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**YELLOWSTONE COUNTY
FISCAL YEAR 2009-2010
FINAL BUDGET SUMMARY**

The Fiscal Year 2009-2010 (FY10) 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 8 through June 17, 2009. The final budget must be adopted by the later of the second Monday in August (11th) or 45 days after the State provides certified taxable values, which was August 28, 2009. This was later than normal due to reappraisal implementation. The final budget is scheduled for adoption on October 6, 2009 due to the late receipt of certified values. Public hearings are scheduled for September 28, 2009 @ 5:30pm in the County Courthouse Room 105 and October 6, 2009 @ 9:30am at the Broadview Community Center. 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

Tax revenues for County operations are projected with an overall increase of 3.3%, which includes 2.1% growth in overall taxable value and a 1.112% for the inflation factor (this figure has been set by the State) available under statute. The **overall** taxes budgeted for County operations in FY09 was \$32.56 million versus \$33.63 million budgeted for FY10. Entitlement growth received from the State of Montana has been included at 6.33%.

REVENUE BUDGET,continued

The final budget includes an overall millage increase in the **countywide** levy of **0.51 (0.48%)** mills. The mill increase is primarily from the statutorily authorized inflation adjustment. The statutorily authorized mill levy for employee health insurance over FY09 is a decrease of **(-0.30)** mills. The change in debt service levy for the METRA expansion is a decrease of **(-0.13)** mills. The FY10 budget does not include over \$687,000 in tax levy authority that is available to the County. The Commissioners desire to present a budget that includes a minimal increase in the County levy, while still providing for effective and efficient County services.

Interest earnings in FY10 anticipate lower yields in investments from FY09, particularly due to nominal interest rates on short-term investments, which are currently near zero.

EXPENDITURE BUDGETS

County departments were asked to submit preliminary FY10 budgets, which did not exceed their FY09 budget. Capital requests, and operating and personnel budget increases above FY09's level are identified on the supplemental budget request sheet in the summary section and are also specified on the department's budget expenditure detail sheets.

The total of the approved capital and supplemental budget requests total \$4.6 million, with \$162,000 requested for personnel increases; \$1.6 million for operating costs; and \$2.78 million for capital requests. The County is budgeting a number of significant capital projects for FY10. Many capital expenditures were necessitated by the property changes for the new \$80 million U.S. government courthouse being built adjacent to the County courthouse. Several property deals were effectuated in order to facilitate the project on the site desired by the federal government. The capital projects fund detail lists the capital expenditures for the year.

Personnel changes result in a net increase of 0.25 FTE for FY10. The following positions have been approved : (1) district court clerk; and (.25) DES Interim Director half-time for a half-year; and the reduction of (1) FTE in Metra accounting staff.

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 FY10. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

OVERVIEW

The FY10 budget has many significant capital projects that are expected to be accomplished during the year. The operational budget is fairly consistent with prior years after allowing for typical inflation trends. One exception would be a planned change in the delivery of medical services at the jail, which carries an estimated increase in cost of \$400,000 for a full year. Riverstone Health will begin to provide medical services at the jail via a contract arrangement.

The reappraisal cycle conducted by the State will affect properties in different ways; however, the overall impact to taxable value within Yellowstone County was modest and fell within an area that was close to the prior year's valuations.

Areas of some budget concern include Youth Services and Metra. Funding Metra capital and maintenance needs is a constant budget challenge. Metra's operational budget will necessitate some attention as well. Youth Services Center revenue and populations warrants a mid-year review.

FY09 budget successes include completing our beautiful new veteran's cemetery in Laurel, seating improvements and the half-house configuration in Metra, improving Metra's operating reserve level, receiving a substantial increase in the County's debt rating to AA+; and setting aside funding for continuing capital improvements for FY10.

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