



Budget

2013-2014

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BUDGET SUMMARY

This inaugural budget document has been prepared for several reasons: To serve as a foundation for future budget documents, to apprise policy makers of spending and revenue trends or shifts, assist in determining priority of spending and timing thereof, provide the general public a detailed view of the city's annual budget and to explain how public tax-dollars are being spent in a narrated format, complete with graphs, that is easily read and understood compared to the decoding of spreadsheets that provide no context. Just like the general plan guides elected and appointed officials in their quest for reaching short-term and long-term goals in the development of the city and its programs, the budget guides elected officials toward appropriate spending and revenue generation that meet the goals outlined in the general plan. The budget next to statute is the most important policy document in Farr West.

During the 2010 Census the population of Farr West was estimated at 5,928 with a three percent predicted increase to 6,140 in July 2013.¹ Just as the population has grown so has the city's revenue from \$1.8 million in 2012 to \$2.6 million in 2014. Expenditures also increased from \$1.6 million in 2012 to \$2.3 million in 2014. Agricultural land in Farr West continues to be developed so we expect this trend will continue.

As illustrated in Table I and Figure I on page revenues exceeded projected estimates while expenditures remained below projected estimates. Revenue has grown 31% and expenditures 27% since 2012. Not only is it good policy to have a balanced budget, but state statute requires municipalities to maintain balanced budgets. Table I and Figure I is a summary of the total Farr West budget. Revenues and expenditures will be dissected and discussed later in the document.

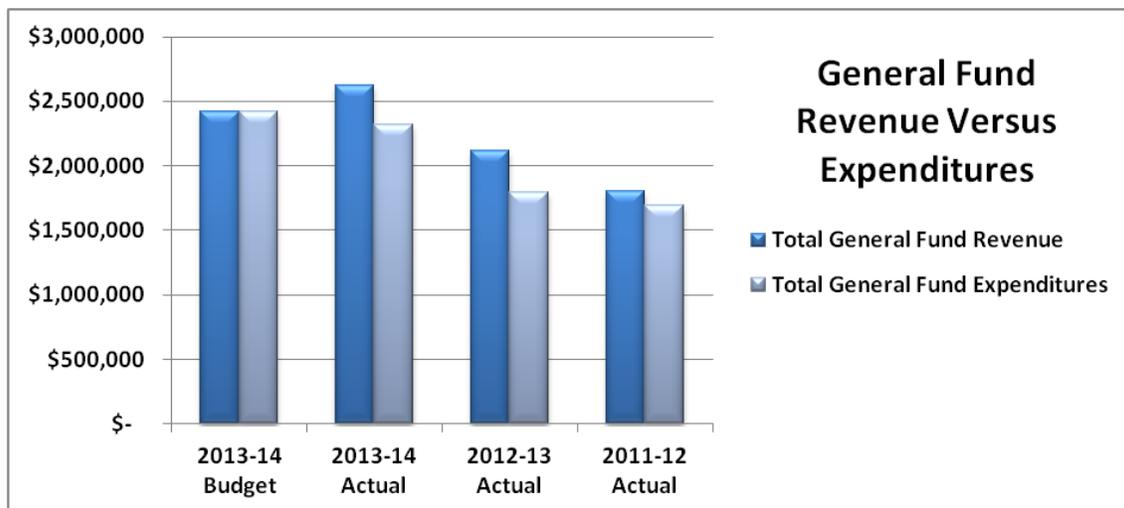
¹ <http://quickfacts.census.gov/qfd/states/49/4924850.html> (Retrieved December 2014).

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY

Table I. General Fund Revenues and Expenditures

General Fund	2013-14 Budget	2013-14 Actual	2012-13 Actual	2011-12 Actual
Total General Fund Revenue	\$ 2,422,000	\$ 2,624,532	\$ 2,113,719	\$ 1,800,160
Total General Fund Expenditures	\$ 2,422,000	\$ 2,321,690	\$ 1,791,678	\$ 1,694,517

Figure II. General Fund Revenue and Expenditures



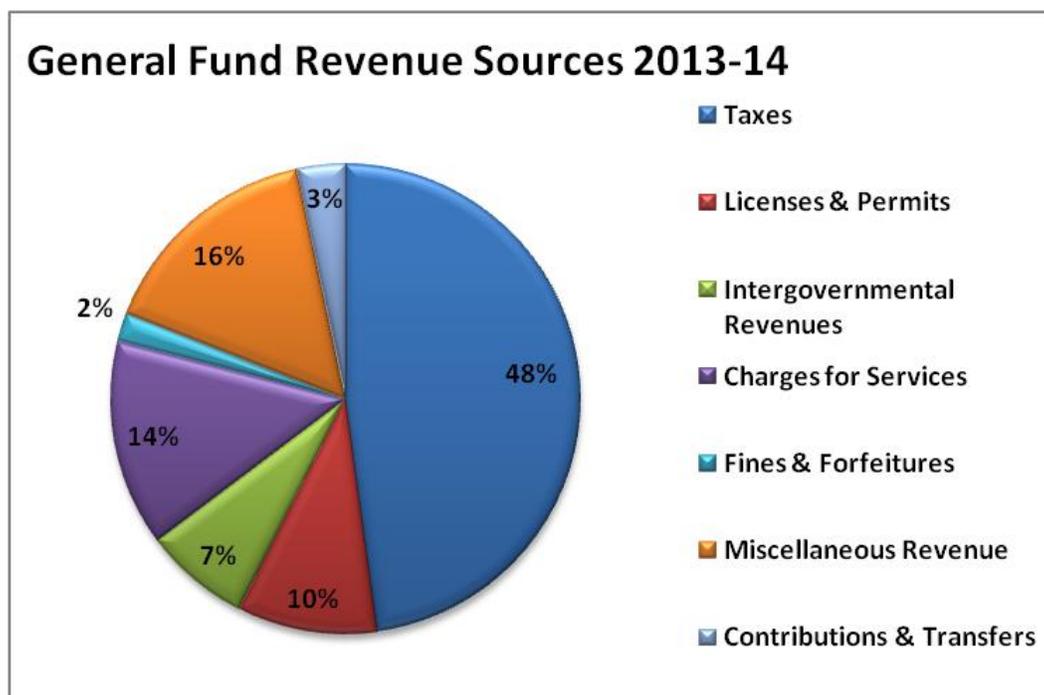
GENERAL FUND REVENUE

During the 2013-14 budget year general fund revenue was generated in the following funds: taxes, licenses and permits, intergovernmental revenues, service charges, fines and forfeitures, miscellaneous revenues, contributions and transfers. Farr West City did not receive any special revenue during the 2013-14 budget year. Table 1 illustrates the total dollar amount each major source contributed to the general fund in the form of revenue. Figure 1 illustrates the total percentage each major source contributes to the general fund in the form of revenue.

Table 1. 2013-14 Sources of Revenue

General Fund Revenue Sources 2013-14 Actual	
Taxes	\$ 1,254,915
Licenses & Permits	\$ 253,509
Intergovernmental Revenues	\$ 191,614
Charges for Services	\$ 372,495
Fines & Forfeitures	\$ 51,399
Miscellaneous Revenue	\$ 412,850
Contributions & Transfers	\$ 87,750
Special Revenues	\$ -

Figure 1. 2013-14 Revenue Contributions by Percentage



Tax Revenue: - Tax revenue is provided by Sales Tax, Franchise Fees and Property Tax. Sales Tax is the single largest source of revenue available which accounts for nearly 40% of the General Fund Revenue.

License and Permit Revenue - This source is comprised of Business Licenses, Building Permits and Plan Check Fees which are related to Building Permits. Building Permits have nearly tripled over the last two years.

Intergovernmental Revenue - This represents revenue from other governmental agencies and must be used for specific expenses. The most consistent revenue is Class "C" Road Funds which is used for new roads or major repairs on roads. The other major revenue is Grants. In the past, the city has not received much grant money, but will seek such funding to build the new city park.

Charges for Services - The City provides services and then charges the residents for these services. Little, if any, profit is made on these services. Examples of services provided are senior activities, recreation activities, baseball and softball, refuse and recycling collection and street lights.

Fines and Forfeitures - Tickets issued by the Highway Patrol and Weber County Sheriff's Office within the city limits are recorded under fines.

Miscellaneous Revenue - Major items include impact fees for parks and storm sewers. These revenues must be used for specific purposes and are charged to new residents of the city. A monthly fee is charged to all residence to maintain and repair the storm sewer system. Other sources of miscellaneous revenue include interest revenue, credit card service fees, etc.

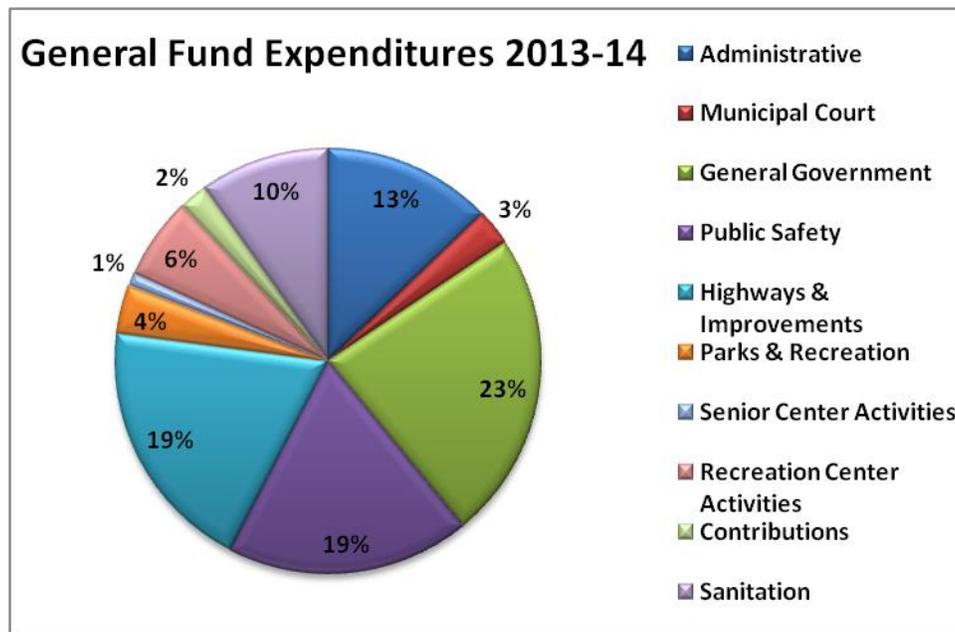
Contributions and Transfers - Contributions are donations from other governmental agencies or individuals to the city. Usually the donations are intended for a specific project.

GENERAL FUND EXPENDITURES

Table 2.

General Fund Expenditures 2013-14 Actual	
Administrative	\$ 298,476
Municipal Court	\$ 63,886
General Government	\$ 545,013
Public Safety	\$ 430,466
Highways & Improvements	\$ 451,617
Parks & Recreation	\$ 85,182
Senior Center Activities	\$ 23,085
Recreation Center Activities	\$ 145,548
Contributions	\$ 50,000
Sanitation	\$ 228,417

Figure 2.



General Fund Expenditures:

Administrative –This department includes the cost of the city council and mayor, plus office employees. Additional expenses include general engineering, insurance, community involvement, independent audits, elections and other miscellaneous expenses.

Municipal Court – All costs associated with the city's municipal court. There are wages for the judge and court clerk, plus office and administrative supplies.

General Government – This is the maintenance department of the city. Wages are paid to maintenance employees along with supplies and equipment to do the necessary work. Storm drains are expanded and maintained through this department. Buildings and city equipment expenses are charged to this department.

Public Safety – The city contracts with Weber County for law enforcement and animal control. The city also hires crossing guards to help students arrive safely at school.

Highways and Improvements – Class C Road Funds are used in this department to repair and maintain dedicated city roads. The roads also include sidewalk expansion and repair.

Parks and Recreation – City employees maintain and repair the parks. This department pays for equipment needed in the parks. Baseball, softball and other sports use the parks and incur expenses. The annual Freedom Festival is charged to parks and recreation.

Senior Center Activities – Wages for the senior center director are charged to this department. The cost of activities and supplies for senior activities are also charged to this department.

Recreation Center Activities – The largest cost is for employees to manage and run the recreation center. There are additional costs for utilities, equipment, maintenance and repair.

Contributions – The city council can elect to contribute to other funds in the city. The most common occurrence is money contributed to the Capital Projects Fund.

Sanitation – The City contracts to have refuse and recycling items pickup on a weekly basis. This department also pays the fees at the Weber County Transfer Station for refuse collected from Farr West City residents and businesses.

CAPITAL PROJECTS FUND

A capital project fund allows government to distinguish their operating activities from their capital activities. It provides a method to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. One important reason governments wish to distinguish capital outlays from operating outlays is to avoid distorting operating trends by avoiding spikes in operating expenditures during peak periods of major construction. In 2012 the City purchased a Case backhoe (\$47,836.00), a 2012 International Snow Plow Truck (\$132,716.00), and a Security Camera System (\$24,088.75). Nothing was purchased from this fund in 2013 or 2014. The City has budgeted \$150,000.00 in this fund for the purchase of additional property near the maintenance shop. This property could then be used for future expansion of the maintenance facility. Money from this fund could be used to build a new maintenance shop or to help pay for a new city park. As of June 30, 2014 the City has \$321,635.35 in the Capital Projects Fund.

SEWER FUND

The Sewer Fund is an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The sole purpose of this fund is to provide sewer service to the residents and businesses of Farr West City. The single largest expense is fees paid to Central Weber Sewer to process the sewage. The city collects monthly fees to cover the cost of treating the sewage and to maintain existing collection lines and pump stations. Impact fees are also collected from new construction which provides the means to increase the capacity of the collection system as needed. The city recently completed a new sewer impact fee study at a cost of \$41,395.00. The study helps determine future needs of the sewer system and provide the finances for future construction projects. In 2014 the City worked on a new collection line to Smith Family Park (\$7,379.00) and added a 18" line and manhole (\$7,973.18).

MOTOR POOL FUND

In 2014 the City created a Motor Pool Fund. This fund is an internal service fund. An internal service fund is used when a government may find it useful to have in place a mechanism to allocate shared costs with other departments or funds to promote the effectiveness of a shared activity. In this case, the Motor Pool Fund is used to purchase new motorized equipment. In the past, much of the motorized equipment was purchased in the general fund. When an expensive piece of equipment was purchased it required the general fund budget to increase and fluctuate year to year. The motor pool fund allows the city to budget a stable amount each year, and then when the need arises to purchase equipment the money is available to make the

purchase. This fund will help to maintain consistency in the general fund and provide a way to save money to maintain and purchase new motorized equipment.

GENERAL FUND

The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources not accounted for in some other fund. The various revenue and expenditure departments have been discussed. Capitalized assets are also purchased in the general fund. In 2014 there was a total of \$471,976.81 of capitalized assets purchased in the general fund. The new curb, gutter, sidewalk and bridge were constructed on 2700 North to provide a safety walk for junior high students at a cost of \$338,817.86. Money was spent on storm sewer at a cost of \$69,830.00 and a new civic sign was purchased at a cost of \$34,665.00. A few miscellaneous items were purchased at a cost of \$28,663.95.

APPENDIX