

Yellowstone County



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YELLOWSTONE COUNTY FISCAL YEAR 2007-2008 FINAL BUDGET SUMMARY

The Fiscal Year 2007-2008 (FY08) final budget is herein presented to the Board of County Commissioners and the citizens of Yellowstone County for their review and approval.

The budget has been compiled by the Finance Department with budget requests originating from the various County departments. The preliminary budget requests was presented at budget hearings held June 19 through June 26, 2007. The final budget must be adopted by the later of the second Monday in August (14th) 2007 or 45 after the State provides certified taxable values, which is September 16th. The final budget is scheduled for adoption on September 11, 2007 after hearings on September 4th and 11th. The final budget includes changes from the preliminary budget resulting from salary and benefit changes for personnel; evaluation of capital, personnel, and operating needs; taxable valuation changes; and year-end cash positions.

REVENUE BUDGETS

New construction is resulting in \$1.78 million in new tax revenues for County funds, which is an increase of 6.6% over last year's tax revenues. Entitlement growth has been included at 5.52%. Taxable value from the sunseting downtown tax increment district should be available as new growth in FY09.

REVENUE BUDGET, continued

The final budget includes an overall millage increase in the **countywide** levy of 1.62 (1.6%) mills. Included the total levy increase were the two voter approved levy increases for a veteran's cemetery and for senior activities. Each of the \$225,000 authorizations result in levy increases of 0.90 mills each. These levy increases were offset by the removal of the one year Metra roof replacement levy of 4.40 mills. The amount of the statutorily authorized mill levy increase for employee health insurance over FY07 is projected at (2.52) mills. This levy was authorized by new legislation in response to health costs consuming significant portions of available budget dollars to local governments. The balance of the projected mill increase of 0.43 mills is from personal property reimbursement reductions, a reduction in last year's tax base results in an increase of 0.36 mills, and the statutorily authorized inflation adjustment of 1.29 mills. The debt service requirement for the METRA expansion is a decrease of (0.38) mills as a result of unused Metra roof replacement funds being available.

The **overall** taxes levied in FY07 was \$27.03 million versus \$29.43 million for FY08 . The projected increase in overall taxes is a result of new construction valuation and the factors enumerated in the paragraph above.

Interest earnings in FY08 are likely to be impacted by uncertainty in the credit and stock markets, and accordingly, I've reduced the associated revenue budget.

EXPENDITURE BUDGETS

Salary and benefit costs reflect the FY08 salary increases for those employees whose raises have been determined by the Board of County Commissioners and estimates for those bargaining unit agreements that have not been completed.

County departments were asked to submit preliminary FY08 budgets, which did not exceed their FY07 budget. Departments needing supplemental appropriations requested additional and to support the need for the funding request. Approved supplemental requests, including capital outlay requests are delineated in the summary section and total \$7.66 million. All operating and personnel budget increases above FY07's level, and capital requests are delineated are also specified on the department's budget expenditure detail sheets. Denied supplemental requests are also shown in this section of the summary.

EXPENDITURE BUDGETS, continued

Metra's capital budget includes \$1,100,000 for replacement of the lower arena's telescopic seating; \$150,000 for a "half-house" configuration at Metra which is expected to be funded by sponsorships; and \$225,000 for replacement of seat cushions in the arena. The seating improvements are anticipated to be financed over a 15 year term with the debt service being provided by available tax revenues.

The following new positions have been approved: (1 FTE) Metra accounting position; and (3/4 FTE) Metra food and beverage assistant.

A couple of the budgets which show large funding deficits, include large contingency budgets which are not anticipated, but is possible, to be spent within FY08. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

OVERVIEW

FY08's budget includes some major capital expenditures at Metra for some long needed facility enhancements. These enhancements are expected to allow for improved customer seating as well as making the facility more flexible for events desiring a medium sized seating arrangement. The County is exploring the possibility of negotiating some County facility enhancements related to a Federal courthouse project that may locate on what is currently County owned property. This complex project could possibly locate on the site currently used by the sheriff's department. The County may choose to utilize the opportunity to enhance County owned public facilities if funding is available.

The FY08 budget is always dependent upon continued growth in new construction within the County. The new revenues generated by property development is critical to maintaining a fiscally sound budget, since property taxes represent 47% of our total revenues. Although new growth places demands on government services, I believe the County has done good job of providing services with minimal staff growth by continuing to find ways of improving efficiency and effectiveness. Community growth does continue to place stress on public safety personnel and detention needs simply as a function of population, not including other variables that affect public safety services.

OVERVIEW, continued

The major problem areas are not new and will remain problem areas even with the substantial attention dedicated to them to mitigate the rate of inflation. These include: health insurance, worker's compensation, space and related construction/maintenance costs, fuel, and utilities. Metra's capital and maintenance needs will continue to be underfunded until an additional revenue stream is acquired. Costs of providing elections has been escalating quickly due to staffing needs and meeting mandates. Rural fires are becoming more common and costly to subdue. The Board has allocated an additional \$70,000 to local volunteer fire departments to provide additional funding assistance, more than doubling the previous budget for these community services.

As always, I'd like to thank all the County departments for their assistance and input into building this budget and for the community's support with county operations.

Respectfully submitted,



Scott Turner - Finance Director