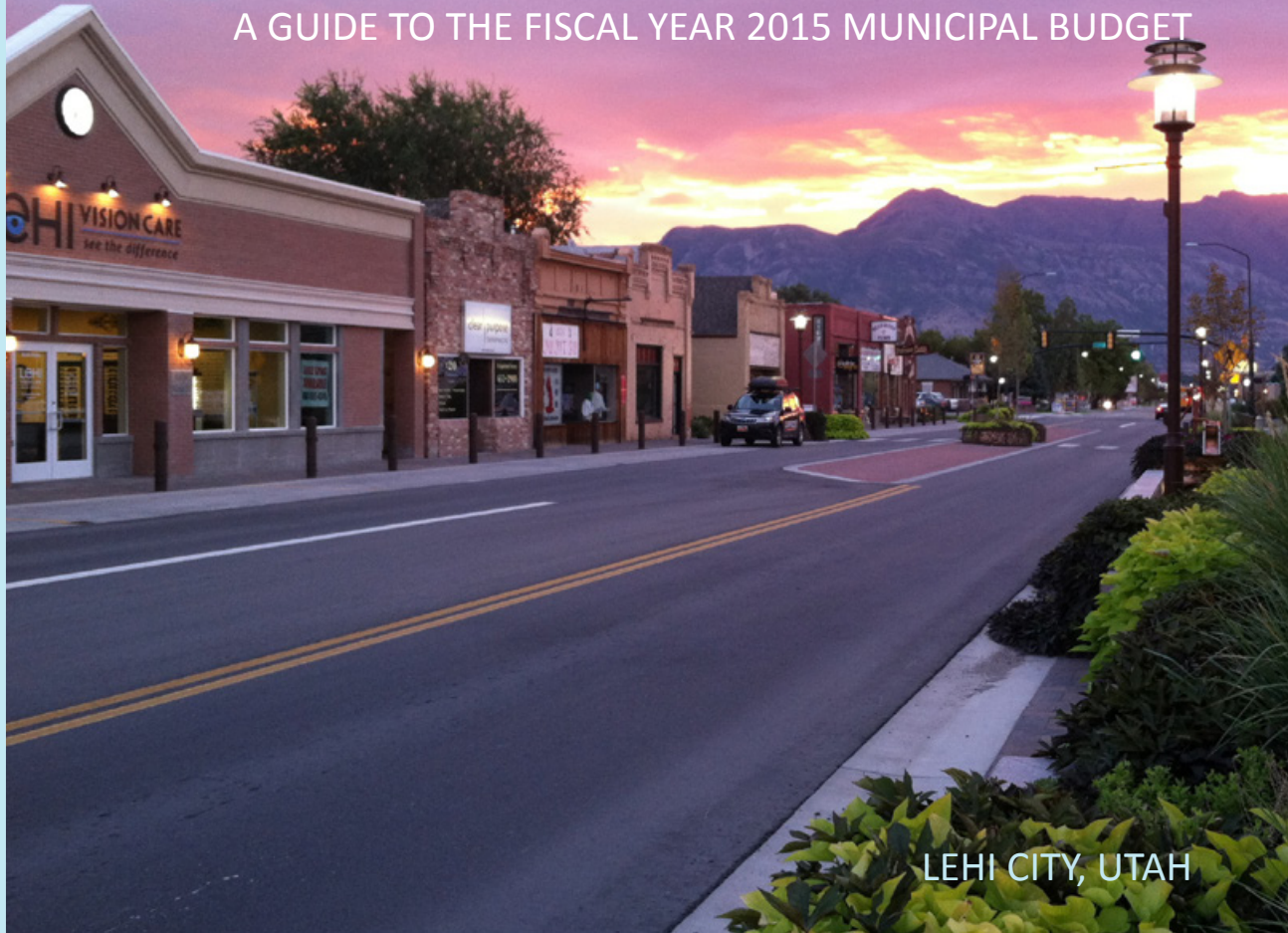


Citizen's Budget

A GUIDE TO THE FISCAL YEAR 2015 MUNICIPAL BUDGET



LEHI CITY, UTAH



Shaping Lehi's future through our enterprising spirit while preserving a vibrant family-oriented and business-friendly community.

Promote and Support Economic Development

- Strategically plan for growth
- Retain and expand existing business
- Maintain fair and competitive development fees and incentives
- Create and implement a marketing and branding strategy plan

Provide Quality City Services

- Maintain our valuable facilities
- Build a well-planned and reliable infrastructure
- Provide quality leisure services
- Update and implement Parks and Recreation Master Plan
- Provide excellent public safety services

Promote Community Involvement

- Focus on communication and transparency
- Hold diverse public events
- Provide meaningful service opportunities and celebrate volunteer efforts
- Inspire pride and ownership in neighborhoods, businesses, and gathering places

Maintain a Sustainable Budget

- Encourage varied revenue streams
- Ensure the responsible use of resources
- Enhance capital facility and replacement planning
- Encourage a highly motivated and well-trained municipal workforce

Ensure Proactive Regional Leadership

- Encourage membership and leadership in professional organizations
- Maintain relations and involvement in local, state, and federal government affairs
- Encourage and facilitate regional infrastructure solutions

Revised February 2014



Elected Officials



Mayor
Bert Wilson



Councilperson
Chris Condie



Councilperson
Paul Hancock



Councilperson
Mark Johnson



Councilperson
Johnny Revill



Councilperson
Mike Southwick

Appointed Officials

City Administrator.....	Derek C. Todd
City Treasurer.....	Carolyn Hoffman
City Recorder.....	Marilyn Banasky

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LEHI CITY IS PLEASED TO PRESENT THE CITIZEN'S BUDGET BASED OFF OF THE APPROVED ANNUAL BUDGET FOR FISCAL YEAR 2014-2015 (FY 2015).

The purpose of this document is to further Lehi's commitment to transparency in government. It contains information regarding major budgetary highlights, the budget process, revenues, expenses, and capital projects.

The *Fiscal Year (FY)* 2015 budget conservatively projects revenues, while at the same time maximizes the use of existing resources in order to maintain or increase levels of service throughout the organization. While revenues have rebounded from the economic downturn, the City and its employees continue to strive to "do more with less." We are pleased to report that Lehi City is in a strong financial position moving forward.

We stand committed to managing public funds in ways that provide core services to our residents without requiring tax increases or significant adjustments to City fees for services. Moreover, we are encouraged that despite revenue constraints we continue to show progress toward meeting departmental and Citywide goals and initiatives.

The Citizen's Budget is not intended to be a comprehensive summary of all budgetary items. Rather, it is designed to provide a simplified summary the FY 2015 Approved Annual Budget. For more detailed budget information, refer to the annual budget found at www.lehi-ut.gov/government/administration-finance/documents.



FY 2015 Budgetary Highlights

Budget Highlights

Maintaining Core Services

As a community, we continue to place the highest priority on funding quality services to our more than 50,000 residents. Funding for FY 2015 is expected to maintain or increase levels of service for programs and resources across all departments. Highlights from the FY 2015 budget include:

- Playground equipment upgrades at Wines Park and Bandwagon Park.
- Select park pavilion upgrades.
- Road repairs and irrigation system upgrades at the cemetery.
- Fire Department equipment and firefighting gear replacement.
- One new police officer position.
- One new firefighter position.
- Library roof replacement.
- Replacement of selected fitness equipment and pool equipment at the Legacy Center.
- Additional storage construction at the Legacy Center.
- Legacy Center swimming pool play structure refurbishment.
- Replacement of \$620,000 of the City's aging fleet, including police vehicles and snow removal equipment.
- Purchase of a new snow plow and front-end loader.
- Replacement of failing and aged MXU devices for the transmission of water meter readings.



The Legacy Center swimming pool play structure, following its most recent refurbishment.

Public Infrastructure

The continued maintenance and development of the City's utility infrastructure and transportation system remains a high priority.

New and continued funding for infrastructure includes:

- Chip seal & slurry application for continued maintenance of the City's road system.
- Repair, replacement, and construction of sidewalks.
- Water projects necessary to support residential development.
- Camp Williams sewer line.
- Bull River sewer extension.
- Traverse Boulevard TRAX crossing improvements.

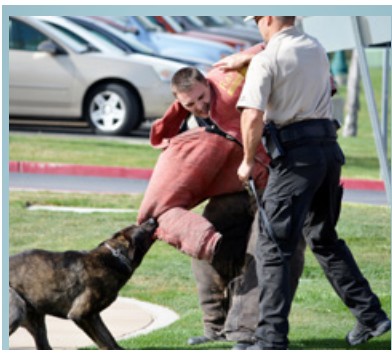
Taxes and Fees

All City fees are reviewed annually to ensure charges for services are based upon current market conditions and costs associated with providing those services. The FY 2015 budget does not include a property tax increase. Changes to service fees include:

- A \$3 per month increase to the sewer *base rate* (associated with Timpanogos Special Service District fee increases).
- A \$1 per month decrease in the storm drain base rate.

A Qualified and Motivated Workforce

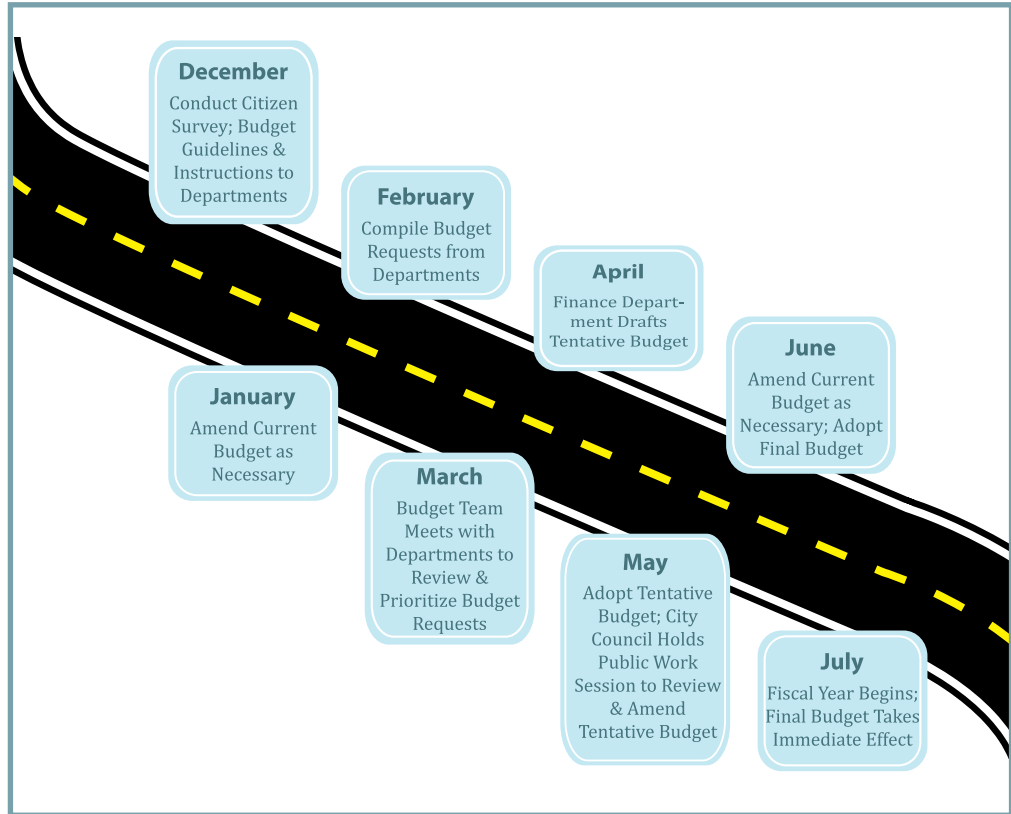
Lehi City's ability to provide quality services to all of the City's residents is based, in large part, on the City's qualified and motivated workforce. The FY 2015 budget includes up to a 3 percent *merit increase* for employees, based on performance. In addition, the budget includes a 9 percent increase in benefit costs to cover an increase in insurance premiums.



Preparing and Adopting the Budget

Lehi City operates on a fiscal year beginning July 1 and ending June 30. Preparation of the budget begins approximately six months before the beginning of the budget process. The graphic below explains the timeline followed for preparing, presenting, and adopting the budget.

Budget Process



Guiding Financial Principles

To help make budget decisions that accomplish the City's long-term goals and objectives, the elected officials, city administration, and finance team prepare the budget and conduct all financial affairs based on the following financial principles:

- In order to serve the needs of the community, the City should consistently receive resident feedback based on both long-term and current needs.
- Lehi City should strive for inter-generational fairness. Thus, each generation of taxpayers should pay its fair share of the long-range cost of city services.
- Lehi City should finance services rendered to the general public (e.g. police, fire, streets, and parks) from revenues imposed on the general public (e.g. property and sales taxes). Special services rendered to specific groups of residents (e.g. utilities, business permits, and special programs) should be financed by *user fees*, *impact fees*, license and permit fees, or *special assessments*.
- In accordance with Utah State Law, Lehi City should balance all budgets annually, ensuring that revenues equal expenses and that no *appropriation* of funds is in excess of expendable revenue for the budget period ([Section 10-6-110](#) & [Section 10-6-117](#), U.C.A.).
- Lehi City should allow for a reasonable surplus (fund balance) to accumulate for the following purposes:
 - To provide sufficient working capital.
 - To provide a cushion to absorb emergencies such as floods, earthquakes, etc.
 - To provide for unavoidable shortfalls in revenues.



Budget Process

Combined Fund Revenue

The total projected revenue for FY 2015 is \$121,077,339, an 8 percent increase from FY 2014. Revenue is collected from a variety of sources, including taxes, fees for services, impact fees charged to developers, fines, and grants.

The table to the right shows total dollars of revenue by *fund* or service area. The table also shows how revenue has changed from FY 2014. The chart below shows the percent of total revenue by fund or service area. The two largest sources of revenue for all funds comes from the *General Fund* (which is described in more detail on pg. 11) and the Electric Fund.

Fund Type	FY2015	% Change FY 2014
General	\$ 26,829,646	10%
Electric	25,659,731	10%
RDA	19,657,500	2%
Impact Fees	18,548,224	8%
Water Services	14,837,296	21%
Recreation	4,926,250	-10%
Internal Services	3,771,732	-9%
Capital Projects	2,530,400	19%
Garbage	2,505,000	19%
Class C Roads	1,523,212	16%
Museum	288,348	33%
Total	\$ 121,077,339	8%



- General - 22.16%
- Electric - 21.19%
- Redevelopment Agency - 16.24%
- Impact Fees - 15.32%
- Water Services - 12.25%
- Recreation - 4.07%
- Internal Services - 3.12%
- Capital Projects - 2.09%
- Garbage - 2.07%
- Class C Roads - 1.26%
- Museum - 0.24%

General Fund Revenue

The General Fund (GF) is the fund used to carry out basic governmental activities not accounted for in other funds. The fund supports essential city services, including administration, leisure services, facility and infrastructure maintenance, public safety, planning, and development.

The projected total revenue for the FY 2015 General Fund is \$26,785,646, a 10 percent increase from FY 2014. The table to the right details revenue by source and includes the percent of change from the previous year. The chart below shows the percent of GF revenue by source.

Fund Type	FY2015	% Change FY 2014
Property Tax	\$ 6,950,000	0%
Sales Tax	6,855,877	10%
Other Taxes	4,065,000	0%
Licenses & Permits	3,155,000	0%
Intergovernmental	200,500	0%
Service Charges	813,965	0%
Fines & Forfeitures	707,500	-12%
Miscellaneous	294,700	0%
Contributions & Transfers	3,743,104	106%
Total	\$ 26,785,646	10%



- Property Taxes - 26%
- Sales Taxes - 26%
- Other Taxes - 15%
- Contributions & Transfers - 14%
- License & Permits - 12%
- Charges for Services - 3%
- Fines & Forfeitures - 3%
- Intergovernmental - 1%
- Miscellaneous - 1%

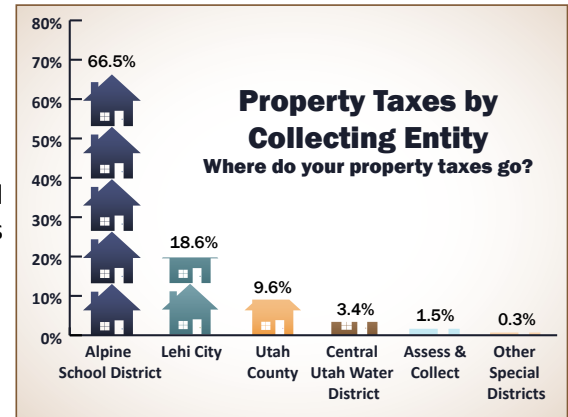
Money In

Revenue Sources

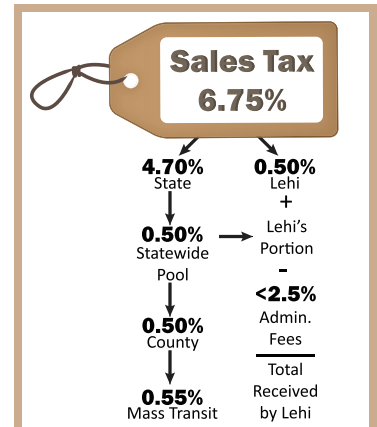
Lehi City is funded primarily through two categories of revenue: taxes and fees. Tax revenue is primarily used to pay for services provided to the public in general (e.g. public safety, streets, and parks). Fee revenue is primarily used to pay for all or part of the costs incurred to provide services to benefit a specific group of citizens (e.g. utilities, business permits, and special programs).

The City adheres to the following revenue policies:

- The City should maintain a diversified and stable revenue system to shelter it from unforeseeable, short-term fluctuations in any one revenue source.
- The City should estimate revenues conservatively on an annual basis to avoid unexpected *deficits* and to provide a funding source for *capital project* needs.
- The City should minimize the use of one-time revenue to fund on-going expenses.
- The City should annually review the full cost of activities supported by user fees, impact fees, license and permit fees, and special assessments to:
 - Identify the impact of inflation.
 - Determine that the full long-term service costs are not being subsidized by general revenues or passed on to future generations of taxpayers.
 - Determine the subsidy level of some fees.
 - Consider new fees, subject to the review of City Council.
- The City should seek to maintain a stable tax rate.



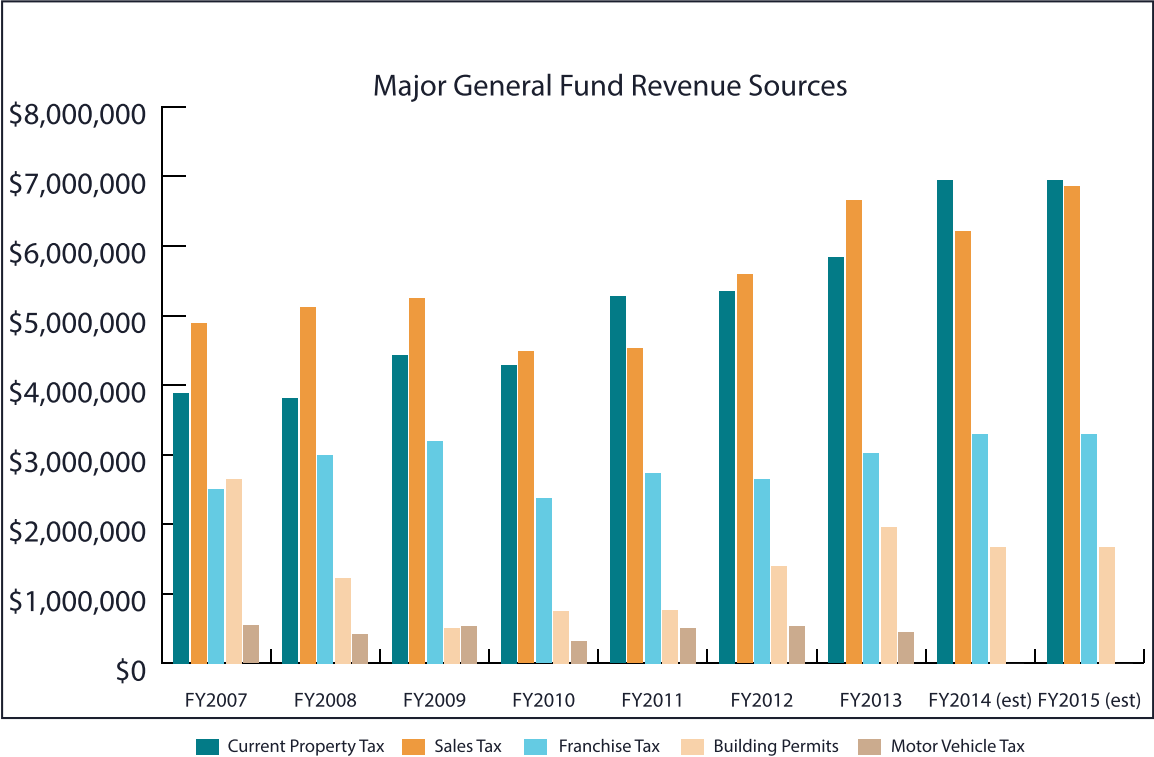
Revenue Sources



The graphic above shows how sales tax is divided among several different entities. Of the 6.75% collected, Lehi keeps .50%. In addition, .50% is placed in a statewide pool and disbursed based on population, of which Lehi receives a portion.

The primary sources of revenue for the General Fund include property tax, sales tax, franchise tax, building permits, and the motor vehicle tax. In what is hoped to be a positive emerging trend, the FY 2015 budget estimates a slight increase in General Fund revenues. This is attributed to a modest increase in sales tax collections. Other General Fund revenue sources are expected to remain stable.

The table below shows revenue trends for the past eight fiscal years and the estimated revenue for FY 2015.



Revenue Sources

Combined Fund Expenses

The total projected expenses for FY 2015 is \$121,077,339, an 8 percent increase from FY 2014. The total expenses are equal to revenues, as required by State law.

The table to the right shows total expenses by fund or service area. The table also shows how expenses have changed from FY 2014. The chart below shows the percent of total expenses by fund or service area. The two largest sources of expenses come from the General and Electric Funds. General Fund expenses are described in more detail on pg. 15.

Fund Type	FY2015	% Change FY 2014
General	\$ 26,785,646	10%
Electric	25,659,731	10%
RDA	19,657,500	2%
Impact Fees	18,548,224	8%
Water Services	14,837,296	21%
Recreation	4,926,250	-10%
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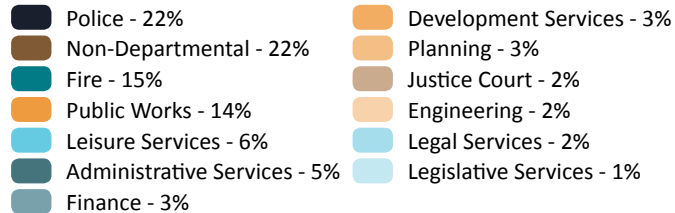
Money Out

General Fund Expenses

The General Fund (GF) expense total is \$26,785,646, a 10 percent increase from the previous year. The largest four expenses are for the Police Department, Fire Department, Public Works Department, and non-departmental items. Non-departmental items include any expense that is not directly associated with a specific department or fund.

The table to the right shows a summary of FY 2015 GF expenses by fund or service area, including a comparison of percent change to the FY 2014 budget. The table below shows the percent of GF expense by fund or service area.

Fund Type	FY2015	% Change FY 2014
Police	\$ 5,931,904	5%
Non-Departmental	5,760,976	41%
Fire	4,046,594	3%
Public Works	3,608,920	3%
Leisure Services	1,598,955	7%
Administrative Services	1,430,839	2%
Finance	891,397	5%
Development Services	859,870	2%
Planning	683,737	0%
Justice Court	608,762	9%
Engineering	558,246	1%
Legal Services	533,490	10%
Legislative Services	271,956	9%
Total	\$ 26,785,646	10%



Money Out

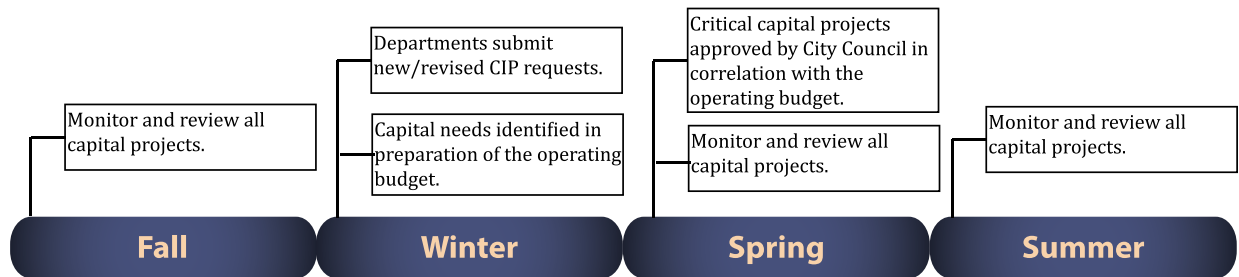
Capital Improvement Plan

Lehi City maintains a five-year *Capital Improvement Plan* (CIP) to plan for and manage future capital projects. A capital project is any improvement or acquisition of major facilities with a useful life of at least five years. Capital projects include roads, bridges, buildings, or land.

The City uses the following principles when creating the Capital Improvement Plan:

- Lehi City's Capital Budget shall be revised each year, including anticipated fund sources.
- When Capital Budget appropriations lapse at the end of the fiscal year they shall be re-budgeted until the project is complete.
- Inventories in the proprietary funds, which shall consist of materials used in the construction and repair of the transmission, distribution, collection, and treatment systems shall be valued at the lower cost or market on a weighted average basis.
- Supplied inventories, consisting principally of office supplies, shall be valued at the lower of cost or market on a first-in, first-out basis.
- Transformers shall be valued at the lower of cost or market on a specific identification basis.

The graph below shows the timeline followed when preparing and updating the CIP.



FY 2015 Budgeted Capital Projects

There are two types of capital expenditures: routine and non-routine.

- **Routine Capital Expenditure:** An expense that occurs on a regular basis and does not significantly impact the operating budget (e.g. regular replacement of vehicles and equipment).
- **Non-Routine Capital Expenditure:** An expense that does not regularly happen and impacts the operating budget in terms of additional personnel, maintenance, utility, or other costs (e.g. development of infrastructure or facilities).

The FY 2015 budget includes just over \$22.5 million for all capital improvement expenditures, including both routine and non-routine expenditures.

Non-Routine Capital Budget Summary

Project	Fund Source	FY 2015
Parks Development	Parks Impact Fees	\$ 4,315,564
Culinary Water Infrastructure	Culinary Impact Fees	4,550,000
Pressurized Irrigation Infrastructure	P.I. Impact Fees	600,000
Sewer Development & Extensions	Sewer Impact Fees	1,480,000
Storm Drains & Detention Basins	Storm Drain Impact Fees	750,000
Road Construction Projects	Road Impact Fees	1,220,000
Building Construction & Renovation	Capital Projects	400,000
Power Substation Development	Electric Impact Fees	3,689,720
Total		\$17,005,284

This table shows a summary of the Non-Routine Capital Budget by project type.

For a more detailed list of projects, see the FY 2015 Annual Budget at www.lehi-ut.gov/government/administration-finance/documents.

Capital Projects

APPROPRIATION

A legal authorization that permits the City to make expenditures, incur obligations, or expend resources for specific purposes.

BASE RATE

Those resources necessary to meet an established and existing service level.

CAPITAL IMPROVEMENT PLAN

A plan for capital expenditures to be incurred each year over a fixed period of several future years which sets forth each expenditure.

CAPITAL PROJECT

Any improvement or acquisition of major facilities with a useful life of at least five years such as roads, bridges, buildings, or land.

DEFICITS

A negative fund balance.

FISCAL YEAR

Any period at the end of which a governmental unit determines its financial condition and the result of its operations and closes its books. NOTE: It is usually a year, though not necessarily a calendar year. Lehi City operates on a July1 - June 30 fiscal year.

FUND

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

GENERAL FUND

A fund that accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance. Revenues to support the General Fund are derived from general revenues

GENERAL REVENUES

Revenues collected from the general public such as property and sales tax.

IMPACT FEES

A type of charge for services imposed on new construction in order to support specific new demands on a given service such as transportation, schools, parks and fire protection.

MERIT INCREASE

A raise where the increase given is based on employee performance.

PUBLIC INFRASTRUCTURE

A permanent installation such as a building, road, or water system that provides public services.

SPECIAL ASSESSMENTS

A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

USER FEES

Charges for specific governmental services. These fees cover the cost of providing that service to the user (e.g., building permits, animal licenses, park fees).

LEHI CITY CORPORATION

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Hours: M-Th, 7 a.m. to 6 p.m.