Davis COUNTY

Auditor

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2025 TENTATIVE BUDGET MESSAGE

October 29, 2024

Dear Davis County Board of Commissioners,

Pursuant to Utah Code Annotated 17-36-10, I am pleased to present the 2025 tentative budget. This budget was developed based upon requests received from all County departments, input from the Budget Committee, and recommendation regarding the overall financial health of the County by the Auditor's Office. All elected officials and department heads in Davis County were given an opportunity to present their requests to the Budget Committee during the week of September 3th through October 4th.

Utah State Law requires that a tentative budget for calendar year 2025 be prepared by the County Auditor and filed with the Legislative Body of the County by November 1, 2024, with the adoption of a final budget no later than December 31, 2024. Between November 1st and December 31st, the Legislative Body may make modifications to the tentative budget and must make the final budget available for inspection and comment before adoption by resolution. A hearing for this purpose has been scheduled for Tuesday, December 3, 2024, at 6:00 pm. The 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.

2024 OUTLOOK AND RECOMMENDATIONS

In preparing the 2025 Tentative Budget, economically dependent revenues were discussed with the Budget Committee and estimated conservatively so as not to overcommit them to ongoing operating expenditures. While inflation has tempered in recent months, economic uncertainty remains high due to a tight labor market, the affordable housing crisis, and political uncertainty in our nation. During this period of economic uncertainty, it is difficult to predict the exact timing and how extreme the economic changes will occur.

Davis County has not had a property tax increase since 2017. As a result, property tax collection has remained relatively flat. Any growth that has occurred since 2017 is directly related to new growth in the County. New growth is not intended to account for inflationary losses that are intentionally built into the Truth in Taxation process, rather it is intended to provide funding for additional services required from the growth of the County.

Davis County saw record sales tax growth from 2020 through 2022 and this growth helped to offset budgetary pressures on the County from inflation from 2022 through mid-2024. Since 2022, sales tax has flattened (1.16% growth in 2023 and .5% budgeted for 2024). The 2025 budget anticipates continued slow growth of just over .82% or $200,000.

Fees & Licenses revenues have declined over the past two budget cycles. A major source of Fees and Licenses are recording fees which have declined from a historical high of $4.5 million in 2021 to $1.75 million in the 2024. The decline is directly related to high interest rates and limited housing supply. It is anticipated that with the lowering of interest rates earlier this year, recordings will increase and revenues will begin to grow ($2 million in 2025).

GENERAL BUDGET STRUCTURE AND ADJUSTMENTS

Personnel: The following recommendations have been made for all County positions regarding compensation:

Countywide Cost of Living Adjustment (COLA): It is recommended that all positions in the County receive a .5% COLA ($352,000) for the 2025 budget year.

Merit Based Pay Increase: It is recommended that all employees remain eligible for a merit increase of up to 3.5% during the annual appraisal process.

HSA Contribution: Individuals participating in the High Deductible Health (STAR) plan will receive an increase to their county health savings account contribution in the amount of $25 ($825 total) - Single party, - $50 ($1,650 total) -Family or Two party.

Operations: In order to slow the spend down of reserves, operational expenses have been reduced through "Operations Expense Reductions" (account # 540693) so that 2025 operational expenses are approximately equal to 2024 operational expenditures minus one-time expenditures. Exceptions for one-time expenses been accounted for (i.e. computer rotations, rotating required studies, large one-time project, etc.). In rare instances, increases were allowed in order to address departmental challenges that jeopardize efficient operations or could not be postponed were included in the recommended budget.

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 A. 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.

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.

Fund Transfers, In and Out: 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 2025 Tentative Budget.

SUMMARY BY FUND

Table 1 is the Budget Final Page for the Tentative Budget and shows the projected beginning balances of all county funds as well as the projected ending balances for 2025. Even with recommended adjustments to revenues and expenditures, significant projected spend down of reserves occur in General Fund (10), E -911 (19), and Municipal Type Services (25).

It should be noted that in the 2024 projected ending fund balances, turnback and attrition savings have been projected, resulting in a better estimate of beginning fund balances for 2025. This has not been done historically and should better track growth and contraction of fund balances. Naturally, the beginning fund balances represented for 2025 in the table may change based upon actual spending through the end of 2024.

A detailed breakout of departmental revenues and expenses is contained in Appendix C. Detailed explainations of department operations and variances in revenues/expenses are presented in Appendix D. The information presented in these appendices were provided to and reviewed by the Budget Committee departmental presentations.

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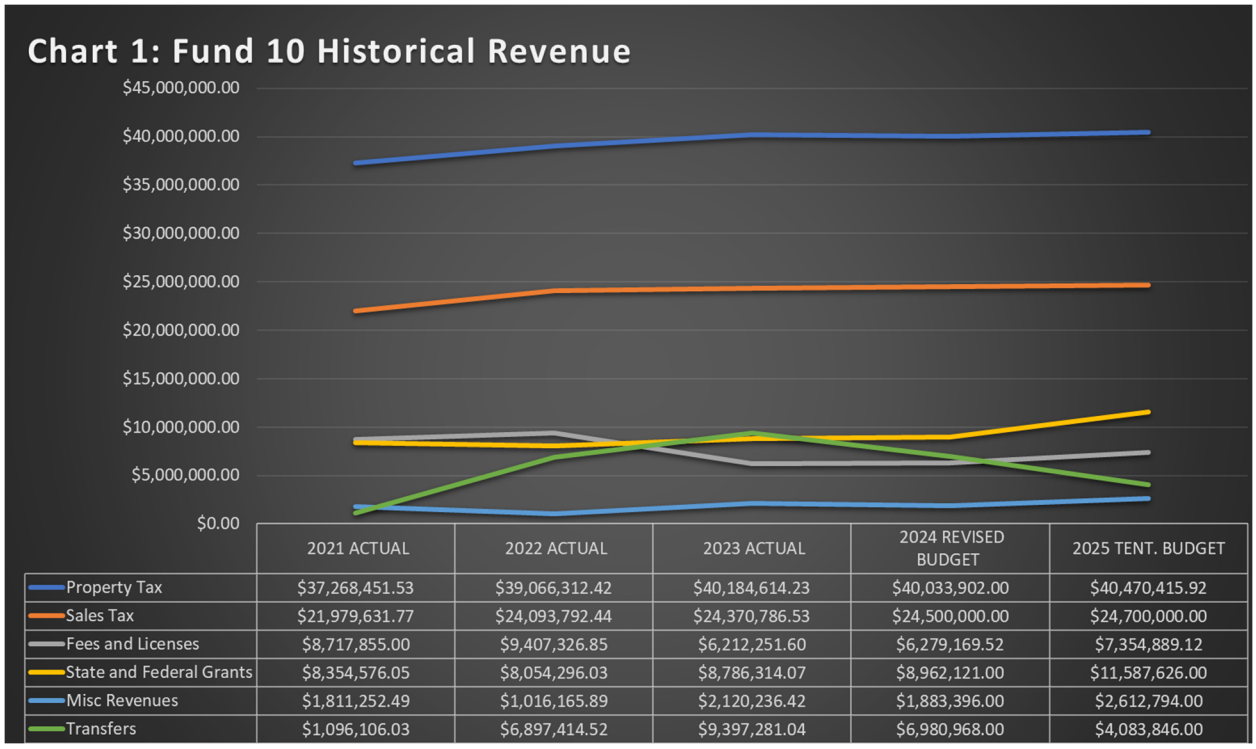
Table 1: 2025 BUDGET FINAL PAGE - TENTATIVE BUDGET						
Projected Fund Bal at Dec 31, 2024	Fund	2025 BUDGETED REVENUES	2025 BUDGETED EXPENSES	2025 TRANSFER IN	2025 TRANSFER OUT	Proj Fund Bal at Dec 31, 2025
$ 41,814,404	10 - GENERAL FUND	$ 86,305,725	$ 93,200,406	$ 4,083,846	$ 4,611,200	$ 34,392,369
$ 4,718,108	11 - OPIOID SETTLEMENT	$ 1,535,596	$ -	$ -	$ 990,358	$ 5,263,346
$ 1,850,004	12 - HOUSING ASSISTANCE	$ -	$ 143,538	$ -	$ -	$ 1,706,466
$ 9,575,477	13 - ANIMAL CARE	$ 4,458,517	$ 12,284,518	$ -	$ -	$ 1,749,476
$ 5,926	14 - PARAMEDIC	$ -	$ -	$ -	$ -	$ 5,926
$ 10,979,555	15 - HEALTH	$ 21,346,319	$ 22,094,009	$ -	$ -	$ 10,231,864
$ 232,912	17 - CJC	$ 479,435	$ 720,993	$ 190,000	$ -	$ 181,355
$ 7,572,571	18 - TOURISM	$ 12,027,674	$ 6,833,687	$ -	$ 5,965,835	$ 6,800,723
$ 1,230,475	19 - 911 EMERGENCY	$ 1,840,997	$ 2,917,028	$ 200,000		$ 354,443
$ 397,184	20 - MBA SPECIAL REVENUE	$ 161,037	$ -	$ -	$ 161,037	$ 397,184
$ 6,953,679	21 - CLASS B ROADS	$ 1,878,000	$ 2,551,238	$ 400,000	$ 25,000	$ 6,655,441
$ 17,011,516	22 - PROP 1 TRANS.	$ 20,731,390	$ 23,088,612	$ -	$ 99,550	$ 14,554,744
$ 7,867,991	23 - LIBRARY SERVICES	$ 10,190,296	$ 9,538,033	$ -	$ 4,591,600	$ 3,928,654
$ 5,286,849	24 - PUBLIC WORKS	$ 4,766,545	$ 4,865,216	$ 99,550	$ 2,147,663	$ 3,140,065
$ 2,015,395	25 - MUNI. TYPE SERVICES	$ 2,063,741	$ 1,425,628	$ 25,000	$ 1,393,909	$ 1,284,599
$ 23,763,535	26 - CORRIDOR PRESERVATION (TR	$ 48,600,000	$ 46,000,000	$ -	$ -	$ 26,363,535
$ -	27 - RDA PASS THROUGH	$ 3,800,000	$ 3,800,000	$ -	$ -	$ -
$ 63,591,700	28 - 3RD QTR TRANS. TAX	$ 20,978,000	$ 16,183,511	$ -	$ -	$ 68,386,189
$ 37,911	29 - CDBG/SSBG	$ 1,734,138	$ 1,727,669	$ -	$ 10,000	$ 34,380
$ 5,717	31 - GEN. OBLIGATION DEBT	$ -	$ -	$ -	$ -	$ 5,717
$ 12,973	32 - MUNICIPAL BLDG AUTH.	$ -	$ 1,456,500	$ 1,451,500	$ -	$ 7,973
$ 1,217,873	33 - SALES TAX REV. BOND	$ -	$ 5,873,075	$ 6,289,038	$ -	$ 1,633,836
$ 5,730,856	42 - DEBT SERVICE CONST.	$ 0	$ 7,306,066	$ 1,575,822	$ -	$ 613
$ 8,824,524	45 - CAPITAL PROJECTS	$ 450,000	$ 30,000	$ -	$ -	$ 9,244,524
$ 9,151,604	46 - HEALTH CAPITAL PROJ.	$ 247,000	$ 50,000	$ -	$ -	$ 9,348,604
$ 7,484,012	47 - TOURISM CAPITAL PROJ.	$ 646,000	$ -	$ 450,000	$ 1,575,822	$ 7,004,190
$ 3,192,642	48 - LIBRARY CAPITAL PROJ.	$ 6,141,000	$ 7,920,280	$ 3,500,000	$ -	$ 4,913,362
$ 9,179,806	51 - GOLF COURSES	$ 5,045,650	$ 5,375,229	$ -	$ -	$ 8,850,226
$ 646,214	52 - INMATE SERVICES	$ 984,000	$ 5,013,223	$ 3,392,309	$ -	$ 9,300
$ 683,784	61 - INSURANCE	$ 1,565,287	$ 1,919,964	$ -	$ -	$ 329,108
$ 610,379	62 - INFORMATION SYSTEMS	$ 616,509	$ 785,413	$ -	$ -	$ 441,475
$ 1,270,054	63 - FACILITIES	$ 5,753,245	$ 6,214,999	$ -	$ -	$ 808,300
New Fund	64 - FLEET MANAGEMENT	$ -	$ 5,096,877	$ 5,161,156		$ 64,279
$ 1,341,714	74 - DENTAL INSURANCE	$ 637,000	$ 700,000	$ -	$ -	$ 1,278,714
$ 8,017,346	80 - DAVIS CARES	$ 43,763,512	$ 37,517,265	$ -	$ 5,246,247	$ 9,017,346
$ 262,274,691	Grand Total	$ 308,746,612	$ 332,632,977	$ 26,818,221	$ 26,818,221	$ 238,388,326

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SUMMARY BY FUND

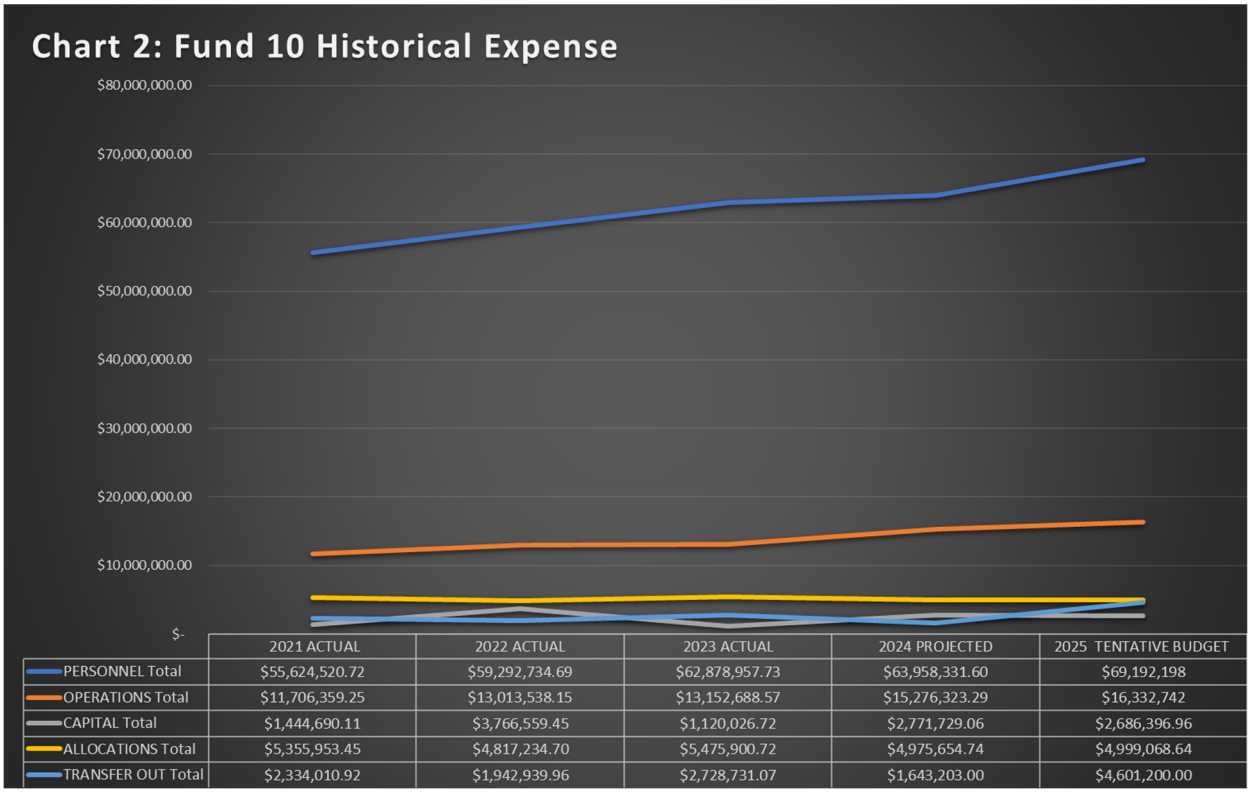
FUND 10 – GENERAL FUND

Departmental expense requests for the 2025 budget outpaced revenue by $19.2 million in the initial budget. After recommended adjustments to departmental expenditures, spend down of General Fund reserves are projected approximately $7.4 million. Revenue growth on the whole continues to be modest since 2022. Any growth has primarily been supported through record growth in sales tax, recording fees and an influx of federal dollars to manage COVID-19 pandemic. Overall General Fund revenues are projected to grow from $88.6 million in 2022 to $90.3 million in 2025, or by 1.92%. Charts 1 and 2 outline the historical growth and decline of revenues and expenditures by category.



	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 REVISED BUDGET	2025 TENT. BUDGET
Property Tax	$37,268,451.53	$39,066,312.42	$40,184,614.23	$40,033,902.00	$40,470,415.92
Sales Tax	$21,979,631.77	$24,093,792.44	$24,370,786.53	$24,500,000.00	$24,700,000.00
Fees and Licenses	$8,717,855.00	$9,407,326.85	$6,212,251.60	$6,279,169.52	$7,354,889.12
State and Federal Grants	$8,354,576.05	$8,054,296.03	$8,786,314.07	$8,962,121.00	$11,587,626.00
Misc Revenues	$1,811,252.49	$1,016,165.89	$2,120,236.42	$1,883,396.00	$2,612,794.00
Transfers	$1,096,106.03	$6,897,414.52	$9,397,281.04	$6,980,968.00	$4,083,846.00

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	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 PROJECTED	2025 TENTATIVE BUDGET
PERSONNEL Total	$55,624,520.72	$59,292,734.69	$62,878,957.73	$63,958,331.60	$69,192,198
OPERATIONS Total	$11,706,359.25	$13,013,538.15	$13,152,688.57	$15,276,323.29	$16,332,742
CAPITAL Total	$1,444,690.11	$3,766,559.45	$1,120,026.72	$2,771,729.06	$2,686,396.96
ALLOCATIONS Total	$5,355,953.45	$4,817,234.70	$5,475,900.72	$4,975,654.74	$4,999,068.64
TRANSFER OUT Total	$2,334,010.92	$1,942,939.96	$2,728,731.07	$1,643,203.00	$4,601,200.00

In order to better manage the spend down of General Fund reserves, the following recommendation have been made regarding revenues and expenses:

Federal COVID-19 funding: The County continues to manage the significant revenue and expense variances related to federal dollars directed at the COVID-19 pandemic. Transfers in Chart 2 illustrate the increases beginning in 2022 and the current decline of these dollars. SLFRF will expire on December 31, 2026 and any remaining ongoing expenses related to these funds will have to be accounted for and managed in the 2027 budget.

Western Sports Park Land Lease: In 1988, the County purchased land in west Farmington with funds that were generated from a 1968 general obligation bond. At the time of the purchase, the County Commission Meeting minutes stated that "the property would be available for further expansion of the Public Safety Complex in the future. In the meantime, this property could be used for various other purposes such as horse arenas and possible fairground site." With the recent investment of over $70M in the renovation and construction of the Western Sports Park, it is apparent that the land will not be used for expansion of the Justice Complex. Having said that, the land was purchased with funds obtained by a general obligation tax and should be considered an asset of the General Fund and a resource that could be utilized to benefit the General Fund. The Tentative Budget recommends that the Tourism Fund lease the land from the General Fund for a term of 30 years with two 10-year options to extend for a total of 50 years. It is recommended that lease payments begin at $1,836,800 and increase annual at a rate of 2 to 3% annually.

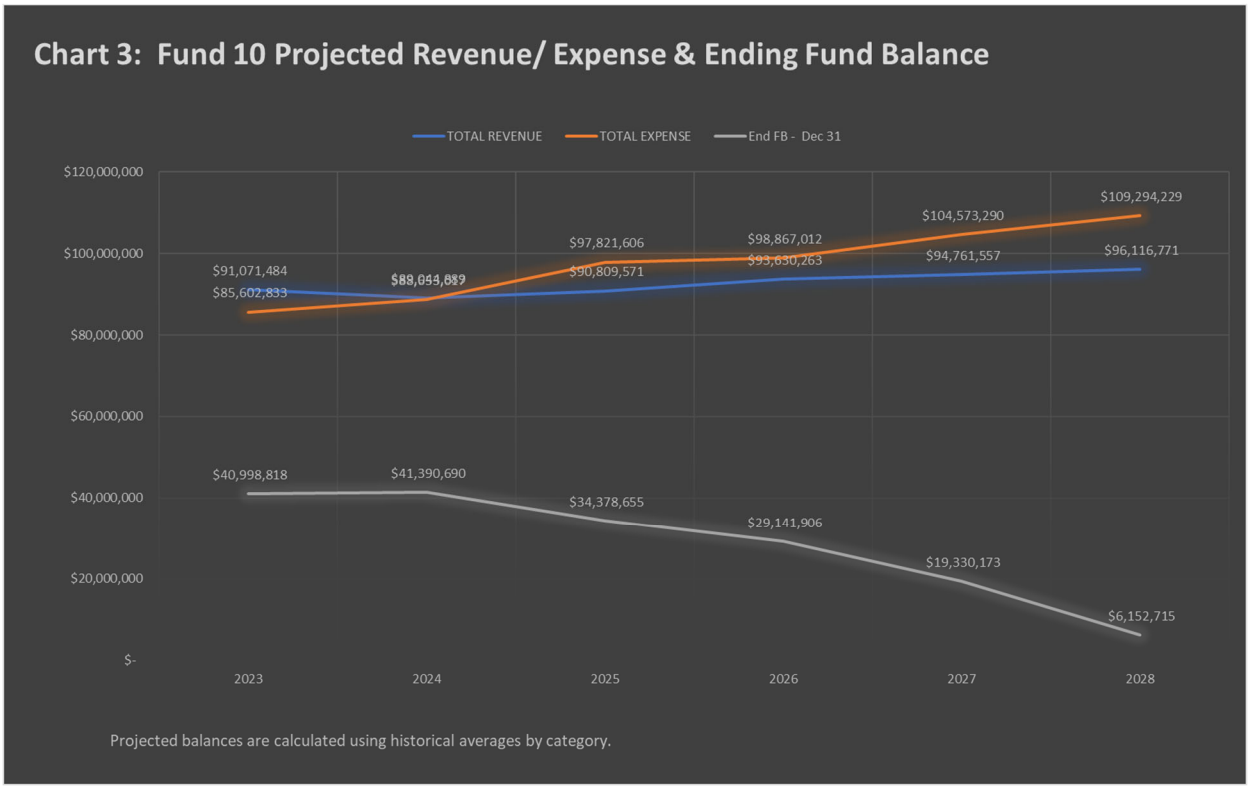
Human Resource Allocation: Prior to 2025, all expenses for Human Resources services were charged to the General Fund. Beginning in 2025, the cost associated with Human Resources will be shared with other County funds that utilize their services. Calculations to equitably distribute the cost of services provided

were calculated by creating a cost per full-time equivalent (FTE) and then multiplying that cost by the FTE equivalent of each fund.

Corridor Preservation Fee Repeal 2025 and Potential Property Tax Increase in 2026: In 2007 the Davis County Commission enacted the Local Option Highway Construction and Transportation Corridor Fee (USC 41-1a-1222). The purpose of the fee is to provide a funding mechanism "to preserve transportation corridors" and the funds are restricted by State statute for that purpose. 2024 budget projections have an ending Corridor Preservation Fund balance at $23.7 million. As it is anticipated that the West Davis Corridor will be expanded north in the future, it is entirely appropriate that this balance be used towards the acquisition of land for the remaining 3 miles in Davis County. Projected costs to acquire the 3 miles are tentatively at $30 million. In addition to the Corridor Preservation Fee, the County has levied Prop. 1 and 3rd Quarter sales taxes dedicated to transportation funding. Both funds have significant balances (see Table 1) and can be utilized for corridor preservation. It is recommended that on or before April 1, 2025, the Commission repeal the Local Option Highway Construction and Transportation Corridor Fee, effectively returning $3.2 million in fees annually to the citizens of Davis County. It is also recommended that the Commission consider a tax increase of at least $3.2 million in 2026 in order to slow the spend down of General Fund balance and meet increasing budgetary pressures.

Personnel Attrition Savings: Personnel cost are approximately 70% of total expenditures in the fund and have historically been the largest dollar increase in expenditures year over year. Recognizing that full employment levels will not be achieved throughout the year, approximately $2.2 million of attrition savings have been taken out of the budget based upon 5-year average departmental attrition turnback. It should be noted that these savings may or may not occur based upon the labor market. If at the end of the 3rd quarter of 2025, projects show that the attrition savings are not occurring at the projected rate, adjustments will need to be made to the budget.

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 as show in Chart 3. This is not unique to Davis County, but has been seen in other governmental entities and private sector businesses. This is due in part to the decreasing availability of ARPA – State and Local Fiscal Recover Funds (SLFRF), inflationary pressures of goods and services and significant personnel cost increases over the last several years.



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.

Beginning in 2022, Davis County Animal Care begin planning for the construction of a new animal shelter two better show the 4,500 animals that it works with annually. Budget for the new building is set at $16.5 million And will be funded by transfers from fund 45 general fund capital reserves.

On July 30, 2024, the Davis County Commission provided a notice of intent to increase property taxes for Fund 13, Animal Care. The amount of the tax increase was not to exceed $1,507,804. This increase is equivalent to a 59.91% increase of taxes collected specific to Fund 13. A public hearing will be held on December 3, 2024, 6:30 PM at the Davis County Administration Building in Farmington. Public Open Houses will also occur ????

If the recommended budget is approved, annual expenses are expected to increase by $905,111.87 in 2025 with additional increases in subsequent years.

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. Fund 14 will remain open for five years as revenue from delinquent property taxes continue to be collected and will be closed in budget yar 2026. 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

2025 expenses are projected to decrease from $26.4 million to $22.3 million in 2025. This is due to a one-time transfer in 2024 of $4 million to Fund 46 – Health Capital Reserve. Overall day-to-day expenses as presented in the 2025 budget are flat compared to 2024.

Revenues are projected to decline approximately $600,000. As a result, there is a budgeted spend down of $747,691 projected in 2025. This spend down is to be expected as federal funds from the COVID-19 pandemic continue to decline. It should be noted that as demands for Health and Senior services continue to increase in the future, it is reasonable to expect a continued spend down of fund balance until additional revenue sources are realized.

FUND 17 – CHILDREN'S JUSTICE CENTER

Expenses for the 2025 budget year are projected to increase by roughly $52,000 in 2025. This includes a $60,000 capital improvement to the CJC Building that will be offset by funding from the State. The majority of increases in this fund are related personnel cost association with COLA and merit increases.

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 Western Sports Park. Table 3 shows the breakout of revenue generated by local sales taxes associated with tourism and recreation.

Table 3

	2024 Projected Revenue	2025 Tentative Budget	% of Tourism Taxes Collected
Restaurant Tax	$7,271,196	$6,683,981	68%
Tourism Rental Tax	$ 839,528	$809,850	8%
Tourism Room Tax	$2,549,442	$2,372,377	24%
Total	$10,660,166	$10,898,724	100%

Renovations and additions to the WSP continue through 2024 with an anticipated completion date in spring of 2025. The focus of the facility is to provide a regional youth sports destination that will drive tourism from around the western United States. The WSP currently projects an operational loss of $2.97 million in addition to the $3.6 million of annual debt service. It is projected this loss of $6.57 million will decrease as the facility becomes fully operational.

The Davis Conference Center is currently projecting an operational deficit of $629K for 2025. Historically, the deficit spend is between $150,000 and $220,000. In addition to this, the DCC is requesting $673,000 in one-time capital improvements to maintain the facility.

FUND 19 – 911 EMERGENCY

Emergency 911, or dispatch, is funded by revenues from cellular fees and service contracts with other law enforcement agencies. After attrition savings, expenses exceed revenue by $876,000. Two major items effecting helped to create the deficit. First, cities fees decreased by $252,000 due to Kaysville and Farmington no longer contracting with the County for dispatch services. Second, liability insurance premiums increased by $210,000 due to a reclassification of dispatcher personal as equal in risk to law enforcement officers. Beginning projected fund balance is roughly $1.15 million. A spend down of $876,000 is extremely dangerous and if it occurred, and without any changes to revenues and expenses, would result in Fund 19 being financially unsustainable beyond the 1st Quarter of 2026. It is anticipated that the Sheriff's Office, Auditor's office will engage the various entities served by dispatch to ensure financial sustainability is reached.

FUND 21 – B ROADS

B-Road funds are limited to use in the construction and maintenance of county roads. The County had approximately 26 miles of B Roads in 2024. 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 $6,421,355, by the end of 2025. Funds will be held in reserve and then spent down in future budget cycles for maintenance and new construction projects related to B Roads.

FUND 22 – PROP 1 TRANSPORTATION REVENUES

Tax revenues are projected to be $20.7 million in 2025, up 4% from $19.9 million in 2024. Of this, approximately 89% are passed through to Davis County cities and Utah Transit Authority. The remaining portion of this tax is distributed to the County and estimated at $3.8 million for 2025. The budget includes just over $7 million in proposed projects.

FUND 23 – LIBRARY

The Davis County library system is funded by a tax levy which accounts for over 89% of fund revenues. 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. When the one-time transfer out to capital reserves is removed expenditure growth in 2025 is 9.4% which is primarily related to personnel cost. As no attrition saving were projected, its anticipated that the actual growth will be closer to 4 or 5%.

It is anticipated that the Library will begin the South Davis County Branch project in 2025. A portion of the project will be paid with bond proceeds as well as capital reserves that have be building specifically for this project from the 2017 tax increase.

FUND 24 –PUBLIC WORKS

Flood control projects vary widely from year to year based on need and capacity. 2024 had just under $3.6 million budgeted for projects while 2025 is projected at just under $2 million. 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. When possible, the County seeks to collaborate with local entities to maximize spending power on projects.

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, sales tax revenue generated in the unincorporated area 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 2025 budget anticipates $731,000 in fund balance to cover budgeted expenditures. This will result in a projected ending fund balance of $1.28 million. If future years have similar spend downs, within 2 ¼ years this fund will no longer be financially sustainable.

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 $20,978,000 in dedicated transportation funding in 2025.

Currently, over $44 million in projects have been awarded with these funds. It is expected that multiple projects at various stages of completion will be reimbursed in 2025. The ending fund balance in 2025 is projected to be just over $68 million.

FUND 29 – CDBG/SSBG

The purpose of CDBG (Community Development Block Grant) and SSBG (Social Services Block Grant) programs is to provide federal funding to states and localities to support community development initiatives focused on improving housing conditions, expanding economic opportunities, and providing social services to low- and moderate-income individuals and families, primarily aimed at achieving self-sufficiency and preventing neglect or abuse. It is projected that Davis County will administer $1.7 million of federal funds through various grants and programs in the 2025 budget year to accomplish the stated goals.

Fund 42 – DEBT SERVICE CONSTRUCTION

This fund is used for construction and building improvement projects that are funded through debt service. Currently, the Western Sports Park project is the only project in progress in this fund. More detail about that project can be found in Appendix C under Fund 18 Departmental Presentations.

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 A).

Need to clean these up and insert them.

FUND 51 – GOLF

A new organizational structure was implemented in 2021, resulting in unified management of the two County-owned courses. As a result of that shift, the Golf fund has seen significant improvement in the financial health of the fund and generating a projected ending fund balance in 2024 of $9.7 million. Completion of the Davis Park driving range has rejuvenated that revenue stream while providing a year-round amenity for the golf community.

It is anticipated that a small spend down of fund balance ($330,000) will occur due to replacement of the entire golf cart fleet at Davis Park. Overall, revenues are project to increase $528,000 over the 2024 revenue projections.

FUND 52 – COMMISSARY

In 2024, Davis County changed the operational model by which inmates receive medical services and treatment within jail in order to modernize the practices of the medical operation. All medical services are now managed by a third-party vendor rather than contracting with a doctor and employing staff. The total cost of the third-party vendor is just under $4.4 million in the 2025 budget. In order to cover the cost of the new provider, a use of existing fund balance, combined with a transfer of just over $3 million from the General Fund was necessary. In the future, it is anticipated that any profit from other commissary operations will be used to offset medical services to inmates. Moving forward, the county will need to anticipate a larger transfer in order to cover the cost of medical services as prior year fund balance will not be available and the contract has inflationary increases.

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 while coverage has decreased by significantly cutting cyber security benefits. As such, the Tentative Budget recommends purchasing additional cybersecurity coverage beginning in 2025.

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. Costs are allocated to departments based on square foot allocations of facilities used by departments.

FUNDS 64 – FLEET SERVICES

In order to improve efficiencies and better manage vehicle usage in the County, Fund 64 – Fleet Services has been established. It is an internal services fund with departments required to pay into the fund in order for it operate. Initial purchases of General Fund fleet vehicles will be funded with interest earning from SLFRF funds. Currently, there is just under $5.1 million in requests and just over $5.1 million in fund balance. In order to achieve maximum benefit from the internal service fund, a robust policy with appropriate procedures will need to be established and put into place prior to the purchasing of vehicles.

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

Davis County was awarded approximately $69 million 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 annually in August. For greater detail on individual projects please visit the Davis County Auditor's website (https://www.daviscountyutah.gov/auditor) for the most up-to-date information.

Future Challenges

As noted throughout the Tentative Budget, multiple funds are projected to have declining fund balances in 2025. While the County is in a health financial position to begin the 2025 year, the declining balances can escalate quickly without appropriate adjustments to revenue and expenses. In particular General Fund 10 and Municipal Type Service Fund 25 for the unincorporated portion of the County are of highest concern as they are the life blood of countywide operations and feed other funds through transfers.

In addition, it should be noted that a new Utah State Courts project at the Justice Complex in Farmington is being contemplated and will increase pressure on the County in the future budget cycles. Tentative plans by the State Courts show a new court building operable as early as August 2028 and existing building being demolished shortly after that time. Currently, the majority of the Davis County Attorney's operation office space is leased from the State in a building that the State does not intend to keep. Is strongly encouraged that in the coming months the County in conjunction with the State Courts develop a long-term plan for the entire Justice Complex, irrespective of current existing property lines. This will not be a small task and must be addressed as soon as possible in order to minimize operational disruptions to critical County services.

Outside of existing fund balance, which are projected to begin spending down significantly in 2025, there are no additional revenue streams identified to address this issue. A placeholder of $150,000 has been put into the 2025 Budget in order to undertake a feasibility study of the Justice Complex. It is recommended that at a minimum, the study focus on the best use of existing land, including the realignment of property boundaries, potential sites for future office space, potential movement of existing functions and structures, and the projection of future construction costs if plans are put into place.

Once again, I urge the County to act quickly to develop a clear mission and vision for this project as it will have significant financial and operational consequences for decades to come.

CONCLUSION AND ACKNOWLEDGEMENTS

Special thanks to the Budget Committee for their counsel, 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.

Respectfully,



Curtis Koch
Resident Nice Guy/Davis County Auditor