



Auditor

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2024 TENTATIVE BUDGET MESSAGE

November 1, 2023

Davis County Board of Commissioners,

Pursuant to Utah Code Annotated 17-36-10, I present and file with the governing body of Davis County the 2024 Tentative Budget for all funds within the County for which a budget is required. This tentative budget was developed based on the requests received by the Auditor's Office from all elected officials and department heads in Davis County. No reductions have been made to these requests. In an effort to provide the Commission with the best information possible, efforts have been made to clean up the data. These include: removing duplicate requests, entering clarifications and modifications from departments during the week of Budget Committee meetings held October 2nd – 6th, input of reasonable transfers in and out of appropriate funds and a general review of the data to make sure data was entered accurately.

Utah law requires that a tentative budget be prepared by the County Auditor and filed with the Legislative Body of the County by November 1, 2023, with the adoption of a final budget no later than December 31, 2022. The Legislative Body can now make all modifications to the 2024 Tentative Budget that they deem appropriate. Please keep in mind that you must make the final budget available for inspection and comment to the public before adoption by resolution. A hearing for this purpose has been scheduled for **Tuesday, December 6, 2022, at 6:00 pm**. The final adopted budget serves as a policy document, financial plan, communication device, and an operations guide reflecting the goals, programs, and service priorities of the Davis County Board of Commissioners.

2023 OUTLOOK AND RECOMMENDATIONS

In preparing the 2024 Tentative Budget, economically dependent revenues were discussed with the Budget Committee and estimated conservatively so as not to overcommit them to ongoing operating expenditures. With the economic uncertainty brought on by rapid inflation, supply chain disruptions, labor shortages, wage pressures, and an affordable housing crisis, Davis County anticipates a continued and sustained period of economic uncertainty.

During this period of economic uncertainty, it is difficult to predict the exact timing and how extreme the economic changes will occur. That being said, it is anticipated that there will be a continued slowing of revenues through sales taxes and fees during the 2024 budget year.

Table 1 shows the projected beginning balances of all county funds as well as the projected ending balances after all requested transactions have occurred. If all requests by departments are granted, a significant spend down of General Fund and total fund balances will occur. The projected spend down will be tempered by some turnback of 2023 budgeted expenditures and will be discussed later in this document. It is the opinion of the Auditor that the projected degree of spend down in Fund 10 will not be financially sustainable beyond 3 years. This is due in part to the decreasing availability of ARPA – State and Local Fiscal Recover Funds, inflationary pressures of goods and services and significant personnel cost increases over the last several years.

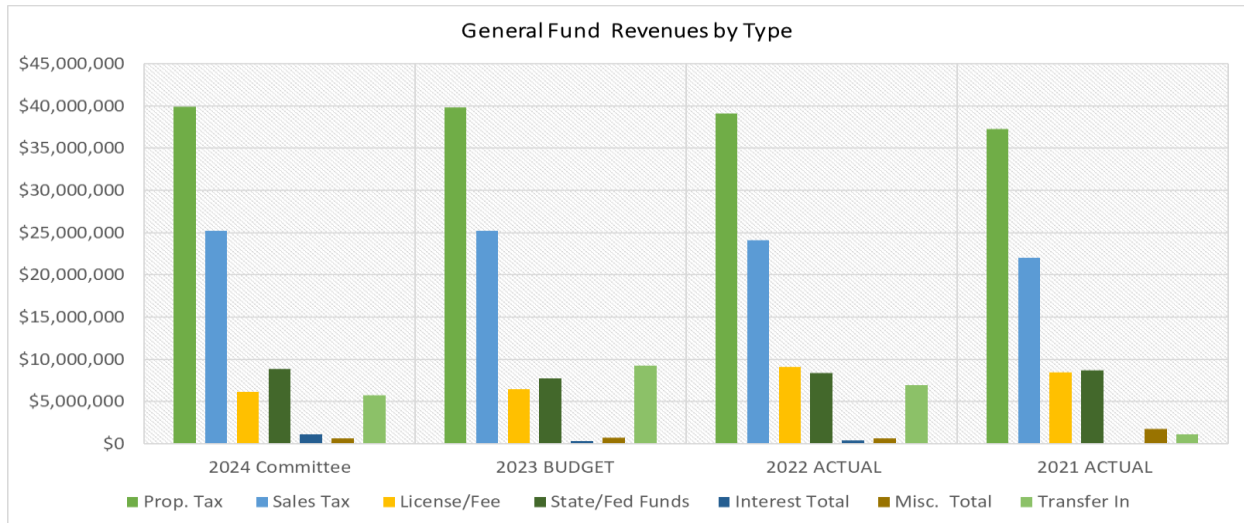
Table 1

2024 Budget Final Page: Department						
Fund Bal at Dec 31, 2023	Fund	2024 REVENUES	2024 EXPENDITURES	2024 TRANSFER IN	2024 TRANSFER OUT	Proj Fund Bal at Dec 31, 2024
\$ 33,897,009	10 - GENERAL FUND	\$ 81,777,489	\$ 96,549,670	\$ 5,746,001	\$ 1,643,203	\$ 23,227,626
\$ 1,726,832	11 - OPIOID SETTLEMENT	\$ 1,223,016	\$ -	\$ -	\$ -	\$ 2,949,848
\$ 341,550	12 - HOUSING ASSISTANCE	\$ -	\$ 138,419	\$ -	\$ -	\$ 203,131
\$ 507,309	13 - ANIMAL CARE	\$ 2,951,424	\$ 11,180,318	\$ 8,200,000	\$ -	\$ 478,415
\$ 0	14 - PARAMEDIC	\$ -	\$ -	\$ -	\$ -	\$ 0
\$ 9,285,820	15 - HEALTH	\$ 21,609,228	\$ 21,804,430	\$ -	\$ 4,000,000	\$ 5,090,618
\$ 11,921	17 - CJC	\$ 387,778	\$ 625,129	\$ 229,000	\$ -	\$ 3,569
\$ 7,448,363	18 - TOURISM	\$ 11,578,016	\$ 5,935,255	\$ -	\$ 9,667,700	\$ 3,423,425
\$ 320,581	19 - 911 EMERGENCY	\$ 2,096,285	\$ 3,061,312	\$ 200,000	\$ -	\$ (444,446)
\$ 402,922	20 - MBA SPECIAL REVENUE	\$ 160,910	\$ -	\$ -	\$ 160,910	\$ 402,922
\$ 4,939,796	21 - CLASS B ROADS	\$ 1,670,000	\$ 1,692,108	\$ 400,000	\$ 25,000	\$ 5,292,688
\$ 16,098,639	22 - PROP 1 TRANS.	\$ 19,463,796	\$ 24,451,861	\$ -	\$ 141,297	\$ 10,969,277
\$ 5,685,151	23 - LIBRARY SERVICES	\$ 9,847,545	\$ 8,694,835	\$ -	\$ 1,090,847	\$ 5,747,015
\$ 5,438,333	24 - PUBLIC WORKS	\$ 4,318,954	\$ 4,069,125	\$ 141,297	\$ 2,151,825	\$ 3,677,634
\$ 2,363,157	25 - MUNI. TYPE SERVICES	\$ 1,923,186	\$ 1,252,386	\$ 25,000	\$ 625,000	\$ 2,433,957
\$ 15,630,909	26 - TRANSPORTATION TAX	\$ 36,580,000	\$ 33,500,000	\$ -	\$ -	\$ 18,710,909
\$ 0	27 - RDA PASS THROUGH	\$ 2,800,000	\$ 2,800,000	\$ -	\$ -	\$ 0
\$ 33,022,850	28 - 3RD QTR TRANS. TAX	\$ 18,180,000	\$ 44,601,447	\$ -	\$ -	\$ 6,601,403
\$ 95,847	29 - CDBG/SSBG	\$ 634,000	\$ 650,275	\$ -	\$ -	\$ 79,573
\$ 0	31 - GEN. OBLIGATION DEBT	\$ -	\$ -	\$ -	\$ -	\$ 0
\$ 5,814	32 - MUNICIPAL BLDG AUTH.	\$ -	\$ 1,456,500	\$ 1,454,500	\$ -	\$ 3,814
\$ 1,151,667	33 - SALES TAX REV. BOND	\$ -	\$ 5,873,075	\$ 6,072,575	\$ -	\$ 1,351,167
\$ 21,229,443	42 - DEBT SERVICE CONST.	\$ -	\$ 19,460,000	\$ -	\$ -	\$ 1,769,443
\$ 19,985,356	45 - CAPITAL PROJECTS	\$ 50,000	\$ -	\$ -	\$ 9,350,000	\$ 10,685,356
\$ 5,852,121	46 - HEALTH CAPITAL PROJ.	\$ 50,000	\$ 1,045,000	\$ 4,000,000	\$ -	\$ 8,857,121
\$ 11,708,692	47 - TOURISM CAPITAL PROJ.	\$ 25,000	\$ -	\$ 6,000,000	\$ -	\$ 17,733,692
\$ 2,741,773	48 - LIBRARY CAPITAL PROJ.	\$ 5,818,470	\$ 6,923,425	\$ 222,500	\$ -	\$ 1,859,318
\$ 6,342,066	51 - GOLF COURSES	\$ 4,388,650	\$ 4,344,237	\$ -	\$ -	\$ 6,386,479
\$ 497,405	52 - INMATE SERVICES	\$ 876,000	\$ 647,976	\$ -	\$ 250,000	\$ 475,429
\$ 857,069	61 - INSURANCE	\$ 1,429,682	\$ 1,694,143	\$ -	\$ -	\$ 592,608
\$ 1,219,446	62 - INFORMATION SYSTEMS	\$ 547,083	\$ 771,195	\$ -	\$ -	\$ 995,335
\$ 134,659	63 - FACILITIES	\$ 6,787,680	\$ 7,248,689	\$ -	\$ -	\$ (326,350)
\$ 1,636,788	74 - DENTAL INSURANCE	\$ 837,000	\$ 650,000	\$ -	\$ -	\$ 1,823,788
\$ 2,300,000	80 - DAVIS CARES	\$ 12,054,964	\$ 7,332,737	\$ -	\$ 3,585,091	\$ 3,437,136
\$ 212,879,291	Grand Total	\$ 250,066,156	\$ 318,453,546	\$ 32,690,873	\$ 32,690,873	\$ 144,491,901

Historical Revenue Trends – General Fund

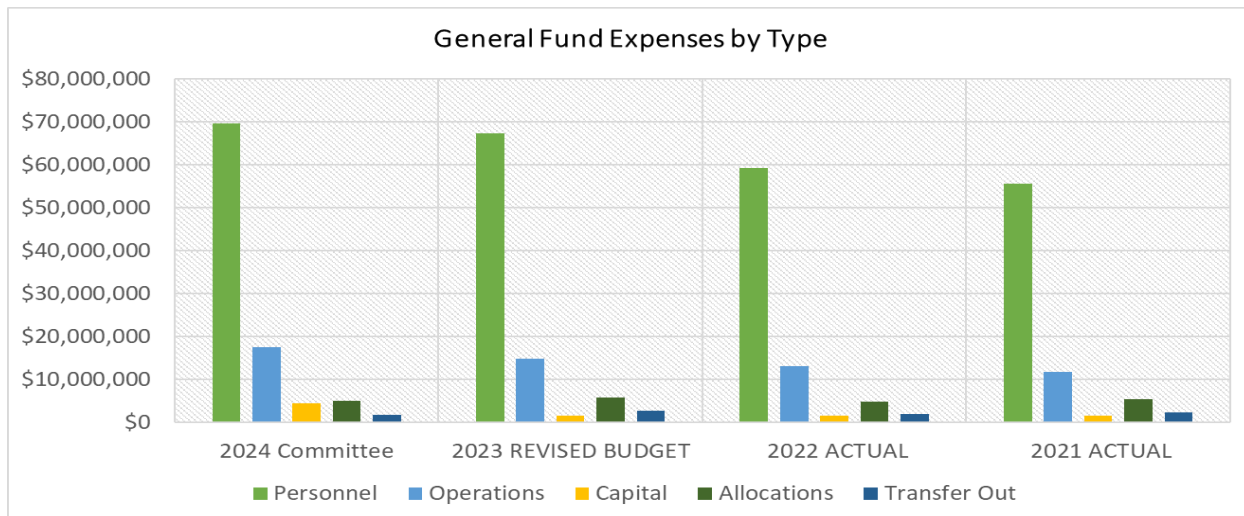
From 2021 to 2022, revenues in the General Fund grew steadily. Growth was primarily supported through historically high growth in sales tax, recording fees and an influx of federal dollars through State and Local Federal Recovery Funds (SLFRF). In 2023, a slowing of recording fees, the transfer of Animal Care property tax to its own levy and a slowing of sales tax revenues occurred. This has resulted in projected General Fund revenues dropping by approximately \$1.8M year over year in 2024. Looking forward to 2025, the spend out of SLFRF funds will continue with a funding gap of approximately \$2.7M with an additional decline of \$1.7M in 2026. Expenses associated with the funding gap will need to be addressed in those budget years.

Graph 1



Historical Expense Trends

In the General Fund, departments are requesting approximately \$6.2M of additional funding over 2023. Capital requests have increased by 294% (\$2.9M increase) over 2023. Personnel expenses account for just under 71% of departmental requests increasing by \$2.3M over 2024. As noted above, no reductions have occurred in departmental requests. As noted in the prior section, the SLFRF funding gap could pose significant challenges beyond 2024 as roughly \$1M of positions are funded with SLFRF.



BUDGET SUMMARY

The attached **2024 Tentative Budget** represents **\$318,453,546 in total expenditures**, with related revenue sources of **\$250,066,156**. The net difference is a deficiency of \$31,537,888 in revenues compared to expenditures, with the majority of planned fund balance spending occurring in Operations through the America Rescue Plan Act – State and Local Fiscal Recovery (SLFRF) project money pass-through and Capital Projects (\$83,314,247) which includes over \$44,500,000 for the Legacy Event Center expansion, \$2,000,000 for construction of the Agriculture Heritage Arena and approximately \$36,500,000 for capital projects from prior years 3rd Quarter Transportation Taxes. Below is a breakout of projected fund balances including expenses and revenues:

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It should be noted that there is a revenue variance of \$2,999,464 between the Budget Final Page: Tentative Budget and the Next Year/Current Year Budget Analysis (Appendix A). This shows that the County is intentionally using a spend-down of General Fund balance to show a balanced budget.

A complete list of transfers between funds is available in Appendix B.

Major Initiatives by Budget Category

Personnel: Davis County has taken significant action over the last seven years to ensure employee compensation and benefits align with market realities. This included a substantial increase to all wages in the 2022 budget through the ongoing 12%, 8%, 6% tiered program.

As with all public and private sector operations, current labor market conditions have presented ongoing challenges in recruiting new employees, retaining existing employees, and increasing wage pressures. These challenges have been driven by significant inflationary pressures and a tight labor market.

As a result of these challenges, it is recommended that Davis County implement the following:

- Recruitment and retention of law enforcement positions have become increasingly difficult. As a result, beginning Pay Period 1, all Correctional Officers I, II, III, Sheriff Deputy I, II, III, Corporal, and Sargent positions are being recommended for a \$4 per hour increase up to the new grade maximum. The grades associated with these positions will increase by 3%. This initiative is being funded by relinquishing vacant positions discussed in the Outlook and Recommendations section.
- All other County employees will receive a 3% cost of living adjustment beginning Pay Period 1. All grade ranges associated with the 3% COLA will increase accordingly for appropriate wage growth throughout the entire pay scale of Davis County.
- All employees remain eligible for a merit increase of up to 3.5% during the annual appraisal process.
- Uncharacteristic of the market that we are facing, medical and dental insurance premiums will have no increase.
- Individuals participating in the High Deductible Health (STAR) plan will receive a one-time additional contribution to their health savings account in January. Single party - \$125, Family or Two party - \$250.

In addition, a complete wage and benefit compensation study is currently being conducted by an independent firm (NFP). It is anticipated that it will be completed in March of 2023. The purpose of this study is to provide the County with the full value of the compensation package provided to employees. The results of the study will be utilized to inform decisions regarding compensation in future budget cycles.

Operations: As noted, operational expenditures in Fund 10 were in large part held to 1%. This is an effort to help offset personnel cost increases. Other fund increases varied based upon available funding stream and needs.

Capital: The County continues to strategically plan for the long-term capital needs of the community. A five-year capital plan by fund, indicating a timeline of spending and projected use of fund balance is included in this document as Appendix C. While the timing and final costs may fluctuate, the County is committed to ensuring that funding is allocated for anticipated needs well before they are due. In some instances, capital projects will be funded by new debt service, but only once a consistent funding stream for the annual debt has been identified and secured.

Consistent with this approach, the 2023 Tentative Budget addresses the following capital needs:

- **Software/Technology**
 - Cybersecurity Infrastructure upgrade - \$250,000
 - GIS Interfaces for Public Access to Data - \$110,000
 - Audio Visual System Upgrade for Commission Chambers - \$65,000
 - Public Interface Software - \$80,000

- **Vehicles & Related Equipment**
 - Total of \$1,003,640 in annual vehicle purchases/replacements
 - 24 replacement vehicles
 - Total of \$172,600 in vehicle equipment

- **Equipment**
 - 1 - Industrial Refrigerator
 - 2 - Toro Greens Mower Triflex 3320
 - Bomb Squad Equipment
 - 1 – Forklift
 - 1 – Mail Processing Machine
 - 1 – Side-by-Side UTV

- **Buildings & Building Improvements:**

The construction schedule below identifies several ongoing projects Davis County is undertaking to ensure the maintenance and long-term sustainability of County facilities. The list highlights several major initiatives, but not all projects.

Table 2

Project	2023 Project Budget	Funding Source
Make Up Air Unit - Jail	\$315,000	Capital Reserves
Swamp Cooler Replacements - Jail	\$55,614	Capital Reserves
Water Softener/Resign Tank Replacements – Jail	\$87,678	Capital Reserves
Re-Stone Admin Building & HQ Library	\$1,500,000	Capital Reserves – General Government and Library
Agricultural Heritage Center	\$2,000,000	Tourism Capital Reserves
Conference Center HVAC	\$74,000	Tourism Operating Revenues
Conference Center Sound System	\$45,000	Tourism Operating Revenues
Legacy Events Center Expansion	\$44,460,000	Debt Service – Tourism Tax Funding
Emergency Operations Center	\$15,000,000	ARPA – State & Local Fiscal Recovery Funds
Jail Waste Water Treatment Project	\$1,500,000	ARPA – State & Local Fiscal Recovery Funds
Final Payment of Memorial Court House Renovation	\$558,003	Debt Service – General Fund

Allocations: These charges are assessed annually as prescribed in the Davis County Allocation policy to equitably distribute the cost of providing internal services to the various departments. When excess fund balances build in the internal service funds, they are redistributed back to the funds or departments at the rate at which they were paid.

Transfers between funds are also recognized in this budget category and are utilized to ensure departments are appropriately funded for services and debt payments and to build capital reserves where appropriate. The attached Appendix B provides a detailed listing of inter-fund transfers proposed in the 2023 Tentative Budget.

SUMMARY BY FUND

FUND 10 – GENERAL

General Fund expenditures are budgeted to increase by 5.56%, from \$85,841,042 budgeted in 2022 to \$90,617,677 proposed in 2023. The majority of this increase is related to payroll growth, which accounts for \$4,969,177 in new, on-going spending. Of the increase to payroll, \$840,055 was directly related to new positions.

Overall General Fund revenues are projected to grow from \$85,207,377 in 2022 to \$90,617,778 in 2023, or by 6.35%. The increase is largely attributed to the following

- \$1,500,000 - The shift in tax rate from Fund 24.
- \$307,000 - New growth in property tax as properties are constructed and added to the tax rolls.
- \$3,500,000 – One-time monies from ARPA - SLFRF lost revenue recovery with allowable use for general government services.
- \$1,830,973 - Sales tax growth (5%) over the prior year.

In addition, a reallocation of \$2,000,000 from Fund 63 – Facilities to the General Fund is occurring to correct the over-allocation of funds in prior budget years. It should also be noted that with the rise of interest rates, it is anticipated that refinancing and purchasing of homes will slow. As a result, recording fees are projected to drop by roughly \$1,500,000. In addition, sales tax revenues are projected at a lower-than-average rate of growth of 5% (6.81% from 2016 to 2020) as the likelihood of a downturn in the economy grows.

FUND 13 – ANIMAL CARE

In 2021, the Legislature passed Senate Bill 104. This bill authorized a county to impose a property tax levy for animal welfare services under certain circumstances. The intent of the bill is to have a net neutral effect on property taxes and/or fees charged to citizens for animal services.

In 2023, Davis County will establish Fund 13 – Animal Care and take the steps outlined by SB104. The creation of the fund is intended to allow the County to be transparent with the citizens on the cost of animal care services. The County and all cities are aware of the need to reduce their tax rate or fees by an amount equivalent to the charges that have been incurred over the prior 2022 budget year. It is anticipated that this approach will stabilize the funding stream for necessary services while allowing for better long-term planning and management of the organization.

FUND 14 - PARAMEDIC

The paramedic fund was established in 2018 to recognize the 1983 mil-levy associated with property tax collections. In the budget year 2022, the tax rate associated with the 1983 mil-levy was transferred to cities and special districts to build paramedic services in those areas. Beginning January 1, 2023, the County will no longer provide paramedic services. Fund 14 will remain open for five more years as revenue from delinquent property taxes is collected, and then the Fund will be retired. Any residual revenue will revert to the County General fund as the County provided a subsidy to cities and districts of over \$3,000,000 in budget years 2021 and 2022.

FUND 15 – HEALTH AND SENIOR SERVICES

The Health and Senior Services budget for 2023 is \$23,121,907. The 2023 budget is very similar to the 2022 budget year and is still being impacted by the influx of one-time funding and expenditures for Coronavirus relief. However, it is anticipated that the budget will be reduced by an estimated \$1,500,000 as the COVID-19 response winds down.

In 2023, the Health Department reported dedicating 191 employees to community health services, with 40 dedicated to the COVID response. Based on existing agreements and contracts, it is expected that these employees and related expenses will end throughout the 2023 budget year.

Health and Seniors Services budget is made up of federal, state, and local dollars. Local property tax revenues are projected to account for 26% (\$5,715,649) of total health department revenues in 2023. This percentage is up 2% due to the loss of Federal COVID-19 funding. The department continues to strategically use federal revenues to preserve local revenues for ongoing programs. In addition, the Health Department continues to carry forward awarded funds associated with State and Fiscal Recovery Funds (SLFRF) to cover costs associated with the COVID-19 response. These funds are recognized independently in Fund 80.

FUND 17 – CHILDREN’S JUSTICE CENTER

In 2019, the Children’s Justice Center budget was reallocated to a dedicated special revenue fund in order to report revenue sources more transparently. Of the \$463,239 in proposed 2023 operating expenditures, nearly 43% is funded by a transfer in from the General Fund. This represents an increase of 3% over the 2022 budget. The balance is funded by state and federal grants, with an additional \$12,800 in fundraising revenues received from the Friends of CJC. In 2021, the department served 538 child victims, which was an increase of 28% over the 2020 budget year.

FUND 18 - TOURISM

The Tourism Fund is supported by transient room, restaurant, and vehicle rental tax revenues and recognizes activities related to enhancing local and regional tourism, oversight of the Davis Conference Center, and management of the Legacy Events Center.

While heavily impacted by the pandemic, with an 18% drop in revenue between 2019 and 2020, the 2022 budget projects revenues approaching pre-pandemic levels of \$8,436,869. Restaurant tax continues to be strong and accounts for approximately 52% of fund revenues in 2022.

Tourism-related taxes have remained strong throughout 2022 and are projected to remain strong through 2023.

Table 3

	2022 Projected Revenue	2023 Tentative Budget	% of Tourism Taxes Collected
Restaurant Tax	\$ 6,520,957	\$6,683,981	68%
Tourism Rental Tax	\$ 799,852	\$809,850	8%
Tourism Room Tax	\$ 2,265,949	\$2,372,377	24%
Total	\$9,586,758	\$9,866,208	100%

In 2022, the construction of an Agricultural Heritage Center in Kaysville began. The focus of the facility is to provide an equestrian facility that can serve a variety of community interests throughout the year. The 2023 budget includes \$2,000,000 for project costs, with an anticipated completion in the spring of 2023.

The expansion of the Legacy Events Center in Farmington began in 2022, with architectural and engineering plans being formulated. The focus of the facility is to provide a regional youth sports destination that will drive tourism from around the western United States. Completion of the facility is anticipated in 2024. During the 2023 budget process, additional tourism marketing staff was approved to help with the sales efforts of the Legacy Event Center and Davis Conference Center.

FUND 19 – 911 EMERGENCY

Emergency 911, or dispatch, is funded by revenues from cellular fees and service contracts with other law enforcement agencies. The annual transfer grew from \$200,000 in 2022 to \$831,000 in 2023. The increase was necessary to remain competitive in the recruitment and retention of 911 staff. \$631,000 of the transfer is considered a one-time transfer from Capital Reserves and future budget cycles will require adjustments to revenues in order to bridge this gap. The remaining \$200,000 of the transfer comes from the General Fund. This funding gap highlights the continued struggle to fund the needs of this operation.

FUND 21 – B ROADS

B-Road funds are limited to use in the construction and maintenance of county roads. The County had approximately 27.5 miles of B Roads in 2022. The road mileage continues to shrink as land is annexed into cities and turned over to them for maintenance. The fund balance has grown over the past few years and is anticipated to be \$3,761,594, up 22%. Funds will be held in reserve and then spent down in future budget cycles for maintenance and new construction projects.

FUND 22 – PROP 1 TRANSPORTATION REVENUES

FUND 23 – LIBRARY

The Davis County library system is funded by a tax levy which accounts for over 98% of fund revenues. Revenue projections for 2023 are estimated to meet an average growth rate of 2.0%. These tax revenues support operations at seven locations, including community programs (e.g., summer reading, crafts or author nights), meeting room space, technology access, curb-side pickup, and downloadable content. Expenditure growth in 2023 is 3.8% which will be used primarily for capital, maintenance, and wages. In October 2022, the Library finished a public survey that will help guide future capital construction and public outreach.

FUND 24 –PUBLIC WORKS

In 2018, Public Works was allocated a tax rate from the General Fund. Since that time, the fund balance has grown from \$2.3M to \$7.9M as of January 2022. In order to right-size the 2018 tax rate shift,

\$1,500,000 of revenue will be redirected back to the General Fund beginning in 2023 and moving forward. It is anticipated that in 2030, funds currently used for debt service payments (approx. \$1,780,000) will remain in Fund 24 in order to fund operations moving forward.

Flood control projects vary widely from year to year based on need and capacity. 2022 had just over \$2,170,000 budgeted for completion and another \$2,180,000 planned in 2023. It is expected that project prices will continue to escalate, due to material and other supply chain delays and inflationary pressures. As they do, projects may have to be delayed/deferred or alternate funding sources sought out.

FUND 25 – SPECIAL SERVICES AREA

The Special Service Area Fund is designed to appropriate and track expenditures related to municipal-type services provided to those living in the unincorporated areas of the County. These services include public safety, fire protection, animal control, streets and weed control, planning and engineering, and general administration. Revenues for these services are provided by a dedicated tax rate (currently set at .000641), a sales tax revenues and user fees.

As the cost of providing public safety and fire services to this area increases and with anticipated property annexations to Davis County cities, this fund, and more specifically, the tax rate in this area, will need to be reviewed. Currently, the 2022 budget anticipates using a little over \$59,000 in fund balance to cover budgeted expenditures. This gap will widen in 2023 to over \$460,000

As a portion of this fund is comprised of building inspection fees, it is appropriate that these fees be directed to the expenses associated with them. A historical look back to the year 2000 showed that the existing fund balance should be allocated to SSA & Weed Control Departments: 77% and Building Inspection: 23%. As the 2022 fund balance is finalized, these numbers will be used to help determine when the appropriate time for additional property tax revenue is sought from users in this fund.

FUNDS 26 AND 27 – TAX PASS-THROUGH

The County uses Funds 26 and 27 to pass-through tax dollars levied by the County but disbursed to other government agencies. These include transportation taxes, corridor preservation funds, and tax increments to redevelopment and community development agencies. In Fund 26, the ending fund balance is attributed to reserves for future corridor preservation projects. Fund 27's ending fund balance is expected to be zero as monies are received and disbursed within the same budget year.

FUND 28 – 3rd QUARTER TRANSPORTATION TAX

In January 2019, the Davis County Board of Commissioners voted to increase the fuel tax by one-quarter of one percent to fund additional regional transportation projects across the County. These funds became known as the “3rd Quarter” transportation tax and are anticipated to generate approximately \$17,010,201 in dedicated transportation funding in 2023. With the increasing need to manage the project funding that spans multiple budget years, Davis County hired a transportation planner in 2022 to assist with the long-term programming of these funds.

To date, approximately \$37,000,000 in projects have been awarded with these funds. It is expected that multiple projects at various stages of completion will be reimbursed in 2023.

FUND 29 – CDBG/SSBG

In an effort to correct deficiencies in the operation of the CDBG program and to create processes and procedures that ensure its continued success, the County made the decision to pause the CDBG program

during the 2023 program year (July 2023-June 2024). Over the course of 2023, the County will work to recertify as an entitlement community and will plan to restart the CDBG program during the 2024 program year (July 2024-June 2025).

Fund 42 – DEBT SERVICE CONSTRUCTION

This fund is used for construction and building improvement projects that are funded through debt service.

In 2019, the Library bonded for \$7,000,000 of debt service for the Clearfield Library. The project came in approximately \$1,480,000 under budget resulting in excess bond proceeds. The bond covenants allows for the use of such proceeds to go toward other Library building improvements and repayment of interest paid on prior debt service payments. In 2023, the County intends to use \$730,000 of the proceeds to payback interest. These funds will be returned to Fund 28 Library Capital Projects for use in future capital projects. \$740,000 are budgeted for building improvements that include:

- \$500,000 - Repair Headquarters Library building façade
- \$40,000 – Syracuse Branch Lighting Project
- \$200,000 – Layton Branch Boiler Replacement

As noted in the Fund 18 discussion, the County issued \$50,000,000 in bonds during the 2022 budget year for the expansion of the Legacy Event Center. Payment draws for the construction of this project will run through this fund and will span the 2023 and 2024 budget years. It is anticipated that \$45,460,000 of bonds will be drawn in 2023. As noted above, the funding for this project is made possible by the use of restricted tourism tax dollars.

FUNDS 45, 46, 47, AND 48 – CAPITAL PROJECTS

Beginning in 2016, the County created dedicated capital reserve funds to manage and plan for future capital improvement needs. Use of these funds is specifically tied to the purpose for which they have been committed, as further described below and in the attached Capital Plan (Appendix C).

FUND 51 – GOLF

A new organizational structure was implemented in 2021, resulting in unified management of the two County-owned courses. Budgeted golf revenues for 2023 are expected to increase by 4%, from \$4,052,650 to \$4,220,650.

Golf Course budgeted expenditures are increasing primarily due to the reconstruction of the Davis Park driving range. This is a \$1,400,000 capital improvement that is funded primarily by the sale of driving range land to UDOT during the expansion of Highway 89. It is anticipated that the driving range will open in spring of 2024.

FUND 52 – COMMISSARY

Commissary revenues are projected to be flat from 2022 to 2023. While the commissary operates as a proprietary fund, net gains are used to offset inmate programs and care. This was highlighted in 2020 when \$2,000,000 in fund balance was transferred to the Capital fund in order to contribute to the construction of the Jail Medical Wing.

FUNDS 61, 62, 63 – INTERNAL SERVICES

The County continues to generate efficiencies by centralizing key services, including Insurance, Telephone, Security, Email, and Building Maintenance. Fund 61 (Insurance) premium expenditures have increased, although coverage levels remained the same this year. This cost is spread across County departments and funds in accordance with the allocation policy.

In Fund 62 - Telecommunications includes costs for telephones, security cameras and emails. Costs are allocated to departments based on pay-per-use.

Fund 63 – Facilities provides building and ground maintenance services for all County-owned and maintained buildings. Over the past several years, the fund balance has increased as allocations have exceeded actual expenses. As a result, the fund balance has grown to an amount in which it needs to be reallocated. In 2023, the County will reallocate \$2,000,000 of funds generated by General fund allocations back to the General Fund. These funds are one-time funds that will be used to offset operational expenses in the 2023 General Fund budget.

FUND 80 – STATE AND LOCAL FISCAL RECOVERY FUNDS (SLFRF)

Davis County was awarded approximately \$69,000,000 in State and Local Fiscal Recovery funds through the American Rescue Plan Act. As required, a preliminary plan was presented on August 31, 2021, updated in August 2022, and is available on the Davis County website for review.

A consulting firm has been hired to assist the County with an application, analysis, and public outreach process. It is expected that the majority of funds received will be used for long-term capital improvements throughout Davis County.

Over \$27,000,000 are designated to be used and/or distributed to external entities in 2023. Numerous projects that will begin in 2023 include the construction of an Emergency Operations Center (\$15,000,000), the West Point City/North Davis Sewer Expansion (\$2,000,000), the construction of the Safe Harbor Domestic Violence Center (\$2,000,000), the Davis School District Homeless Teen Center (\$1,900,000) and the Davis County Jail Centralized Waste Water Treatment (\$1,500,000).

The Tentative Budget also reflects utilizing a portion of these funds (\$3,500,000) as lost revenues due to the COVID-19 pandemic and available for the use of general government services. These funds are subsidizing the General Fund and the increased personnel costs associated with that fund. In addition, a Contracts/Grants Manager will be hired to help manage SLFRF funds. 50% of the overall wages for this position will be funded by SLFRF (\$85,000).

CONCLUSION AND ACKNOWLEDGEMENTS

Special thanks to the Budget Committee for their input, direction, and on-going dedication during this year's budget process. Likewise, the participation of the Elected and Administrative Officers of the County, including communicating departmental visions and long-term needs, is appreciated and recognized as a critical part of the budget process. Most importantly, this document represents the efforts of all County employees in providing feedback and delivering services that are consistent with the strategic goals of Davis County.

Respectfully,



Curtis Koch
Davis County Clerk/Auditor