

GOALS & OBJECTIVES

Sandy City has adopted the following mission statement:

“Working together to enhance the quality of life in our community”

Consistent with this mission, the Fiscal Year 2020-21 (FY 2021) budget reflects the input of numerous individuals and groups, including the Mayor, the City Council, citizens, the Chief Administrative Officer, department heads, budget staff, and others. This section outlines eight citywide goals that have shaped budgetary decisions for this fiscal year in efforts to enhance the quality of life for Sandy citizens. Although all eight goals are important, the goal of maintaining and improving basic core municipal services is the highest priority.

FY 2021 CITYWIDE GOALS

- 1) Maintain and improve basic core municipal services
- 2) Maintain integrity of residential neighborhoods and preserve property values
- 3) Preserve and improve public infrastructure and transportation systems
- 4) Preserve and expand existing businesses / seek new clean commercial businesses
- 5) Develop and improve the City’s recreational trails and increase recreational opportunities (i.e. provide park and green spaces for recreational activities and to enhance the environment)
- 6) Develop and maintain community facilities
- 7) Strengthen communications with citizens, businesses, and other institutions
- 8) Maintain a highly qualified employee workforce

GUIDING FINANCIAL PRINCIPLES

While the city’s long-term goals and objectives guide what the budget accomplishes, how that is accomplished is based on the following guiding principles:

- Sandy City exists only to serve the needs of its citizens. Since these needs are continuing and changing, the city should consistently receive citizen feedback based on both long-term and current needs.
- Sandy City should strive for economy, efficiency, and effectiveness in providing basic services. Thus, these services should not cost more than similar services provided by private industry.
- Sandy City should strive for generational fairness. Thus, each generation of taxpayers should pay its fair share of the long-range cost of these city services.
- Sandy City should finance services rendered to the general public (such as police, fire, streets, and parks) from revenues imposed on the general public, such as property and sales taxes. Special services rendered to specific groups of citizens should be financed by user fees, impact fees, license and permit fees, or special assessments.
- Sandy City should balance all budgets annually, in accordance with Utah law (Section 10-6-110, U.C.A. and 10-6-117, U.C.A.).
- Sandy City should allow for a reasonable surplus (fund balance) to accumulate for the following purposes:
 - To provide sufficient working capital
 - To provide a cushion to absorb emergencies such as floods, earthquakes, etc.
 - To provide for unavoidable shortfalls in revenues
 - To secure the City’s debt and its bond rating
 - To accumulate funding for planned capital expenditures
 - To meet reserve requirements for liabilities already incurred but not yet paid as is the case with the Risk Management Fund

The city has adopted specific policies based on these guiding principles by which it conducts its financial affairs. These policies are stated in the following sections that discuss the budget process, financial structure, revenue, debt, and capital projects.

BUDGET PROCESS

BUDGET ROLES AND RESPONSIBILITIES

Sandy City Citizens – The citizens’ role is to provide feedback to the elected officials about the level of service they desire and about how satisfied they are with the services provided. They do this by participating in public hearings, contacting City Hall, or by responding to citizen surveys.

The City Council – The Council’s role is to provide policy direction to the Mayor, City Administrator, Department Heads, and Budget Staff. Council members should also facilitate citizen input by holding public hearings on the tentatively adopted budget. They receive a tentative budget from the Mayor on or before the first regularly scheduled meeting in May. Council members also discuss the budget with the Mayor and each department and determine whether to add new items to the budget or to increase or decrease appropriation amounts. The City Council legally adopts the final budget by resolution on or before June 30, unless there is a change to the certified tax rate permitting adoption of the final budget as late as August 17.

The Mayor – The Mayor’s role is to prepare and present a tentative budget to the City Council for review, consideration, and adoption.

FISCAL YEAR 2021 BUDGET CALENDAR

Date	Event
January - December	Receive citizen input through focus groups, surveys, community meetings, public comment, social media and other electronic correspondence, and personal conversations.
January	Establish broad priorities and goals Develop short and long-term forecasts Prepare budget guidelines
February	Budget workshop with elected officials and department heads Develop preliminary revenue estimates Finalize internal service and administrative cost studies
February - March	Review department budget requests Review and update fee schedule
March - April	Finalize revenue forecasts Finalize compensation plan Review and balance Mayor’s tentative budget Prepare and publish Mayor’s tentative budget
May 5	Present Mayor’s tentative budget, Adopt by resolution
May - June	Review and discuss tentative Budget
June 23	Public budget hearing
June 30	Adopt final budget

The Chief Administrative Officer – The CAO’s role is to oversee the budget process as the city’s Chief Budget Officer, making sure the budget is balanced and that appropriations are within projected revenues. With the Mayor’s approval, the CAO prepares a tentative budget that is presented to the City Council on or before the first regularly scheduled meeting in May. The CAO also holds departments accountable for expenditures, making sure they are within departmental budget appropriations.

The Department Heads – The department heads’ role is to prepare a budget request based on available revenue and the policy direction they have been given. Department heads are also responsible for making sure their department’s expenditures are within budget appropriations.

The Budget Staff – The budget staff’s role is to prepare the tentative and final budget document under the direction of the Mayor and the Chief Administrative Officer. The staff members also review departmental budget requests and available resources and make recommendations for balancing the tentative budget.

BUDGET AMENDMENTS AND MANAGEMENT

Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but appropriations cannot be increased in a governmental fund without a public hearing. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer. Pursuant to Resolution 20-23 C, a department is designated by the first two digits of its organizational code as structured in the chart of accounts at the time of the budget’s adoption.

As determined by State law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund. The City Council also requires approval for any expenditure exceeding appropriations at the project level for all capital projects. All unexpended budget appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.



ANNUAL CARRYOVER PROCESS

History

- ❑ Implemented in FY 1995-1996 with \$325,242 in savings from the General Fund's operating budget
- ❑ Concept originally came from Reinventing Government (Osborne & Gaebler, 1992)
- ❑ The process is intended to curb the “*use it or lose it*” mentality and encourage more productive spending and investment
- ❑ Also helps to avoid overspending total department appropriations

Purpose

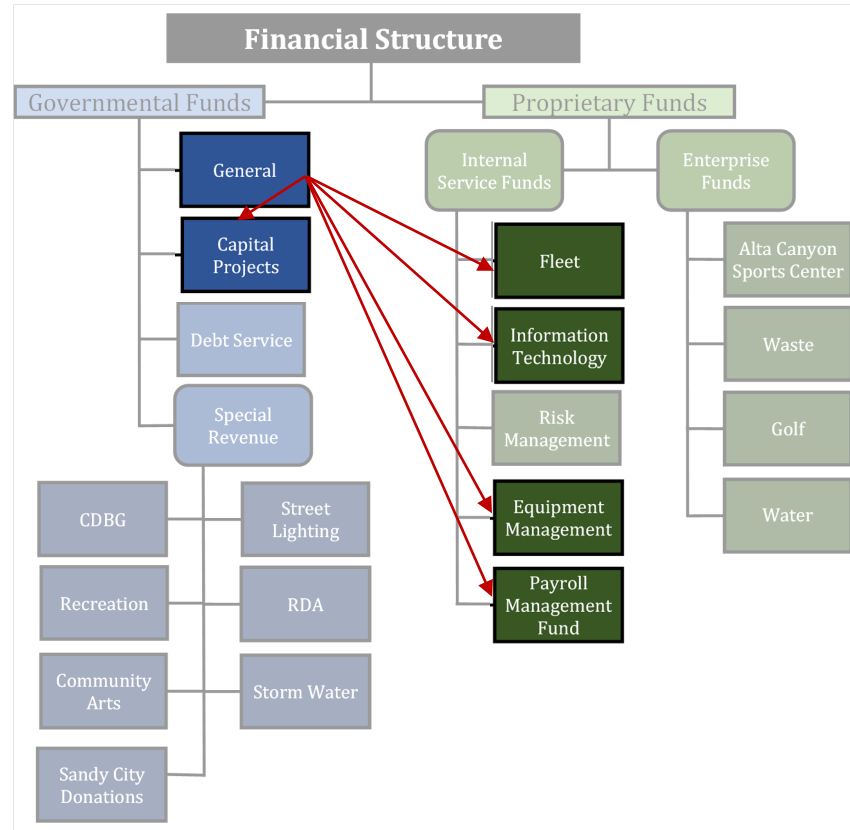
The goal is to appropriate remaining funds to **increase productivity, efficiency, and service levels.**

Recommended appropriations must be for expenditures such as:

- Equipment
- Capital Projects
- Fleet Vehicles
- IT Projects/Software

Accounting Principles

- Governmental Accounting Standards Board (GASB) does not allow remaining budget to be used for operating costs
- General Fund savings may be paid to appropriate internal service funds or transferred to other funds, such as the Capital Projects fund



Carryover Process

- ❑ **Step 1:** Savings in each General Fund department budget are reviewed after the close of each fiscal year and sent to departments

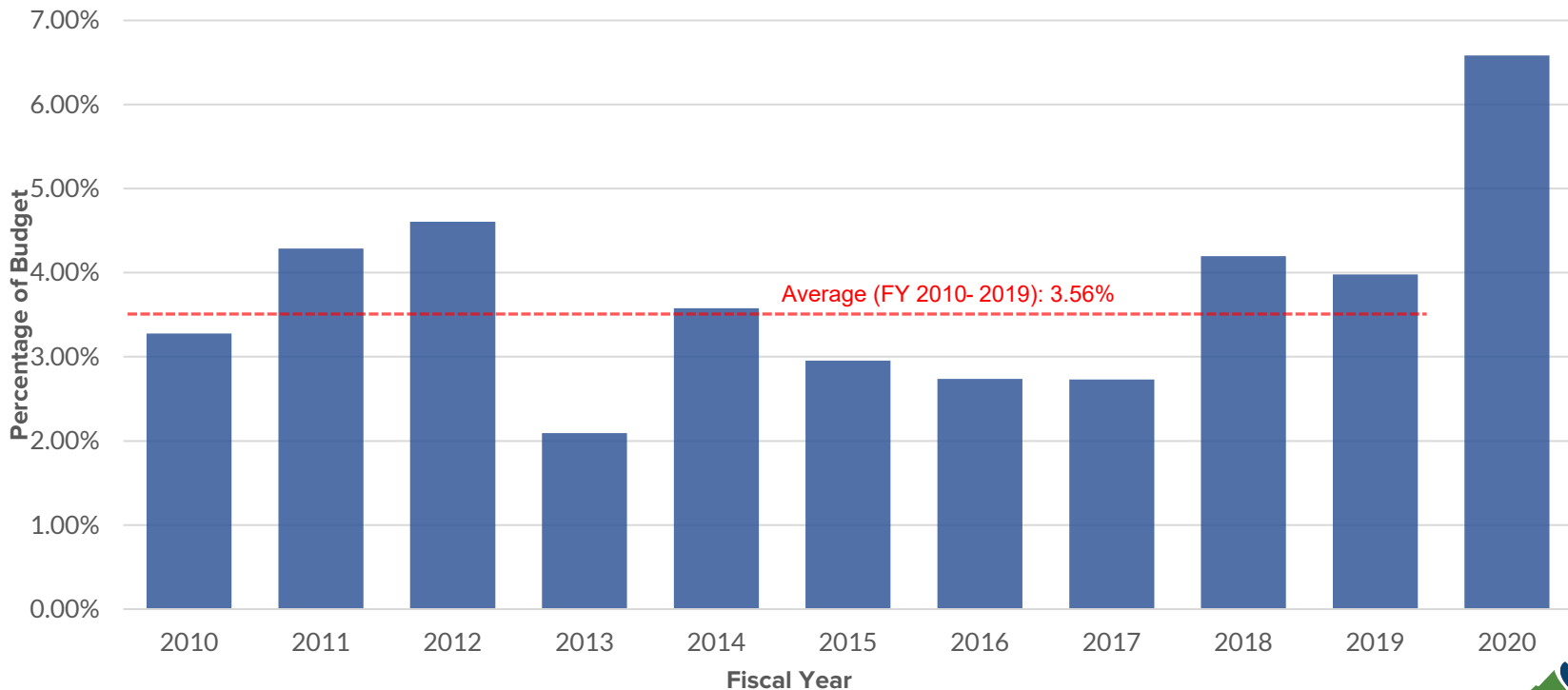
- ❑ **Step 2:** Departments submit requests to spend that remaining budget on equipment, software, capital projects, etc.

- ❑ **Step 3:** Requests are reviewed and recommended to Budget Committee and City Council for approval and appropriation

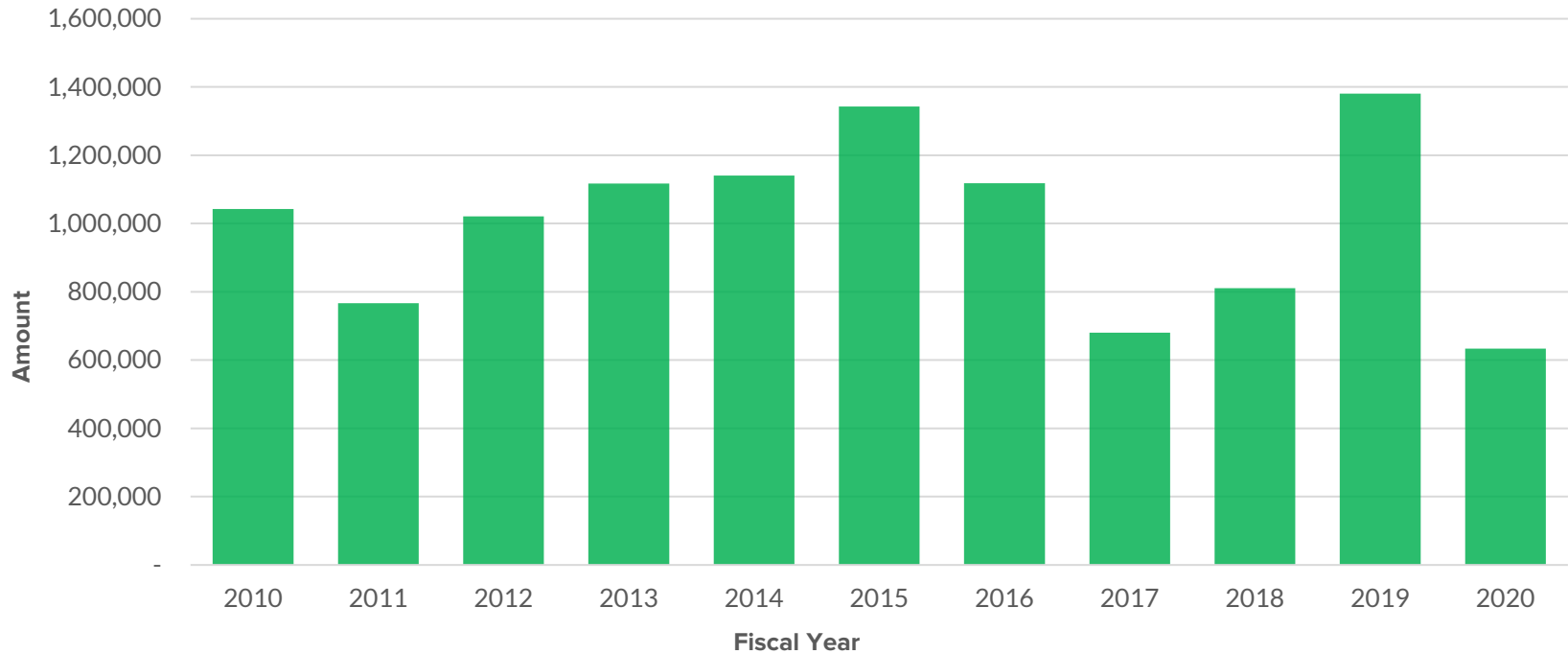


HISTORICAL DATA

General Fund Budget Savings As Percentage of Budget



Equipment Management Fund Appropriations



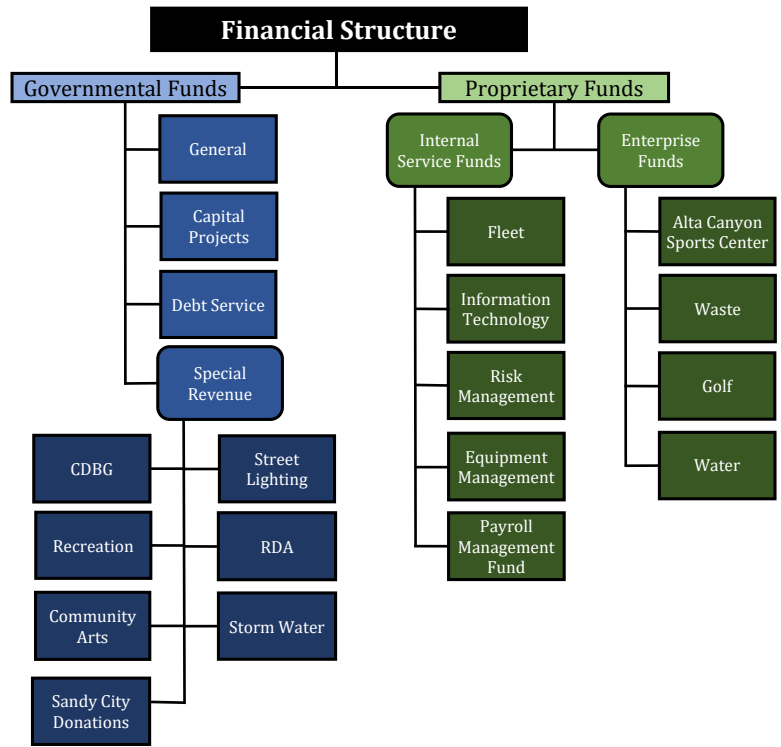
This chart shows how much has been appropriated in the Equipment Management Fund (which does not include amounts moved to and appropriated in the Fleet, IT, and/or Capital Projects funds).

Examples of appropriations last year included:

- Police vehicles
- Police body/dashboard cameras
- Computer equipment (laptops, printers, etc.)
- Prosecutor software integration
- Fire protective equipment
- Lone Peak Pavilion capital project
- Monroe Street Expansion capital project

FINANCIAL STRUCTURE

The various funds used for accounting and reporting purposes are the foundation of the city's financial structure. In a like manner, the various departments within the city are the backbone of city operations. The city's departments are groups of similar functions or programs that provide for efficient management. They also provide a framework for the budget that is conceptually easier to understand. Furthermore, the total appropriation for each department within a given fund is the legal spending limit specified by state law. The fund types, organized by functional department in this document, are described and illustrated hereafter. Furthermore, the schedule on page 11 illustrates the relationship between the city's financial structure and the functional units.



Governmental Funds

Governmental funds account for most of an entity's activities that are financed through taxes. Governmental funds are classified into four types:

- 1) The General Fund provides the resources necessary to sustain the day-to-day activities of a governmental entity. This fund records all assets and liabilities of the entity that are not assigned to other funds.
- 2) Special Revenue Funds are restricted or committed to a specific purpose other than debt service or capital projects.
- 3) Capital Projects Funds are reserved for long-term capital investment projects such as the acquisition, construction or renovation of building.
- 4) Debt Service Funds are established to accumulate sufficient resources to make principal and interest payments on debt that has been issued.

Proprietary Funds

Proprietary funds account for an entity's business-type activities that are financed by fees or charges for services. Proprietary funds include the following:

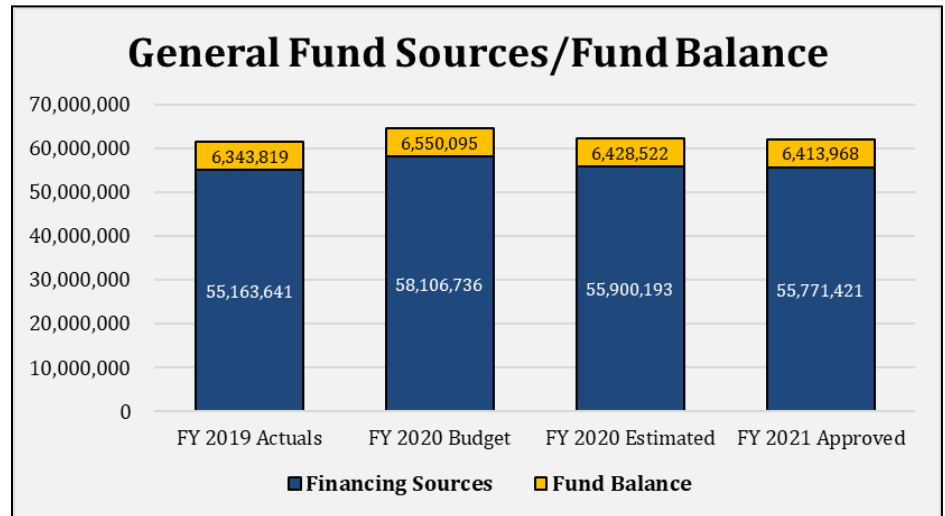
- 1) Internal Service Funds are established to account for goods or services that are provided by one department to another department on a cost reimbursement basis.
- 2) Enterprise Funds are used for goods or services provided to the public on a user charge basis, similar to the operations of a commercial business (e.g.; providing water and sewage utilities).

FUND BALANCE AND RESERVES

Utah state law allows cities to accumulate retained earnings or fund balances as appropriate in any fund (see U.C.A. 10-6-116). However, the law restricts balances in the general fund as follows: (1) Any fund balance less than 5% of estimated revenue may be used for working capital, certain emergency expenditures, or to cover an unexpected revenue shortfall that would result in a year-end excess of expenditures over revenues; (2) Fund balance greater than 5% but less than 25% may be used for budget purposes; and (3) Any fund balance in excess of 25% must be included in the appropriations of the next fiscal year. The City has set a target general fund balance of 11.5% for FY 2021.

Sandy City accumulates fund balances in its various funds for the following purposes:

- To avoid short-term debt that might be needed to provide working capital
- To meet unexpected expenditures as the result of an emergency
- To secure the city’s debt and its bond rating.
- To accumulate funding for planned capital expenditures including the replacement of capital assets
- To meet reserve requirements for liabilities already incurred but not yet paid as is the case with the Risk Management Fund



All excess funds are invested consistent with the State Money Management Act. The resultant interest income is used as an additional revenue source in each fund. The chart above shows the history of fund balance in the general fund. The schedule on page 11 summarizes the beginning and ending fund balances in the various funds of the city. The small decrease in Debt Service fund balance results from using debt service reserves to pay for debt service payments. The beginning fund balance in RDA primarily consists of the estimated surplus in the redevelopment funds at the end of FY 2020. Estimated fund balance in the FY 2021 budget will be used for future capital projects identified in the Economic Development Capital Facilities Plan.

Budget Summary

Consolidated Budget

SUMMARY	2019 Actual	2020 Budget	2020 Estimated	2021 Approved	% Change From 2020 Budget
Financing Sources:					
Taxes & Special Assessments	\$ 51,467,366	\$ 53,561,971	\$ 52,472,977	\$ 51,816,771	-3.3%
Licenses & Permits	3,002,184	2,848,000	2,528,289	2,717,500	-4.6%
Intergov. Revenue	7,026,232	12,849,354	12,690,620	5,148,630	-59.9%
Charges for Sales & Services	41,393,244	42,944,683	43,651,229	42,751,856	-0.4%
Fines & Forfeitures	1,436,045	1,359,000	1,311,695	1,351,000	-0.6%
Bond/Loan Proceeds	-	5,339,594	5,340,972	-	N/A
Miscellaneous Revenue	8,708,177	5,097,049	5,116,152	3,394,132	-33.4%
Fees from Developers	2,276,866	1,885,000	1,723,578	1,617,000	-14.2%
Usage of Fund Balance	11,218,168	34,088,815	32,789,752	6,719,862	-80.3%
Total Financing Sources	\$126,528,283	\$159,973,466	\$157,625,264	\$115,516,751	-27.8%
Financing Uses:					
Personnel Services	47,122,572	52,830,230	51,273,577	53,073,248	0.5%
Materials & Supplies	6,071,637	7,065,994	6,972,498	7,157,706	1.3%
External Services	4,751,622	6,357,655	6,211,198	5,344,139	-15.9%
Cost of Sales & Services	12,670,372	14,917,793	14,917,793	14,776,624	-0.9%
Equipment & Improvements	9,088,302	9,448,385	9,304,987	10,198,462	7.9%
Capital Outlays	34,913,728	51,487,429	51,085,169	13,931,989	-72.9%
Debt Service	11,910,051	17,865,980	12,519,070	11,034,583	-38.2%
Increase in Fund Balance	-	-	-	-	N/A
Total Financing Uses	\$126,528,283	\$159,973,466	\$157,625,264	\$115,516,751	-27.8%

Notes to the Consolidated Budget Schedule

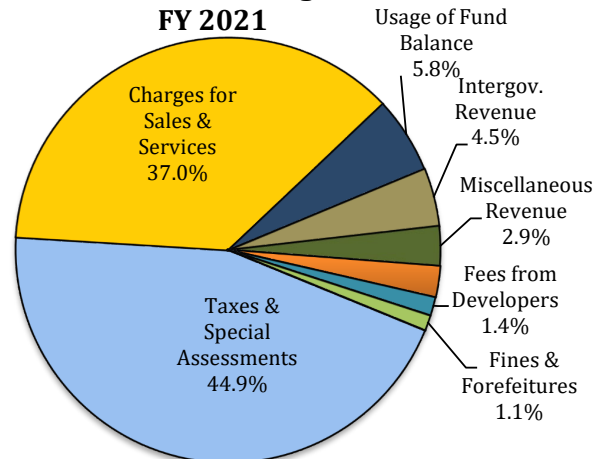
Internal Services and Transfers - The consolidated schedule attempts to eliminate double counting, and therefore it excludes internal services charges both as financing uses in the departments and as revenue in the internal service funds. By so doing, the costs of internal services such as fleet, information technology, and risk management are broken out into individual components such as personnel, materials & supplies, capital outlays, etc. The consolidated schedule also excludes all interfund transfers.

Capital Outlays - The capital outlays line includes all operating and non-operating capital outlays as well as all capitalized labor, materials, and supplies. As a result, the personnel services line includes all salary and benefit costs except those that have been capitalized which are \$1,702,122 for FY 2021. Capitalized material and supplies total \$40,192. Capitalized internal services are omitted to avoid double counting.

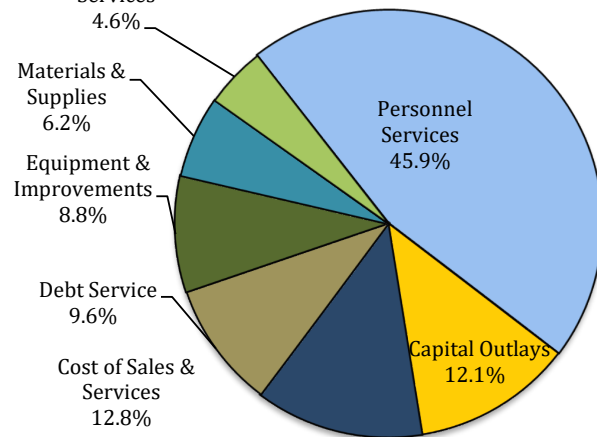
Capital Carryovers - Each year, any unspent appropriation for capital projects is reappropriated in the next year. The City Council holds a public hearing before approving these carryovers in a meeting usually scheduled at the beginning of October. The FY 2020 estimated column reflects the original FY 2020 budget, plus any revisions made during the year, including capital project carryovers. Updated revenue and expenditure estimates are also reflected. At the close of FY 2020, any remaining appropriation will be reappropriated in FY 2021.

Debt Service - The FY 2021 debt service line includes \$7,325,120 used to retire current debt.

Consolidated Financing Sources



Consolidated Financing Uses

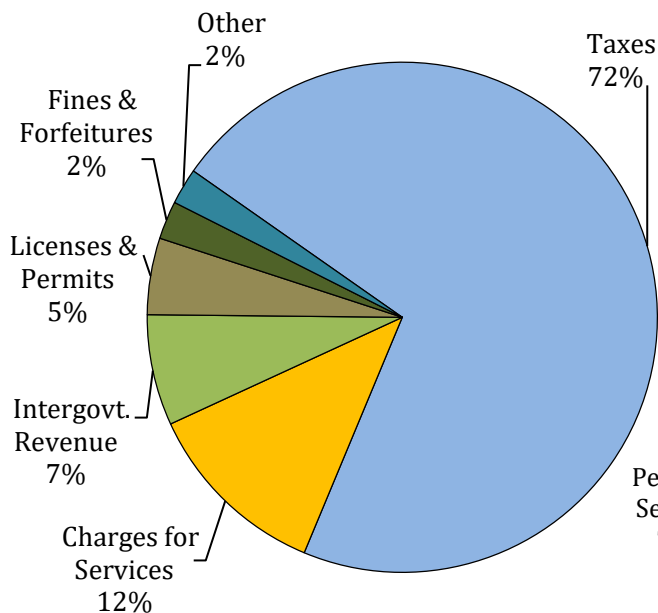


Budget Summary

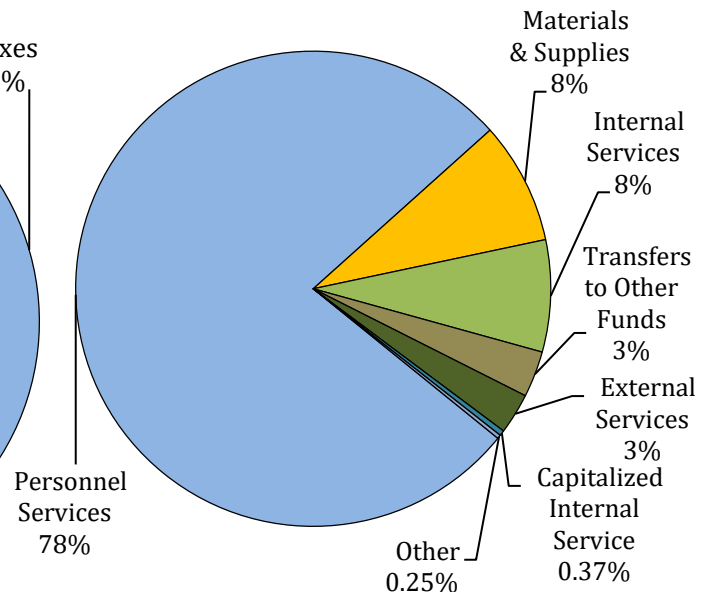
Fund 1 - General

Summary	2019 Actual	2020 Budget	2020 Estimated	2021 Approved	% Change From 2020 Budget
Financing Sources:					
Taxes	\$ 38,954,086	\$ 42,454,840	\$ 40,661,399	\$ 40,053,500	-5.7%
Licenses & Permits	3,002,184	2,848,000	2,528,289	2,717,500	-4.6%
Intergovernmental Revenue	4,005,340	4,044,395	3,917,820	3,935,320	-2.7%
Charges for Services	6,590,657	6,465,501	6,457,358	6,633,063	2.6%
Fines & Forfeitures	1,436,029	1,359,000	1,311,695	1,351,000	-0.6%
Miscellaneous Revenue	1,174,466	934,000	1,022,943	1,080,038	15.6%
Charges for Sales & Services	879	1,000	689	1,000	0.0%
Transfers In From RDA	116,397	200,000	179,000	200,000	0.0%
Usage of Fund Balance	263,104	-	-	14,554	N/A
Total Financing Sources	55,543,142	58,306,736	56,079,193	55,985,975	-4.0%
Financing Uses:					
Personnel Services	\$ 38,269,500	\$ 42,915,247	\$ 41,358,594	\$ 43,407,201	1.1%
Materials & Supplies	4,376,209	4,656,866	4,546,866	4,654,330	-0.1%
External Services	1,341,788	1,750,641	1,622,641	1,557,036	-11.1%
Internal Services	3,536,435	4,221,445	4,221,445	4,263,957	1.0%
Equipment & Improvements	871,955	186,948	186,948	85,948	-54.0%
Contingency	-	46,000	46,000	56,000	21.7%
Capitalized Internal Services	1,800,038	1,734,000	1,694,000	205,000	-88.2%
Capital Outlays	4,496	-	-	-	N/A
Transfers to Other Funds	5,342,721	2,589,313	2,317,996	1,756,503	-32.2%
Increase in Fund Balance	-	206,276	84,703	-	-100.0%
Total Financing Uses	55,543,142	58,306,736	56,079,193	55,985,975	-4.0%
Fund Balance - Beginning	6,606,923	6,343,819	6,343,819	6,428,522	
Fund Balance - Ending	\$ 6,343,819	\$ 6,550,095	\$ 6,428,522	\$ 6,413,968	

**General Financing Sources
FY 2021**



**General Financing Uses
FY 2021**



SANDY CITY APPROVED BUDGETS FOR MAJOR FUNDS - FY 2021

	Governmental Funds							Proprietary Funds					Total*
	General Fund	Capital Projects	Debt Service	Special Revenue Funds				Internal Service Funds	Enterprise Funds				
				Storm Water	Street Lighting	RDA	Other Special Revenue Funds		Waste Collection	Alta Canyon Sports Ctr	Golf	Water	
Financing Sources:													
Taxes & Special Assessments													
Property Tax	\$ 11,630,000	\$ -	\$ -	\$ -	\$ -	\$ 5,730,400	\$ -	\$ 500,961	\$ -	\$ 383,000	\$ -	\$ -	\$ 18,244,361
Property Tax - Increment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax	20,023,000	1,880,000	-	-	-	-	-	-	-	-	-	-	21,903,000
Franchise Tax	7,622,000	-	-	-	-	-	-	-	-	-	-	-	7,622,000
Motor Vehicle Fee	650,000	-	-	-	-	-	-	-	-	33,500	-	-	683,500
Other Taxes & Assessments	128,500	-	257,000	-	-	2,900,000	-	-	-	-	-	-	3,285,500
Licenses & Permits	2,717,500	-	-	-	-	-	-	-	-	-	-	-	2,717,500
Intergovernmental Revenue													
State Road Funds	3,528,000	-	-	-	-	-	-	-	-	-	-	-	3,528,000
Other Intergovernmental	407,320	-	-	-	-	-	1,213,310	-	-	-	-	-	1,620,630
Charges for Sales & Services	6,603,449	-	-	15,000	-	-	771,256	7,977,338	45,000	1,078,510	1,619,270	200,000	18,309,823
Fines & Forfeitures	1,351,000	-	-	-	-	-	-	-	-	-	-	-	1,351,000
Utility Charges & Services	-	-	-	4,078,955	1,052,738	-	-	-	5,659,227	-	-	21,845,374	32,636,294
Miscellaneous Revenue	1,110,652	214,261	2,860,657	23,000	3,350	80,000	1,565,310	332,160	4,000	27,078	200	86,000	6,306,668
Fees from Developers	-	1,047,000	20,000	210,000	-	-	-	-	-	-	-	340,000	1,617,000
Transfers In From Other Funds	200,000	700,000	5,134,583	-	-	-	633,797	-	-	-	150,000	-	6,818,380
Total Financing Sources	55,971,421	3,841,261	8,272,240	4,326,955	1,056,088	8,710,400	4,183,673	8,810,459	5,708,227	1,522,088	1,769,470	22,471,374	126,643,656
Financing Uses:													
Administration	1,893,797	145,761	-	-	-	1,057,844	1,222,905	-	-	-	-	-	\$ 4,320,307
City Council	912,154	-	-	-	-	-	-	-	-	-	-	-	912,154
Attorney	1,844,003	-	-	-	-	-	-	1,868,270	-	-	-	-	3,712,273
City Court	1,398,005	-	-	-	-	-	-	-	-	-	-	-	1,398,005
Administrative Services	4,623,576	-	-	-	-	-	-	3,254,569	-	-	-	-	7,878,145
Police & Animal Services	17,439,157	-	-	-	-	-	123,036	-	-	-	-	-	17,562,193
Fire	10,944,485	88,000	-	-	-	-	-	-	-	-	-	-	11,032,485
Public Works	5,256,057	2,690,000	-	-	-	-	-	2,906,686	5,608,199	-	-	-	16,460,942
Parks & Recreation	5,706,533	887,500	-	-	-	-	1,189,682	-	-	1,520,673	1,772,098	-	11,076,486
Community Development	3,027,436	-	-	-	-	-	669,310	-	-	-	-	-	3,696,746
Public Utilities	-	-	-	3,616,455	996,088	-	-	11,000	-	-	-	22,432,374	27,055,917
Economic Development	-	-	-	-	-	10,119,514	-	-	-	-	-	-	10,119,514
Non-Departmental	1,184,269	-	8,305,425	-	-	-	1,139,629	686,606	-	-	-	-	11,315,929
Transfers Out to Other Funds	1,756,503	-	-	460,500	-	4,601,377	-	-	-	-	-	-	6,818,380
Total Financing Uses	55,985,975	3,811,261	8,305,425	4,076,955	996,088	15,778,735	4,344,562	8,727,131	5,608,199	1,520,673	1,772,098	22,432,374	133,359,476
Excess (Deficiency) Sources over Uses	(14,554)	30,000	(33,185)	250,000	60,000	(7,068,335)	(160,889)	83,328	100,028	1,415	(2,628)	39,000	(6,715,820)
Fund Balance - Beginning	6,428,522	-	899,742	2,002,147	98,509	7,068,335	816,970	5,134,167	1,266,096	60,434	60,580	10,403,490	34,238,992
Fund Balance - Ending	\$ 6,413,968	\$ 30,000	\$ 866,557	\$ 2,252,147	\$ 158,509	\$ -	\$ 656,081	\$ 5,217,495	\$ 1,366,124	\$ 61,849	\$ 57,952	\$ 10,442,490	\$ 27,523,172

* This total is an aggregate of the fund structure of the city. Thus, the total listed here will be greater than the total on page 2 for reasons noted in Notes to Consolidated Budget Schedule on that same page.