



CITIZEN'S BUDGET

FISCAL YEAR JULY 1, 2017-JUNE 30, 2018

LEHI CITY CORPORATION, STATE OF UTAH

Lehi City is a large and complex organization that provides a multitude of services for its residents. Lehi’s Fiscal Year (FY) 2018 budget reflects the entirety of the city’s mission to provide quality public services to its citizens. As such, the budget is a large and comprehensive document detailing the revenue and expenditures for each department.

The purpose of this Citizen’s Budget is to highlight the budget process, revenues, expenditures, capital projects, and major points of FY 2018 budget. It is not intended to provide a detailed summary of all budgetary items. More more detailed information, please visit www.lehi-ut.gov/departments/finance.

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ELECTED OFFICIALS



Councilperson
Paige Albrecht



Mayor
Bert Wilson



Councilperson
Chris Condie



Councilperson
Paul Hancock



Councilperson
Johnny Revill

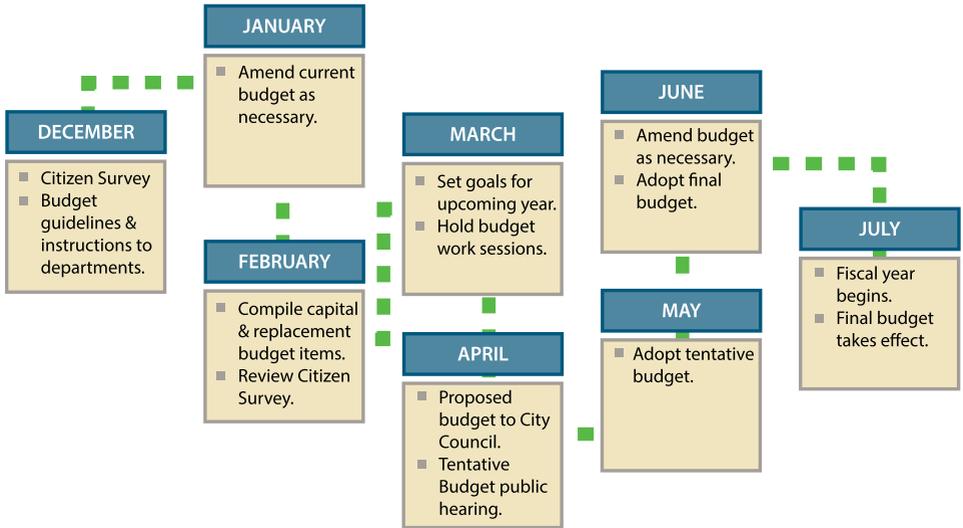


Councilperson
Mike Southwick

APPOINTED OFFICIALS

City Administrator Jason Walker
City Treasurer Alyson Alger
City Recorder Marilyn Banasky

BUDGET PROCESS



Lehi City's budget operates on a fiscal year, from July 1 to June 30. The budget planning process begins in December when the finance department issues budget guidelines, priorities, and limits. In March, department directors prepare budget requests for personnel, capital improvements and line item increases and present those to the budget team (consisting of the Mayor and employees from administration and finance).

The budget team prioritizes requests and drafts a tentative budget, which is presented by the Mayor to the City Council in April. Residents and the City Council have the opportunity to make recommendations through public work sessions and a public hearing. In May, the final budget is adopted.

BUDGET OVERVIEW

Lehi City's budget is divided into multiple funds and operations. Below is a description of a few of the most common funds, which make up the majority of the city's overall budget. This budget report will focus on the revenue and expenditures of these larger funds.

GENERAL FUND



The general fund accounts for all local finances that are not restricted to specific purposes. Revenue comes primarily from taxes and fees. This fund pays for the majority of city services such as police, fire, parks, community events and leisure services.

PROPRIETARY FUNDS



These include both internal and enterprise funds. Internal funds pay for services used for general operation, such as information technology and fleet maintenance. Enterprise funds include power, water, storm drainage, and waste collection. They operate similar to a private business, where fees are collected to cover the cost of operation.

SPECIAL REVENUE FUNDS



Special revenue funds are designated or restricted by law for a specific purpose. This allows for a more transparent accounting system. Unlike proprietary funds, these may not necessarily cover the entire cost of operation. Lehi City's special revenue funds include recreation, the Legacy Center, and the outdoor pool.

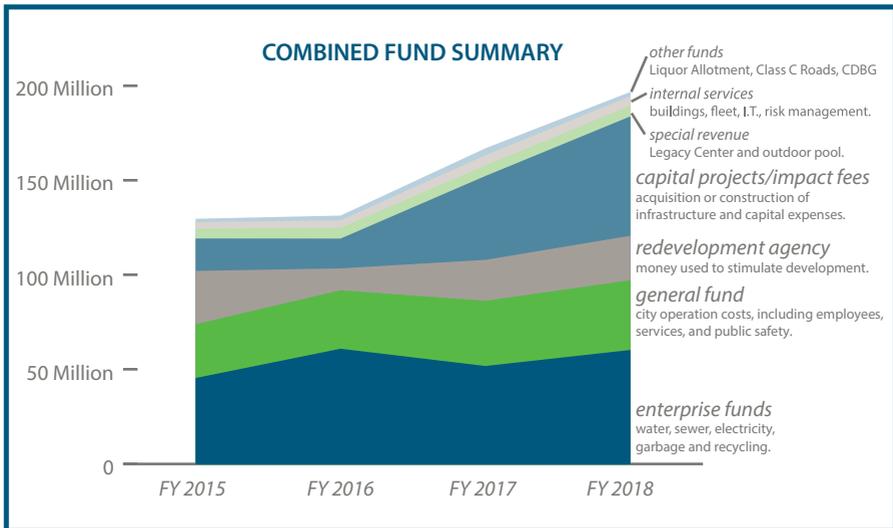
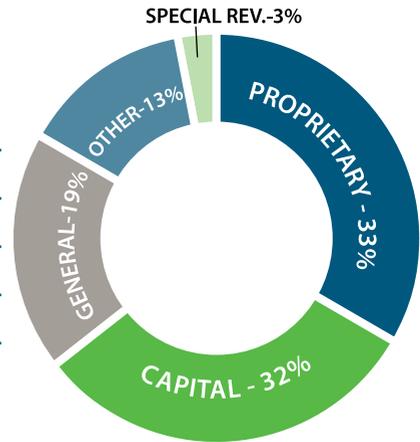
CAPITAL PROJECTS FUND



The capital projects fund is used for the construction or acquisition of major capital facilities. These funds are generally used for large, expensive projects such as buildings, roads, or storm water systems. These are projects that are unique and don't happen on a recurring basis.

The comprehensive annual city budget is a combination of all the individual funds. The graph below breaks down each fund by the percentage of the total budget. The individual funds generally serve a distinct purpose, or will cover the costs of operation for specific departments. The total combined city budget for FY2018 is **\$196,337,458**.

GENERAL FUND	\$36,737,357
PROPRIETARY FUNDS	\$65,439,281
CAPITAL PROJECTS FUNDS	\$62,891,865
SPECIAL REVENUE FUNDS	\$5,586,455
OTHER FUNDS	\$25,682,500
TOTAL	\$196,337,458



The graph above shows the historic trend of the combined budget. The increase from FY 2017 to FY 2018 is primarily due to grants received for capital projects. See the capital projects summary for more information.

GENERAL FUND

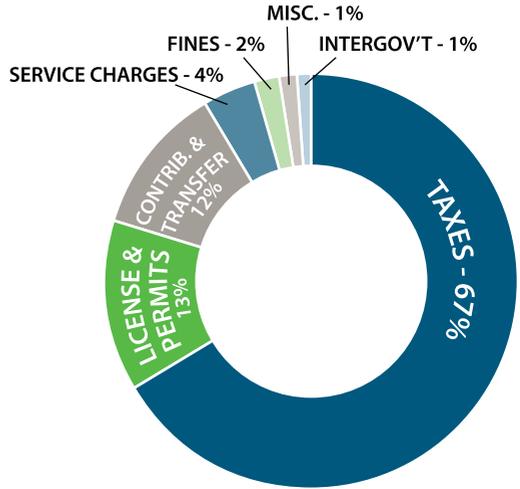
The general fund is the most common account associated with local government. The money in this fund is responsible for all government activities that are not restricted by law. The general fund collects revenue mainly from taxes and fees. Below is a description of Lehi City's revenue stream for FY 2018.

GENERAL FUND REVENUE COLLECTION

1. **TAXES** - includes property tax, sales tax, and franchise taxes.
2. **LICENSES & PERMITS** - includes building licenses & permits fees, plan reviews, and inspection fees.
3. **CHARGES FOR SERVICES** - includes library fees, cemetery fees, and ambulance fees.
4. **INTERGOVERNMENTAL REVENUE** - includes grants and reimbursements.
5. **FINES & FORFEITURES** - includes court fines and enforcement fees.
6. **MISCELLANEOUS REVENUE** - All other sources of revenue. Includes transfers from other funds into the General Fund.

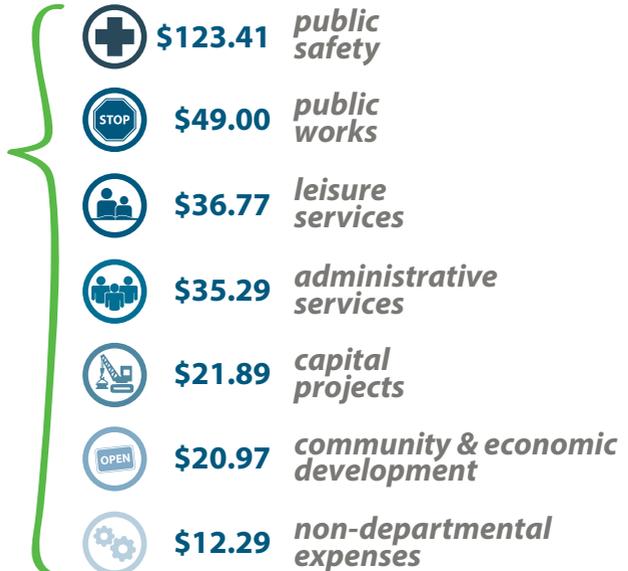
GENERAL FUND REVENUE	
TAXES	\$24,440,000
LICENSES & PERMITS	\$4,910,000
CHARGES FOR SERVICES	\$1,591,500
INTERGOVERNMENTAL REVENUE	\$383,000
FINES AND FORFEITURES	\$657,500
MISC. & TRANSFERS	\$4,237,357
GENERAL FUND REVENUE	\$36,737,357

The majority of the general fund revenue comes from taxes, including property and sales tax. The finance department has conservatively estimated a \$2 million increase in revenue, primarily from an increase in property and sales tax collection. There will not be an increase in the property tax rate in FY 2018. The increased revenue comes from the new growth over the last year.



The average homeowner pays approximately \$300 a year in property taxes to Lehi City. Assuming the average home value of \$297,700, the infographic below shows the estimated tax distribution to various entities and then roughly identifies how Lehi's portion is divided among various departments, based on their percent of the general fund.

Assessment Fees	2%
Central Utah Water	4%
Utah County	7%
 LEHI CITY	18%
Alpine School District	69%



\$1,702

\$300

General fund expenditures describe how revenues are spent. When planning for the fiscal year, city officials and staff make every attempt to match expenditures to revenue. In the event of a shortfall, such as an unpredictable economic decline, the city may use reserves to cover the losses. If revenues exceed expenditures, the city council may decide to place these funds in reserve accounts or use them for a one-time purchase.

PUBLIC SAFETY - Includes the Police Department, Code Enforcement, Fire and Emergency Medical Services (EMS), Emergency Management, the Justice Court and the Animal Control Department.

LEISURE SERVICES - Includes Parks, Recreation, City Events, Library, Legacy Center, Hutchings Museum, and the Senior Center.

NON-DEPARTMENTAL - Miscellaneous expenses that are not related to a specific department.

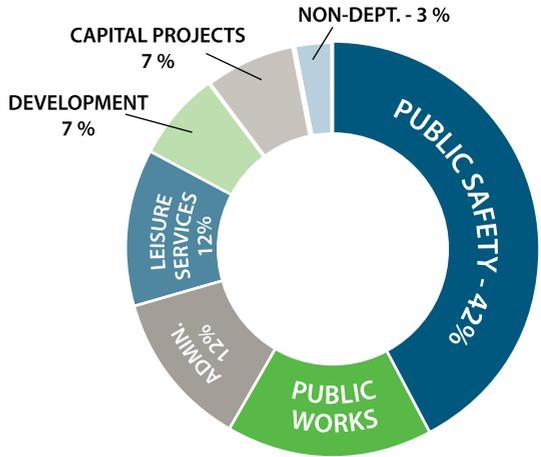
GENERAL GOVERNMENT - Includes the Mayor & City Council, City Recorder, Administration, Finance, Legal Services, and Human Resources.

COMMUNITY & ECONOMIC DEVELOPMENT - Includes Planning, Economic Development, Engineering, and the Building Department.

PUBLIC WORKS - Includes Public Works administration, parks, and streets with internal transfers to fleet.

GENERAL FUND EXPENDITURES	
Public Safety	\$15,461,128
Public Works	\$6,007,895
Leisure Services	\$4,508,816
General Government	\$4,327,224
Capital Projects Transfer	\$2,684,015
Community & Economic Development	\$2,571,280
Non-Departmental	\$1,177,000
Total Expenditures	\$36,737,358

The general fund expenditures have increased for FY 2018 by approximately \$2.4 million. These expenses are attributed to a focus on increased staffing levels to better grow and maintain the city's infrastructure and public safety.



The fire department will be hiring 15 new firefighters to prepare for the opening of Station 83 in January 2018.

The police department will also be hiring 3 additional police officers to create a traffic enforcement team. These new positions will help us continue to provide quality public safety services to our residents.

City administration will also be hiring 2 new employees. Lehi will soon be a passport acceptance facility and will be hiring a full-time passport technician. We will also be hiring a management analyst to provide research and analysis to the administration and city council. This will help them make timely and informed decisions that will affect our community.

The budget also includes 7 new positions for public works and utilities. These are accounted for under the proprietary funds. The information technology division will be hiring 1 new employee, accounted for in an internal revenue fund.

PROPRIETARY FUNDS

Proprietary funds include both internal and enterprise funds. Internal funds are used to pay for services within the city, such as information technology, risk management, and fleet maintenance. Enterprise funds operate like a private business, where fees are collected to cover the cost of operation. These include power, water, storm drainage, and waste collection.

ENTERPRISE FUNDS					
CULINARY	PRESSURIZED IRRIGATION	SEWER	STORM DRAIN	POWER	WASTE COLLECTION
Culinary User & Impact Fees	Irrigation User & Impact Fees	Sewer User & Impact Fees	Storm Drain User & Impact Fees	Electricity User & Impact Fees	Waste Collection Fees

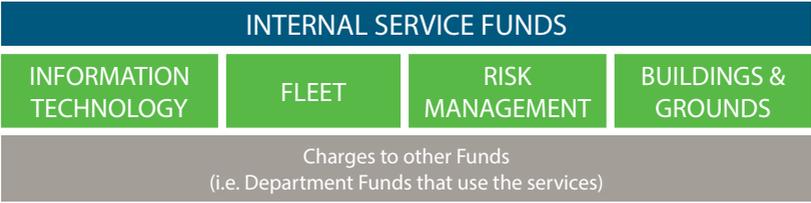
What are user fees?

User fees are paid by a resident for a specific service. Residents pay for their use of water, electricity, garbage removal, sewer, and storm drain. Some fees are charged a flat rate while others are charged by the amount used.

What are impact fees?

Impact fees are charged to a developer or property owner for new construction. The fee is meant to supplement the increased demand on a given service that occurs with growth and new development. These are charged for transportation, water transmission, parks, public safety, etc.

ENTERPRISE FUNDS	
Culinary Water	\$6,365,000
Pressurized Irrigation	\$6,364,751
Sewer	\$7,825,000
Storm Drain	\$1,762,899
Power	\$35,650,000
Waste Collection	\$2,418,000
Total Expenditures	\$60,385,650



Revenue for internal service funds comes from charges to other departmental funds. The finance department assesses the charges based on the level of service that is provided to that department. For example, the administration department is charged a fee to support the IT fund for the computers, printers, phones and other equipment used by staff members.

INTERNAL SERVICE FUNDS	
Information Technology	\$1,078,461
Fleet	\$2,224,747
Risk Management	\$1,031,403
Buildings & Grounds	\$719,020
Total Expenditures	\$5,053,631

The finance department annually reviews charges and fees associated with proprietary funds in order to:

- Identify the impact of inflation.
- Determine that long-term service costs are not being subsidized by the general fund or being passed on to future generations.
- Determine the subsidy level of some fees.
- Consider new fees to be reviewed by the city council.

SPECIAL REVENUE FUNDS

Special revenue funds are used when revenue is legally restricted to a specific purpose. Lehi has two special revenue funds: the Legacy Center and the Lehi Outdoor Pool. Revenue collected from these areas of the city must only be used to support their operation.

SPECIAL REVENUE FUNDS			
LEGACY CENTER		OUTDOOR POOL	
Pass Sales	Charges for Services	Charges for Services	Legacy Center Contribution
Concession & Merchandise	General Fund Contribution		



SPECIAL REVENUE FUNDS	
Legacy Center	\$5,246,675
Outdoor Pool	\$339,780
Total Expenditures	\$5,586,455

CAPITAL PROJECTS

A capital project is an improvement or acquisition of major facilities (e.g. building, roads, transmission system) that has a useful life of at least five years. Many capital projects are identified during master planning efforts done in conjunction with third-party entities. The city aims to plan capital projects five years into the future.

TOP CAPITAL PROJECTS IN 2017-2018		
PROJECT	DEPARTMENT	PROJECTED EXPENSE
Main Street from 2300 West to Saratoga Springs	Engineering	\$12,000,000 (Utah County)
1200 West Widening	Engineering	\$6,500,000 (Utah County)
Internal Generation Plant	Power	\$18,000,000 (Revenue Bond)
600 East Culinary Tank	Engineering	\$1,800,000
Traverse Culinary Booster Tank and Lines	Engineering	\$1,800,000
Shadow Ridge Park	Parks	\$1,100,000
Cabela's Boulevard	Streets	\$1,514,700
Monument Park	Parks	\$890,000
West Side P.I. Facilities	Engineering	\$1,300,000
Jordan River P.I. Reservoir	Engineering	\$230,000



LEHI DEMOGRAPHICS

61,130

LEHI CITY POPULATION

23.9

MEDIAN AGE

\$77,622

MEDIAN HOUSEHOLD
INCOME

3.81

AVERAGE
FAMILY SIZE

14,219

TOTAL HOUSING UNITS

81.3%

HOMEOWNERSHIP
RATE

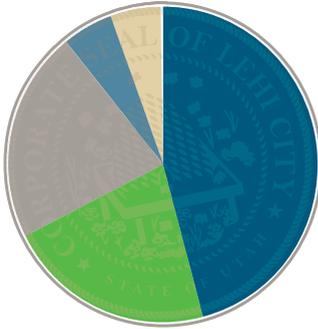
3.4%

COUNTY
UNEMPLOYMENT RATE

Sources: Census Bureau;
Bureau of Labor Statistics

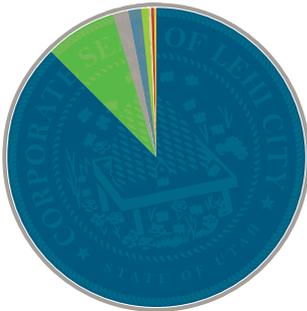


POPULATION BY AGE

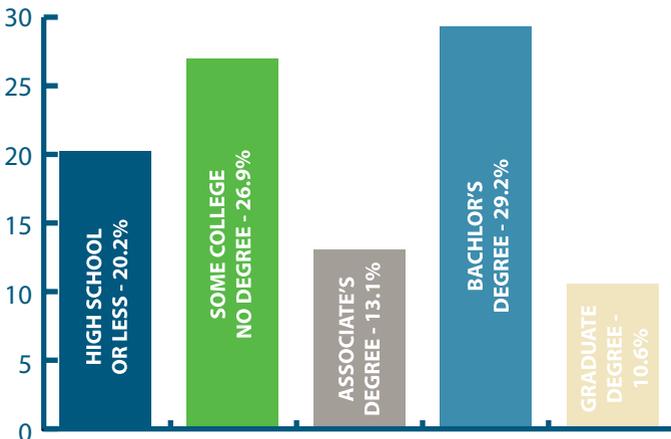


- 19 & Under - 46.1%
- 20 to 34 - 21.7%
- 35 to 54 - 21.7%
- 55 to 64 - 5.2%
- 65 & Older - 5.4%

POPULATION BY RACE



- White - 88%
- Hispanic/Latino - 6.8%
- Two or More Races - 1.5%
- Asian - 1.3%
- Pacific Islander - 1.1%
- American Indian - 0.4%
- Black/African Amer. - 0.2%
- Other - 0.6%





For more information about the FY2018 budget, visit
www.lehi-ut.gov/departments/finance

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