Taylorsville Mayor and City Administrator's Budget Message

The City of Taylorsville
2011-2012 Fiscal Year Budget

Dear City Council members and Citizens of Taylorsville:

We are pleased to present to you the Tentative Budget for the 2011-2012 Fiscal Year (FY). This year we have worked to craft a budget that will serve as a comprehensive financial plan that charts a path leading to the accomplishment of Taylorsville's dual goals of continuing to provide quality municipal services and adding amenities that enhance our quality of life consistent with the City's new Strategic Plan and our various other established planning documents. The annual budget is one of the key guiding documents in the City of Taylorsville, embodying the financial planning and legal authority to obligate the funds of the City for the delivery of municipal services and acquisition of goods and services. The adopted budget serves as the primary planning document for all City Branches of Government and Departments; incorporating elements of the City's General Plan, the Strategic Plan, Transportation Plan, Storm Drain Master Plan and the service goals, initiatives and community priorities identified by both the City Council and the Administration.

The public budget workshops, public hearings and the final adoption of the City Budget are the primary opportunities for citizens and business owners to identify concerns and provide recommendations to their Elected Officials and for the City Council to provide policy direction to the City Administration.

The budget spreadsheets that accompany this narrative report are presented in a new format for the 2011-2012 Fiscal Year. The new format is constructed to look similar to the financial reports generated each month for use by the City Council, the Budget Committee and Administrative Staff. The change has been prompted by recent State requirements for transparency in government, which mandates that all public entities post the details of budgets and financial transactions on a public web site. The new format provides summary pages for each fund, followed by detailed information for each revenue and expenditure budget line. The Administration's Tentative Budget is presented to the City Council for consideration, modification and adoption, as a balanced budget, meaning that all recommended expenditures are supported by anticipated revenues from taxes, fees, interest income, grants or other sources. The largest revenue sources are sales tax, property tax and utility franchise fees.

The Administration's goal in creating this tentative budget is to present a base operational and Capital Budget for all funds. This base budget generally maintains operational service levels at or close to those provided by the 2010-2011 FY Adopted Budget. We have also included "addition packages" (Add Package) where services or acquisitions recommended

by Department Directors, Citizen Committees or Citizens have been given an estimated cost for inclusion in the 2011-2012 FY Budget, should the City Council choose to fund the potential services, activities or acquisitions. The information that follows provides the reader with insight on how the adopted budget becomes the primary planning document to ensure continuity and progress on each of the City's goals to provide essential municipal services and enhance the quality of life in Taylorsville.

Many of the initiatives and activities in the Add Packages were identified through the Strategic Planning process. The Strategic Planning process established a number of activities and services to be considered in budgets over the next ten years. A budget summary of the Ten Year Strategic Planning Initiatives is summarized below beginning on page 5, along with the estimated costs for each initiative.

Fiscal Year 2011-2012 Initiatives From the 2011-2021 Strategic Plan

One of the important guiding documents in the development of the 2011-2012 FY Budget has its beginning more than a year ago when Citizens, Elected Officials and Staff met in a series of Strategic Planning Sessions. Mayor Wall, Council members, and Staff carefully considered all public input, along with estimated implementation and construction costs in the development of a ten-year vision. The ten-year visioning exercise established both long- and short-term goals and objectives that are manifested in our budget plan. In February we provided the City Council with a summary of all the input we received, for further public discussion of this vision and our ability to fund and implement the initiatives. The overall cost of the ten-year vision, in today's dollars is $18,640,000 with potential annual maintenance and continuing costs of $425,000.

Significant Budget Issues to the 2011-2012 FY Budget

The information below includes the salient issues and changes to the operational and capital budget philosophies and significant changes to the base or maintenance budget lines amounting to increases of more than $459,650 from the previous 2010-2011 FY Budget. Of these salient issues we also report on anticipated or proposed changes in personnel policy, employee compensation, or a change in service delivery policy. Issues for consideration by the City Council and the public in the 2011-2012 FY Budget follows:

Property Taxes - The Certified Property Tax Rate is proposed to increase taxes on the average residential home ($188,500) by $36 per year. The tax increase is needed to 1) fund police officers added during the past year, 2) provide on-going funding for economic development efforts and expenditures designed to maintain and expand the commercial tax base, both property tax and sales tax, and is intended to offset the decline in sales taxes which have helped to keep our property taxes among the lowest in the valley, and 3) cover inflationary costs of asphalt, gasoline and other products.

Property Tax Rate – The City of Taylorsville's Property Tax Rate is among the lowest when compared to its neighboring cities and similar sized cities in Utah as illustrated in the chart below.

MUNICIPALITIES:	2010 Tax Rate
ALTA	0.001114
BLUFFDALE	0.001357
COTTONWOOD HEIGHTS	0.002517
DRAPER	0.001896
HERRIMAN	0.002343
HOLLADAY	0.001720

MIDVALE	0.002669
MURRAY	0.001740
MURRAY LIBRARY	0.000423
RIVERTON	0.002811
SALT LAKE	0.004625
SALT LAKE LIBRARY	0.000803
SANDY	0.001402
SOUTH JORDAN	0.002072
SOUTH SALT LAKE	0.002729
TAYLORSVILLE	0.001739
WEST JORDAN	0.002128
WEST VALLEY	0.003644
SALT LAKE COUNTY MUNICIPAL-TYPE SERVICES	0.000862
SALT LAKE COUNTY LIBRARY	0.000583

Even with a proposed property tax increase to fund the services of the City at the recommended levels included in this budget, Taylorsville would be ranked as eleventh of the sixteen cities within the Salt Lake Valley, assuming that the other cities do not also increase their certified tax rate.

Proposed $36.00 per Year Property Tax Increase

Rank	City	Certified Tax Rate	
1	Salt Lake City	0.004656	
2	West Valley	0.003604	
3	Riverton	0.002788	
4	South Salt Lake	0.002665	
5	Cottonwood Heights	0.002399	
6	Herriman	0.002343	
7	Midvale	0.002262	
8	West Jordan	0.00208	
9	South Jordan	0.002028	
10	Murray	0.002022	
11	Taylorsville	0.002086	Proposed $36.00 increase
12	Draper	0.001818	
13	Holladay	0.001533	
14	Sandy	0.001356	
15	Bluffdale	0.001247	
16	Alta	0.00098	

***Employee Compensation (non-management)* -** Also included in this budget is a 2.0 percent Pay-for-Performance Compensation Adjustment earned by our most productive front line employees, and police officers eligible to receive pay increases based on their respective step plan. Total cost of this proposal is $61,734. Employees who are at the top of their grade ranges, Department Directors, the City Administrator and Elected Officials are not included in this budget request. Funding is also included in recognition of a proposed change to the job descriptions and restoration of compensation for three employees in the Community Development Department impacted in the previous year's budget by an administrative

error. The cost is $8,542. We believe it is extremely important to maintain our quality workforce. While the award of increases will be based on meeting performance standards civilian employees, have not had any increase to their compensation for two years despite inflationary increases to the general price level (CPI). At the same time, employees have taken on a bigger share of healthcare insurance premiums while the Consumer Price Index continues to increase, especially in the areas of energy and food.

General Fund Revenue - Total revenue is expected to increase by 2.8 percent, with the property tax increase of $826,038 and the use of Fund Balance in the amount of $285,000. We have continued the practice of not including grant revenue and donations in our revenue projections until we receive the various grants. Grants received in the last year's budget in accounts, Intergovernmental Revenue has been reduced by $104,586. Miscellaneous Revenue shows a net increase of $264,000 which reflects a decrease in grant revenue from the previous year, and an increase of $300,000 from the settlement of a law suit in favor of the City over Federal Highway reimbursements.

Municipal Justice Court - Court costs reflect an 7.9 percent increase due in large part to an accounting change showing an intra-department charge to the Court from the Police Department for Bailiff Services. The $155,700 bailiff cost is not an increase in the total General Fund Budget, but a transfer of costs. This provides the reader with a more accurate cost for operating the municipal court, as well as identifying the resources and costs for police operations.

Non-Departmental - The Non-Departmental Budget is decreasing by 19.5 percent reflecting the reductions in the Network and Telephone Maintenance Budget line from the one-time cost for upgrading the servers in FY 2010-2011, General Liability Insurance decreasing by 17% due to the Administration's risk management efforts, and by and the reduction in the Emergency Preparedness line in anticipation of a reduced Federal Homeland Security Grant funding given the current budget discussions and information received from Washington D.C. The Administration is recommending a $20,000 new budget allocation for a proposed participation in a Sister City program with a Chinese City in furtherance of our Economic Development efforts.

Government Buildings - Government Buildings will have a 36.0 percent decrease in requested funding. The decrease reflects the reduction in the Building Repair and Improvement line where one-time funding for the Veterans' Memorial encumbered in the 2010-2011 FY Budget reduces that line by $268,000. The 2011-2012 FY Budget includes $180,000 for the Veteran's Memorial. As donations are made on the revenue side of the ledger, this expenditure side anticipates that all moneys allocated in the2010-2011 FY Budget will not be expended by June 30, 2011, and are herein reallocated for 2011-2012 FY.

Citizen Committees - Citizen Committees total expenditures are decreased in the Tentative Budget by $25,156 (18.2 percent) primarily from two lines: The Historic Preservation account is decreases by $9,656 which is equal to the grants received in FY 2010-2011; and the Taylorsville Dayzz expenditure account, where the historical City contribution of $66,000 is budgeted, but does not include the anticipated donations. Both of these lines will likely be changed with City Council approval when grants and donations are received.

Police Department - The Police Department Budget includes a 7.7% increase in funding. The $541,567 increase includes funding for Salaries and Wages and Benefits ($218,203), Travel and Training ($10,970), Firearms and Ammunition ($20,813), Vehicle Replacement ($361,767), and Capital for In-Car Cameras, Hand Held Radio replacement, Laser Speed Guns and a copy machine ($79,800). Included in the Salaries and Wages budget line is an

compensation increase of 4.5 percent for officers on the step plan who are not at the top of their range.

Public Works - The Public Works Budget is proposed to increase by $376,112. Over three years, all of the street identification signs are proposed to be replaced at a cost of $100,000 per year. $221,000 has been added as a minimum enhanced level for Repair and Maintenance of roadways that we have identified in the Repair and Maintenance budget account line (outside the County Public Works Contract) so we have the flexibility to use other contractors. As an Add Package, the Administration has suggested that serious consideration be given to restoring three snowplow drivers to our public works efforts (increasing from nine to twelve at a cost of approximately $300,000).

Economic Development - The Economic Development Department is proposed to increase by a net 52.2%, or by $149,163. The major changes to this Department Budget include an increase in compensation and benefits of $104,588 for the proposed new position of City Public Information Officer. The Professional Fees line increases by $73,800 from $800 in the previous year's budget, for Urban Renewal and RDA Studies ($20,000), Consulting ($10,000), General Marketing ($10,000), and Taylorsville Spirit ($12,000).

Fiscal Year 2011-2012 Initiatives From the 2011-2021 Strategic Plan

INITIATIVE 1: Customer Service – The most prevalent issues repeated by Citizens and Elected Officials are the need for ongoing and improved communication of City events and initiatives. To that end, three immediate projects emerged as priorities within this important initiate: 1) Upgrade the content, navigation and graphic quality of the City of Taylorsville website. 2) Conduct a professional survey of Taylorsville Residents and Business Owners to better understand service needs, performance standards and community support for initiatives and proposed projects. 3) Enhance the City's capability to utilize and access available media and social networking platforms such as Salt Lake Community College's Channel 17, Facebook, Twitter and the City's "Virtual City Hall", where plans for the coming year include providing more options for citizens to transact business on-line, ranging from applications for licenses and permits, to making payments and other transactions on-line. The primary effort has and will be to strengthen communications with Citizens, Businesses, and other institutions. Enhanced efforts this year will be to strengthen our working relationships with the Chamber of Commerce, local businesses, our own Economic Development Committee and community groups.

INITIATIVE 2: Economic Development – The focus of this initiative is to preserve and expand retail and clean commercial businesses throughout the City. The City Council and the Administration have accelerated the City's Economic Development efforts this past year with plans to make the preservation of existing businesses and the recruitment of additional retailers, restaurants and employers the number one priority in the 2011-2012 Fiscal Year Budget. The recession has taken a toll on retail business across the nation, as well as within our City. Aggressive development efforts in neighboring cities prior to the recession, and business assistance effort over the past three years have produced new and upgraded retail opportunities that attract Taylorsville Residents to shopping and entertainment venues outside of our City, thus transferring sales tax revenues previously collected by the City and used to offset the costs of providing municipal services.

The new Economic Development efforts planned in this budget are intended to significantly

change the retail shopping and entertainment opportunities in Taylorsville which will establish a solid economic foundation that will sustain Taylorsville's municipal service delivery capacity over the next decade.

INITIATIVE 3: Transportation and Infrastructure – Over the past year, transportation improvements by the City and the State of Utah have included improvements to school walking routes and sky bridge access to schools along 6200 South, intersection improvements to 6200 South and Redwood Road, 5400 South and Redwood Road, 4700 South and Redwood Road, and travel lanes along 5400 South between Redwood Road and 4015 West. The focus in the coming year will be completion of the above project with betterments and enhancements to UDOT Projects, Safe Walking Routes for school children, and Mass Transportation. Included in the 2011-2012 FY Budget is $80,000 ($20,000 in new funding) to participate with the Utah Transit Authority, Utah Department of Transportation, Wasatch Front Regional Council, Murray City and Salt Lake County Government for environmental assessment and planning on the Rapid Transit Line proposed for 4700 South from the City's east border to the Salt Lake Community College.

The funding included in this year's Budget will address many components of our road system including overlays, slurry seals, and other maintenance measures to extend the life of our roadways and sidewalks and provide smooth, drivable and walkable surfaces. In past years, the City budgeted approximately two million dollars annually to maintain our roads and transportation structures. Over the past several years with reduced revenues, the amounts expended were decreased by approximately $700,000. While maintenance at the $1.3 million levels have taken care of only short term or immediate winter road damage, and provided some preventative maintenance, we have fallen behind our Pavement Management Plan that extends the life of our roads and saves significantly compared to the road rebuilding required without the resurfacing measures before asphalt starts to pothole, alligator and rut. The reduced maintenance over the last three years has left our roads vulnerable given the winter damage and degradation and now requires minimum of $100,000 in additional funding in this year's budget. Increasing the funding to near traditional levels will save the City significantly in the long run.

The City Staff is in the process of developing a Comprehensive Traffic Calming Policy that will improve safety while effectively reducing vehicle speed along residential and other critical roadways. It is not anticipated that this project will require additional funding, but it is an important issue to Citizens as evidenced through the Strategic Planning Process. Once the plans and possible policies have been determined, funding will be sought for implementation of speed and traffic calming devices and structures in future budget periods.

Finally, funding has been included for the on-going upgrade to Taylorsville's Storm Water Infrastructure. This is the fourth year of aggressive funding to meet the Storm Water Master Plan. The primary funding source for projects and maintenance of the storm water system is the Storm Water Utility Fee and proceeds of the 2006 Bond to correct deferred maintenance problems of the 50 plus year old storm drain system throughout Taylorsville. Total expenditures planned for FY 2011-2012 is $2,220,000.

INITIATIVE 4: Improve the Quality of the Structures, Landscaping and the Environment Throughout the City – This initiative includes the official declaration of the City's Historic District, along with the development of long term improvement plans for the newly created district; the continuation of streetscape projects along key roadways including Phase II Improvement Plans to the business districts along Redwood Road; along

5400 South, and the installation of beautification walls on 4700 South and 2700 West. The City Administration has included an Add Package expenditure of $75,000 per year to contract and use City Staff to maintain the existing and newly constructed streetscape including the cutting of weeds along roadways, snow removal along back lot sidewalks in the winter, maintenance of trees, bushes and planting beds in the medians along major streets.

INITIATIVE 5: Maintain the Integrity of Residential Neighborhoods and Preserve Property Values – Code Enforcement efforts are central to the success of this vital effort. This budget proposes that a greater emphasis be placed on preserving neighborhoods beginning by focusing on areas that show evidence of the "broken window syndrome"; a threat to the viability of many of the City's other goals and public safety. The budget proposal adds $200,000 in expenditures, which can be found in budget lines in the Police Department Code Enforcement, the Community Development, the Public Works and the CDBG Budgets. The *Neighborhood to Neighborhood Cleanup, Fix-up* Program will promote a greater level of proactive code enforcement arming our officers with new tools that will assist property owners in improving and maintaining their properties prior to issuing citations; and in some cases provide a means for the City to buy and renovate problem properties in targeted neighborhoods. We are proposing that together, the City Council and the City Administration clarify the use of these funds, which we are proposing to be a revolving fund account to be replenished after properties are renovated and sold.

INITIATIVE 6: Parks and Recreation Opportunities – Three projects emerged as priorities from the Strategic Planning Session within this initiative. 1) Continue the development of a comprehensive security camera system within our parks and business districts $200,000, (Add Package); 2) Landscape the undeveloped areas surrounding the City Center, using $500,000 Federal EPA Grant and $500,000 in Municipal Storm Water Funds, and 3) Increase maintenance of the City Parks, potentially costing an initial $150,000 (also not in the current budget).

INITIATIVE 7:Public Safety and Law Enforcement – The participants of the Strategic Planning Meetings stressed the importance of increasing Law Enforcement throughout the City. The determination was made to strive to increase the number of police officers to two officers for every one thousand population. In this budget we have included an Add Package for two additional officer positions at a cost of $132,600, which funds the officers compensation and benefits only. A second element with a high priority is to continue our efforts to acquire emergency preparedness/response equipment with an estimated cost of $75,000 included in the 2011-2012 FY Budget.

INITIATIVE 8: Volunteers, Staff and Resources – The key projects for this initiative is providing opportunities for Citizens to become more involved in their City with activities such as Tree Planting Events, Neighborhood and Roadway Clean-up and Beautification Days and event planning through existing committees. The Budget includes $25,000 for such events. The second component receiving priority support is staff training with a budget of $50,000.

INITIATIVE 9: Environmental – With the establishment of the Green Committee, Volunteers and Staff will work to establish environmental and conservation goals throughout the City. At this time no additional funds have been included in 2011-2012 FY Budget, however, funding considerations will be presented to the Council when plans have been developed and program costs can be identified.

INITIATIVE 10: Arts, Culture and Entertainment – The highest priority is the construction of the Veteran's Memorial to be built on the grounds of City Hall. Fund raising efforts have resulted in some very large donations and a growing number of smaller private donations, and the commitment from this year's budget, $250,000, will allow the project to move forward.

In addition to the Citizen inspired initiatives listed above, City Council Members and the Administration are committed to maintain, and improve when practical, the City's core municipal services. We have explored alternative options to provide Public Works Services with private providers and have developed partnerships for both maintenance and major projects, with Holladay and Cottonwood Heights Cities. We anticipate similar results to our interlocal agreements for Street Sweeping, which have proven to yield significantly lower than historical costs, with greater frequency of sweeping throughout the City.

In summary, this budget maintains current service and allows progress to be made on the City's goals despite the relatively slow recovery of the economy. Prudent decisions in past budgets have made this possible. We have continued this cautious approach with this budget to safeguard the City's long-term financial viability and pledge to work toward making this upcoming year another successful fiscal year.

General Information about the Budgeting Process in the City of Taylorsville

The City of Taylorsville Budget for the Fiscal Year 2011-2012 is designed to serve the following purposes:

1. The Budget is a Policy Document -- The budget serves as a framework for guiding day-to-day activities and the deployment of City resources and assets. Included in this narrative are the financial policies that have been previously adopted and applied to the financial management activities of the City of Taylorsville.

2. The Budget is an Operation Guide -- The budget adopted by the City Council is used to provide a clear representation of the programs and service delivery levels each department will provide in the coming fiscal year. Department goals, objects and initiatives have been articulated in the preparation of this budget, along with how those goals relate the City's overall objectives.

3. The Budget is a Communication Tool -- The budget documents are intended to allow the reader to understand major issues, trends and choices made by the City Leaders. The Budget Narrative includes an overview of significant economic and budgetary trends, emerging issues, the results of choices that have been made by the Elected Officials and how the allocation of funds meet the needs of Taylorsville Residents and Businesses and thereby accomplishing the City's priority goals.

4. The Budget is the City's Financial Plan -- Both State Law and City Ordinance require adoption of the City of Taylorsville's Annual Budget each June, prior to the commencement of the City's fiscal year which runs from July 1, of a given year through June 30, of the following year. The proposed and adopted budget must be a balanced budget and must be in place prior to any spending or obligation of funds for the procurement of goods and services. The adopted budget is the legal authority to obligate the City's public monies and controls expenditures by limiting the amount that can be spent in each fund.

SOUND FINANCIAL PRACTICES MITIGATE EFFECTS OF ECONOMIC SLOWDOWN

The economic downturn that has plagued our nation, State and City over the past three plus years, has limited the revenue historically used to provide street maintenance, emergency fire and medical, police, parks and recreation, and community and economic development services. Despite this challenge, we are happy to report that many of the decisions to reduce expenditures as the revenues decreased and our propensity for conservative money management has placed us in a position that has maintained critical services and provided the means for us to continue meeting only our basic goals and initiatives. Even with the very conservative budgets adopted by the City Council, the Administration has spent less than the amounts allocated by the City Council each and every year of our existence, returning $7.549 million in aggregate to the City's annual fund balances. Taylorsville maintains a property tax rate that is currently only 61.49% of the average rate assessed by the major cities within Utah; and 68.52% of the average rate assessed by the municipalities within Salt Lake County. The FY 2011-12 Budget recognizes the positive economic trends we have experienced over the past several months, however we have been cautious and conservative in both our revenue expenditure projections. We are projecting, consistent with a twelve month rolling average, that sales in Taylorsville will slowly increase through the remainder of 2011 and 2012, but have conservatively budgeted revenue from sales taxes to be at levels similar to those reflected in the FY 2010-2011 Adopted Budget. The economic recession also impacted other key revenue sources such as State Road Funds, interest income and residential building permits. Each of these revenue lines are also being projected at levels similar to the previous year; however, we hold some optimism that with a recovering economy, we will be able to recognize some enhanced revenues permitting the City to begin work on initiatives and goals identified by Residents and Elected Officials in our Strategic Planning Workshops. Working together, the Mayor and the City Council acted early in the economic recession, cutting expenditures four times since the last quarter of 2007 in annual and mid-year budget openings to match expenditures with declining revenues.

While we have been conservative with our revenue projections in this Tentative Budget, we are quite optimistic that recent business and productivity gains will allow positive budget revenue revisions to this budget, and in future periods as we aggressively pursue economic development opportunities with our business partners.

DEVELOPMENT OF THE CITY'S ANNUAL BUDGET

Statutes, ordinances, vision statements, mission statements, value statements, strategic planning sessions, and input from volunteers and elected leaders, have all shaped the development of this budget for our municipality. The guiding principles are provided below:

GOALS & OBJECTIVES

The City of Taylorsville has adopted the following Vision, Value and Mission Statements that we use in establishing the frame work for decision making and planning municipal service delivery priorities:

Vision Statement:

We envision the City of Taylorsville to be a dynamic and prosperous community that provides a desirable quality of life for all residents and a strong, stable setting for local business while honoring our history.

Value Statement:

> *As public servants and volunteers of the City of Taylorsville, we are committed to:*

- *Integrity and honesty in everything we do*
- *Respect for human dignity*
- *Quality service and cooperation*

Mission Statement:

> *It is the mission of the City of Taylorsville, its elected officials, employees and volunteers to provide efficient and cost effective services that enhance the quality of life and community identity by being accessible, proactive, innovative, accountable and responsive to the needs of our community.*

Consistent with these powerful statements, the FY 2011-12 Budget reflects the input of numerous individuals and groups, including the Mayor, the City Council, Citizens, Office, Department Directors, City Staff, and others. This section outlines eight areas of focus that have shaped budgetary decisions for this fiscal year in efforts to enhance the quality of life for Taylorsville's Citizens and Businesses. It also includes a summary of strategic planning efforts that have helped shape the overall direction of the City and citizen priorities.

GUIDING FINANCIAL PRINCIPLES

While the City's long-term goals, objectives, initiatives and projects guide what the budget accomplishes, how that is achieved is based on the following guiding principals:
The City's Mission and Vision Statements provide the major guidelines for the development of the City's annual budget. The following guiding principles help to define how the financial budget is used as the primary planning document to accomplish the City's long-term goals and objectives:

1. The City of Taylorsville exists only to serve the needs of its citizens. By constantly involving citizens in the planning processes, City leaders learn of the changing short-term and long-term needs and vision of our citizens. Since these needs are continuing and changing, the City will consistently receive citizen feedback based on both long-term and current needs.
2. The City of Taylorsville will balance all budgets annually, in accordance with the requirements of Utah Law, which states the following:
    a. The total of the anticipated revenues shall equal the total of appropriated expenditures (Section 10-6-110, U.C.A.).
    b. The governing body of any city may not make any appropriation in the final budget of any fund in excess of the estimated expendable revenue for the budget period of the fund (Section 10-6-117, U.C.A.).
3. The City of Taylorsville will budget to allow for a reasonable surplus (fund balance).
4. The City of Taylorsville will continue to follow the historic trend of providing conservative government and seeking non-traditional service delivery alternatives for providing effective, efficient and economical municipal services.
5. The City of Taylorsville will strive for economy, efficiency, and effectiveness in providing basic municipal services. The cost of providing municipal services should not cost more than similar private industry services.
6. The City of Taylorsville crafts its budget with consideration for generational fairness. To

this end, it is our belief that each generation of taxpayers should pay its fair share of the long-range cost of these City services.

7. The City of Taylorsville will strive to finance services rendered to the general public from revenues imposed on the general public using the statutorily authorized taxes and fees including but not limited to property and sales taxes. User fees, Impact fees, License and Permit Fees and/or Special Assessments will be used to finance special services rendered to specific groups of citizens.

BUDGET ROLES AND RESPONSIBILITIES

Taylorsville City Citizens – The critical role of the Citizens of Taylorsville is to provide feedback to the Elected Officials about the level of service they desire and about how satisfied they are with the services provided. They can do this through our Citizen Committees, by participating in public hearings and Taylorsville Town Meetings, by contacting City Hall, the Mayor or their City Council representatives, or by responding to the proposed Annual Citizens' Survey.

The Taylorsville City Council – The role of the City Council is to provide policy direction to the Mayor, City Administrator, Department Heads, and Budget Staff. Council Members will facilitate citizen input by holding public hearings on the tentative budget. The Council receives the tentative budget from the Mayor on or before the first regularly scheduled meeting in May. Council Members then discuss the budget with the Administration and each Department Director in public meetings and identify all changes to the tentative budget they desire to make. The Council is directed by State Statute to legally adopt the final budget on or before June 22, 2011. The Statute provides an exception to the June 22 date if the Council determines to make a change to the Certified Tax Rate. In such a case, the final budget can be adopted as late as August 17.

The Mayor (Chief Executive Officer, CEO) – The Mayor's role is to determine the best methods to deliver quality municipal services using the least cost guidelines described above, and after consulting with the City's professional Department Directors. The Mayor, City Administrator and the Chief Financial Officer then prepare and present a tentative balanced budget to the City Council for review, consideration, and adoption.

The City Administrator (Chief Administration Officer, CAO) and the Chief Financial Officer (CFO) – The City Administrator's role is to oversee the budget process, making sure the budget is balanced and that expenditures are within projected revenues. With the Mayor's approval, the City Administrator and the Chief Financial Officer prepare a tentative budget that is presented to the City Council on or before the first regularly scheduled meeting in May. The City Administrator also holds Department Directors accountable for expenditures, ensuring they are within departmental budget appropriations. The Chief Financial Officer oversees the maintenance of the City's financial receipts and expenditures records, and issues the monthly financial statements to the City Council, the Citizen Budget Committee, and Staff.

The Department Directors – The Directors' roles are to prepare a budget request based on service levels determined by the Mayor and the City Administrator, available revenue and other policy direction. Department Directors are also responsible to verify that expenditures are within their department budget appropriations.

BUDGET AMENDMENTS AND MANAGEMENT

Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the City Administrator, but appropriations cannot be increased in a governmental fund without a public hearing. Transfers of unexpended appropriations from a specific expenditure account to another in the same department can be made with the approval of the Mayor.

The Finance Department prepares and distributes a monthly budget report by the 20th day of the following month. Recipients of the report include the Mayor, the City Council, Citizen Budget Committee, the City Administrator, and all managers with budget responsibilities. The report mirrors the financial schedules contained in the budget documents that this narrative accompanies and includes current month expenditures, year-to-date expenditures, the year- to-date budget, year-to-date variances, the annual budget, and the remaining budget.

As determined by Utah State Law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund. The City Council also requires approval for any expenditure exceeding appropriations at the project level for all capital projects. All unexpended budget appropriations lapse at the end of the budget year, and all funding for such expenditures is included in the fund balance. In the Capital Fund, however, unexpended Capital Projects Fund appropriations may be re-appropriated by a resolution of the City Council.

DESCRIPTION OF FUNDS

The Governmental Funds include those activities that comprise the City's basic services. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. The major governmental funds are listed separately below and the non-major funds are consolidated:

The General Fund is our City government's primary operating fund. It accounts for all financial resources of the general government, except for those that are required to be accounted for in another fund such as the Capital Fund, the Storm Water Fund or the Cemetery Fund.

The Storm Water Fund accounts for the City's revenues and capital expenditures associated with drainage from storm water run off. This is the City's only Enterprise Fund.

The Capital Projects Fund accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by other identified funds in these documents. The principal sources of funding for capital construction are operating transfers from the General Fund, grants, impact fees and bond proceeds. All funds received for a particular project are restricted and used specifically for that project.

Other Governmental Funds include the non-major funds: the Redevelopment Agency, the Community Development Block Grant (CDBG), and the Taylorsville Cemetery Fund.

FUND BALANCE AND RESERVES

Utah State Law allows cities to accumulate current revenues that are in excess to current year expenditures (retained earnings or fund balances) as appropriate in any fund (U.C.A. 10-6-116). The law regulates municipality fund balances with the following restrictions: 1) Any fund balance less than 5% of estimated revenue may be used for working capital,

certain emergency expenditures, or to cover an unexpected revenue shortfall that would result in a year-end excess of expenditures over revenues; 2) A fund balance greater than 5% but less than 18% may be used for budget purposes; and 3) Any fund balance in excess of 18% must be included in the appropriations of the next fiscal year.

The City of Taylorsville maintains fund balances in its various funds for the following purposes:

1. To provide sufficient working capital and avoid short-term debt (Tax Revenue Anticipation Notes) and the associated cost with issuing TANs.
2. To provide for emergencies such as floods, earthquakes, and other natural disasters.
3. To provide for unexpected shortfalls in revenues such as an unanticipated downturn in the economy and the resulting decline in the collection of sales taxes and other revenues.
4. To maintain the City's bond ratings should emergency funding or opportunities arise.
5. To accumulate funding for planned capital and infrastructure projects.
6. To meet reserve requirements for outstanding liabilities (liabilities incurred but not yet paid such as risk management and employee accrued leave).

The City Treasurer is responsible to invest all excess funds consistent with the State Money Management Act. The resultant interest income is used as an additional revenue source in each respective fund as part of the tentative budget.

BASIS OF BUDGETING

Basis of budgeting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of budgeting relates to the timing of the measurements made, regardless of the measurement focus applied.

The budgeting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are budgeted for on a spending or "current financial flow" measurement focus. This means that only current assets and current liabilities are generally recognized. "Current" for the Balance Sheet (assets/liabilities) measurement means that which will be received or paid within the next year. Non-Governmental Funds (Enterprise Funds) are budgeted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Regardless of the measurement focus, depreciation is not budgeted.

All Governmental Fund budgets are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and qualify as current assets. Taxes and special assessments are accrued as receivables if they are received within 60 days after the fiscal year end. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when current fund liabilities are incurred (i.e. capital acquisitions, bond issuance costs, etc. are expensed and they are not capitalized and depreciated or amortized over the life of the assets). Exceptions to this general rule include: 1) the long-term portion of accumulated unpaid vacation, and 2) principal and interest on general long-term debt which are recognized when due.

All Enterprise budgets are based on the accrual basis of accounting. Under the accrual basis,

revenues are recorded when earned and expenses are recorded when the related liability is incurred. The city applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

REVENUE & TAXATION

The City of Taylorsville is primarily funded through two categories of revenue: taxes and fees. Tax revenue is primarily used to pay for services provided to the public in general such as police, fire, streets, and parks. The city also provides services that benefit specific groups of citizens for which a specific fee is charged with the intent to pay for all or part of the costs incurred to provide that service. The city follows the revenue policies below:

REVENUE POLICIES

1. The City of Taylorsville estimates revenues conservatively to avoid unexpected deficits and to provide a funding source for capital project needs.
2. The City of Taylorsville will avoid the use of one-time revenue to fund ongoing services.
3. The City of Taylorsville will aggressively collect all revenues or taxes due.
4. The City of Taylorsville annually reviews user fees, impact fees, license and permit fees, and special assessments.
5. The City of Taylorsville should waive or defer fees only in accordance with the administrative appeal procedure under standards set by the City Council.
    a. All fees waived or deferred must be documented and submitted to the City Treasurer.
    b. Any fee determined to be uncollectible must be approved to be written off by the Director of Finance and the City Administrator.
6. The City of Taylorsville strives to maintain a stable tax rate. Generally, taxes should not be increased unless:
    a. Inflation has clearly forced operating costs to increase faster than tax revenue due to new growth.
    b. New services are instituted to meet citizens' needs.
    c. The return on economic development projects is sufficient to warrant a tax increase in the current year to prevent greater increases in the future.

We believe it is important to maintain a balance between the various sources of revenue. Sales tax revenue, for example is very elastic to changes in the economy in comparison to other revenues. The heavy dependence on sales tax and the limitation on new growth growth capacity where approximately 93% of our landmass is built-out, we are more sensitive to changes in consumer spending and the fluctuations caused by the economy. Strengthening our retail and commercial base is all the more important now as the development of attractive shopping centers in nearby communities is attracting consumers away from the centrally located stores in Taylorsville, leaving an ever increasing burden on property taxes to pay for police, fire, medical emergency and road maintenance services with the residential home owners.

SALES TAX

The City of Taylorsville's largest revenue source is sales tax, contributing more than 30% of general fund revenue, is sales tax. State Law authorizes cities to receive sales tax revenue

based on the following process: Sales tax revenue is forecasted by the Administration using a qualitative method that makes assumptions about each of the relevant factors in the statutory distribution model. Trends in each of the relevant factors are analyzed including changes to State Laws, population data, statewide sales, and sales in Taylorsville (point of sale). For each dollar spent, 6.8% sales tax is generally applied to the purchase and is divided in the following categories: 0.5% to point of sale, 0.5% to the population pool, 4.65% to the State, 0.8% to mass transit, 0.1% to the Zoo, Arts and Parks, and 0.25% to the County. The sales tax distribution is allocated as follows: 1.0% to local government, 0.5% stays in Taylorsville, approximately 2.5% is an adjustment for administrative fees and other deductions, 0.5% goes into a statewide pool where the pool is divided among cities on the basis of population. The sales tax received by the City of Taylorsville is currently about 0.88% of each dollar spent.

With half of sales tax revenue allocated directly from sales made in Taylorsville, it is important to project the growth in retail sales in our City. Sales in Taylorsville have generally followed the statewide sales, but in recent months, the divergence has shown a need to be aggressive in economic development and recruitment of businesses to Taylorsville to avert pending property tax increases for residential properties.

PROPERTY TAX

Property tax is The City of Taylorsville's third largest source of tax revenue behind Sales Tax and Utility Franchise Taxes, and accounts for nearly 18% of general fund revenue.

Below is a chart showing Taylorsville's historic tax rates and how those rates impact an average $188,600 property. Residential properties are taxed at 55% of the value, while business and state assessed properties are taxed at 100% of the value. The relevant factors in the preliminary property tax forecast include the tax rate and new growth. According to State Statute, the adopted tax rate and budgeted revenue is provided by the Salt Lake County Auditor's Office in June.

New Growth – New growth is initially estimated using a trend analysis and using a report of new construction generated by the City's Building Division. Since the growth number used in the final budget must be the County's number, adjustments are made as needed.

Truth in Taxation – In order to understand property tax in Utah it is necessary to understand a section of Utah Law known as "Truth in Taxation." The County is responsible for administering property taxes and each June it submits to the cities a Certified Tax Rate that would generate the same amount of revenue as the previous year plus any new growth. The Certified Tax Rate does not provide for additional tax revenue due to increased valuation of existing property. If the City chooses to adopt a tax rate higher than the certified rate, State Law has very specific requirements for newspaper advertisements and public hearings from which the name "Truth in Taxation" is derived.

Property Tax Rate – The City of Taylorsville's Property Tax Rate is among the lowest when compared to its neighboring cities and similar sized cities in Utah as illustrated in the chart below.

MUNICIPALITIES:	2009 Tax Rate	2010 Tax Rate	Includes Municipal and UFA Tax Rate
ALTA	0.000980	0.001114	
BLUFFDALE	0.001247	0.001357	
COTTONWOOD HEIGHTS	0.002399	0.002517	
DRAPER	0.001818	0.001896	
HERRIMAN	0.000371	0.000376	0.004248
HOLLADAY	0.001533	0.001720	
MIDVALE	0.002262	0.002669	
MURRAY	0.001627	0.001740	
MURRAY LIBRARY	0.000395	0.000423	
RIVERTON	0.000816	0.000839	0.002811
SALT LAKE	0.003894	0.004625	
SALT LAKE LIBRARY	0.000762	0.000803	
SANDY	0.001356	0.001402	
SOUTH JORDAN	0.002028	0.002072	
SOUTH SALT LAKE	0.002665	0.002729	
TAYLORSVILLE	0.001690	0.001739	
WEST JORDAN	0.002080	0.002128	
WEST VALLEY	0.003604	0.003644	
SALT LAKE COUNTY MUNICIPAL-TYPE SERVICES	0.000831	0.000862	
SALT LAKE COUNTY LIBRARY	0.000564	0.000583	

FRANCHISE TAX

Franchise Taxes are the second largest source of General Fund Revenue generating 15% of general fund revenue. State Law authorizes cities to collect up to 6% on utilities operating within city boundaries. The relevant factors in forecasting franchise fee revenue are as follows:

Tax Rate – The City of Taylorsville charges a 6% franchise tax to the electric and natural gas utilities and 5% for cable television. State Law also sets the franchise fee for telecommunication services at and is currently set at 3.5%.

Utility Rate – Changes in utility rates affect the revenue collected by the utility and therefore the amount of energy use tax revenue remitted to the City. The Public Service Commission regulates utility rates and it has not been uncommon to experience rate decreases as well as increases. Any announced rate changes are factored into the revenue projections; however, the projections for FY 2012 include normal growth.

Usage – Utility revenue is dependent to changes in usage; and usage change is sensitive to changes to utility rates. The electric and natural gas utilities can be affected in particular by the weather. The projections take weather variations into account and assume a normal weather pattern. The size of households also has some affect on utility usage. The average household size in Taylorsville has decreased in recent years, which has resulted in reduced usage per household.

MOTOR VEHICLE FEES

Motor vehicle fees account for 3.0% of general fund revenue. The fee is a personal property

tax for passenger cars, sport utility and light trucks. It is a uniform fee based on the age of the vehicle. The fee is applicable to passenger cars, light trucks. These fees are due at the time of registration, even on new vehicles and vehicles that are registered more than once during a given year. The fees are as outlined below:

Age of Vehicle	Equivalent Tax
Less than 3 years	$150
3 or more years but less than 6 years	$110
6 or more years but less than 9 years	$80
9 or more years but less than 12 years	$50
12 or more years	$10

The fees collected are transmitted to the County where they are distributed to the City in proportion with the property tax revenue paid by the residents of the City. As a result, the distribution is affected by changes in tax rates and growth in other jurisdictions. Other County jurisdictions have increased property taxes while Taylorsville has not. The result is that Taylorsville has received a smaller portion of the available motor vehicle fees. A qualitative method is used to project revenue based on past trends.

STATE ROAD FUNDS

State Road Funds generate just over 8.0% of general fund revenue. This revenue source is the City's share of the B & C Road Fund administered by the Utah Department of Transportation with the primary source being the $0.245 per gallon tax levied on motor fuel. The City of Taylorsville receives its allocation through a formula weighted 50% on the City's proportion of the State's population and 50% on the City's proportion of the State's road miles. Because both Taylorsville's population and road miles are not growing at the same rate as those of the State, the City's projected State Road Funds revenue should decrease over time.

The money received from the State Road Fund is sufficient to cover about 97% of the road-related maintenance costs. State Road Funds are limited for use on road maintenance, road construction and transportation planning. Revenues from this source are of significant merit for further explanation.

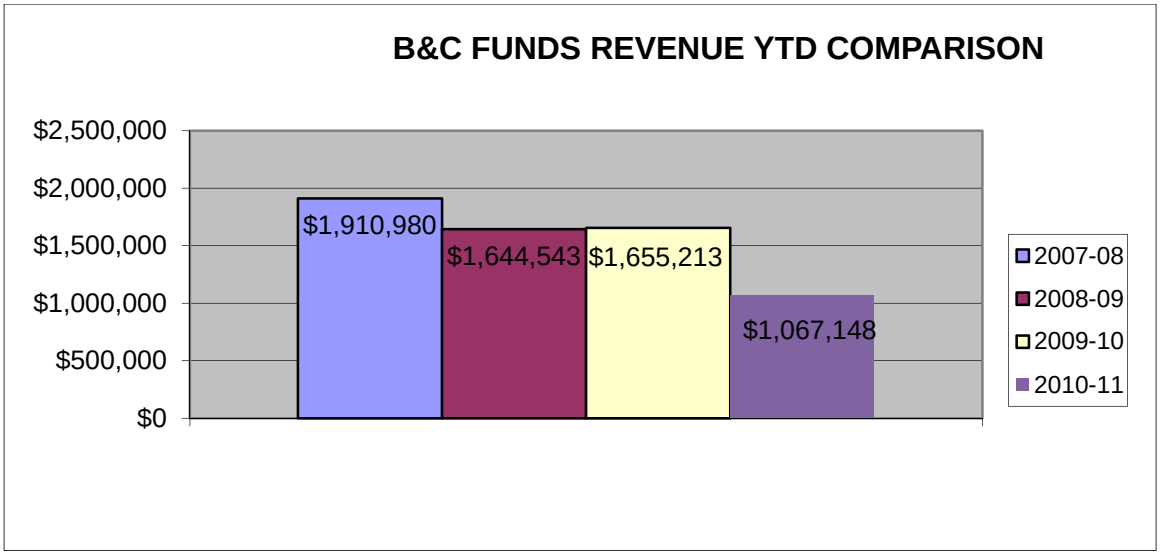
A qualitative method is used to forecast State Road Funds based on trends for each of the following factors:

Population – The FY 2012 Budget estimate assumes a small decrease in Taylorsville's population as a percent of the statewide population. Taylorsville's population has been growing slower than the state population as a whole since the 2000 census even though it had grown more rapidly than the State for many years previously. This trend is the result of a demographic shift to smaller household sizes and to the greatly diminished amount of land that can still be developed.

Road Miles – Also attributable to the slowing in development relative to the rest of the State, the City's proportion of road miles is in slow decline. The forecast reflects this trend.

Available B&C Road Funds – Gas tax revenue is based on consumption rather than the price of fuel. In reality, an increase in fuel prices can result in lower consumption. The assumption for decrease in available B & C Road Funds, based on the aforementioned factors, is 3.3%.

Source: Utah Department of Motor Vehicles Website



DEBT
The City of Taylorsville uses debt judiciously consistent with the policies listed in this document. The City currently enjoys an AA+ bond rating from Standard and Poor's for sales tax revenue bonds. This rating allows the City to issue bonds at a lower rate than governmental agencies with a less favorable bond rating. Only 3% of cities nationwide receive the AA+ rating. The FY 2012 Budget includes $1,113,986 million of debt service payments. As of June 30, 2011, the outstanding debt will be about $8,232,000 million, which was issued to repair and rebuild failing roadways and storm drain systems throughout the City, and for the animal shelter.

CAPITAL BUDGET
The FY 2012 Budget includes $3,116,000 for capital expenditures.

THE CAPITAL PLANNING PROCESS
The City Council provides oversight for the Capital Budget. Council members review and adopt the budget. The Council must also approve the carryover of any unexpended funds in the prior year's budget. The also approve by resolution any budget adjustment at the project level during the year for all capital projects in governmental funds.

City of Taylorsville Budget Calendar Version 1.0, as of March 28, 2011
Fiscal Year 2011-2012

Date	**Responsibility**	**Action to be Taken**
April 20, 2011	Mayor, Administration City Council, Staff Budget Committee	Introduce budget topics during City Council Meeting. Introduce revenue projections, 10 year Strategic Plan and solicit discussion topics from Council. Present Tentative Budget and Resolution to Tentatively Adopt (receive) the 2011-2012 Tentative Budget. Budget documents are made available for public inspection 10 days prior to Budget Hearing *(10-6-111 & 112).*
April 27, 2011	City Council, Staff, Budget Committee	Budget discussion - Topics include: Revenue projections, bonding and debt service options, and department service delivery priorities.
May 04, 2011	City Council, Staff Budget Committee	Budget discussion - Topics: Special Funds, Capital Projects and General Fund revenue and expenditures.
May 11, 2011	City Council, Staff Budget Committee	Budget discussion – Topics include: General Fund expenditures and Municipal Service Delivery options.
May 18, 2011	City Council, Staff Budget Committee	Budget discussion – General Fund revenue and expenditures. Set time and date for Public Hearing(s)*. Recommendation is June 01, 2011 at 6:30 p.m. Budget Documents will be available for public inspection 10 days prior to Hearing *(10-6-127).*
May 19, 2011	City Recorder	Notice to newspaper for publication on May 23, 2011. Notice of Public Hearing to receive comment on the proposed 2011-12 Fiscal Year Budget, and if needed the Year-end budget adjustments to the 2010-2011 Fiscal Year Budget; to be held on June 01, 2011. Notice must be published at least 7 days prior to Public Hearing *(10-6-113).*
June 01, 2011	City Council, Staff Budget Committee	Public Hearing(s)* on proposed budget(s). Budget discussion on outstanding topics. Consider adopting final budget amendments to FY 2010-2011 Budget (if needed). Adopt Budget Resolution for FY 2011-2012. Set Property Tax Rate and Truth-In-Taxation hearing for prior year redemptions and potential property tax increases (as per *10-6-118).*
July 01, 2011	Chief Financial Officer	Deadline for certifying and filing annual budget with The State Auditor (30 days after adoption if adopted June 01, 2011).
August 03, 2011	City Council, Staff	Hold Truth in Taxation Hearing. Adopt Tax Rate by Resolution.

At the discretion of the City Council, the City Administration stands ready to schedule a Saturday Budget Work Session to consider outstanding budget issues on any or multiple Saturday dates between April 20, 2011 and June 01, 2011.

* Hearings refers to the 2011-2012 Fiscal Year and if needed the final amendment to 2010-2011 Fiscal Year Budget.