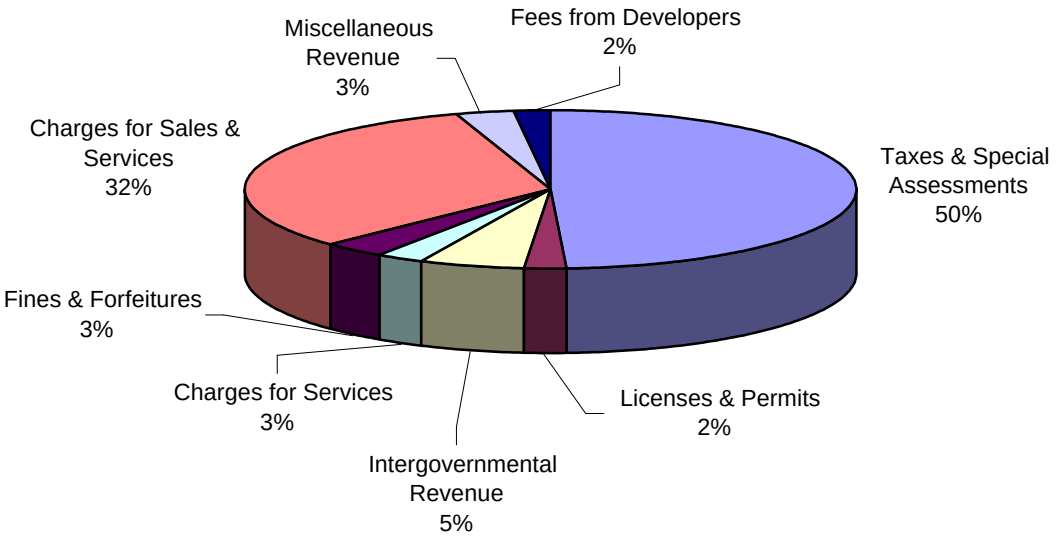
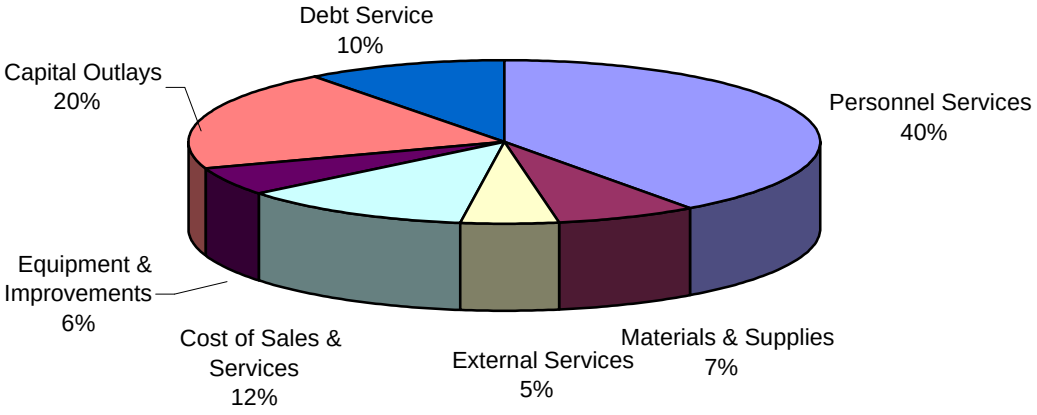
Consolidated Financing Sources
FY 2006



Consolidated Financing Uses
FY 2006



SUMMARY	2002 Actual	2003 Actual	2004 Actual	2005 Estimated	2006 Approved
Financing Sources:					
Taxes & Special Assessments	$ 32,849,408	$ 31,962,359	$ 33,739,283	$ 34,606,625	$ 37,743,913
Licenses & Permits	1,690,617	1,685,082	1,740,360	1,724,900	1,740,600
Intergovernmental Revenue	5,489,297	6,806,865	5,622,781	7,846,120	4,169,289
Charges for Services	1,576,068	1,647,526	2,060,400	1,918,753	1,983,629
Fines & Forfeitures	2,305,515	2,352,612	2,661,801	2,690,400	2,571,923
Charges for Sales & Services	18,839,381	21,503,356	22,818,132	23,473,798	24,643,764
Bond Proceeds	11,857,923	7,557,947	17,257,091	17,377,599	-
Miscellaneous Revenue	3,325,029	3,184,326	2,816,783	3,076,488	2,420,403
Fees from Developers	1,493,207	1,018,256	824,366	870,912	1,513,400
Total Financing Sources	**79,426,445**	**77,718,329**	**89,540,997**	**93,585,595**	**76,786,921**
Financing Uses:					
Personnel Services	27,564,088	29,783,456	30,092,348	30,600,933	32,954,503
Materials & Supplies	4,857,341	5,752,521	5,363,600	7,244,179	5,847,324
External Services	3,158,221	3,501,553	3,057,105	4,130,368	4,212,093
Cost of Sales & Services	8,147,716	8,017,626	8,602,105	9,570,166	9,850,861
Equipment & Improvements	1,112,625	1,168,105	1,586,195	5,239,980	4,616,327
Capital Outlays	22,472,223	27,851,630	19,273,734	39,330,008	16,286,148
Debt Service	7,315,826	8,386,979	8,642,709	10,089,643	8,530,751
Bond Refunding	-	4,640,703	10,260,000	15,120,000	-
Total Financing Uses	**74,628,040**	**89,102,573**	**86,877,796**	**121,325,277**	**82,298,007**
Excess (Deficiency) of Financing Sources over Financing Uses	**4,798,405**	**(11,384,244)**	**2,663,201**	**(27,739,682)**	**(5,511,086)**

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 services 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; and materials & supplies. As a result, the personnel services line includes all salary and benefit costs except those that have been capitalized which is $1,062,031 for FY 2006. Capitalized material and supplies total $35,100. Capitalized internal services are omitted to avoid double counting.

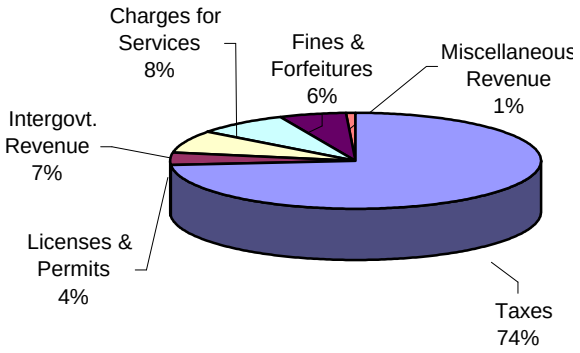
Capital Carryovers - Each year, any unspent appropriation for capital projects is reappropriated in the next year. The City Council holds a public hearing before approving these carryovers in a meeting usually scheduled at the beginning of October. The FY 2005 estimated column is the FY 2005 budget plus any revisions made during the year including the capital project carryovers. The $38,004,304 shown on the capital outlay line for FY 2005 includes $25,542,543 that was reappropriated from the prior year. At the close of FY 2005, any remaining appropriation will be reappropriated in FY 2006.

Debt Service - The FY 2006 debt service line includes $5,907,450 used to retire the current debt.

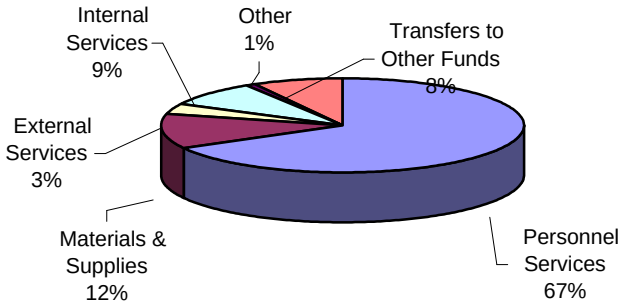
Excess/Deficiency - The line item labeled "Excess(Deficiency) of Financing Sources over Financing Uses" represents a budgeted increase in fund balance in the case of excesses and usage of beginning fund balance in the case of a deficiency. As explained above, the FY 2005 deficit is attributable to the capital projects carryover which essentially the usage of beginning fund balance.

SUMMARY	2002 Actual	2003 Actual	2004 Actual	2005 Estimated	2006 Approved
Financing Sources:					
Taxes	$26,855,964	$26,565,981	$27,834,824	$29,531,080	$29,962,420
Licenses & Permits	1,690,617	1,685,082	1,740,360	1,816,088	1,740,600
Intergovernmental Revenue	3,136,962	3,139,964	3,557,151	2,970,816	3,034,685
Charges for Services	2,174,071	2,388,456	2,774,917	3,044,185	3,234,285
Fines & Forfeitures	2,175,221	2,221,644	2,500,242	2,335,379	2,396,923
Miscellaneous Revenue	107,129	130,643	77,853	104,840	291,619
Transfers In From Other Funds	465,728	950,936	54,746	-	40,000
Total Financing Sources	**36,605,692**	**37,082,706**	**38,540,093**	**39,802,388**	**40,700,532**
Financing Uses:					
Personnel Services	22,548,665	23,894,657	24,366,486	25,077,941	26,993,406
Materials & Supplies	3,545,750	4,140,426	4,021,426	4,396,304	4,767,287
External Services	1,041,318	1,128,292	1,177,037	1,194,638	1,403,803
Internal Services	3,271,911	3,404,457	3,494,446	3,390,736	3,482,716
Grants	44,400	36,101	37,989	23,000	29,000
Equipment & Improvements	487,300	239,676	591,897	100,908	154,663
Capital Outlays	-	-	-	-	20,000
Contingency	-	-	-	-	122,000
Transfers to Other Funds	5,436,347	4,088,483	4,785,812	5,618,861	3,288,224
Total Financing Uses	**36,375,691**	**36,932,092**	**38,475,093**	**39,802,388**	**40,261,099**
Excess (Deficiency) of Financing Sources over Financing Uses	**230,001**	**150,614**	**65,000**	**-**	**439,433**
Fund Balance - Beginning	**3,709,276**	**3,939,277**	**4,089,891**	**4,154,891**	**4,154,891**
Fund Balance - Ending	**$ 3,939,277**	**$ 4,089,891**	**$ 4,154,891**	**$ 4,154,891**	**$ 4,594,324**

Financing Sources



Financing Uses



FINANCING SOURCES	2002 Actual	2003 Actual	2004 Actual	2005 Estimated	2006 Approved
Taxes & Special Assessments					
3111 General Property Taxes	$ 6,746,658	$ 6,778,103	$ 7,103,637	$ 7,057,291	$ 7,094,600
3112 General Sales & Use Taxes	14,740,321	14,569,744	15,161,445	15,732,327	16,237,000
3113 Franchise Taxes	4,501,770	4,299,404	4,688,366	5,906,767	5,805,820
3115 Motor Vehicle Fee	867,215	918,730	881,376	834,695	825,000
Licenses & Permits					
3121 Business Licenses & Permits	668,673	631,580	689,484	762,766	725,000
3122 Building Permits	951,628	953,896	974,642	973,551	955,600
3123 Dog Licenses	32,227	32,137	37,678	34,481	35,000
3124 Road Cut Permits	38,089	67,469	38,556	45,290	25,000
Intergovernmental Revenue					
3131 Federal Grants	217,359	77,752	200,451	130,000	125,000
3132 State Grants	2,911,283	3,053,892	3,323,182	2,820,496	2,889,365
3133 County Grants	8,320	8,320	8,320	8,320	8,320
3134 Local Grants	-	-	25,198	12,000	12,000
Charges for Services					
3141 Administrative Charges	903,510	1,033,484	1,151,671	1,326,674	1,520,720
3142 Public Safety Fees	907,932	1,073,155	1,346,756	1,358,941	1,415,065
3143 Public Works Fees	5,697	3,466	6,241	6,438	4,500
3144 Parks & Cemetery Fees	55,246	78,425	98,807	112,689	102,000
3145 Community Development Fees	259,848	158,598	134,052	200,522	154,000
3149 Other Services & Fees	41,838	41,328	37,390	38,921	38,000
Fines & Forfeitures					
3151 Court Fines	2,153,574	2,197,946	2,473,626	2,309,524	2,256,480
3152 Dog Fines	21,647	23,698	26,616	25,855	26,200
3153 Court Surcharge	-	-	-	-	114,243
Miscellaneous Revenue					
3161 Interest Income	99,308	104,687	46,483	88,308	112,376
3162 Cell Tower Leases	-	-	-	-	161,003
3169 Sundry	7,821	25,956	31,370	16,532	18,240
Transfers In From Other Funds					
3412 Transfer In - Special Revenue Funds	-	-	-	-	40,000
3414 Transfer In - Capital Projects Funds	305,728	950,936	54,746	-	-
3416 Transfer In - Internal Service Funds	160,000	-	-	-	-
Total Financing Sources	**$36,605,692**	**$37,082,706**	**$38,540,093**	**$39,802,388**	**$40,700,532**

TRANSFERS TO OTHER FUNDS	2002 Actual	2003 Actual	2004 Actual	2005 Estimated	2006 Approved
44125 Community Events & Arts Fund	$ 370,378	$ 413,093	$ 303,099	$ 304,201	$ 332,750
44126 Transfer Out - Amphitheater Fund	-	-	107,800	108,079	107,800
4413101 Court Building Bond	-	-	-	303,511	300,249
4413102 City Hall Bonds	490,938	492,077	481,717	477,229	482,140
4413105 Fire Station Bonds	122,052	138,079	137,663	137,011	136,123
4413106 Innkeeper Bonds	-	22,149	-	355,029	-
4413107 Equipment Lease	185,188	185,189	-	-	-
4413108 Road Bonds	785,775	783,320	766,605	797,804	796,712
44141 Capital Projects - General Revenues Fu	2,339,081	933,500	1,804,971	1,940,872	21,802
44146 Capital Projects - State Road Fund	421,000	379,141	416,442	422,474	291,530
44153 Electric Utility Fund	534,628	554,628	549,654	549,654	596,121
44154 Recreation Fund	187,307	187,307	217,861	222,997	222,997
Total Transfers to Other Funds	**$ 5,436,347**	**$ 4,088,483**	**$ 4,785,812**	**$ 5,618,861**	**$ 3,288,224**

GOALS & OBJECTIVES

The FY 2005-06 budget process began by considering some important input and establishing some goals. In April 2002, the Mayor and City Council held a planning retreat from which emerged the following six areas of major focus:

- Preservation of the City's Neighborhoods.
- Traffic Control and Road Repair.
- Pursuit of Additional Retail and Clean Commercial Business.
- Development of and Improvements to the City's Recreation Trails, and Increased Recreational Opportunities.
- Development of Community Arts and Facilities.
- Develop Telecommunications Infrastructure in the City.

Goals were established in each area and progress has been made. Another planning retreat was held in April 2004 at which these areas were affirmed and additional goals were set.

Annually in December, the city conducts a citizen survey through an independent pollster. This year's survey was conducted by Dan Jones and Associates. The results provide valuable feedback on current operations and input on the policy direction of the city. Selected results from the survey are included in this book.

Finally, each January the Mayor's cabinet holds a budget retreat. In addition to the above input, presentations are made about pending legislation, the Mayor's vision, preliminary revenue estimates, compensation issues and each department's budget issues.

After the retreat, the budget committee consolidated the information into a list of budget goals and initiatives for the FY 2006 budget. In turn, these goals and initiatives were reviewed and modified by the Mayor's cabinet and presented on February 1 to the City Council who concurred. This section includes those goals and initiatives and a summary of questions from the citizen survey about the overall direction of the city and citizen priorities.

FY 2005-06 BUDGET GOALS AND INITIATIVES

- **Continue the tradition of excellent core services, financial stability and lean operations.**
    - Continue to provide the core services of police, fire, roads, etc. at current service levels considering increases in cases where current service levels are jeopardized.
    - Maintain current tax rates.
    - Adjust user fees only as justified by cost increases that otherwise would require subsidization with tax revenue.
    - Consider the recommendations of the impact fee study currently under way.
    - Avoid rapid ongoing growth by funding one-time needs with ongoing money.
    - Continue to set aside money in fund balance for financial security.
    - Limit adding new employees in favor of taking care of current employees.
        - Address issues identified by the salary survey.
        - Address benefit issues such as retirement and health insurance.
        - Provide a general compensation plan for all employees.

- **Continue economic development efforts sufficient to provide adequate commercial amenities and an adequate tax base.**
    - Prepare a new economic development plan.
    - Identify future RDA/EDA areas.
    - Prepare a capital improvement plan for existing project areas.
- **Preserve the neighborhoods as attractive and inviting places to live.**
    - Update the historic Sandy master plan.
    - Encourage code compliance.
    - Continue the neighborhood preservation initiative.
- **Keep traffic moving smoothly and safely and roads in good repair.**
    - Continue the street maintenance/replacement program.
    - Enforce traffic laws for safe travel and safe neighborhoods.
    - Continue implementation of the traffic master plan.
- **Provide park and green spaces for recreational activities and to beautify the city.**
    - Develop a neighborhood park and open space at the gravel pit and amphitheater sites (Quarry Bend Development).
    - Maintain/renovate existing parks and facilities.
    - Continue to implement the trails master plan.
    - Implement landscape improvements at the 106th South freeway interchange.
- **Secure a supply of quality water adequate to satisfy needs for generations to come.**
    - Continue to implement the water master plan.
    - Continue to secure irrigation water rights when available, finalize the purchase of Ontario Drainage Tunnel water and preserve our right to Utah Lake System water.
    - Balance funding local capital projects and projects funded through Metro.
- **Protect homes and businesses from flooding caused by storms.**
    - Continue to implement the storm water master plan.
    - Work on the 80th South Outfall to the Jordan River and a detention basin at the gravel pit (Quarry Bend).
    - Consider an additional crew and truck to keep storm lines clear (not funded).
- **Help make streets and neighborhoods safe through adequate street lighting.**
    - Add needed lighting to portions of State Street, 7th East and Wasatch Boulevard.
- **Maintain city facilities that are assets to the community and employees.**
    - Develop a long term facilities plan.
    - Fund the renovation or replacement of Fire Station 32.
    - Determine when and where to replace the Parks & Recreation facility.
    - Plan for the eventual replacement of the Public Works facility.
    - Evaluate Public Utilities facilities.
    - Renovate and move staff into the court building.
    - Address maintenance issues at City Hall which will soon be 12 years old.

CITIZEN PRIORITIES

The following is a summary of responses to questions about the overall directions of the city and citizen prioritization of issues facing the city. Only issues and improvements that received a response rate of 2% or greater are included. Additionally, other data from the survey is included throughout this book in the departmental sections.

In the FY 2005 survey, citizens refer specifically to an issue with Wal Mart and the gravel pit for the

first time. The survey was conducted in December 2004 at the same time that a proposal was made to develop a gravel pit located between 9000 and 9400 South and between 900 and 1100 East. The proposed Quarry Bend development included a Wal Mart, a Lowe's and other mixed retail and residential uses. In order for the development to proceed, the City Council needed to approve a zoning modification. The approval process resulted in considerable public discussion which is reflected in the FY 2005 survey.

Measure (Fiscal Year)	2001	2002	2003	2004	2005
What is the one major improvement that you would like to see in the next five years that would make living in Sandy City better for you?					
Road improvement	14%	12%	11%	12%	13%
More parks / open space / recreation	5%	7%	7%	6%	10%
Better traffic control	11%	5%	8%	10%	9%
Lower taxes	8%	7%	7%	7%	6%
Do not want Wal Mart / big box store	--	--	--	--	6%
More business / grocery stores	--	2%	2%	2%	3%
Put park in gravel pit (Quarry Bend)	--	--	--	--	3%
Want Wal Mart / big box store	--	--	--	--	2%
Better police protection / more police	5%	6%	3%	5%	2%
On/off ramps on I-15 / better freeway access	--	2%	2%	3%	2%
Clean up city / junk cars / trash	--	--	--	3%	2%
More schools / money to schools / school issues	5%	2%	4%	2%	2%
More street lights / finish lighting	1%	3%	2%	2%	2%
Bike / running / walking paths	--	--	1%	1%	2%
Better planning / zoning / zoning issues	1%	--	--	--	2%
Less building / stop building / retail / strip malls	2%	1%	2%	1%	2%
What would you consider to be the most important issue facing Sandy City today?					
Growth / increased population	30%	33%	27%	29%	20%
Wal Mart	--	--	--	--	10%
Gravel Pit	--	--	--	--	8%
Schools / education	11%	7%	9%	8%	7%
Traffic / traffic lights	4%	2%	5%	5%	6%
Taxes / high taxes	5%	5%	8%	4%	4%
Crime / gangs / drugs	11%	7%	7%	12%	4%
Development / over-development / building	2%	3%	2%	3%	4%
We need more businesses / tax base	1%	3%	1%	1%	3%
Open space	--	--	--	--	3%
Public Safety	--	--	--	--	3%
Government issues / city hall / politician issues	--	--	1%	1%	3%
Economic problems	--	--	1%	<1%	2%
Sandy City's mission statement is "Working together to enhance the quality of life in our community." As you think about this mission statement, how would you personally define quality of life? What makes a good quality of life for you and your family?					
Safety / no fear of crime / safe secure environment	50%	56%	55%	55%	55%
Clean / well kept up / aesthetically pleasing	4%	3%	2%	5%	5%
Peace and quiet / peace of mind	2%	2%	4%	3%	4%
Good neighbors / friendly / care for each other	5%	3%	3%	3%	4%
Freedom / Able to come and go as we need to	4%	6%	3%	3%	3%
Excellent services / affordable services	4%	3%	4%	2%	3%
It is good now	1%	--	--	--	3%
Good schools / educational opportunities	1%	3%	2%	1%	2%
Community spirit / togetherness	--	--	--	--	2%

What is the major improvement, if any, that you have seen occur in Sandy City over the past five years?

Road improvement / streets	13%	16%	13%	13%	15%
Shopping / business growth	21%	19%	14%	17%	12%
Street lights	18%	17%	17%	11%	8%
Parks / more parks / recreation	5%	6%	6%	5%	7%
None / no change / no improvements	5%	3%	5%	4%	7%
Law enforcement / police protection	2%	5%	5%	2%	4%
Development	--	2%	2%	3%	3%
Outdoor amphitheater	2%	3%	3%	5%	2%
Cleaner city / beautification / landscaping	2%	3%	2%	4%	2%
Population growth / managed growth	3%	1%	3%	2%	2%
City Hall / government facility	2%	1%	1%	2%	2%
City services (fire / snow removal etc.)	1%	2%	1%	2%	2%
Garbage / trash pickup / recycling	1%	1%	<1%	1%	2%
Improved Infrastructure	--	--	--	--	2%

GUIDING FINANCIAL PRINCIPLES

While the city's long term goals and objectives guide what the budget accomplish, how that is accomplished is based on the following guiding principals:

- 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 own 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 the requirements of Utah Law.

- 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.

The city has adopted specific policies based on these guiding principles by which it conducts its financial affairs. These policies are stated in the sections that follow on the budget process, the 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 the annual citizens' survey.

The City Council – The Council's role is to provide policy direction to the Mayor, City Administrator, Department Heads, and Budget Committee. They 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. They conduct a series of hearings with each department and determine any changes that they wish to make to the budget. They legally adopt the final budget on or before June 22. However, it there is a change to the certified tax rate, the final budget can be adopted as late as August 17th.

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

BUDGET CALENDAR
2005 - 2006

ID	Responsible Party	Finish	Activity
1	Mayor / Budget Committee	1/17/2005	Budget Preparation Guidelines
2	Department Heads	1/18/2005	Cabinet Budget Retreat
3	Budget Committee	2/1/2005	Budget Overview with City Council
4	Department Heads	2/21/2005	Finalize Internal Service
5	Personnel	1/31/2005	Position Control Report
6	Department Heads	2/7/2005	Submit Capital Project/One Time
7	Department Heads	1/31/2005	Estimate Restricted Revenues
8	City Treasurer	1/31/2005	Develop Fee Schedule
9	Finance Director	2/11/2005	Report to County - Public Hearing Tax Increase Intent
10	Budget Committee	2/22/2005	Review Capital Projects One Time Proposals
11	Personnel	3/1/2005	Personnel Service Costs
12	Department Heads, Budget Committee, City Council	3/18/2005	Develop Compensation Plan
13	Finance Director	3/1/2005	Estimate General Revenues
14	Department Heads	3/21/2005	Departments Submit Tentative Budget
15	Mayor, CAO, Budget Committee, Departments	5/3/2005	Review, Balance, Finalize Mayor's Tentative Budget
16	Mayor, City Council	5/3/2005	Present, Adopt Tentative Budget, Establish Hearings/Publication of Notice
17	City Recorder	5/5/2005	Notice/Public Hearings for all Budgets incl. Alta Canyon/RDA
18	City Council	5/31/2005	Budget Public Hearings
19	City Council	6/7/2005	Adopt Approved Budget

city's Chief Budget Officer, making sure the budget is balanced and that expenditures are within projected revenues. The CAO prepares a tentative budget with the Mayor's approval which is presented to the City Council on or before the first regularly scheduled meeting in May. The Chief Administrative Officer 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 Committee – The budget committee's role is to prepare the tentative and final budget document under the direction of the Mayor and the Chief Administrative Officer. They 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 can not 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.

The Finance Department prepares and distributes a monthly budget report by the 10th day of the following month. Recipients of the report include the Mayor, City Council, Chief Administrative Officer and all managers with budget responsibilities. The report mirrors the financial schedules contained in this budget book and includes current month expenditures, year to date expenditures, encumbrances, year to date budget, year to date variances, the annual budget and the remaining budget.

As determined by Utah 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.

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 which provide for efficient management. They also provide a framework for the budget which 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 budget process starts with citywide issues but much of the work involves meeting with one department at a time both for the administration and the council. As a result, most of this book consists of departmental sections with the detail of the budget. Each department brings a draft of its section to the first budget hearing. That draft is reviewed and refined through each step of the process until it appears in its final adopted form in this book.

The schedule on page 19 illustrates the relationship between the city's financial structure and the functional units. The financial structure is shown with the major funds in separate columns and the functional units shown as departments in separate rows. Each department listed corresponds to a separate section of this budget book which provides detailed schedules and analysis. Also shown in the schedule is a breakdown of the major revenue sources by fund. The revenue & taxation section starting on page 21 provides further information on these revenue sources.

A brief narrative description of the funds that make up the city's financial structure follows:

DESCRIPTION OF FUNDS

The city reports the following major governmental funds:

> ***The General Fund*** is the government=s primary operating fund. It accounts for all financial resources of the general government, except for those requited to be accounted for in another fund.
>
> ***The Storm Water Fund*** accounts for the city=s revenues and capital expenditures associated with drainage for storm water run off.
>
> ***The Debt Service Funds*** are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the city is obligated in some manner for the payment. The city=s debt service funds include the General Purposes Debt Service Fund, Auto Mall Special Improvement District Fund, and the Special Improvement Guarantee Fund. Debt incurred by enterprise funds is not accounted for in the debt service funds but internally within the enterprise fund.
>
> ***The Capital Projects Fund*** accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by proprietary funds. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bonding. All funds received for a particular purpose are restricted and used specifically for that purpose.

Other Governmental Funds include the non-major funds which are: the Redevelopment Agency, the Landscape Maintenance Fund, the Community Development Block Grant (CDBG), the Recreation Fund, Community Events, the Amphitheater, the Electric Utility and the General Trust

Fund. Though combined for purposes of this schedule, additional information is available for each fund elsewhere in this book (see the table of contents).

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

The city reports the following major proprietary funds:

The Alta Canyon Sports Center Fund accounts for the activities created by the Alta Canyon Recreation Special Service District.

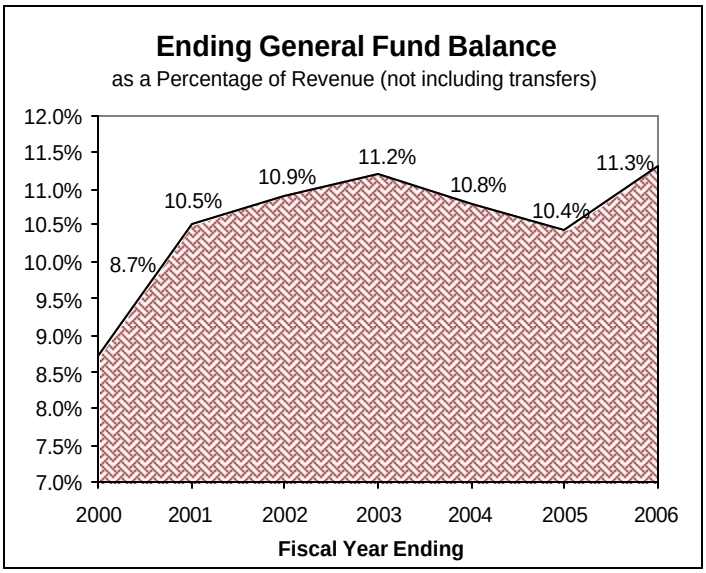
The Water Fund is used to account for the operations of the city=s water utility.

The Waste Fund accounts for waste collection services provided by an independent contractor.

The Golf Fund is used to account for the city=s golf course.

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 18% may be used for budget purposes; and 3) Any fund balance in excess of 18% must be included in the appropriations of the next fiscal year.



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.

SANDY CITY APPROVED BUDGETS FOR MAJOR FUNDS - FY 2006

	Governmental Funds					Governmental Activities - Internal Service Funds	Proprietary Funds			
	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds		Alta Canyon Sports Ctr	Water	Waste Collection	Golf
Financing Sources:										
Taxes & Special Assessments										
Property Tax	$ 7,094,600	$ -	$ 278,200	$ -	$ -	$ 371,000	$ 295,600	$ -	$ -	$ -
Property Tax - Increment	-	-	-	-	5,690,867	-	-	-	-	-
Sales Tax	16,237,000	-	-	-	-	-	-	-	-	-
Franchise Tax	5,805,820	-	-	-	-	-	-	-	-	-
Motor Vehicle Fee	825,000	-	-	-	-	-	36,000	-	-	-
Other Taxes & Assessments	-	-	1,101,031	-	7,437	-	-	-	-	-
Licenses & Permits	1,740,600	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue			-		-	-				
State Road Funds	2,808,365	-	-	-	-	-	-	-	-	-
Other Intergovernmental	226,320	-	-	359,500	615,387	108,509	-	51,208	-	-
Charges for Services	3,234,285	-	269,758	-	-	306	-	-	-	-
Fines & Forfeitures	2,396,923	-	-	175,000	-	-	-	-	-	-
Charges for Sales & Services	-	2,706,294	-	-	644,614	5,340,568	589,630	16,355,407	3,596,617	1,201,200
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue	291,619	83,500	71,326	239,383	916,000	300,358	30,965	467,610	14,000	-
Fees from Developers	-	700,000	-	263,000	-	-	-	550,400	-	-
Transfers in From Other Funds	40,000	40,000	5,353,393	313,332	1,259,668	-	-	-	-	150,000
Total Financing Sources	$ 40,700,532	$ 3,529,794	$ 7,073,708	$ 1,350,215	$ 9,133,973	$ 6,120,741	$ 952,195	$ 17,424,624	$ 3,610,617	$ 1,351,200
Financing Uses:										
Administration	$ 3,925,617	$ -	$ -	$ 411,301	$ 753,550	$ 1,369,161	$ -	$ -	$ -	$ -
City Council	492,281	-	-	-	-	-	-	-	-	-
Attorney	1,067,512	-	-	-	-	-	-	-	-	-
Finance & Information Svcs	1,663,680	-	-	-	-	1,098,375	-	-	-	-
Police	11,709,478	-	-	14,500	-	-	-	-	-	-
Fire	6,649,379	-	-	264,182	-	-	-	-	-	-
Public Works	5,283,255	-	-	1,912,530	-	3,566,826	-	-	3,620,617	-
Parks & Recreation	2,957,053	-	-	1,443,315	1,041,098	-	961,369	-	-	1,330,349
Community Development	2,038,263	-	-	40,000	297,076	-	-	-	-	-
Public Utilities	-	2,600,867	-	250,000	656,121	-	-	17,424,624	-	-
Economic Development	-	-	-	-	4,787,312	-	-	-	-	-
Non-Departmental	1,186,357	-	7,061,305	25,000	682,312	307,731	-	-	-	-
Transfers out to Other Funds	3,288,224	928,927	-	361,368	2,485,638	92,236	-	-	-	-
Total Financing Uses	$ 40,261,099	$ 3,529,794	$ 7,061,305	$ 4,722,196	$ 10,703,107	$ 6,434,329	$ 961,369	$ 17,424,624	$ 3,620,617	$ 1,330,349
Excess (Deficiency) of Financing Sources over Fiancing Uses	$ 439,433	$ -	$ 12,403	$ (3,371,981)	$ (1,569,134)	$ (313,588)	$ (9,174)	$ -	$ (10,000)	$ 20,851
Fund Balance - Beginning	$ 4,154,891	$ 1,017,773	$ 2,627,045	$ 3,371,981	$ 2,459,998	$ 7,452,153	$ 179,526	$ 2,621,983	$ 636,995	$ 40,337
Fund Balance - Ending	$ 4,594,324	$ 1,017,773	$ 2,639,448	$ -	$ 890,864	$ 7,138,565	$ 170,352	$ 2,621,983	$ 626,995	$ 61,188

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 schedule on page 19 summarizes the beginning and ending fund balances in the various funds of the city. A chart on page 18 shows the history of fund balance in the general fund.

BASIS OF BUDGETING

Basis of budgeting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of budgeting relates to the timing of the measurements made, regardless of the measurement focus applied.

The budgeting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are budgeted for on a spending or "current financial flow" measurement focus. This means that only current assets and current liabilities are generally recognized. ACurrent@ for the Balance Sheet (assets/liabilities) measurement means that which will be received or paid within the next year. Non-Governmental Funds (Enterprise and Internal Service Funds) are budgeted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Regardless of the measurement focus, depreciation is not budgeted.

All Governmental Fund budgets are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and qualify as current assets. Taxes and special assessments are accrued as receivables if they are received within 60 days after the fiscal year end. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when current fund liabilities are incurred (i.e. capital acquisitions, bond issuance costs, etc. are expensed and they are not capitalized and depreciated or amortized over the life of the assets). Exceptions to this general rule include: (1) the long-term portion of accumulated unpaid vacation; and (2) principal and interest on general long-term debt which are recognized when due.

All Enterprise and Internal Service Fund budgets are based on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The city applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

REVENUE & TAXATION

Sandy City is funded through two categories of revenue: taxes and fees. Tax revenue is primarily used to pay for services provided to the public in general such as police, fire, streets and parks. The city also provides services that benefit specific groups of citizens for which a specific fee is charged which is intended to pay for all or part of the costs incurred to provide that service. The city follows the revenue policies below:

REVENUE POLICIES

- Sandy City should estimate revenues conservatively to avoid unexpected deficits and to provide a funding source for Capital Project needs.

- Sandy City should minimize the use of one-time revenue to fund ongoing services.

- Sandy City should aggressively collect all revenues or taxes due.

- Sandy City should annually review user fees, impact fees, license and permit fees, and special assessments:

    - To determine that the full long-term service costs are not being subsidized by general revenues or passed on to future generations of taxpayers.
    - To determine the subsidy level of some fees.
    - To consider new fees.

- Sandy City should seek to maintain a stable tax rate. Generally, taxes should not be increased unless:

    - Inflation has clearly forced operating costs upward faster than tax growth.
    - New services are instituted to meet citizens' needs.

REVENUE ANALYSIS

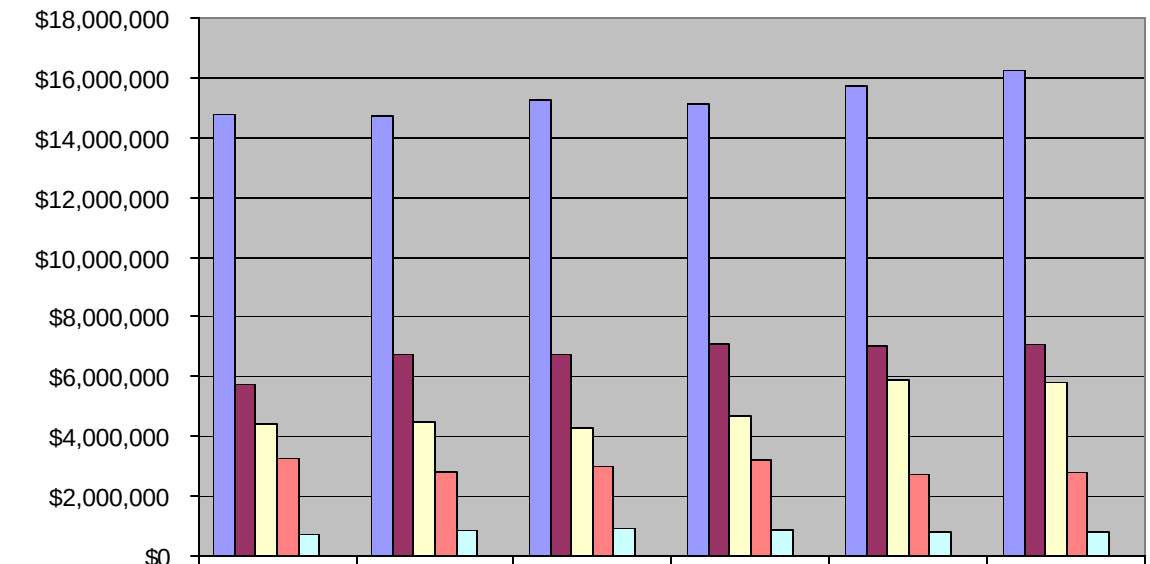
User Fees - User fee revenue will be discussed in the section corresponding to the department that provides the service funded by the fee. User fees are based on an analysis of how much of the cost should be covered by the fee versus how much should be subsidized by general taxes and revenue. Factors considered in the analysis include:

- How the fees compare with those charged by other cities,
- Whether the service benefits the general public versus an individual user, and
- Whether the same service can be offered privately at a lower cost.

General Taxes & Revenue - The remainder of this section will provide information on the major tax revenue sources used to fund the city=s general government services. Each source will have information on:

- How the tax is calculated,

- Significant trends,
- Underlying assumptions for the revenue estimates, and
- A look at how Sandy=s taxes compare with similar jurisdictions.



	2001	2002	2003	2004	2005	2006
Sales Tax	$14,773,043	$14,740,321	$15,272,380	$15,161,445	$15,732,327	$16,237,000
Property Tax	$5,737,847	$6,746,658	$6,764,740	$7,103,637	$7,057,291	$7,091,800
Franchise Tax	$4,435,823	$4,501,770	$4,289,764	$4,688,366	$5,906,767	$5,805,820
State Road Fund	$3,281,124	$2,839,583	$3,008,309	$3,240,291	$2,737,361	$2,808,365
Motor Vehicle Fees	$721,930	$867,215	$918,730	$881,376	$834,695	$825,000
Total	$28,949,767	$29,695,547	$30,253,923	$31,075,115	$32,268,441	$32,767,985

The above chart shows the six-year trend for those revenue sources classified as general taxes and revenue as well as the receipts for state road funds. In total, these five sources comprise nearly 82% of the general fund revenue. It is important to maintain balance among major revenue sources. Sales tax revenue fluctuates more with the economy than the other revenue sources. Because Sandy has been in a growth mode for the past 30 years, much of the fluctuation caused by the economy has been mitigated. As the city approaches maturity, balance among revenue sources will become even more important. The chart shows that the balance has improved over the past six years. Property tax grew significantly in FY 2000 and FY 2002 due to state legislation that shifted revenue from Salt Lake County to the Cities. Franchise tax receipts have also increased due to utility rate increases and because of legislation which extended telecommunication franchise fees to wireless utilities. Each of these five revenue sources will be described in more detail in the following sections.

SALES TAX

Sales tax is Sandy City=s largest revenue source consisting of almost 41% of general fund revenue. State Law authorizes cities to receive sales tax revenue based on the process described in the chart below. Sales tax revenue is forecasted by the Finance Department using a qualitative method which

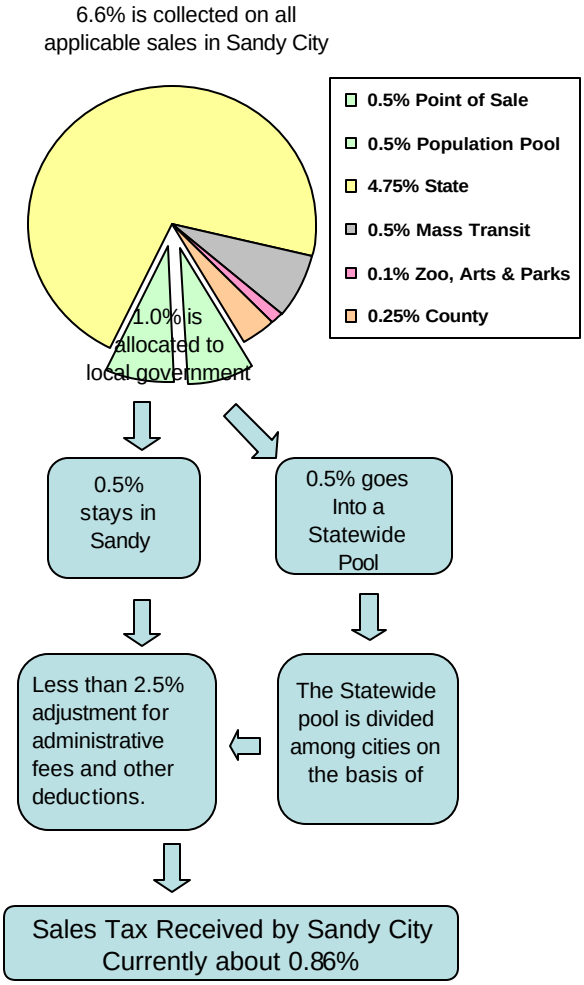
makes assumptions about each of the relevant factors in this distribution model. Trends in each of the relevant factors were analyzed as follows:

State Law – No changes in the rates specified in state law are anticipated.

Population Data – Changes in population data can have a significant impact on sales tax revenue. Since the 2000 census, population growth in Sandy has been slower than the state as a whole. As a result, each time the State Tax Commission uses new population estimates to distribute sales tax revenue, Sandy gets a smaller slice of the pie. The estimates for FY 2006 assume that the State will use new population estimates beginning with the September distribution that continue to assume slower population growth in Sandy.

Statewide Sales – With half of the sales tax revenue coming from the statewide pool, the amount of statewide sales is a major factor in the estimate. Statewide Sales showed little growth or a decline in FY 2002 and FY 2003 but began to turn around midway though FY 2004. For calendar year 2005 the economist for the State Tax Commission predicts a 5.3% growth in retail sales in Utah while the chief economist for Wells Fargo Bank projects 6.0% growth. The Sandy City budgeted forecast assumes a conservative 5% growth for FY 2005-06.

Sandy City Sales – With the other half of sales tax revenue deriving directly from sales made in Sandy, it is important to project separately the growth in retail sales made in Sandy. Sandy sales have generally grown at a faster rate than sales statewide but as was the case with population growth, that trend was reversed in FY 2004 and since then, Sandy sales have grown at a slower pace than sales statewide. Even with some anticipated new retail in FY 2006, Sandy sales are forecasted to grow by a modest 3.5%.



PROPERTY TAX

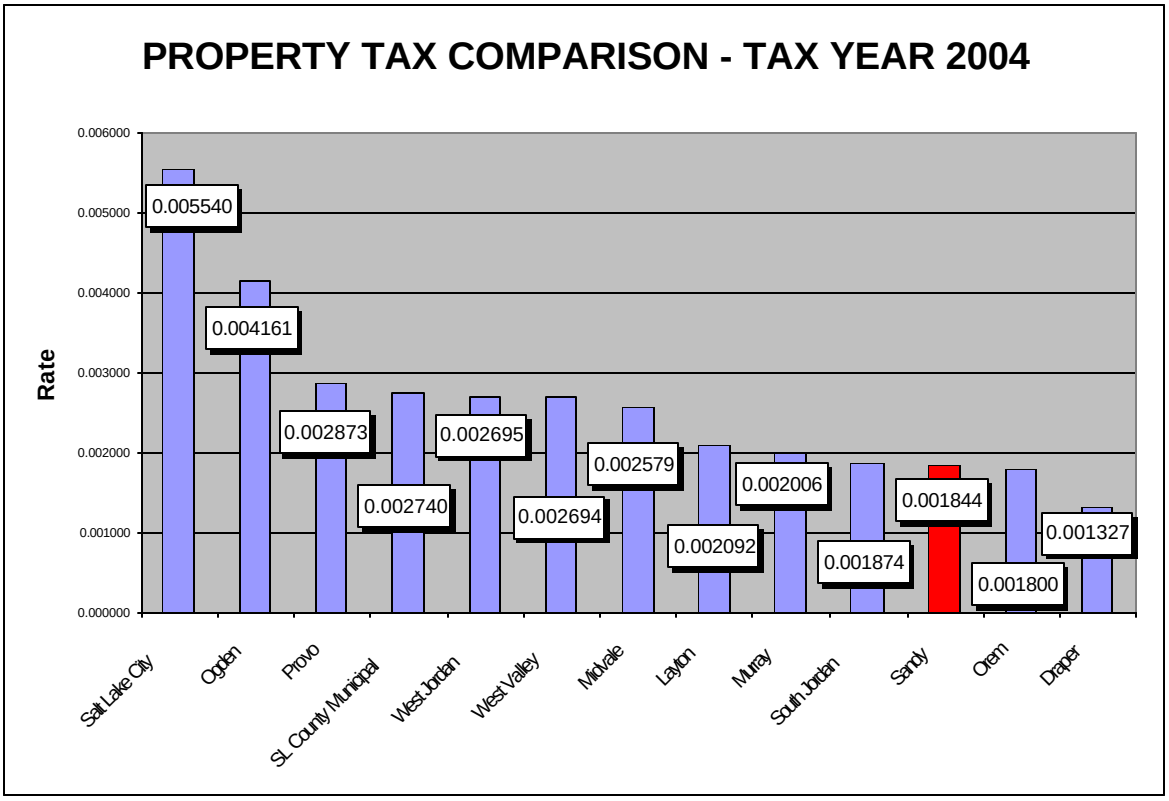
Property tax is Sandy City's second largest source of tax revenue accounting for almost 18% of general fund revenue.

Truth in Taxation - In order to understand property tax in Utah it is necessary to understand a section of Utah Law known as "Truth in Taxation." The county is responsible for administering property taxes and each June they submit to the cities a certified tax rate that would generate the same amount of revenue as the previous year plus any new growth. The certified tax rate does not

provide for additional tax revenue due to increased valuation of existing property. If the city chooses to adopt a tax rate higher than the certified rate, state law has very specific requirements for newspaper advertisements and public hearings from which the name "Truth in Taxation" is derived.

Revenue Projections - Because the County does not provide certified tax rates until June, the Mayor's recommended budget includes a projection made by the Finance Department. The final budget must be adjusted so that the County's property tax number is used. The relevant factors in the preliminary property tax forecast include the tax rate and new growth.

Property Tax Rate – Sandy City's property tax rate is modest when compared to its neighboring cities and similar sized cities in Utah as illustrated in the chart below. The FY 2006 budget does not include an increase in the tax rate.



New Growth – New growth is initially estimated using a trend analysis and using a report of new construction generated by the city's Building Division. Since the growth number used in the final budget must be the county's, adjustments are made as needed.

FRANCHISE TAX

Franchise Taxes are the third largest source of General Fund Revenue generating just under15% of general fund revenue. State law authorizes cities to collect up to 6% on utilities operating within city boundaries. The relevant factors in forecasting franchise fee revenue are as follows:

Tax Rate - Sandy City charges a 6% franchise tax to the electric utility, the natural gas utility, and for cable television. A new law became effective July 1, 2004 for telecommunication utilities. Until

utilities. Until now, the franchise fee applied only to telecommunication utilities that ran over land lines. Now telecommunication services that run both over land lines and over wireless networks all pay a 4% franchise tax. The result has been a significant increase in the telecommunications franchise receipts primarily because the volume of wireless revenue exceeded projections. The FY 2005 telecommunications franchise receipts are projected to exceed FY 2004 by more than $1.1 million.

Utility Rate – Changes in utility rates affect the revenue collected by the utility and therefore the amount of tax remitted to the city. Utility rates are regulated by the Public Service Commission. It has not been uncommon to experience rate decreases as well as increases. Any announced rate changes are factored into the revenue projections. The projections assume a 3.8% increase for PacifiCorp that went into effect on March 1, 2005 and a 6.5 % net increase for Questar that went into effect on October 1, 2004.

Usage – Utility revenue is sensitive to changes in usage. The electric and natural gas utilities can be affected in particular by the weather. The projections take weather variations into account and assume a normal weather pattern. The size of households also has some affect on utility usage. The average household size in Sandy has decreased in recent years which has resulted in reduced usage.

MOTOR VEHICLE FEES

Motor vehicle fees account for just over 2% of general fund revenue. The fee is a personal property tax for passenger cars and light trucks. It is a uniform fee based on the age of the vehicle. The fee is applicable to passenger cars, light trucks (including sport utility vehicles), and vans. These fees are due at the time of registration, even on new vehicles and vehicles that are registered more than once during a given year. The fees are:

Age of Vehicle	Equivalent Tax
Less than 3 years	$150
3 or more years but less than 6 years	$110
6 or more years but less than 9 years	$80
9 or more years but less than 12 years	$50
12 or more years	$10

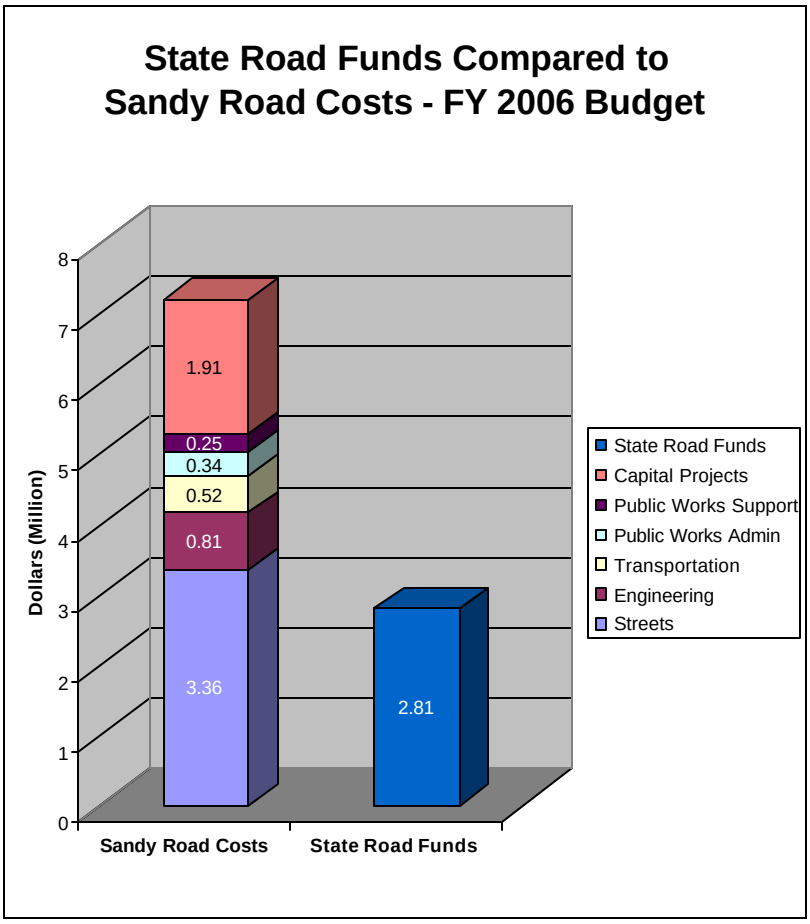
Source: Utah Department of Motor Vehicles Website

The fees collected are transmitted to the county where they are distributed to the taxing jurisdictions in proportion with the property tax revenue. As a result, the distribution is affected by changes in tax rates and growth in other jurisdictions. Other county jurisdictions have increased property taxes while Sandy has not. The result is that Sandy has received a smaller portion of the available motor vehicle fees. A qualitative method is used to project revenue based on past trends.

STATE ROAD FUNDS

State Road Funds generate 7% of general fund revenue. This revenue source is the city's share of the B & C Road Fund administered by the Utah Department of Transportation. This fund receives 25% of the revenue collected from state highway user taxes and fees with the primary source being the $0.245 per gallon tax levied on motor fuel. Additionally the fund receives 1/16% of the state sales tax. Sandy City receives its allocation through a formula weighted 50% on the city's proportion of the state's population and 50% on the city's proportion of the state's road miles. The chart below illustrates that the money received from the state road fund is

Though generated primarily through taxes, state road funds are limited in use and therefore not classified, for purposes of this budget book, among general taxes and revenue. However, it is a significant enough revenue source to merit further explanation here.



A qualitative method is used to forecast State Road Funds based on trends for each of the factors used in the formula:

Population – As discussed earlier in the sales tax section, the FY 2006 estimate assumes a small decrease in Sandy's population as a percent of the statewide population. Sandy's population has been growing slower than the state as a whole since the 2000 census even though it had grown more rapidly than the state for many years previously. This trend is the result of a demographic shift to smaller household sizes and to the greatly diminished amount of land that can still be developed.

Road Miles – Also attributable to the slowing in development relative to the rest of the state, the city's proportion of road miles is in slow decline. The forecast reflects this trend.

Available B&C Road Funds – Gas tax revenue is based on consumption rather than the price of fuel. In reality, an increase in fuel prices can result in lower consumption. Because fuel prices have been on the rise, the assumption for growth in available B & C Road funds was made at a more modest increase of 0.5%. Another factor that had to be considered is a general overpayment and subsequent adjustment that was due to a calculation error made by the Department of Transportation. Due to the error, Sandy City received approximately $440,000 in additional revenue in the last three quarters of FY 2004 and the first quarter of FY 2005. To correct this error, the Department of Transportation reduced the distributions by a like amount for the last three quarters of FY 2005 and the first quarter of FY 2006.

DEBT

Sandy City uses debt judiciously consistent with the policies listed below. The city currently enjoys an Aa+ bond rating from Standard's and Poor's for sales tax revenue bonds. This rating allows the city to issue bonds at a lower rate than governmental agencies with a less favorable bond rating. Only 3% of cities nationwide receive the Aa+ rating. The FY 2006 budget includes $6.1 million of debt service payments. As of June 30, 2006 the outstanding debt will be $36.2 million. No new debt issues are anticipated during FY 2006. The schedule below includes the general debt of the city as pertaining to the governmental funds. Debt incurred by the proprietary funds is included in the departmental sections. Currently the Water and Golf funds have outstanding issues.

DEBT POLICIES

- Sandy City should combine pay-as-you-go strategy with long-term financing to keep the debt burden low.
- Sandy City should seek to maintain or improve the city bond rating, currently AAa+.@
- Sandy City should seek the most practical and cost efficient financing available.

OUTSTANDING GENERAL DEBT ISSUES

		Funding Source		Matures In FY:	Debt Service - FY 2006 Principal	Interest	Total	Outstanding (6/30/2006)
3105	Fire Station #35 Bonds	General Fund	100%	2006	$ 130,000	$ 6,123	$ 136,123	$ -
3108	1996 Road Bonds	General Fund RDA - Civic Ctr. S RDA - Civic Ctr. N	65% 15% 19%	2007	1,195,000	20,969	1,215,969	165,000
3107	Equipment Lease	Fleet Fund	100%	2007	87,450	4,786	92,236	89,812
3103	U of U Lease Rev. Bonds	Building Rental	100%	2007	240,000	8,000	248,000	160,000
31010	2000 Road Bonds	RDA - Civic Ctr. S RDA - Civic Ctr. N	3% 97%	2010	620,000	221,814	841,814	3,705,000
3102	City Hall GO Bonds	Property Tax General Fund	37% 63%	2012	555,000	205,140	760,140	3,670,000
3104	Sr. Citizens Sec. 108 Loan	CDBG Fund	100%	2015	115,000	120,749	235,749	1,720,000
31011	Storm Water	Storm Water Fund	100%	2017	565,000	361,928	926,928	8,040,000
3106	Innkeeper Bonds	Innkeeper Fees General Fund	35% 65%	2020	285,180	271,655	556,835	6,785,553
3109	Park Projects Bonds	RDA - Civic Ctr. S	100%	2020	419,820	399,908	819,728	8,109,447
31013	Court Building Bonds	General Fund	100%	2024	145,000	155,049	300,049	3,775,000
Total					$ 4,357,450	$ 1,776,121	$ 6,133,571	$ 36,219,812

A description of each of the city's debt issues follows:

Fund 3102 – City Hall Bonds - On December 15, 1995, the city issued $6,250,000 in General Obligation Refunding Bonds. This issue is formally referred to as the 1995 General Obligation and Refunding Bonds. These funds were used for the purpose of refunding the Public Building and Refunding Bonds, Series 1991. The city has used property tax as the primary funding source, which is more than sufficient for both the principal and interest.

Fund 3103 – U of U Building Bonding - On May 24, 1994, the Municipal Building Authority issued $2,325,000 in Lease Revenue Bonds. This issue is formally referred to as the 1994B Lease Revenue Bonds. These bonds were used to finance the acquisition of an educational facility (University of Utah continuing education), the funding of a Debt Service Reserve Fund, and to pay the costs of issuance for the bonds. The city will collect lease payments from the lessee to secure the bonds.

Fund 3104 – Section 108 Loan - On June 6, 1996, the city issued a $2,515,000 note, guaranteed by the Secretary of Housing and Urban Development (HUD). This note was acquired for payment of the Senior Citizen Center located within city boundaries at 9310 South 1300 East.

Fund 3105 – Fire Station - These bonds were acquired for payment towards the acquisition and construction of a fire station located within city boundaries.

Fund 3106 – Innkeeper Bonds - On December 1, 1998, the Municipal Building Authority (MBA) issued $7,840,000 in Lease Revenue Bonds. This issue is formally referred to as the 1998C MBA Lease Revenue and Refunding Bonds. These funds were used to finance the construction of the amphitheater and Lone Peak Park as well as to refund the 1998B Lease Revenue Bonds. The city's intent is to use the innkeeper tax as the primary funding source. This tax alone is inadequate, so the general fund will make up the difference. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. In fiscal year 2005, this issue will be refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 3107 – Equipment - This fund is used to purchase equipment and golf carts for the River Oaks Golf Course.

Fund 3108 – 1996 Road Bonds - On December 1, 1996, the city issued $9,750,000 in Motor Fuel Excise Tax Revenue Bonds. The issue is formally referred to as the 1996 Motor Fuel Excise Tax Revenue Bonds. These funds were used to finance the costs of certain projects related to the construction and improvements to certain streets located within the city's boundaries. The remaining balance was used to fund a debt service reserve fund for the bonds. The issue is funded solely from Class C Road Funds given to the city. These Class C Road Funds consist primarily of certain motor fuel excise taxes levied and collected by the State of Utah and apportioned to the city pursuant to applicable Utah law. On August 15, 2003, this issue was refunded with the Series 2003 Sales Tax Revenue and Refunding Bonds.

Fund 3109 – Parks Projects Bonds - On December 7, 1999, the Municipal Building Authority issued $9,780,000 in Lease Revenue Bonds. This issue is formally referred to as the 1999 Municipal Building Authority (MBA) Lease Revenue Bonds. These funds were used to purchase and improve 53 acres of land for use by the city as a park, and also for improvements to the Lone Peak Park. A grant was also received for approximately $2,000,000 to aid in the purchase of the land. The MBA makes the debt service payments from the proceeds of a master lease with Sandy City. The lease payments are currently paid by the Civic Center South Redevelopment Agency through the "haircut" provision that allows RDA money to be used for these purposes. In 1999, the law was changed to allow RDA funds to be used for parks projects that are part of a master plan. In fiscal year 2005, this issue will be refunded with the Series 2004 Sales Tax Revenue and Refunding Bonds.

Fund 31010 – 2000 Road Bonds **-** On March 7, 2000, the city issued $7,075,000 in Motor Fuel Excise Tax Revenue Bonds. This issue is formally referred to as the 2000 Motor Fuel Excise Tax Revenue Bonds. These funds were used to construct and improve streets located within the city's boundaries. The pledge for this issue is the Class C Road Funds which consist primarily of certain motor fuel excise taxes levied and collected by the State of Utah and apportioned to the city pursuant to applicable Utah law. However, RDA tax increment funding (Civic Center South) and haircut funding (Civic Center North) is currently being used to service the debt.

Fund 31011 – Storm Water Drainage Bond **-** On February 15, 2002, the city issued $10,180,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2002 Sales Tax Revenue Bonds. These funds were issued to finance the costs associated with acquiring, constructing, and equipping certain storm drain improvements and bond issuance costs. The city's intent is to repay the bonds with the storm water fees charged on the utility bill and use the sales and use tax as the pledge for this issue. Sales and use taxes are collected by the Utah State Tax Commission and distributed monthly to the city, as provided by law.

Fund 31013 – Justice Court Building - On August 15, 2003, the city issued $7,225,000 in Sales Tax Revenue Bonds. This issue is formally referred to as the 2003 Sales Tax Revenue and Refunding Bonds. The funds were used to finance the acquisition of a justice court building, and to refund the 1996 Motor Fuel Excise Tax Revenue Bonds. The pledge for this issue is the sales and use tax which is collected by the Utah State Tax Commission and distributed monthly to the city, as provided by law.

COMPUTATION OF LEGAL DEBT MARGIN - JUNE 30, 2004

Assessed Valuation:	
Primary Residential	$2,814,338,951
All Other	1,500,002,319
Total Assessed Valuation	$ 314,341,270
Reasonable Fair Cash Value	$ 635,180,654

	GENERAL - 4%	WATER AND SEWER - 4%	TOTAL - 8%
Debt Limit -			
8% of Reasonable Fair Cash Value (1)	$ 265,407,226	$ 265,407,226	$ 530,814,452
Less Outstanding General Obligation Bonds	4,750,000	0	4,750,000
Debt Margin	$ 260,657,226	$ 265,407,226	$ 26,064,452

Notes:

(1) The general obligation bonded debt of the city is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

CAPITAL BUDGET

The FY 2006 budget includes nearly $16.3 million for capital expenditures. The capital budget includes expenditures for land, buildings, and infrastructure related to roadways, parks, water, storm drainage and street lighting. By policy, capital expenditure is for an asset that is tangible in nature with a useful life of more than two years. Additionally, a capital expenditure must meet the following capitalization thresholds:

Land	$ 0
Buildings	$15,500
Improvements Other Than Buildings	$15,000
Utility Plant in Services	$15,500
Office Furniture and Equipment	$ 7,500
Machinery and Equipment	$ 7,500
Automobiles and Trucks	$ 7,500
Infrastructure & Capital Improvements	$15,000

Expenditures that do not meet the above thresholds are budgeted in the operating budget as equipment, improvements, or supplies.

Capital projects are categorized as replacement or expansion projects. Replacement projects are routine in nature and involve the replacement or upkeep of existing assets. Ongoing commitment to replacement projects is important to the vitality and stability of the city. Expansion projects add to the asset base of the city and often result from policy decisions. Expansion projects also generally have an impact on the operating budget either in terms of additional personnel, maintenance, utility or other costs, or potentially in terms of additional revenue or operating savings. The departmental sections of this book divide capital projects into these two categories and provide information on the above issues in the narratives.

The city Council provides oversight for the capital budget. They review and adopt the budget in this book. Additionally, they review and approve the carryover of any unexpended funds in the prior year's budget. They also approve by resolution any budget adjustment at the project level during the year for all capital projects in governmental funds. The City Council also reviews and approves all master plans. The following is a summary of the master plans that influence the capital budget:

- ***Water –*** Highlights of this plan include increasing the supply of available water by 5,060 acre feet, increasing the peak daily production capacity, increasing the storage capacity and providing for better flows for fire suppression in key areas. The plan also included a rate study to assure that revenue would be adequate to fund the needed improvements. The current master plan was originally adopted in 2000 and was updated in 2003. Additional information on how this plan helped shape the budget can be found in the Public Utilities section of this book.

- ***Storm Water –*** The city's storm water master plan was completed in August 1998. An objective of the plan was that all drainage facilities would convey the 10-year, 3-hour storm event with no flooding. The plan identified 112 projects totaling $56.8 million.

construction and alternate funding sources. The plan also resulted in the implementation of a storm water fee that has generated an ongoing revenue stream to begin funding these projects. Details on how this budget helps implement the plan can be found in the Public Utilities section of this book.

- ***Transportation –*** The Transportation Master Plan was last updated in September 1996. The plan looked at the existing road system and traffic volumes and projected future growth. The result was a recommended program of improvement projects that included short, medium, and long term projects as well as recommendations on work that needed to be performed on an annual basis. Funding is currently in place for an update of this plan.

- ***Parks –*** In August 2004, the city updated its 1996 Parks, Recreation, and Trails Master Plan. Many elements of the original plan were accomplished including the acquisition of 150 acres of new developed parks, the acquisition of over 250 acres of new natural landscape parks and open space, and the acquisition of the River Oaks Golf Course. The 2004 update included a citizen survey which identified the following priorities: 1) remodeling, refurbishing, and updating current parks and facilities, 2) expanding the trail system, and 3) acquiring land for neighborhood and community parks. The projects funded in this budget reflect these priorities.

- ***Other Master Plans –*** Other master plans that will generate projects for future budgets include the Sandy Corners Plan and the South Town Promenade Plan. Sandy Corners is a commercial/retail area around 9400 South and 700 East. The stated goal of this plan is to create a walkable environment while promoting efficient traffic flow, transit connections, and economically viable businesses. The South Towne Promenade is a wide street park connecting the South Towne Mall and Sandy City Hall. Elements of the plan include additional trees, landscape features, walkways, pedestrian lighting, and a wetland interpretive and education center.

The City Council also periodically reviews and adopts policies related to capital spending:

- ***Road Condition –*** The city's policy is to maintain at least 80% of its roadway system at a good or better condition and have no more than 10% in a substandard condition. The Public Works Department maintains a pavement management database that is used to document road conditions for planning purposes. Information on the city's performance and how the budget supports this policy can be found in the Public Works section of this book.

A summary schedule of the capital budget can be found on the following two pages. The individual department sections provide more detailed information including a budget breakdown by project, budgeted expenditures for the prior year, and a three-year plan for future expenditures. Also included is a description of each project which describes any impact on the operating budget in terms of additional operating costs or potential savings and the impact on revenue. The effect of capital projects on goals and performance indicators will also be evident.

CAPITAL BUDGET - Summary by Department and Fund - FY 2006

Project	Governmental Capital Projects						Other Governmental Funds	Governmental Activities - Internal Service Funds	Proprietary Funds	
	General Revenue	Park Impact Fees	Trail Impact Fees	Grants	State Road Funds	Court Surcharge			Alta Canyon Sports Ctr	Water
Administration (see page 47)										
1201 - Municipal Building	$ 210,800	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1244 - Court Building	155,501	-	-	-	-	-	-	-	-	-
Finance & Information Svcs (see pages 94-95)										
64001 - General Equipment	-	-	-	-	-	-	-	52,500	-	-
64003 - Citywide GIS	-	-	-	-	-	-	-	35,500	-	-
64013 - Development Tracking Software	-	-	-	-	-	-	-	62,000	-	-
64020 - LLEBG Grant Match					-	-	-	1,278		
64022 - Court Server	-	-	-	-	-	-	-	30,000	-	-
64025 - Wireless Network Radios	-	-	-	-	-	-	-	15,000	-	-
Fire (see page 115)										
12061 - Fire Station #32 Rebuild or Remodel	264,182	-	-	-	-	-	-	-	-	-
Public Works (see page 127-131)										
1221 - Covered Wash Bay and Drainage	23,000	-	-	-	-	-	-	-	-	-
13035 - Traffic Calming	-	-	-	-	-	10,000	-	-	-	-
13102 - Freeway Beautification	48,000	-	-	-	-	-	-	-	-	-
13121 - Wasatch Boulevard Trail	90,000	-	-	-	-	-	-	-	-	-
13152 - Lostwood Drive Sidewalk Improvements	25,000	-	-	-	-	-	-	-	-	-
13153 - 2000 East Pepperwood Drive Drainage	8,000	-	-	-	-	-	-	-	-	-
13154 - State Street Betterments	180,000	-	-	-	-	-	-	-	-	-
13155 - 1000 E Improvments with 8000 S Storm Drain	100,000	-	-	-	-	-	-	-	-	-
13821 - Street Reconstruction	500,000	-	-	-	314,530	-	-	-	-	-
13822 - Hazardous Concrete Repair	200,000	-	-	-	-	173,000	-	-	-	-
13823 - Boulders Sidewalk Replacement	11,000	-	-	-	-	-	-	-	-	-
13824 - 1300 East & Sego Lilly Intersection	30,000	-	-	-	-	-	-	-	-	-
13825 - 1300 East Improvements	100,000	-	-	-	-	-	-	-	-	-
19001 - Subdivision Bonds - Misc.	100,000	-	-	-	-	-	-	-	-	-
Fleet Purchases	-	-	-	-	-	-	-	1,735,600		
Parks & Recreation (see pages 151-154)										
13029 - Streetscapes	150,000	-	-	-	-	-	-	-	-	-
140036 - Flat Iron Mesa Parking Lot Expansion	-	81,500	-	-	-	-	-	-	-	-
14011 - Tot Lot Decks & Safety	17,983	-	-	-	-	-	-	-	-	-
14017 - Computerized Irrigation	2,586	-	-	-	-	-	-	-	-	-
14035 - 9400 South 1300 East Park	361,368	-	-	(51,368)	-	-	-	-	-	-
140354 - 9400 S 1300 E - 8 Acre Park Land	150,000	-	-	-	-	-	-	-	-	-
140355 - 9400 S 1300 E - 8 Acre Park Improvements		-	-	-	-	-	43,602	-	-	-
14058 - Bluth Park Lights	(15,077)	-	-	-	-	-	-	-	-	-

CAPITAL BUDGET - Summary by Department and Fund - FY 2006

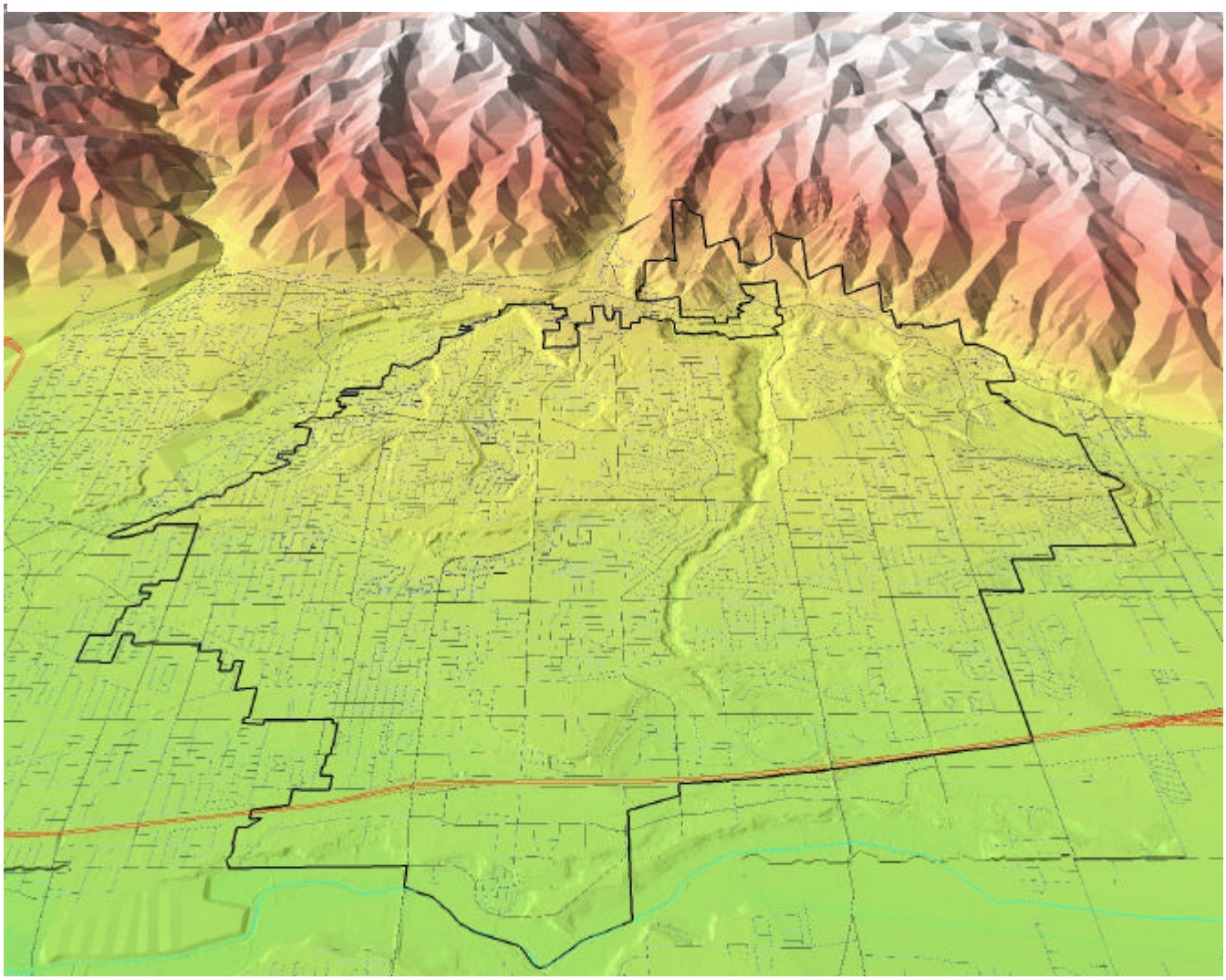
	Governmental Capital Projects							Governmental	Proprietary Funds	
Project	General Revenue	Park Impact Fees	Trail Impact Fees	Grants	State Road Funds	Court Surcharge	Other Governmental Funds	Activities - Internal Service Funds	Alta Canyon Sports Ctr	Water
14061 - Granite Trail Head	-	-	12,000	-	-	-	-	-	-	-
14064 - Union Middle School Park	-	454,000	-	-	-	-	-	-	-	-
14064 - Jordan River Trail Bridge	-	-	10,000	-	-	-	-	-	-	-
148031 - Flat Iron Park Irrigation Renovation	98,246	-	-	-	-	-	-	-	-	-
148035 - Flat Iron Park Fence	17,000	-	-	-	-	-	-	-	-	-
148581 - Bluth Park Restroom Replacements	95,077	-	-	-	-	-	-	-	-	-
Alta Canyon Sports Center (see page 166)										
124505 - Roof Replacement	60,000	-	-	-	-	-	-	-	-	-
Community Development (see page 177)										
19012 Gateways/Beautification Projects	15,000	-	-	-	-	-	-	-	-	-
19036 Neighborhood Preservation Initiative	25,000	-	-	-	-	-	-	-	-	-
Public Utilities										
Water (see pages 203-206)										
51001 - Water Meters (New Construction)	-	-	-	-	-	-	-	-	-	60,400
51042 - Purchase of Water Stock	-	-	-	-	-	-	-	-	-	200,000
51063 - Metro Capital Assessment	-	-	-	-	-	-	-	-	-	4,210,322
51072 - Bell Canyon Feasibility Study	-	-	-	-	-	-	-	-	-	300,000
51077 - In Line Water Contaminate Detection	-	-	-	-	-	-	-	-	-	51,208
51078 - Metro Water Rights Purchase	-	-	-	-	-	-	-	-	-	863,193
51801 - Hydrant Replacement	-	-	-	-	-	-	-	-	-	12,000
51810 - Replace Meters	-	-	-	-	-	-	-	-	-	20,000
51811 - Replace Mainlines	-	-	-	-	-	-	-	-	-	400,000
51813 - Replace/Raise Valves	-	-	-	-	-	-	-	-	-	32,000
51821 - Replace Well Equipment	-	-	-	-	-	-	-	-	-	400,000
Storm Water (see pages 211-212)										
55052 - Bike Grates	-	-	-	-	-	-	35,000	-	-	-
55065 - Gravel Pit Detention Pond	-	-	-	-	-	-	824,316	-	-	-
55801 - Raise Storm Drain Manholes	-	-	-	-	-	-	60,000	-	-	-
55802 - Neighborhood Projects	-	-	-	-	-	-	100,000	-	-	-
55804 - Retention Pond Modifications	-	-	-	-	-	-	30,000	-	-	-
Electric Utility (see page 215)										
19013 - Underground Powerlines	250,000	-	-	-	-	-	-	-	-	-
Non-Departmental (see page 228)										
11099 - Land Purchase Contingency	25,000	-	-	-	-	-	-	-	-	-
Total Capital Projects	$ 3,297,666	$ 535,500	$ 22,000	$ (51,368)	$ 314,530	$ 183,000	$ 1,092,918	$ 1,931,878	$ -	$ 6,549,123

COMMUNITY PROFILE

Sandy City is Utah's fourth largest city. The nearby Wasatch Mountains provide water, recreational opportunities and a scenic backdrop. The I-15 corridor and TRAX light rail line on the west side provide both access to downtown Salt Lake City and the opportunity to be a commercial center for the south end of the valley.

Sandy experienced tremendous growth both is land area and population during the past thirty years. Annexation of previously incorporated land has resulted in growth from 6.6 square miles in 1970 to nearly 23 square miles today. Annexations combined with new construction resulted in population growth from 6,438 to 90,096 in that same time period. Many of the new homes built during the 70's and the 80's were bought by young families which resulted in one of the lowest median ages in the nation. In recent years, the population has aged as many of the children in the young families have grown and left home. The median age of Sandy City grew from 20.3 years in 1980 to 29.1 years in 2000. This demographic shift has had an affect on the City budget in such areas as declining participation in recreation programs and a reduced rate of growth in both sales tax revenue and state road funds which are based partially on population.

Commercial growth, however, continues along the I-15 corridor which in turn continues to fuel a strong economy and tax base and provides job opportunities for residents.

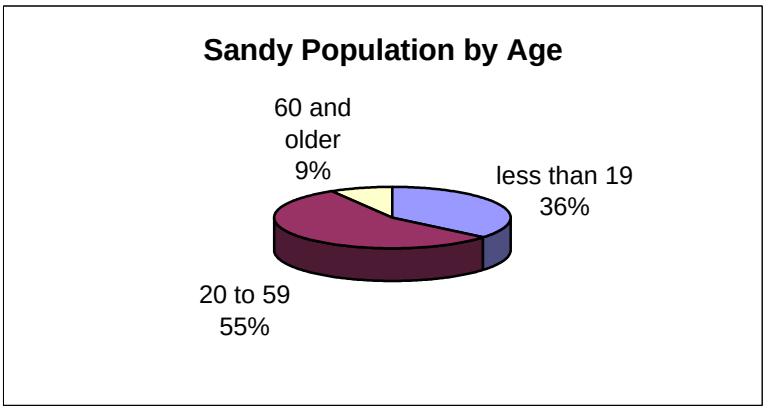


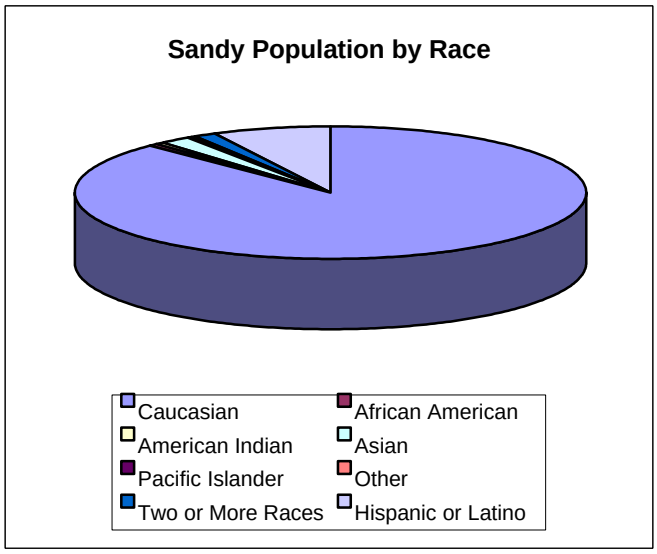
Sandy City border on a relief map produced by Sandy GIS staff (view is facing east, I-15 is shown in red)

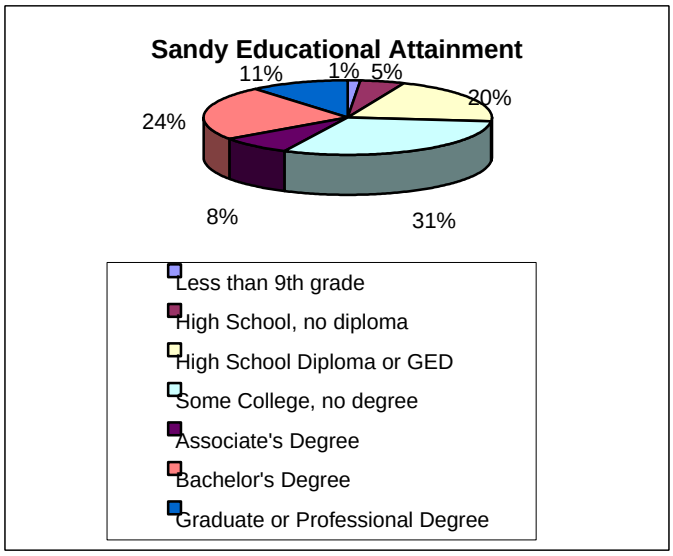
Sandy City Community Profile (cont.)

Date of Incorporation	**1893**
Form of Government	**Council - Mayor**
Median Family Income	**$ 70,801**
Unemployment Rate (2003)	**4.30%**

Year	Population	Median Age	Area in Square Miles
1950	2,095		1.3
1960	2,322		1.3
1970	6,438	20.3	6.6
1980	52,210	20.3	18.6
1990	75,058	22.9	20.3
2000	88,551	29.1	22.35
2005	93,096	29.1	22.81







2004 Labor Force	Average Annual Wage	Employees
Finance, Insurance & Real Estate	36,408	2,549
Information	31,476	825
Trade,Transportation & Utilities	29,076	9,001
Manufacturing	40,056	2,609
Construction	34,284	2,935
Mining	5,904	1
Government	24,948	5,396
	28,555	35,678

Building Permits		Commercial	Residential
Cal. Year:	1995	23	714
	1996	52	238
	1997	66	437
	1998	45	213
	1999	45	167
	2000	30	182
	2001	36	166
	2002	30	168
	2003	35	177
	2004	20	114

SANDY CITY

1893

STATE OF UTAH