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# City of Washington Terrace

Weber County  
State of Utah



## Fiscal Year 2015

A Guide to the  
Final Adopted Budget  
July 1, 2014—June 30, 2015

# INTRODUCTION & CONTENTS

The intent of this document is to provide our customers with a simple, concise, and understandable overview of the City of Washington Terrace’s annual budget. For a comprehensive look at the budget, its policies, and assumptions, refer to the City Budget Document.

This document will address two basic questions for understanding the City’s annual budget: 1) Where Does the Money Comes From? and 2) Where Does the Money Go?

The City’s July 1st to June 30th operations is referred to as a Fiscal Year. The Fiscal Year 2014 runs from July 1, 2014— June 30, 2015. Before June 22, the Council must adopt either a tentative budget if the certified tax rate is to be exceeded (property tax increase) or a final budget and proposed tax rate (no property tax increase). The Council adopted on June 3, 2014, a final budget with a no property tax increase.

Each year the Mayor and City Council meet, as part of the planning process, discuss their vision for the community. The policy statements identified in in the budget document have been identified as top community priorities that are tied to the City’s Mission Statement, Organizational Philosophy, and Core Values in providing quality public services. The executive body will work closely with the legislative body to identify specific measurable strategies for each of these policy statements that can be found in the departmental operating budgets.

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## City Manager's Message

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To the Mayor, City Council, Residents and Stakeholders of Washington Terrace City:

The FY 2014 amended, 2015 final adopted, and FY 2016-2019 budget plan have been prepared using the best practices recommended by the Governmental Accounting Standards Board (GASB) and the Governmental Finance Officers Association (GFOA). The budget is balanced and has been adopted in accordance with laws and regulations governing the municipality budgetary processes.

The budget presented herein has been constructed to reflect the policies and priorities set by the Washington Terrace City Council and Mayor. These policies and priorities are the fundamental building blocks used in setting the budgetary goals throughout the City that help dictate and direct the activities and services City resources will support. With fiscal restraint and the application of policy priorities as the guide, the City will continue to provide the services and infrastructure needed to support its residents and stakeholders.

It comes as no surprise that over the past several years there has been a significant application of restraint when it comes to Local Government Budgets. Washington Terrace City is no exception in applying budgetary restraint as the budget is constructed. All aspects of city wide service levels are carefully considered while formulating the budget. Collectively, we have worked together to provide Washington Terrace residents and stakeholders with a budget that is open and responsive to the service levels and needs of the stakeholders while raising property taxes only enough to capture an associated County wide tax decrease.

The financial sustainability of Washington Terrace City is directly linked to the Council Policy Priority of Fiscal Responsibility and will be maintained by applying recognized and award winning budgetary principles. Throughout the budget process, fiscal responsibility and restraint in projected needs and revenues have created a budget that will allow for modest growth in the budget forecasts while keeping the future of the City on solid ground.

This budget is the outcome of many hours of dedicated work from the Mayor, Council and committed staff of Washington Terrace City. I would like to thank the Mayor and Council and our dedicated staff for their efforts in producing this outstanding document.

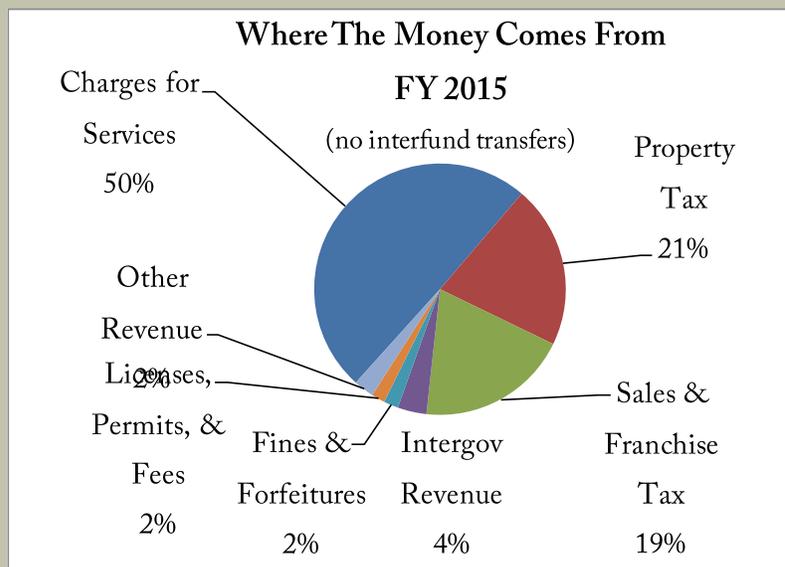
Sincerely,

Tom Hanson  
City Manager

# WHERE DOES THE MONEY COME FROM?

For Fiscal Year 2015, the City's total annual budgeted revenues are estimated at \$8,197,379 (excluding interfund transfers).

The services offered by the City are funded through several different sources. These funding sources are similar among other Utah cities. The top three funding sources are: 1) Charges for Services, 2) Property Taxes, and 3) Sales & Franchise Taxes.



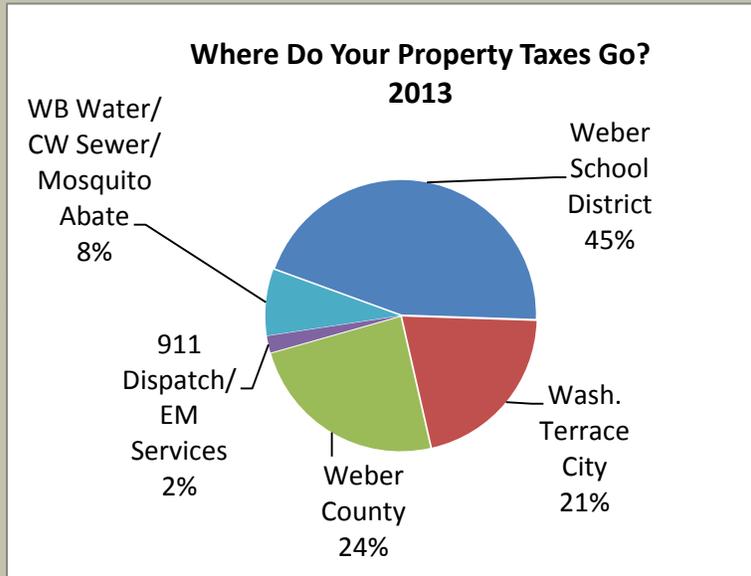
## Charges for Services

Charges For Services, the largest revenue source, are fees charged to users for various goods or services that include, but not limited to, business licenses and building permits, recreation, utility fees (culinary water, sanitary sewer, refuse, storm drain) and other miscellaneous governmental fee related services. Charges for services respond to changes in the cost to provide these services—increasing or decreasing the related fees.

# WHERE DOES THE MONEY COME FROM?

## Property Taxes

Property Taxes are collected by the City in addition to several overlapping taxing entities. This document focuses on the property taxes collected by the City. For the 2013 tax year, the City's share of total property taxes was 21%. Approximately 54% of the amount collected by the City helps pay for the general operations of the City. The remaining 46% repays outstanding general obligation debt issued in 2001 for capital road projects.



As depicted in the following table, a residential home with a market value of \$160,000 is taxable at 55 percent of its value or \$88,000. In 2013, the City would receive \$283.10 in property tax revenue (general purpose and GO Debt repayment). In 2011, the same residential home valued at \$160,000 would have paid \$258.54 in City property tax.

## Historical Tax Rates & Amounts Collected

Property Taxes	2011		2012		2013	
	Rate	\$ collected from home value of \$160k	Rate	\$ collected from home value of \$160k	Rate	\$ collected from home value of \$160k
City - General Operations	0.001497	131.74	0.001588	139.74	0.001743	153.38
City - GO Debt Repayment	0.001441	126.81	0.001497	131.74	0.001474	129.71
<b>Total City Levy</b>	<b>0.002938</b>	<b>\$ 258.54</b>	<b>0.003085</b>	<b>\$ 271.48</b>	<b>0.003217</b>	<b>\$ 283.10</b>
<i>% chg from prior year</i>	0%	7%	5%	5%	4%	4%
<b>Other Taxing Entities</b>	<b>0.012262</b>	<b>\$ 1,079.06</b>	<b>0.012596</b>	<b>\$ 1,108.45</b>	<b>0.012170</b>	<b>\$ 1,070.96</b>
<i>% chg from prior year</i>	4%	10%	3%	3%	-3%	-3%
<b>Total Tax Levy</b>	<b>0.015200</b>	<b>\$ 1,337.60</b>	<b>0.015681</b>	<b>\$ 1,379.93</b>	<b>0.015387</b>	<b>\$ 1,354.06</b>
<i>% chg from prior year</i>	3%	10%	3%	3%	-2%	-2%

# WHERE DOES THE MONEY COME FROM?

## Sales & Franchise Tax

Sales tax rates are levied at the State, County, and Local level. The City receives one half of 1 percent of the Local Sales & Use Tax. Since October 2007, Sales Tax Rates have increased by 3.79 percent—from 6.60% to 6.85%.

Franchise Taxes are imposed on cable, power, gas, and telecommunication providers pursuant to franchise agreements entered into with the City. Taxes are collected on a percentage of total gross sales.

## Sales Tax Rates

For jurisdictions located in Weber County

Historical Sales Tax Rates		
Period Effective	Rate	Change from Prior Period
10/1/2007	6.60%	0.00%
1/1/2008	6.50%	-1.52%
4/1/2008	6.75%	3.85%
7/1/2008	6.80%	0.74%
10/1/2008	6.80%	0.00%
1/1/2009	6.85%	0.74%
1/1/2010	6.85%	0.00%
<b>4/1/2014</b>	<b>6.85%</b>	<b>0.00%</b>

Sales Tax Current Rates	
Tax	Rate
State Sales & Use Tax	4.70%
Local Sales & Use Tax	1.00%
Mass Transit Tax	0.25%
Add'l Mass Transit Tax	0.25%
Botanical, Cultural, Zoo Tax (county)	0.10%
County Option Transportation	0.25%
Supplemental State Sales & Use	0.05%
County Options Sales Tax	0.25%
<b>Total Sales Tax</b>	<b>6.85%</b>

Effective since January 1, 2009

# WHERE DOES THE MONEY GO?

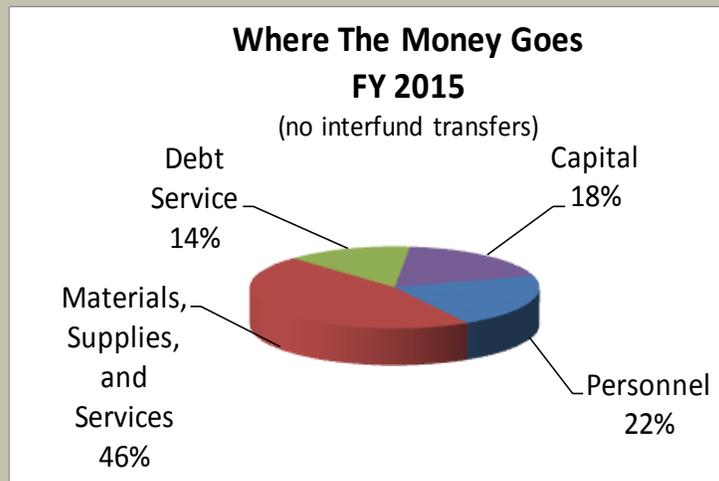
The money spent by the City can be categorized into three major areas: 1) Department Operations, 2) Capital Projects, and 3) Debt Service.

City **Department Operations**, the largest expense representing 68% of total expenses, includes personnel, materials, services, and supplies. Operations include, but are not limited to, funding the following public services: Public Safety, Highways & Public Works, Parks and Recreation, General Governmental, Culinary Water, Sanitary Sewer, Refuse, and Storm Drain Services.

**Capital Projects** includes all activities related to the purchasing, construction, and/or maintenance of public roads, parks, buildings, utility infrastructure, and equipment.

**Debt Service** requirements includes the cost of borrowing money to acquire or replace high costing capital assets. Borrowing generally allows the cost of the capital asset to be spread to those who benefit from it now and in the future.

The budget process is a way to link Council's goals to the day-to-day operations of the City. Through the budget process, the Council will adopt a budget and financial plan that will serve as a policy document for implementing the Council's goals and objectives. The budget provides staff with the resources necessary to accomplish the goals and establish program service levels.



# WHERE DOES THE MONEY GO?

## **Public Safety**

Public Safety activities include police, fire, justice court, animal control, building inspection and code enforcement services. Public Safety is dedicated to providing the community with high quality law enforcement, prevention, and detection services of criminal activity, protection of life and property, and resolution disputes. Police and animal control services are outsourced with the Weber County Sheriff's Office. Police and animal control activities include: court security, traffic enforcement, investigations, patrol, and special events.

## **Highways & Public Works**

Public Works services include the operations of the culinary water, sewer, refuse, and storm drain utility systems in addition to street maintenance and snow removal.

## **Parks & Recreation**

Parks and recreation focus on the operations and maintenance of public parks and coordination of city sponsored recreation activities that include: Terrace Days, Football & Flag Football, Basketball, Baseball, Youth Summer Programs, and special events planning.

## **General Government**

General governmental services include the departments of the Mayor and City Council, City Manager, Budget and Finance, Recorder, Treasurer, and Buildings. These services include: operations and policy management, budget and financial reporting, audit, payroll, asset management, accounts payable, city council meeting agendas and minutes, utility billing, investments, and licensing and permits.

# WHERE DOES THE MONEY GO?

## Capital Projects/Equipment

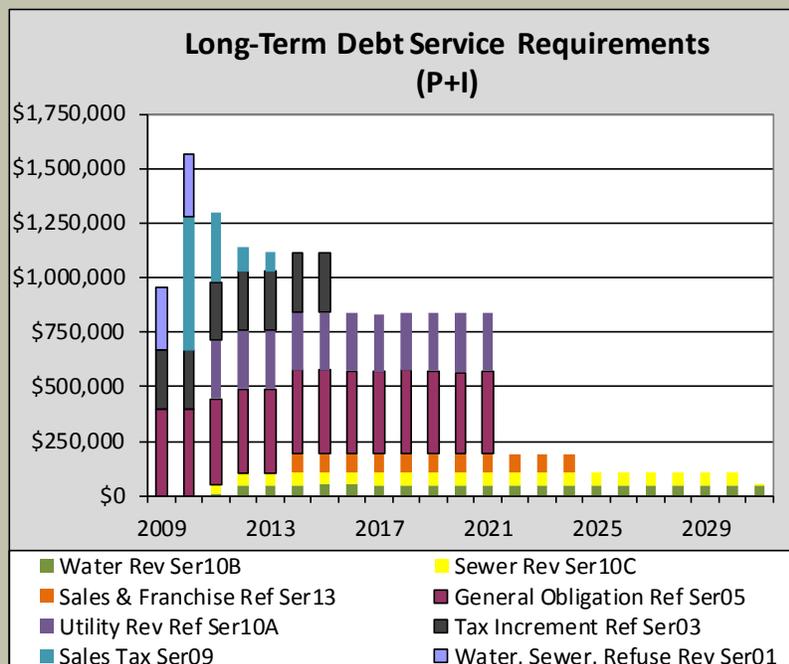
Each year the City Council updates the projects contained in the City’s Capital Facilities Plan that includes capital requirements for the next 20 years. Significant Capital Projects scheduled to be completed in this year’s budget are:

- **Adams Ave Road Reconstruction Project**— The Project scope includes the reconstruction of roadway, curb and gutter, water, sewer, and storm drain improvements on Adams Avenue from the City limits to US Hwy 89.
- **Culinary Water Well Improvements**—various well improvements that include a seismic upgrade.
- **Water Meters**—Installation of new residential and commercial water meters with time saving reading system.

## Debt Service

The City issues debt as a financing means to fund capital infrastructure, improvements, and equipment.

Debt Service requirements outstanding continue to follow their relative amortization schedules. In 2022, debt requirements will sharply decline as the General Obligation Bonds, Special Assessment Bonds, and Water, Sewer, Refuse Bonds are scheduled to mature. The remaining outstanding Water, Sewer, and Reuse Bonds and Sales Tax Revenue Bonds will fully mature in 2031.



# MAJOR BUDGET ISSUES

The major budget issues and priorities outline the basic premises associated with the budget and its major issues driving the budget development.

- **Construction of a Public Works Facility**– Evaluate feasibility.
- **Meter Read System**– Convert to time saving meter reading system.
- **Storm Water Management Regulations**– Regulations requiring higher levels of service for compliance.
- **Utility Rates to Fund Ongoing Operations and Capital Requirements**
- **Law Enforcement Services**– Evaluate and determine appropriate and sustainable service levels
- **Personnel**– Establish and maintain a compensation plan that balances the interests of the operating budget while attracting, developing, retaining, and rewarding high quality staff.
- **Community Development and Renewal Agency aka RDA**– The impending expiration and future of the project areas.
- **Levels of Services** - Matching levels of service with revenue realities.

Ongoing challenges that continue to be highlighted and evaluated include:

- The ability to *fund current and future operations, fleet and equipment, and capital infrastructure*
- The ability to *fund federal and state mandates*
- The ability to *maintain strong creditworthiness*
- The ability to *build/maintain reserves for unforeseen events/emergencies*
- The ability to *keep taxes and fees as low as possible with a limited customer base*

The budget document uniquely addresses each of these challenges by balancing our customers' ability to pay and revenue realities with the services offered.

# BUDGET PROCESS & PUBLIC INPUT?

**November—December—**Staff reviews/updates capital plans/priorities.

**January—**The City Council identifies service/policy priorities.  
Departments prepare budget/policy requests.

**February—**Departments submit budget/policy requests.  
Tentative budget is prepared.

**March—** Tentative budget is prepared.

**April—** Tentative budget presented to the City Council and available online.

**May—** Budget public hearings/input  
Tentative budget adopted

**June—** Budget public hearings/input  
Set certified property tax rate (w/out tax increase)  
Propose certified property tax rate (w/tax increase)  
Adopt final budget (prior to June 22nd—w/no property tax increase)

**August—** Adopt final budget (when property tax increase being considered)

**September—**Final budget published and available online (when no property tax increase is being considered)

**October—**Final budget published and available online (when property tax increase is being considered)

**For more information  
on the municipal budget and  
to preview the comprehensive Budget Document  
visit us online at  
[www.washingtonterracecity.com](http://www.washingtonterracecity.com)**

—Provided by—

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