

Yellowstone County



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YELLOWSTONE COUNTY FISCAL YEAR 2010-2011 FINAL BUDGET SUMMARY

The Fiscal Year 2010-2011 (FY11) 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 14 through June 23, 2010. The final budget must be adopted by the later of the second Monday in August (10th) or 45 days after the State provides certified taxable values, which was August 6, 2010. This was the date that Dept. of Revenue provided corrected taxable values. The final budget is scheduled for adoption on September 14, 2010. Public hearings are scheduled for September 7, 2010 @ 5:30pm and September 14, 2010 @ 9:30am in the County Courthouse Boardroom Room 403. 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

The final budget includes an overall millage increase in the **countywide** levy of **7.42 (7.02%)** mills. The increase is a result of two primary factors, which are: 1) a 3.2 mill voter approved increase for public safety-mental health services, and 2) utilizing available taxing authority of 4.74 mills for reconstructing the MetraPark arena. The statutorily authorized mill levy for employee health insurance over FY10 is a decrease of **(-0.45)** mills. The change in debt service levy for the METRA expansion is a decrease of **(-0.08)** mills.

REVENUE BUDGET,continued

The millage increase for the MetraPark arena is dedicated to providing funding for costs that will be incurred by the County for arena improvements and costs for reconstruction that exceed certain property insurance coverages, primarily costs incurred for meeting current building code restrictions and ADA improvements. These tax revenues may be necessary in subsequent years to repay loans should the County obtain some additional financing to pay for the County's portion of reconstruction.

Tax revenues for County operations are projected with an overall increase of 11.6%, which includes 6.1% growth from new construction; 2.7% from a voter approved levy for public safety-mental health services; 1.7% from prior year's levy authority; and a 1.142% for the inflation factor available under statute. The **overall** taxes budgeted for County operations in FY10 was \$33.63 million versus \$37.6 million budgeted for FY11. Entitlement growth received from the State of Montana has been included at 6.32%.

Tax collections were impacted in FY10 by unusually large protested taxes primarily from large taxpayers. The State believes most of these protests will resolve favorably, but the protests result in delayed receipts for operations. The protests, if they continue to go unresolved, will cause mounting funding problems in various taxing jurisdictions and county funds.

The budget includes \$2,000,000 in budgeted debt for arena reconstruction and \$1,000,000 in debt for the bench connector bridge.

Interest earnings in FY11 are significantly impacted as a result of nominal interest rates on all investments which currently range from 0.10% to 1.5%.

Metra revenues will decline as a result of the arena being unavailable for a good portion of the fiscal year.

EXPENDITURE BUDGETS

County departments were asked to submit preliminary FY11 budgets, which did not exceed their FY10 budget. Capital requests; and operating and personnel budget increases above FY10'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 \$9.9 million, with \$42,000 requested for personnel increases; \$2.0 million for operating costs; and \$7.85 million for capital requests. The County is budgeting a number of significant capital projects for FY11. Major projects include courthouse roof replacement, parking lot replacement, courthouse floor remodeling for additional district court judge, bench connector bridge and roadway, and arena reconstruction. The capital projects fund detail lists the capital expenditures for the year as does the METRA capital projects fund.

Personnel changes result in a net increase of 1.08 FTE for FY11. The following positions have been approved : (1) EEO specialist; and (.17) DES Interim Director; and 0.5 FTE motor vehicle clerk in Laurel office; and reduction of consolidated superintendent of schools ½ FTE for six months (0.25).

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 FY11. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

OVERVIEW

The FY11 budget has some dramatic differences as a result of our not so family friendly father's day tornado. The County is likely to spend several million dollars of unplanned expenses on the arena, however, the resulting enhanced facility should be one that provides several pleasant improvements and updates. The property insurance component of the arena reconstruction will be amended into the budget as information becomes known. The personnel and operational budgets are fairly consistent with prior years after allowing for typical inflation trends. The capital portion of budget is significantly larger for reasons explained above.

Areas of some budget concern include the Sheriff, Youth Services, and Metra. The sheriff's budget has been impacted by reduced motor vehicle option tax and prisoner boarding charges. The reserve level in the sheriff's fund will need to be monitored as it has declined in recent years. Youth Services fund reserve has been declining as well due to lower populations at the facility. Metra's budget is unique this year and is negatively impacted by the loss of the use of the arena until spring 2011. I expect to see a loss in reserve, however, I don't anticipate it being too excessive.

As we look to the future, we must be cautious of the 2011 legislature as State budget problems may find their way down to local government. With the size of the current State budget issues, significant changes could result. It will be important for the County to work with the State toward reasonable solutions.

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. I'd also like to recognize and commend the many County employees and citizens who have had to spend their 2010 summer with the added stress, fiscal impact, and workload generated by the tornado and all the summer storms.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Turner", written in a cursive style.

Scott Turner - Finance Director