

Yellowstone County

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YELLOWSTONE COUNTY FISCAL YEAR 2008-2009 FINAL BUDGET SUMMARY

The Fiscal Year 2008-2009 (FY09) 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 were presented at budget hearings held June 18 through June 25, 2008. The final budget must be adopted by the later of the second Monday in August (11th) 2008 or 45 after the State provides certified taxable values, which is September 18th (or possibly later due to subsequent certified taxable value revisions received at various times). The final budget is scheduled for adoption on September 16, 2008 after hearings on September 9th and 16th. 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.

The district court fund was closed into the general fund as of June 30, 2008 as a result of several state assumptions of functions previously handled by the County. The only remaining activity in the district court fund was the clerk of district court's operations.

REVENUE BUDGETS

New construction is resulting in \$2.5 million in new tax revenues for County funds, which is an increase of 8.3% over last year's tax revenues. Taxable value from the sunseting downtown tax increment district was reflected as a portion of that new growth factor. Approximately 1/5 of the FY09 new growth was a result of the downtown tax increment district valuation coming back into available countywide taxable valuation. Entitlement growth has been included at 5.44%.

REVENUE BUDGET,continued

The final budget includes an overall millage increase in the **countywide** levy of **2.79 (2.7% increase)** mills. The amount of the statutorily authorized mill levy increase for employee health insurance over FY08 is **(0.53)** 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 is from personal property reimbursement reductions **(0.41)** and the statutorily authorized inflation adjustment **(1.48)** mills. The estimated change in debt service requirement for the METRA expansion is a decrease of **(-0.15)** mills. The change in base taxable valuation from FY08 added **(0.38)** mills and unused levy authority from FY08 added **(0.14)** mills.

The **overall** taxes levied in FY08 was \$29.43 million versus \$32.56 million for FY09 . The projected increase in overall taxes is a result of new construction valuation and the factors enumerated in the paragraph above.

Interest earnings in FY09 anticipate similar yields in investments as FY08, however rates remain volatile.

EXPENDITURE BUDGETS

County departments were asked to submit preliminary FY09 budgets, which did not exceed their FY08 budget. Departments needing supplemental appropriations may request additional budget, They also must provide support for the funding request. Approved supplemental requests, including capital outlay requests are delineated in the summary section and total \$4.16 million. All operating and personnel budget increases above FY08's level, and capital requests are delineated in the summary section. The supplemental requests are also specified on the department's budget expenditure detail sheets and have been designated as having been approved or denied. Denied supplemental requests are also shown in the summary section.

EXPENDITURE BUDGETS, continued

The following new positions have been approved: (1 FTE) for a senior deputy county attorney; (1 FTE) for a justice court clerk position; (1 FTE) for a district court clerk position; (1/4 FTE) increase for Metra food and beverage assistant; and a decrease of a ½ FTE for a Youth Services secretary position.

Major capital expenditure projects include: \$1.8 million for a veteran's cemetery funded by a voter approved tax levy; \$1.6 million in Metra arena seating improvements funded by the general fund; \$610,000 for smoke damper improvements at the adult detention facility; \$350,000 for a gravel crusher for the county road department; and \$350,000 for replacing parking as part of the downtown development projects involving the City bus terminal and a proposed federal courthouse building. An additional \$900,000 is appropriated for various other Metra facility and equipment replacement or maintenance needs.

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 FY09. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

OVERVIEW

The County has been dedicating some significant resources into replacing and improving some long term capital needs at Metra, the adult detention center, and the County Courthouse. Maintaining functional needs at these facilities requires significant capital investments. The County strives to dedicate resources into balancing budget for both operational and capital needs.

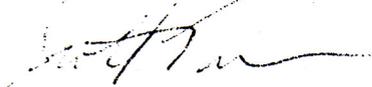
Taxable valuation has provided good growth rates over the last few years. Commercial and residential growth both have contributed to the growth, however, residential growth has slowed but commercial and industrial growth has remained active. The region's oil industry plays a major part in the area's economic health. The taxable valuation growth is key to maintaining a balanced budget while absorbing the strong inflationary trends that are occurring.

OVERVIEW, continued

The legislature meets again during FY09 and we anticipate legislation that may have a significant financial impact on the County. Decisions on the FY09 budget are influenced and mindful of those possible impacts.

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