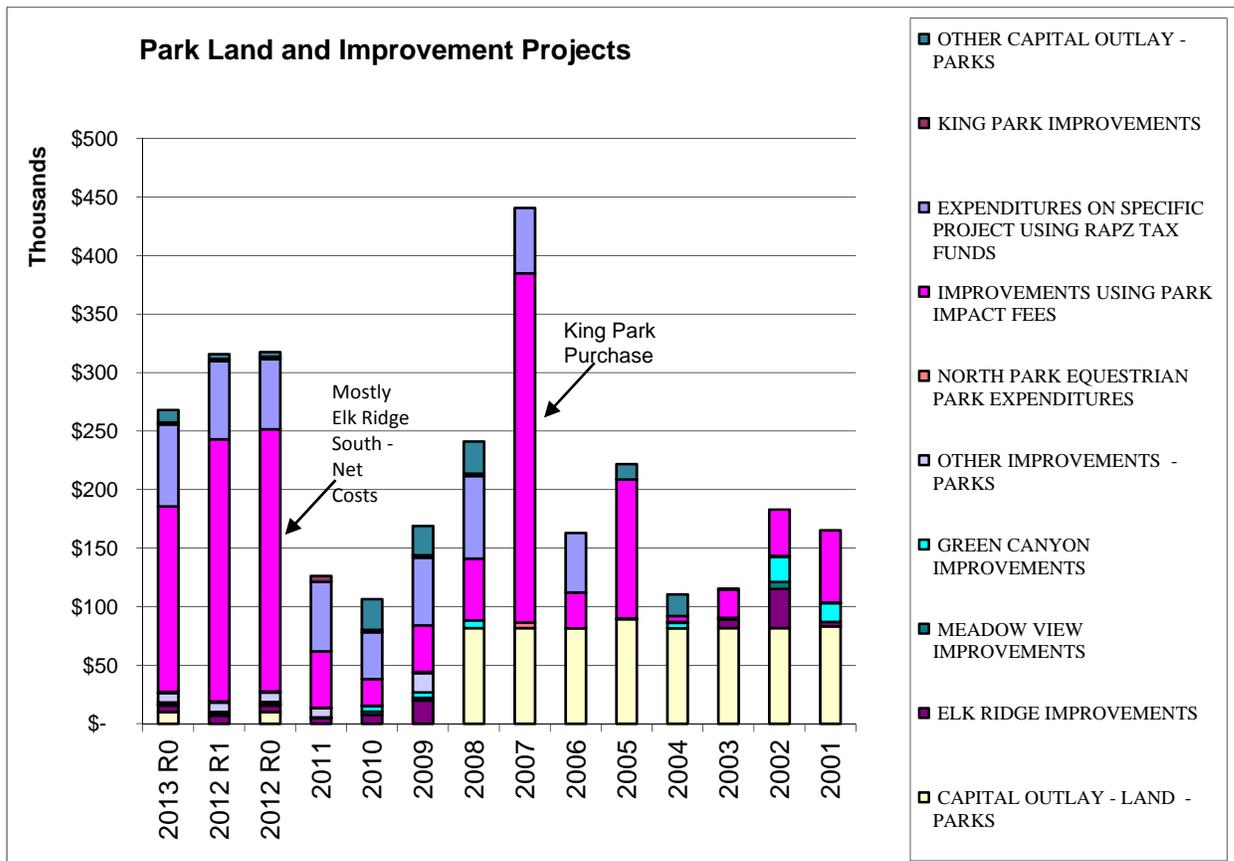


Sanitation

Trash collection costs for 2012-13 are expected to be about the same as they were in 2011-12. The fees paid to Logan City for this service is budgeted at \$660,000. Revenue budgeted to be received in North Logan to cover these costs is assumed to be about \$726,000, enough to cover the associated cost of Logan City’s picking up the trash and cover some of the administrative costs the city has to incur for this service. This works out to be about 10% of the budgeted revenue. Any changes in costs or 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

The only major expenditure for projects considered funded in the Parks Department is to construct a splash pad at Meadow View Park (RAPZ Project) for \$120,000. There are a number of smaller projects. The overall budget for the Parks Department is planned to decrease by 7% or about \$44,500 when compared to 2011-12. The following chart shows how the proposed expenditures in park land purchases and project improvements for 2012-13 compares to the previous sixteen years.



Recreation and Culture

There is no major change planned for the Recreation and Culture Department. The total planned decrease for this department is about \$1,300 or about 2% of the departmental budget when compared to 2011-12.

Cemetery

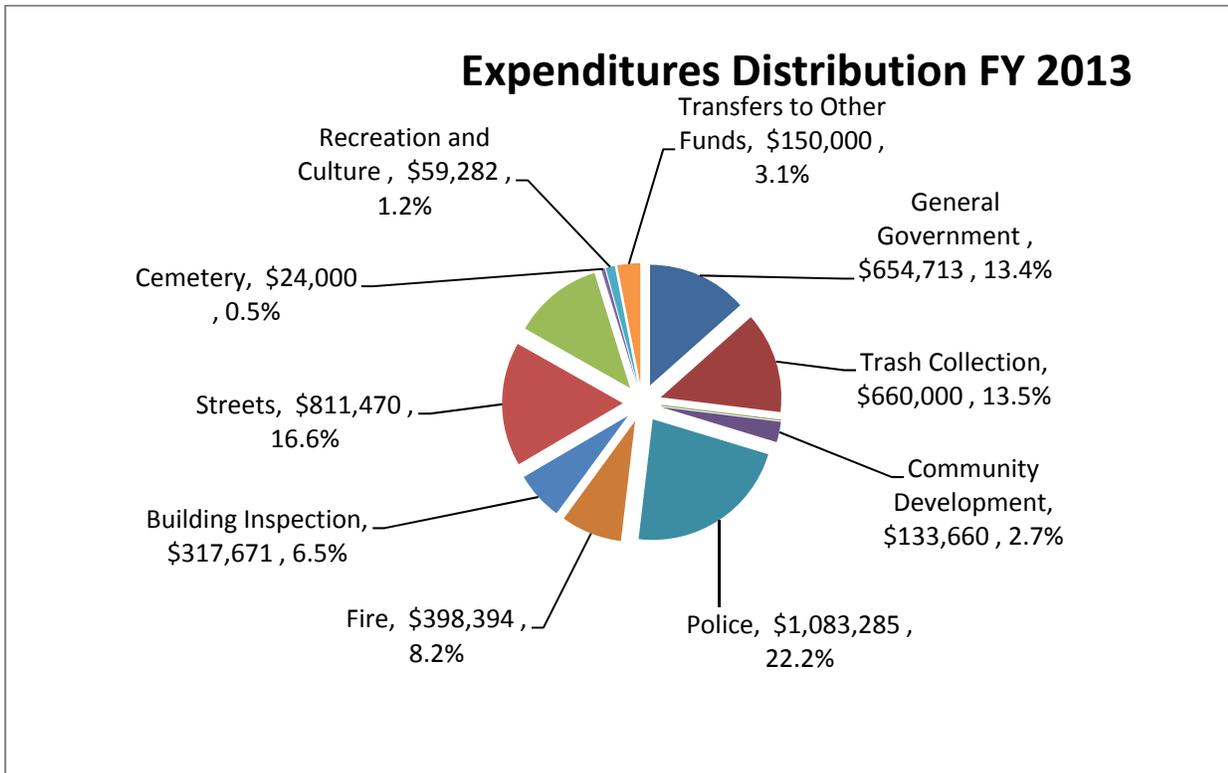
The budget for the Cemetery is planned to remain almost the same when compared to 2011-12. Improvements planned for 2012-13 include continued work to finish the grass in phase two of the cemetery which was moved back from 2011-12 so comparing the two budget years ends up showing a significant increase in spending for 2012-13. Expenditures for the cemetery for 2012-13 are budgeted at \$24,000 compared to \$9,500 in 2011-12, an increase in spending of about over 150% but basically at the same level as was in the original 2011-12 budget of \$25,900. Since there are no new energy sales and use taxes to be dedicated to the cemetery in 2012-13, the funds assigned to the cemetery will go down to about \$146,000 at the end of 2012-13.

Community Development, Planning Commission, and Economic Development

The Community Development portion of the budget is decreased by about \$5,300 compared to 2011-12. That budget does include about \$12,000 for continued work on developing form based codes. The Planning Commission portion of the budget is planned for no changes in 2012-13 versus 2011-12. Economic Development is budgeted to about the same as originally planned in 2011-12 although not much of those budgeted funds were used in that year. The overall Community Development and Economic Development budget is planned to be increased from about \$2,000 to \$143K or about 2% when compared to the closeout version of the 2011-12 budget.

Expenditures Summary

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



General Fund Summary

The following table gives a summary of revenue and expenditures for the General Fund with a comparison between 2011-12 (FY2012R2) and 2012-13 (FY2011R0).

Revenue	FY2011-13	FY2011-12 R2
TOTAL TAXES	\$ 2,591,603	\$ 2,546,470
TOTAL LICENSES AND PERMITS	\$ 218,500	\$ 354,500
TOTAL INTERGOVERNMENTAL	\$ 406,234	\$ 395,857
TOTAL CHARGES FOR SERVICES	\$ 1,218,935	\$ 1,712,670
TOTAL FINES AND FORFEITURES	\$ 159,000	\$ 154,000
TOTAL MISC. REVENUE	\$ 71,190	\$ 172,716
OTHER	\$ -	\$ -
Total Revenue	\$ 4,665,461	\$ 5,336,213
Expenditures		
General Government	\$ 654,713	\$ 664,686
Trash Collection	\$ 660,000	\$ 660,000
Other (misc. land and ROW purchases)	\$ -	\$ -
Community Development	\$ 133,660	\$ 131,565
Police	\$ 1,083,285	\$ 1,023,008
Fire	\$ 398,394	\$ 420,956
Building Inspection	\$ 317,671	\$ 300,795
Streets	\$ 811,470	\$ 793,741
Parks	\$ 586,333	\$ 631,788
Cemetery	\$ 24,000	\$ 9,470
Recreation and Culture	\$ 59,282	\$ 60,613
Transfers to Other Funds	\$ 150,000	\$ 775,468
Total Expenditures (Sum of Above)	\$ 4,878,808	\$ 5,471,770

Reserved/Restricted and Assigned Funds

Reserved, restricted, and assigned funds are those funds within the General Fund which must be used for specific purposes. *Reserved or restricted funds* in the General Fund include parks and road impact fees, and funds received for liquor law enforcement and “Shop with a Cop”. Reserved funds are not counted towards the city’s unreserved fund balance. *Assigned funds* are funds set aside within the city for a specific purpose but are not required to be accounted for separately by any specific external law. Assigned funds include the cemetery fund, the little league program and all other sports programs’ funds. Monies left in these accounts at the end of each fiscal year are carried over to the next year and are 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.

Reserved/Restricted Funds

Roads Impact Fees

Revenue from Road Impact Fees is expected to generate about \$50,000 new funds in 2011-12. The budget includes using \$120,000 of the road impact fees to construct a new section of road within the city. The location of that road is not disclosed at this time pending negotiations with the land owner on the price of right-of-way to be purchased for the new road. The fund balance at the end of 2012-13 is projected to be about \$100.

Liquor Law Enforcement

The proposed budget shows similar usage of the money in this reserved fund for the year 2012-13 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 and can include additional pay to police officers working liquor law enforcement issues. The fund balance in this reserved fund is expected to decrease from \$21,000 at the end of 2011-12 to \$14,800 at the end of 2011-12

Parks and Recreation Impact Fees

Revenue from Park Impact Fees is expected to generate about \$50,000. There is one project planned which will use park impact fee funds – a splash pad at Meadow View Park. The project will be financed through a combination of RAPZ Tax funds (\$70,000) and the City’s matching funds of \$50,000 from park impact fee funds for a total project cost of about \$120,000. The budget also sets out \$100,000 for the purchase of additional park land. The location of the anticipated park land addition is not disclosed at this time pending negotiations with the land owner on the price. The fund balance in this reserved fund is expected to decrease from \$155,000 at the end of 2011-12 to \$46,000 at the end of 2012-13.

Shop With A Cop

Funds donated to the city from the public for the police department’s annual “Shop With A Cop” are accounted for in a separate restricted fund and only used for their intended purpose, that being providing donated funds for children to purchase gifts for their parents during the Christmas Season. It is anticipated that about \$8,000 will be collected in 2012-13 and essentially all those funds will be spent during that upcoming fiscal year as well. About \$7,300 was donated in 2011-12 for Shop With A Cop.

Assigned Funds

Equestrian Park

This fund contains monies intended for use at the equestrian park facilities at Meadow View Park. There are no specific plans for this fund this year. The equestrian facilities may 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. Some of these funds are used from time to time for miscellaneous repairs and maintenance at the equestrian park portion of Meadow View Park.

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 \$1,800 at the end of 2011-12 to \$2,500 at the end of 2012-13. This fund should remain revenue neutral and accumulated funds may be used to purchase extra equipment as needed for the little league program.

Junior Jazz Funds

Like the Little League Fund, this fund is used to track revenue from fees paid for participating in the Junior Jazz Basketball program. Funds are used to purchase supplies for the program and payments to referees. The fund balance for this fund is expected to be about \$900 at the end of 2012-13.

General Sports Funds

Like the Little League and the Junior Jazz funds, this fund is used to track revenue from fees paid for participating in a variety of miscellaneous sports program. Funds are used to purchase supplies for the program and payments to instructors and sport program directors who are usually USU student interns. The fund balance for this fund is expected to be \$5,100 at the end of 2012-13.

Cemetery Reserve Fund

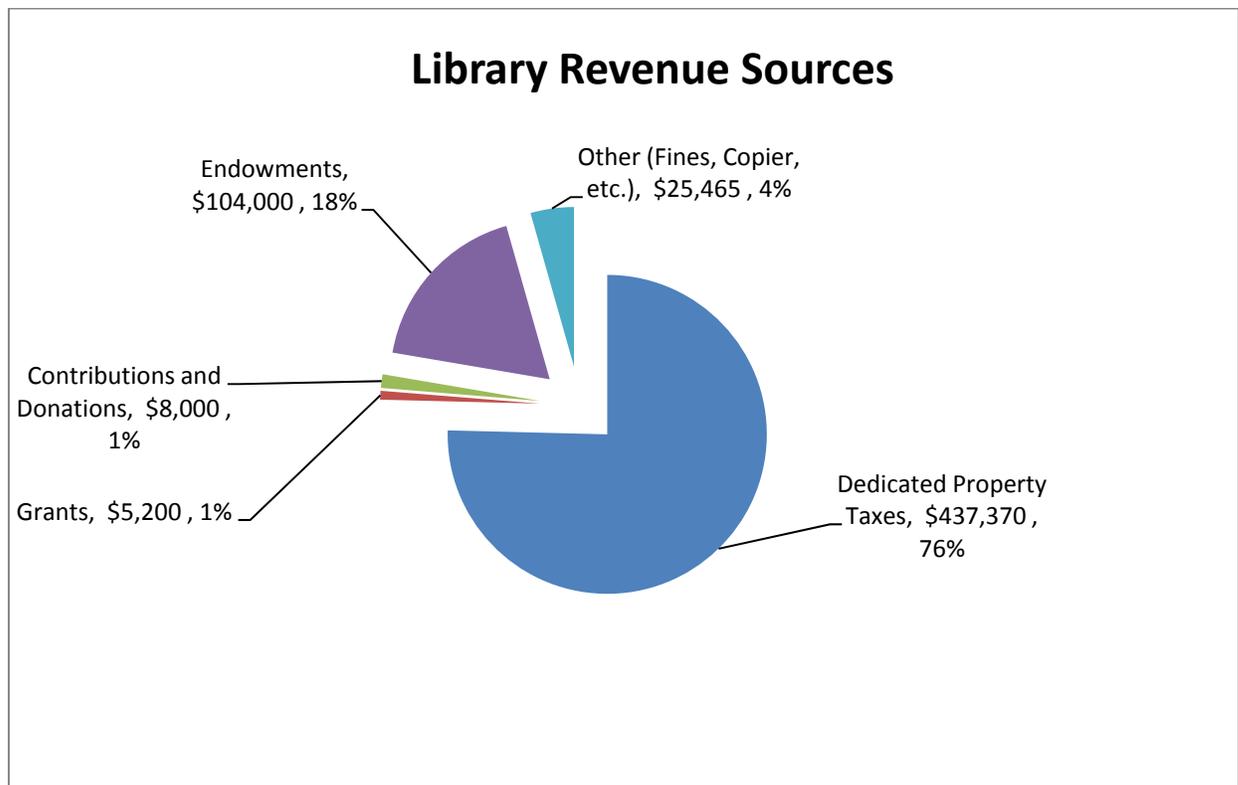
This fund is to hold money received from the sale of cemetery plots and this fund also received an assigned portion of the Energy Sales and Use Tax in 2011-12. These funds together are intended to be used solely for the operation and maintenance of the cemetery. The fund balance for this fund is expected to decrease from \$166,200 at the end of 2011-12 to \$146,400 at the end of 2012-13. Expenditures for the cemetery will for the most part include planting grass in Phase II of the cemetery.

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 2012-13 budget includes no increase in the library's dedicated property tax rate.

The second largest revenue source for the library is the Thorne Endowment. The budget lists proceeds from the property donated to the Thorne Endowment will be \$84,000 in 2012-13 for general library operations plus an additional \$20,000 in funds used for special Library Board and Friends of the Library projects. As a result of the Endowment and contributions from Hyde Park, North Logan City allowed the use of the library by the residents of Hyde Park until July of 2011. After that date non-North Logan City residents wanting to use the library are provided that opportunity through a non-resident library card priced at \$90 per family. If paid by the quarter this amount is \$24 per quarter/\$96 for the year.

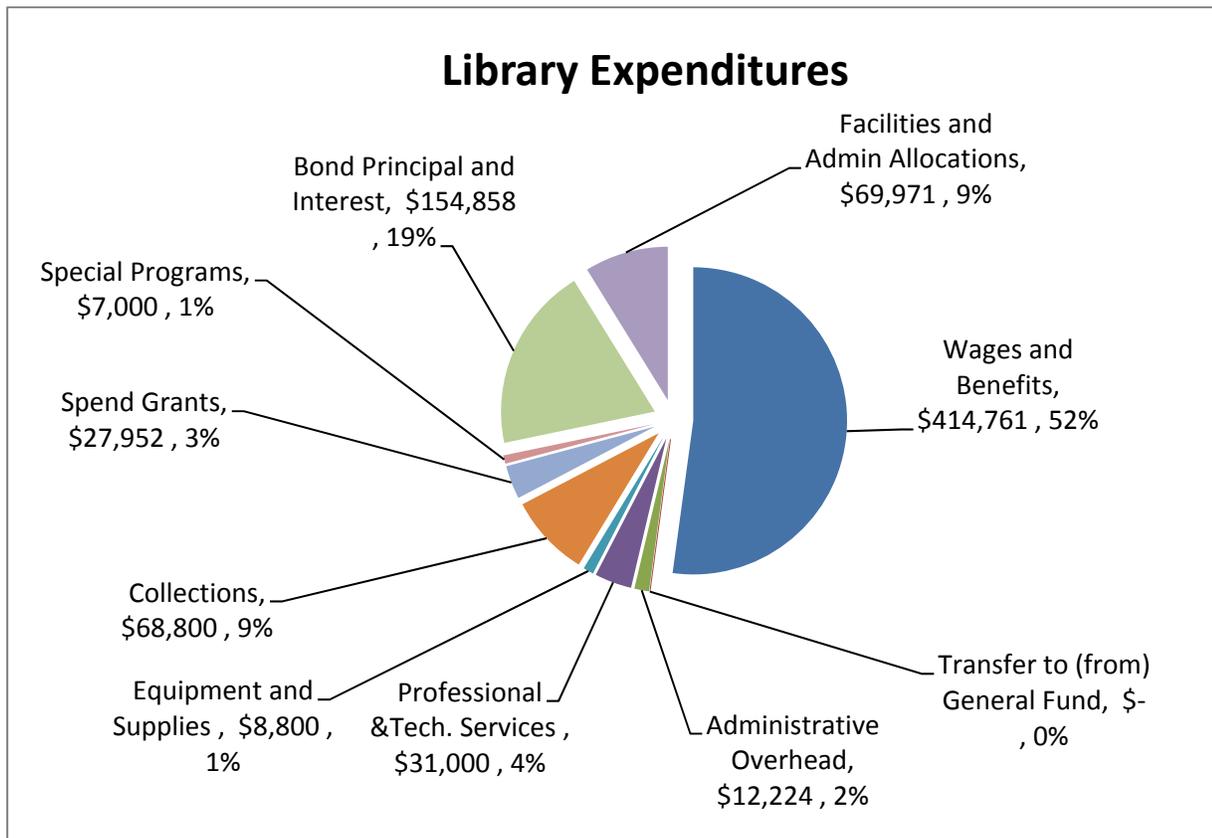
The following chart shows the various general sources of revenue for the library:



Just over half (52%) 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 (\$155,000 or about 20%). 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 (\$70,000 or 9%). Collections (namely books, videos, magazines, and the processing of same) represents the fourth largest category of expenditures for the library at about \$69,000 or 9%.

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 projected fund balance for 2012-13 for the library is budgeted to be \$90,000 or 16.6% of the anticipated 2013-14 budget.



Capital Improvement Fund

The Capital Improvement Fund (CIF) 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 should have the city transfer about \$1,300,000 into the Capital Improvement Fund each year. This budget, as presented, sets aside, through transfers, only about \$143,000 or about 11% of what should be set aside or dedicated to replacement of capital assets. In this budget, the only funded capital improvement funds to be set aside are \$52,000 for police department vehicle replacements (including animal control), \$60,000 for fire department vehicle replacement, and about \$31,000 for general use (buildings/facilities).

The FY2011-12 budget transfers \$367,000 from the general fund into the CIF’s Street Replacement fund. This money left over from that year will be used to fund the majority of the street repair work to be done in FY2012-13.

The negative fund balance in the Building, Facilities and Land section of the CIF is due to using those funds to pay the approximate \$429K for the five acres the city acquired in FY2010 within the city center. The \$429K was the “boot”, the difference between the total purchase price for the five acres and the value of the land west of Elk Ridge Park traded in that deal. The original FY2011-12 budget called for covering that cost with a loan from the Water Enterprise Fund which still could be done. In the meantime, as long as the overall fund balance for the CIF is positive those funds need not be transferred from the Water Fund. The funds used from the CIF to acquire the five acres can be “paid back” in a variety of ways: 1) as each year is closed out, any funds in the general fund’s un-restricted fund balance greater than 10% will be transferred into this category, 2) the water fund “loan” can be implemented, or 3) redevelopment area funds can be used to reimburse the CIF and essentially purchase this land as park land for the City Center. This last option is in accordance with the initial plan for the using those RDA funds but will take a while to take effect.

The expected total fund balance for the Capital Improvement Fund at the end of 2012-13 is about \$405,000. The following table shows for which subcategory these funds are intended to be set aside:

CIF subcategory	FY2012-13	FY2011-12
Buildings, Facilities and Land	-192,069	-223,069
Equipment	-	-
Parks	13,000	13,000
Misc Capital (Non-NPPD Vehicles)	54,252	54,252
NPPD vehicles	75,632	87,010
AC vehicles	22,000	20,000
Street replacement	401	367,000
Library facilities	-	-
Fire Department	11,226	31,226
200 East Project	465,140	465,140
Total Accumulated Interest	9,917	6,917
CIF Total	405,341	798,318

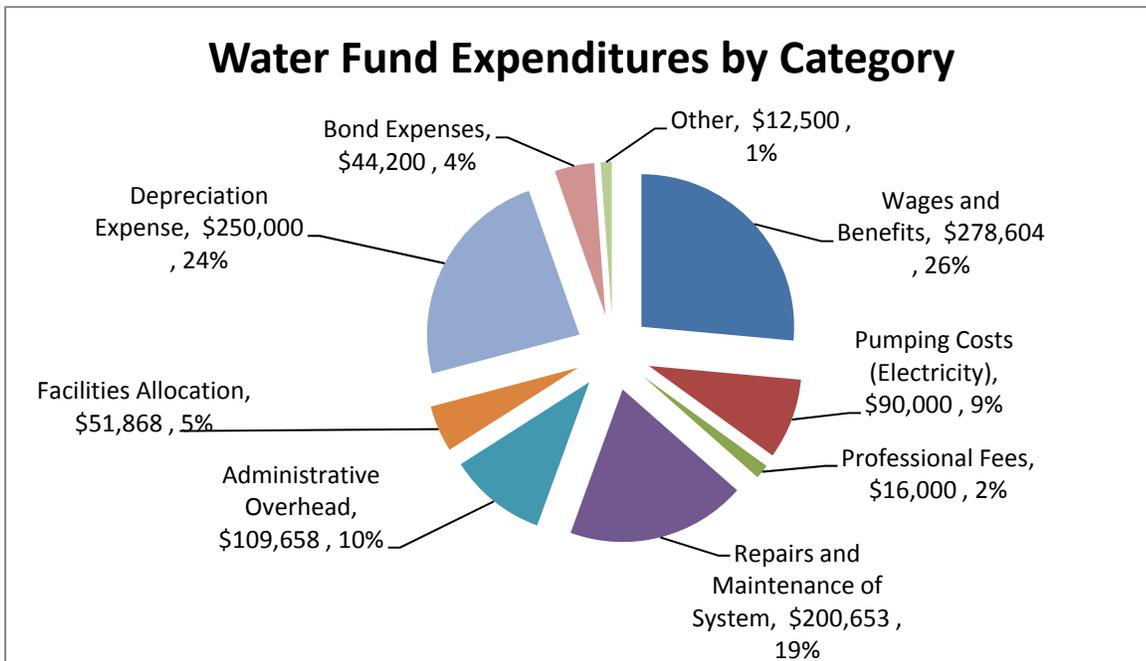
Water Utility Fund

Planned revenue and expenditures for the Water Utility Fund for 2012-13 is projected as follows (with comparison to 2011-12):

Water Fund Summary

	FY2012-13	FY2011-12
Revenue		
Charge for Services (Metered Water Sales)	(962,574)	(943,700)
Impact Fees Collected (New Services)	(80,000)	(300,000)
Interest Income	(9,000)	(9,000)
Other	<u>(3,000)</u>	<u>(3,000)</u>
Total	(1,054,574)	(1,225,700)
Expenditures		
Wages and Benefits	278,604	269,244
Pumping Costs (Electricity)	90,000	87,471
Professional Fees	16,000	16,000
Repairs and Maintenance of System	200,653	151,000
Administrative Overhead	109,658	110,836
Facilities Allocation	51,868	50,126
Depreciation Expense	250,000	212,585
Bond Expenses	44,200	46,490
Other	<u>12,500</u>	<u>2,500</u>
Total	1,053,484	\$ 946,252

This budget shows a projected \$171,000 decrease in revenue when compared to 2011-12 or about 14%. The budgeted net decrease in revenue is largely from the water impact fees projected to be much lower (-\$220,000). If new development picks up then the impact fees would be higher. The impact cannot be used for water fund operational expenses. With an expected slight increase in projected metered water sales (about +\$20,000), the operational revenue should continue to cover the operational expenditures within the water fund. The expenditures for the year 2012-13 are slightly less than the revenue by about \$1,000.



Sewer Utility Fund

Planned revenue and expenditures for the Sewer Utility Fund for 2012-13 is projected as follows (with comparison to 2011-12):

Sewer Fund Summary

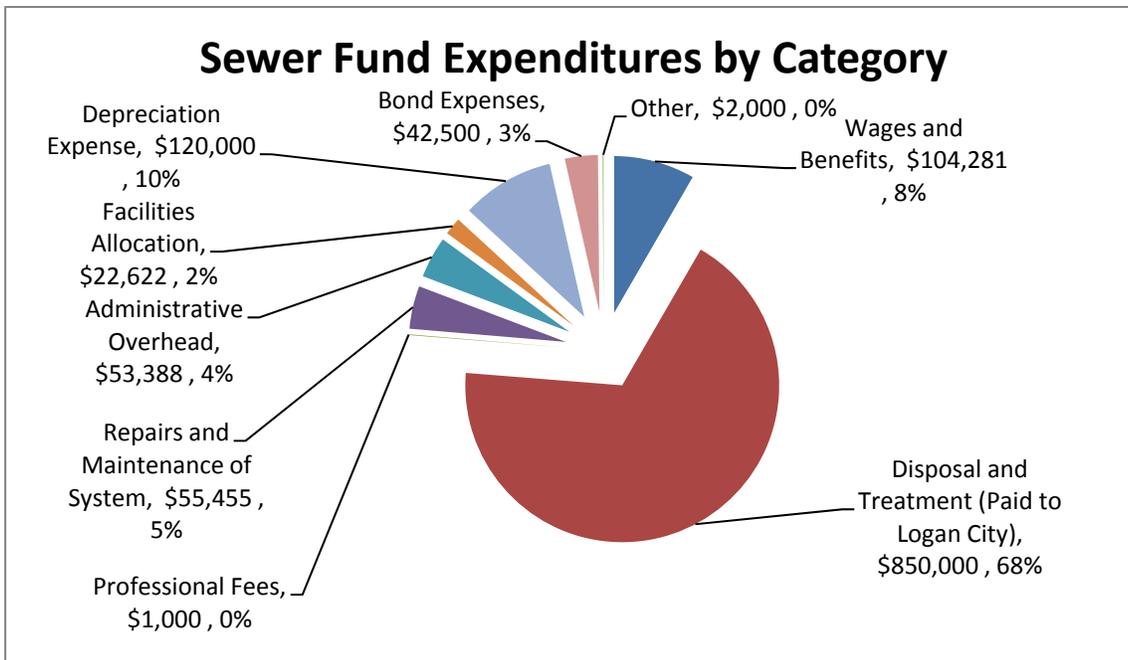
Revenue

	FY2012-13	FY2011-12
Charge for Services (Service Fees)	(1,008,361)	(1,076,079)
Impact Fees Collected (New Services)	(40,000)	(100,000)
Interest Income	(1,250)	(1,250)
Sewer Bond Taxes Received	<u>(32,911)</u>	<u>(32,911)</u>
Total	\$ (1,182,522)	\$ (1,210,240)

Expenditures

Wages and Benefits	104,281	100,652
Disposal and Treatment (Paid to Logan City)	850,000	858,418
Professional Fees	1,000	1,000
Repairs and Maintenance of System	55,455	46,500
Administrative Overhead	53,388	59,794
Facilities Allocation	22,622	21,862
Depreciation Expense	120,000	120,900
Bond Expenses	42,500	43,750
Other	<u>2,000</u>	<u>2,000</u>
Total	1,251,246	1,254,876

Like the Water Fund, the Sewer Fund's expected impact fees are projected lower for 2012-13. This budget shows a projected \$27,000 decrease in revenue compared to 2011-12 or 2%. The operational revenue should continue to cover the operational expenditures within the water fund. The expenditures, if one excludes the depreciation expense, for the year 2012-13 are slightly less than the revenue charges for services. The result is a slight net decrease in cash position in the Water Fund of about \$3,800. This assumes a conservative level of revenue and a slightly lower than last year disposal and treatment expense to Logan City. There are no expected rates changes for North Logan City customers nor is there expected to be a rate change in what Logan City charges for disposal.



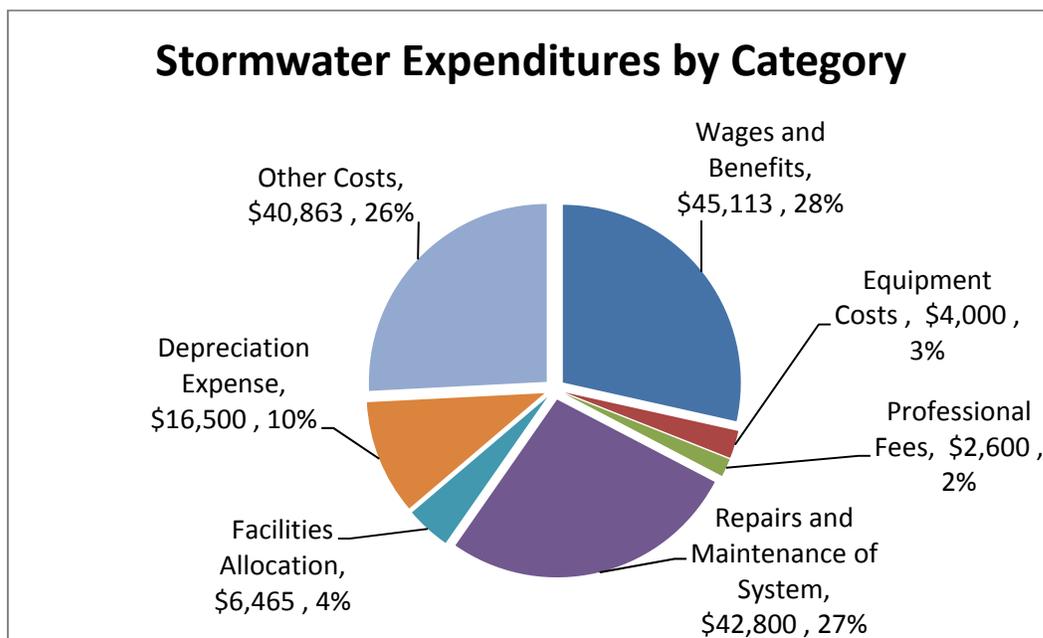
Stormwater Management Fund

This enterprise fund has been part of the budget since FY2006. Expenditures related to stormwater management prior to that were for the most part in the Roads and Streets Department budget. The costs shown in this department include all the costs for the road sweeper; ten percent of the costs for wages and benefits for the Streets Department and five percent of the same for the Sewer Department. Of the estimated \$179,000 anticipated in revenue from the stormwater utility, about \$158,000 in expenditures is planned including depreciation. Planned revenue and expenditures for the Stormwater Utility Fund for 2012-13 is projected as follows (with comparison to 2011-12):

Stormwater Fund Summary

	FY2012-13	FY2011-12
Revenue		
Charge for Services (Service Fees)	(179,104)	(177,330)
Interest Income	(100)	(100)
Other Income	-	-
Total	(179,204)	(177,430)
Expenditures		
Wages and Benefits	45,113	38,625
Equipment Costs	4,000	4,000
Professional Fees	2,600	1,800
Repairs and Maintenance of System	42,800	25,865
Facilities Allocation	6,465	7,695
Depreciation Expense	16,500	16,442
Other Costs	40,863	42,622
Total	158,341	137,050

No fee rate change is anticipated this coming fiscal year. The revenue for the year 2012-13 exceeds the planned expenditures for a net increase in fund balance for the Stormwater Fund of \$21,000. The cash or cash equivalents in the storm water fund is projected to be about \$310,000 for the end of 2012-13.



Personnel Wages and Benefits Summary

The following chart compares 2012-13 versus 2011-12 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.

Personnel Expenditures (All Funds)	FY 2012-13	FY 2011-12
City Council	\$ 45,860	\$ 46,550
City Justice Court	\$ 70,939	\$ 85,750
Executive Staff	\$ 130,689	\$ 126,857
Administrative Agencies	\$ 240,015	\$ 239,816
Facilities	\$ 95,031	\$ 103,475
Planning Commission	\$ 8,053	\$ 4,588
Police Department (NLC's Portion only)	\$ 608,716	\$ 589,390
Fire Department	\$ 216,743	\$ 195,720
Building Inspection/Engineering	\$ 278,391	\$ 269,175
Public Works	\$ 134,574	\$ 98,355
Streets Department	\$ 160,307	\$ 142,547
Parks and Recreation	\$ 174,978	\$ 153,526
Community Plan & Econ. Dev.	\$ 95,960	\$ 92,805
Library	\$ 207,381	\$ 192,342
Water Department	\$ 278,604	\$ 269,244
Sewer Department	\$ 104,281	\$ 100,652
Stormwater Department	\$ 45,113	\$ 38,625
Total	\$ 2,895,634	\$ 2,749,418
General Fund Only	\$ 2,260,256	\$ 2,148,554
Percent Personnel Costs versus Total Exp. G.F. Only	46.3%	39.3%
Percent Increase (General Fund Only)	5.20%	6.72%
Percent Increase (All Funds)	5.32%	5.31%
Dollars Increase over previous year (All Funds)	\$ 146,216	\$ 138,592
Percent Total Personnel Costs vs. Total Expenditures in All Funds	36%	32%
FTEs - All Departments, (All Funds)	51.836	51.470
Percent Increase in FTEs - (All Funds)	0.71%	2.04%

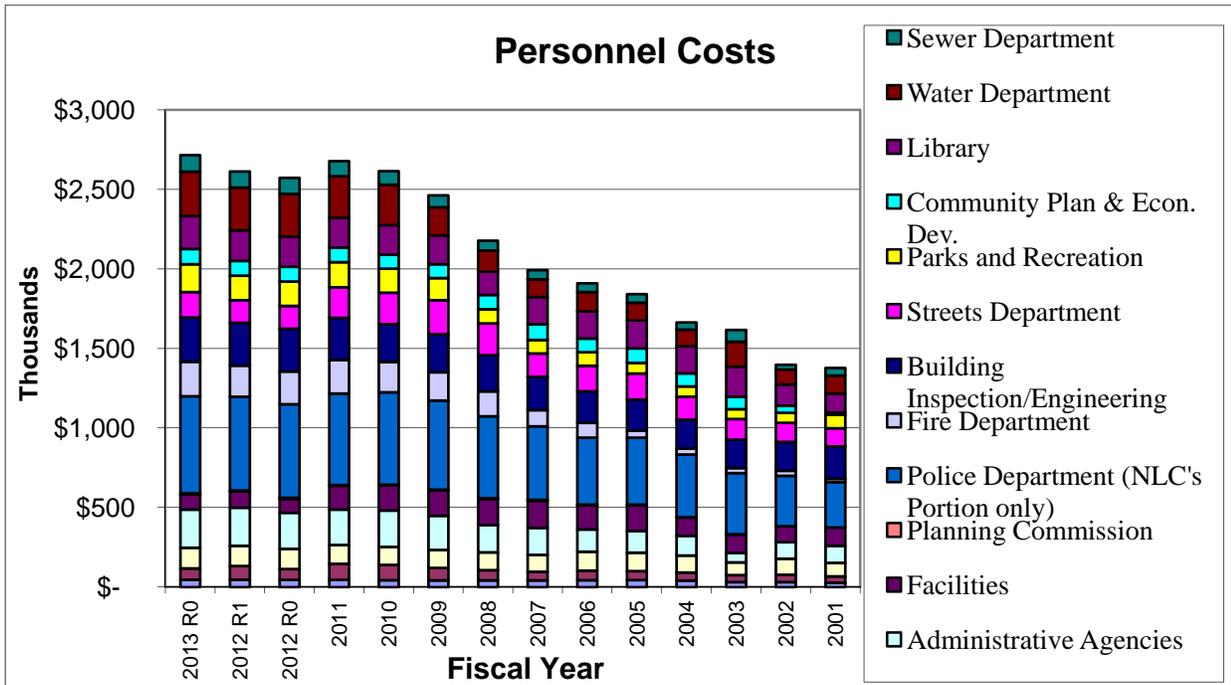
This budget shows a projected increase of about \$146,000 in total personnel costs over 2011-12 or about 5.32%. This includes wages and benefits in all funds and any planned increases in FTEs (full-time equivalents). The net increase of 0.366 FTEs in the city, when comparing to the number of hours authorized in the original FY2011-12 budget (the R0 budget) include the following:

1. The police department's FTEs are reduced by 0.250 FTE for the Animal Control Officer's hours being shared with the Public Works Department;
2. Public Work's total FTEs go up by a net 0.266 FTEs for multiple changes resulting from their reorganizing that department; and
3. The Library's total FTEs go up by a net 0.350 FTEs for multiple changes resulting from reorganizing the library staff and their hours.

The budget includes a planned for cost of living wage increase of 1%. This budget additionally includes \$10,000 in funds, split among the various departments, to adjust other wages and salaries on a case-by-case basis.

Health insurance costs for the city's employees are between 5.9% to 6.2% higher than they were the previous year depending on whether the employee has an individual, couple, or family plan. By way of example, the health insurance costs for a family plan went up from \$1,517 to \$1,611 per month (+6.2%). Historically this increase for a family plan has been +0.2% in FY12, +4.9% in FY11, +8.3% in FY10, +7.1% in FY09, and +6.0% in FY08. The employee pays 12.5% of this cost.

The following chart shows the relative changes in personnel costs for North Logan City over the past sixteen years.



Historically, personnel costs have been about 34% percent of the city’s total expenditures, ranging from 29% in 2001 to a high of 39% in 2010. The budget for 2012-13 has the percent of personnel costs close to that average – that number for 2012-13 being 36%.

