

PERRY CITY COUNCIL BUDGET WORK SESSION  
PERRY CITY OFFICES  
JUNE 12, 2012

6:00 PM

OFFICIALS PRESENT: Mayor Jerry Nelson presided and conducted the meeting.  
Marci Satterthwaite, Todd Christensen, Karen Cronin, Peter Gerlach,  
Jana Nelson

CITY STAFF PRESENT: Duncan Murray, City Administrator  
Susan Obray, City Recorder  
Shanna Johnson, Chief Deputy Recorder

OTHERS PRESENT: Lani Braithwaite

**CALL TO ORDER**

Mayor Nelson called the meeting to order.

**A. BUDGET WORKSESSION FOR FISCAL YEAR 2012-2013 (AND FISCAL YEAR 2011-2012 BUDGET AMENDMENT)**

Shanna Johnson presented the final numbers for the Fiscal Year 2012-2013 Budget and Fiscal Year 2011-12 Budget Amendment. She advised that she made all changes to the tentative budget as outlined by the Council, including the Municipal Energy Tax Increase (from 2% to 6%), the Sewer Rate increase, and changes to the city's contribution to employee benefits. Shanna advise the General Fund budget is set at \$1.8 million, but expenditures for the year will only be \$1.5 million, with the balance of the budget including \$142,000 being transferred to the Sewer Fund, and \$208,000 being applied to fund balance, which gets the city to the 5% fund balance required by the State. Shanna reviewed the budget presentation to be presented prior to the public hearing. She said she added \$1,105 to the parks to come from park impact fees and expended at the park restroom for power installation. She advised the Utility fund budget is set at \$618,550, which includes expenditures totaling \$560,018 and a contribution to fund balance of \$58,532. Shanna reviewed the Sewer budget, stating this is set at \$1,128,031.29 and includes a transfer from the general fund of \$142,268 and a Sewer Rate increase of \$2.00 per month. Shanna said during the Council Meeting she will explain that the additional revenues are needed due to lack of growth, resulting in fewer sewer impact and sewer user fees than were anticipated. Council Member Christensen asked how many homes would need to be built in order to cover the sewer short fall. Shanna advised approximately 30 new homes would be needed each year to generate the revenue needed to cover the bond and operations of the plant. Mayor Nelson asked for a line item to be added to the General Fund budget for researching a Cemetery District. Shanna advised she would adjust the fund balance by \$5,000 (reducing to \$203,488) and add this to the Administration budget (increasing department budget to \$608,170). The Council did not object to the change. Shanna Johnson stated she will review the Debt Service fund in the meeting and explain that we borrowed from the Utility Fund \$104,462 to make the required payments to the Special Improvement District (SID) bond holder, the delinquent developer has made partial payment of \$180,000, which allowed the city to pay back to the loan from the Utility Fund. She stated the Debt Service fund began the year with a negative fund balance of -\$81,906. After the collection of property tax, SID assessment payments, and after paying all expenditures, the city has decreased the negative fund balance to -\$4,341. The city anticipates receiving all past due and current

bond assessments in Fiscal Year 20122013 and should be able to bring the fund into the black and fully reimburse the city for funds used to cover SID bond payments in the past. Shanna advised that if the developer does not make payments, the city may need to adjust the budget and reduce the planned reimbursement to the city to cover the lack of revenue.

Duncan Murray reviewed Ordinance 12-E to Increase Perry's Municipal Energy Tax from 2% to 6%. He advised this will increase the tax collected by Rocky Mountain Power and Questar Gas. He said the tax can only be changed every 3 months, if approved before July 1<sup>st</sup> it will go into effect in July; if not, it will not be able to go into effect until October 1st. [Note: subsequent to the meeting, the Utah State Tax Commission informed Mr. Murray that current guidelines will not allow our ordinance to become effective until October 1st].

Mayor Nelson closed the budget work session meeting at approximately 6:40pm.