



# BOONE COUNTY AUDITOR

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To the Citizens of Boone County:

Pursuant to the requirements of state law, I am pleased to present the Fiscal Year 2007 Budget for Boone County, Missouri. The county budget is one of the most significant documents prepared by the County Auditor each year; likewise, its adoption is one of the most significant acts of the County Commission. The annual budget contains the funding allocations necessary to provide essential and statutorily required services as well as numerous discretionary services. This budget is the result of a legislatively designed process intended to guide the rational allocation of county resources within the framework of statutory responsibilities, local needs, and local planning processes. Upon adoption, the budget provides legal spending authority for the County's elected officials and appointed department directors.

All of the budgets contained herein are balanced; i.e., total resources available to a particular fund are equal to or greater than the proposed spending plan for that fund. All funds should be solvent at the conclusion of FY 2007.

## **Planning Process and the Development of 2007 Budgetary Goals**

Boone County's statutory elective form of government is significantly different from a charter form of government or a municipal city manager form of government. These differences greatly impact the planning and budgetary process, the resulting budgetary document, as well as operation and administration throughout the year. Independent elected officials are directly accountable to the people of the County and responsible for discharging the statutory functions of their respective offices in accordance with state laws and the resources allocated to them by the County Commission. Although the County Commission is responsible for establishing the annual appropriations for each elected official, the County Commission has no other oversight authority over the operations of each elective office nor does the County Commission directly influence the development and implementation of goals and objectives for these elective offices. This structure results in each individual elected official identifying immediate and long-range goals and objectives and then presenting funding requests in the annual budget process. The scope and content of funding requests vary greatly from office to office and from year to year. In some instances, individual elected officials have additional resources available for their operations through various special revenue funds. In most cases, these special revenue funds are under the appropriating authority of the individual elected official rather than the County Commission. (Refer to the *Overview and Description of Special Revenue and Other Funds* presented in the *General Information* section.)

The legal structure of the County significantly influences the budgetary process, creating an inherent tendency toward fragmentation and short-term planning. Throughout the year, individual elected officials engage in planning activities but these processes are generally carried out independently and are not directed by an over-arching entity-wide long-range strategic plan. The County Auditor and the County Commission are responsible for evaluating the goals, plans, and funding requests and establishing appropriations in accordance with available resources. The County Commission has no authority to impose its will on other elected officials, except through its exclusive control of county property and the adoption of the annual budget. As a result, individual departmental goals tend to impact the development of the budget more so than comprehensive, entity-wide goals and the budget document tends to be more process and information-based than issue-based. To the extent that elected officials identify and collaborate on specific priorities, they are recognized and handled as over-arching priorities throughout the budget process.

In evaluating and prioritizing the various needs that are presented in the budget process, highest priority is given to those needs that are driven by essential statutory functions, where the County is required by state law to perform certain duties or provide specific services and has no authority to eliminate program activity or services. This is another significant difference between the County and municipal governments. Whereas most municipal governments are able to determine the scope of services provided to their citizens, the County is required by state law to provide certain services which comprise the overwhelming majority of all services provided. These services are unique to the County: they are largely state services which have been mandated to County government and are not provided by local municipal governments. They include such things as operation of the 13<sup>th</sup> Judicial Circuit Court (state court), operation of the Prosecuting Attorney's Office, operation of a Juvenile Office and a Juvenile Detention Center, operation of a County Jail, law enforcement services for all unincorporated areas of the County, civil process service for the entire County, maintenance and retention of property records for all of the County, assessment of all county property, collection of property taxes for all political subdivisions within the County, voter registration and election activity, and maintenance of county roads. Over the years, the County Commission has authorized and established additional services beyond those identified above; however, the overwhelming majority of county spending is directed toward statutorily required services.

Periodically, the County Commission will encounter a need to engage in a more extensive planning process that extends beyond a given budget year or cuts across several areas of elective responsibility. This process is highly informal and usually involves collaboration and cooperation of various elected officials in addition to the County Commission. The process is not intended to result in the development of a long-range entity-wide strategic plan; rather it is intended to develop goals and plans tailored to meet a specific need. Occasionally, the County Commission uses contractual services to develop planning tools for specific needs such as long-range land use plans and space need studies for county facilities.

The following budgetary goals for 2007 were identified through the process described above and account for significant county appropriations. They represent the highest budgetary priorities and primary areas of emphasis in the FY 2007 Budget.

## **2007 Budgetary Goal: Personnel—**

Review and reclassify positions, as necessary to maintain market competitiveness and internal equity.

Conduct a market update for the County's Salary Plan.

Provide competitive employee merit increases.

Provide comprehensive employee benefits at a reasonable cost to taxpayers.

*Budgetary Impact—* The budget includes increased salary and wage appropriations related to reclassification of range classifications for 13 positions at a total cost of approximately \$32,000. Of this amount, \$6,800 is funded from the General Fund for 5 positions and \$25,200 is funded from the Law Enforcement Services Fund for 8 positions. The budget includes an appropriation for \$15,000 to pay for a county-wide market update for the County's salary plan; the appropriation is included in the General Fund. The last update was obtained in December 2004 and it was implemented over a two-year period, fiscal years 2005 and 2006. The results of the 2007 market update will be reviewed and County officials will develop an implementation plan for consideration in the FY 2008 budget.

Countywide, the budget also includes appropriations for employee pay increases totaling approximately \$573,000 (including FICA and other payroll benefits and taxes), or approximately 3% of payroll. All of these budgeted salary increases are aggregated at the department level in a "merit pool" and allocated as directed by the applicable Administrative Authority. Unlike the previous 5 years in which portions of the budgeted annual salary increases were directed toward implementation of the salary plan or the market update, the entire budgeted salary increase amount for FY 2007 is available to administrative authorities for merit allocation. The cost to the General Fund, the Road and Bridge Fund, and the Law Enforcement Services Fund is approximately \$393,000, \$69,000, and \$62,000 respectively, with the balance, \$49,000 spread across several other funds.

The County pays 100% of the employee health insurance premium. The FY 2007 Budget includes no premium increase for employee health insurance premiums, as recommended by the Self-Health Trust Fund governing committee. Employee health insurance premiums were increased 7.5% in FY 2006, 9.8% in FY 2005, 18% in FY 2004, 15% in FY 2003 and 12% in FY 2002 at a county-wide cost of approximately \$131,000, \$150,000, \$170,000, \$156,000 and \$112,000, respectively.

The County pays 100% of the employee dental insurance premium. The FY 2007 Budget includes a 9.5 % increase for employee dental insurance, which totals approximately \$12,600 across all funds.

Employees may elect dependent health and dental coverage and are responsible for the cost of such coverage. No premium increases will be required of employees for dependent health or dental coverage in FY 2007.

## **2007 Budgetary Goal: Public Works Road and Bridge System—**

**General and Routine Maintenance—** Provide general road maintenance including street sweeping for curb and gutter subdivision roads; pavement marking and re-striping; snow and ice removal; routine grading; culvert pipe

replacement; reclamation, re-building, and routine maintenance of chip and seal roads; pavement preservation and maintenance and repair of hard surface roads and streets; bridge deck repair; traffic sign replacement, and routine equipment replacement. (Refer to department number 2040; department number 2048 accounts for insurance deductibles and insurance claim activity.)

**Design and Construction Activities**— Provide funding for a variety of projects including arch/bridge projects; drainage improvement projects; subdivision improvements; low water crossing projects; and storm water improvements. (Refer to department number 2045.)

**Distributions to Other Political Subdivisions**— Provide funding to other political subdivisions through Replacement Revenue distributions, payments to the Centralia Special Road District, and Revenue Sharing distributions. (Refer to department number 2049.)

*Budgetary Impact*— The 2007 Budget includes appropriations totaling \$18.7 million for road and bridge activities, all accounted for in the Road and Bridge Fund. Of this total, \$10.1 million is allocated to the Maintenance Division (department numbers 2040 and 2048) for maintenance activities and projects; \$5.1 million is allocated to the Design and Construction Division (department number 2045); and \$3.5 million is allocated for Revenue Replacement and Revenue Sharing payments to cities and the Centralia Special Road District as well as a small administrative reimbursement to the General Fund (department number 2049).

## **2007 Budgetary Goal: Technology**—

Replace various personal computers, servers, terminals, scanners, and printers throughout the County (based on a routine replacement schedule).

Upgrade the network intrusion detection and firewall security systems.

Complete the rewrite of the existing payroll software (the existing software was originally developed in-house).

Upgrade the information systems for the Prosecuting Attorney and the Sheriff and Corrections Offices. The upgrades are intended to establish the foundation for a comprehensive system-wide information system for the law enforcement and judicial functions within the County.

Implement redaction software in the Recorder's Office to protect confidential information.

Upgrade E911 software to enhance statistical information and to provide automatic location identification functionality.

Complete purchase and installation of mobile data terminals for the Sheriff's Department.

Purchase and implement traffic analysis tool (hardware and software) that will enhance analysis of fatal crashes and provide enhanced measurements and diagrams.

*Budgetary Impact*— The FY 2007 Budget includes approximately \$631,000 in technology related hardware and software. The budget includes \$262,000 for replacement computer hardware; approximately \$228,000 for new software and software upgrades; approximately \$141,000 for new computer hardware; and, \$43,000 for AS400 Change Management software re-appropriated from the prior year. These amounts are in addition to the regular operating budget for personnel, supplies, and other operating costs for the County's Information Technology Department. Primary funding sources include the General Fund, the Road and Bridge Fund, the E911 Fund, the Record Preservation Fund, the Assessment Fund, and the Law Enforcement Services Fund.

## **2007 Budgetary Goal: Law Enforcement and Judicial—**

Complete the purchase and installation of all officer equipment as intended with Proposition L. (Proposition L was a 1/8<sup>th</sup>-cent law enforcement sales tax approved by voters in 2002 and effective January 1, 2003.)

Improve system-wide efficiency and effectiveness of the Law Enforcement and Judicial System through collaborative efforts of various elected officials including the judges, the Prosecuting Attorney, the Sheriff, and the County Commission by implementing the recommendations developed through these collaborative efforts as well as those recommendations received from the Law Enforcement and Judicial Task Force.

*Budgetary Impact*— County appropriations provide sole funding for the operations of the Prosecuting Attorney's Office, the Sheriff's Department, the County Jail (Corrections), and the Public Administrator's Office. For the Court-related operations, the general funding model in the state requires counties to pay for all non-personnel costs and the state to cover all personnel and benefit costs. However, in Boone County, significant county appropriations provide funding for additional personnel and services beyond those provided in most courts throughout the state. Funding for the law enforcement and judicial operations in the County is provided primarily through General Fund appropriations, supplemented with appropriations from the Law Enforcement Services tax (a 1/8<sup>th</sup> cent permanent sales tax dedicated to law enforcement). Additional funding is also provided through a variety of special revenue funds, which are under the appropriating authority of the Sheriff, the Prosecuting Attorney, or the Circuit Court.

The FY 2007 Budget includes funding for on-going operations as well as routine equipment replacement. The budget includes funding for the technology-related improvements described above, including significant software upgrades and final installation of mobile data terminals for all Sheriff's Department staff. The FY 2007 Budget includes sufficient appropriations from the Law Enforcement Services Fund (Prop L Fund) to complete all of the equipment initiatives outlined in Prop L. Appropriations in the Law Enforcement Services Fund (Prop L) total \$3.2 million. This is in addition to General Fund appropriations of more than \$14.5 million for the various law enforcement and judicial functions and activities. Total FY 2007 appropriations for law enforcement and judicial activities, all funds combined, are more than \$17.8 million, which represents 35% of all spending. In addition, capital outlay appropriations of approximately \$750,000 are included in the budget for law enforcement and judicial activities.

The budget includes approximately \$10,000 to convert 3 Deputy positions to Corporal positions and approximately \$14,000 to convert 5 Corrections Officer positions to Corporal positions. The Corporal rank will be new to the department and is intended to enhance supervision. The budget includes funding for the first of three years to phase out Corrections Support Officers, replacing them with Corrections Officers. The cost for FY 2007 is approximately \$13,000. The budget also includes an increase of approximately \$16,000 to increase a part-time Corrections cook position to full-time, a change which was approved by the Commission in late FY 2006.

## **Budget Process and Calendar**

Boone County's budget process is governed by the Revised Statutes of Missouri (RSMo) 50.525-50.641. Boone County is a first class non-charter county where the County Auditor serves as Budget Officer. The process and deadlines set forth by statute are primarily designed to provide a means for independent elected officials to formally communicate their budgetary needs to the County Commission and the County Auditor each year, to ensure that public hearings are held, and to ensure that the public has access to all budgetary documents. A complete discussion of the budget process is provided in the General Information tab section of this document. A summary of the key elements and important dates in the budget process is presented below.

July: County Auditor develops and distributes budget guidelines and instructions to each elected official and department director

August 15<sup>th</sup>: Statutory deadline for the Circuit Court to present its budget request to the County Commission and County Auditor

September 1<sup>st</sup>: Statutory deadline for submitting official budget requests to Auditor

September 10<sup>th</sup>: County Auditor prepares budget requests for offices and agencies not submitting requests by this date

September and October: County Auditor and County Commission meet with elected officials, department directors, and outside entities as necessary

November 15<sup>th</sup>: County Auditor delivers Proposed Budget to County Commission

November 15<sup>th</sup>: through December 15<sup>th</sup> (or later, if necessary): County Commission holds public hearings on the Proposed Budget

January 10<sup>th</sup>: Statutory deadline for adoption of budget by the County Commission (The statutory deadline is January 10<sup>th</sup> except in a year in which any Commissioner's new term of office begins; in those years, the deadline is January 31<sup>st</sup>.) The County's target adoption date is mid-December.

## **Local Economic Indicators**

For the past decade, Boone County has enjoyed a stable economic environment with moderate growth. The County has a varied economic base combined with a low unemployment rate. The local economy reflects a balanced mix of retail, education, service industry, light manufacturing, construction, and finance. The largest employers in the County include the University of Missouri, Columbia Public Schools, hospitals, insurance institutions, the City of Columbia, and several manufacturers. The County's unemployment rate as of the third quarter of FY 2006 is 3.1%, down slightly from the beginning of the year and one of the lowest rates in the state. It compares favorably to the Missouri unemployment rate of 5.0%.

Annual population growth rates for the past decade have varied between one and two percent, which is nearly twice the state's growth rate. Of the County's current population of approximately 143,000, 68% (97,200) reside in incorporated areas while 32% (45,800) reside in unincorporated areas. This ratio has remained fairly constant over the last decade. The median household income in Boone County for 2005 was \$39,453. [This and other demographic information is presented in the Appendix section of this document.]

Inflation, as measured by the change in the Consumer Price Index (CPI)—All Urban Consumers, remains low at an annual rate of approximately 3.0% to 3.5%. This budget assumes that low inflation will continue.

The Missouri state budget crisis has affected the County's budget over the last several fiscal years and it is expected to continue to do so into the foreseeable future. State funding reductions and legislative changes have reduced revenues to the County by nearly \$300,000. The loss in revenue is the result of state funding reductions for prisoner per diem, juvenile per diem, reimbursement for Public Administrator personnel, and assessment reimbursement as well as legislative changes that reduced revenues collected by the County (such as Sheriff's fees and the ability to charge for copies of public records). This budget assumes continuation of these reductions, but it assumes no further reductions.

## **Budget Summary by Fund Type**

The schedule on the following page shows the FY 2007 Budget for the government as a whole, including all governmental funds (major and nonmajor), internal service funds, and private purpose trust funds. This consolidated budget overview presents revenues by source, expenditures by object code, as well as projected fund balances at the end of the year.

Similar information is provided on an individual fund basis in the Fund Statements tab section of this document. Discussion and analysis pertaining to revenue and expenditure assumptions, fluctuations, and comparison to prior years is presented in the sections following the summary schedule.

## 2007 Budget Summary by Fund Type—All Funds Combined

	----- Major Funds -----		
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund
<b>REVENUES:</b>			
Property Taxes	\$ 2,744,000	\$ 1,118,000	\$ -
Assessments	-	-	-
Sales Taxes	12,137,000	12,607,000	3,034,250
Franchise Taxes	176,000	-	-
Licenses and Permits	418,330	17,000	-
Intergovernmental	2,503,284	2,079,987	-
Charges for Services	3,340,865	26,900	300
Fines and Forfeitures	-	-	-
Interest	287,017	224,280	28,712
Hospital Lease	1,566,306	-	-
Other *	508,181	4,600	-
<b>Total Revenues</b>	<b>23,680,983</b>	<b>16,077,767</b>	<b>3,063,262</b>
<b>EXPENDITURES:</b>			
Personal Services	14,461,805	3,714,473	2,186,030
Materials & Supplies	1,307,676	2,862,250	69,091
Dues Travel & Training	239,482	43,900	5,142
Utilities	462,162	127,492	60,895
Vehicle Expense	369,605	495,700	725
Equip & Bldg Maintenance	193,461	381,170	40,395
Contractual Services	4,361,077	10,288,560	298,058
Debt Service (Principal and Interest)	414,465	-	-
Other	3,071,503	200,600	47,500
Fixed Asset Additions	524,518	626,286	499,006
<b>Total Expenditures</b>	<b>25,405,754</b>	<b>18,740,431</b>	<b>3,206,842</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,724,771)</b>	<b>(2,662,664)</b>	<b>(143,580)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	(10,000)	-	-
Proceeds of Sale of Capital Assets/Insurance Claims/Capital Lease	-	-	-
Proceeds of Long-Term Debt	-	-	-
Retirement of Long-Term Debt	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,734,771)</b>	<b>(2,662,664)</b>	<b>(143,580)</b>
<b>FUND BALANCE (GAAP), beginning of year</b>	<b>7,705,351</b>	<b>7,962,255</b>	<b>1,301,915</b>
Less encumbrances, beginning of year	(79,919)	(2,411,516)	(34,051)
Add encumbrances, end of year	79,919	2,411,516	34,051
<b>FUND BALANCE (GAAP), end of year</b>	<b>\$ 5,970,580</b>	<b>\$ 5,299,591</b>	<b>\$ 1,158,335</b>
<b>FUND BALANCE RESERVES/DESIGNATIONS, end of year</b>	<b>1,083,457</b>	<b>2,911,516</b>	<b>284,051</b>
<b>FUND BALANCE, end of year</b>	<b>5,970,580</b>	<b>5,299,591</b>	<b>1,158,335</b>
<b>FUND BALANCE RESERVES/DESIGNATIONS, end of year</b>	<b>(1,083,457)</b>	<b>(2,911,516)</b>	<b>(284,051)</b>
<b>UNRESERVED/UNDESIGNATED FUND BALANCE, end of year</b>	<b>\$ 4,887,123</b>	<b>\$ 2,388,075</b>	<b>\$ 874,284</b>

\* Includes Proceeds from Sale of County Assets and other miscellaneous revenue. Composition varies by fund.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Grand Total</b>
\$ -	\$ 3,862,000	\$ -	\$ -	\$ 3,862,000
136,703	136,703	-	-	136,703
5,074,000	32,852,250	-	-	32,852,250
-	176,000	-	-	176,000
10,540	445,870	-	-	445,870
396,027	4,979,298	-	-	4,979,298
1,417,940	4,786,005	4,530,764	-	9,316,769
-	-	-	-	-
65,355	605,364	143,447	1,455	750,266
-	1,566,306	-	-	1,566,306
44,316	557,097	-	-	557,097
<b>7,144,881</b>	<b>49,966,893</b>	<b>4,674,211</b>	<b>1,455</b>	<b>\$ 54,642,559</b>
970,485	21,332,793	596,410	-	21,929,203
119,484	4,358,501	52,175	-	4,410,676
120,734	409,258	3,535	-	412,793
14,900	665,449	373,028	-	1,038,477
11,900	877,930	13,424	-	891,354
72,767	687,793	588,309	-	1,276,102
848,777	15,796,472	2,738,045	-	18,534,517
288,723	703,188	-	-	703,188
546,085	3,865,688	53,500	1,200	3,920,388
208,800	1,858,610	4,050	-	1,862,660
<b>3,202,655</b>	<b>50,555,682</b>	<b>4,422,476</b>	<b>1,200</b>	<b>54,979,358</b>
<b>3,942,226</b>	<b>(588,789)</b>	<b>251,735</b>	<b>255</b>	<b>(336,799)</b>
10,000	10,000	-	-	10,000
-	(10,000)	-	-	(10,000)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3,952,226</b>	<b>(588,789)</b>	<b>251,735</b>	<b>255</b>	<b>(336,799)</b>
8,760,243	25,729,764	3,393,581	41,049	29,164,394
-	(2,525,486)	(2,408)	-	(2,527,894)
-	2,525,486	2,408	-	2,527,894
<b>\$ 12,712,469</b>	<b>\$ 25,140,975</b>	<b>\$ 3,645,316</b>	<b>\$ 41,304</b>	<b>\$ 28,827,595</b>
1,055,180	5,334,204	43,616	37,271	5,415,091
<b>12,712,469</b>	<b>25,140,975</b>	<b>3,645,316</b>	<b>41,304</b>	<b>28,827,595</b>
<b>(1,055,180)</b>	<b>(5,334,204)</b>	<b>(43,616)</b>	<b>(37,271)</b>	<b>(5,415,091)</b>
<b>\$ 11,657,289</b>	<b>\$ 19,806,771</b>	<b>\$ 3,601,700</b>	<b>\$ 4,033</b>	<b>\$ 23,412,504</b>

# Matrix of Expenditures by Function and Class— All Governmental Funds Combined

<u>Function</u>	<u>Personal Services</u>	<u>Materials &amp; Supplies</u>	<u>Dues, Travel &amp; Training</u>	<u>Utilities*</u>	<u>Vehicle Expense</u>
Policy & Administration	\$ 4,712,803	\$ 577,154	\$ 217,892	\$ 75,961	\$ 38,254
Law Enforcement & Judicial - Courts	1,646,621	179,540	48,040	136,961	19,450
Law Enforcement & Judicial - Sheriff/Corrections	7,921,705	638,724	42,995	272,344	282,432
Law Enforcement & Judicial - PA	2,334,501	54,393	42,055	38,003	8,350
Law Enforcement & Judicial - Other	248,950	4,050	2,675	3,350	10,200
Environment, Buildings & Infrastructure	3,735,049	2,865,118	44,324	127,492	495,844
Community Health & Public Services	-	7,750	2,000	-	-
Other	733,164	31,772	9,277	11,338	23,400
<b>Total</b>	<b>\$ 21,332,793</b>	<b>\$ 4,358,501</b>	<b>\$ 409,258</b>	<b>\$ 665,449</b>	<b>\$ 877,930</b>

\* Includes land-line phones, cell phones, and data communications; also includes building utilities for facilities housing a single office or department. Utilities for facilities housing multiple offices are accounted for in an internal service fund with the internal service charge, "Building Use Charge", included in Contractual Services.

The matrix above shows the relationship between the County's functional units and the total appropriations by class (or object code) as presented in the preceding Budget Summary By Fund Type.

<b>Equip &amp; Bldg Maintenance</b>	<b>Contractual Services **</b>	<b>Debt Service (Principal &amp; Interest)</b>	<b>Other</b>	<b>Fixed Asset Additions</b>	<b>Total</b>
\$ 98,097	\$ 1,941,844	\$ 414,465	\$ 1,343,835	\$ 448,968	\$ 9,869,273
45,855	985,160	-	257,750	246,570	3,565,947
69,247	710,607	-	333,436	446,321	10,717,811
4,856	220,948	-	40,702	15,800	2,759,608
62,800	1,044,887	-	93,630	8,113	1,478,655
384,770	10,315,810	-	363,150	626,286	18,957,843
-	31,664	-	1,288,986	3,000	1,333,400
22,168	545,552	288,723	144,199	30,552	1,840,145
<u>\$ 687,793</u>	<u>\$ 15,796,472</u>	<u>\$ 703,188</u>	<u>\$ 3,865,688</u>	<u>\$ 1,825,610</u>	<u>\$ 50,522,682</u>

\*\* In addition to regular contractual services, this category also includes "Building Use Charge", an internal service charge consisting of facilities maintenance, housekeeping, building utilities, and capital repair and replacement.

# Revenue Assumptions and Projections

The FY 2007 Budget for governmental funds, taken as a whole, reflects combined revenues of approximately \$49.9 million, which represents a 13% increase over the FY 2006 Budget, as revised and amended to date. It reflects an 8% increase over *projected* revenue for FY 2006. The significant growth in revenues is primarily attributable to the new 3-year 1/5<sup>th</sup> cent capital improvement sales tax approved by voters which became effective October 1, 2006. The figure also includes over \$700,000 in federal funds for a bridge project and reflects modest increases in other on-going sources of revenue such as sales tax and property which are discussed in greater detail below.

A multi-year comparison of revenues by source for all governmental funds is presented below. Ten-year historical financial data presented in the Appendix section at the end of this document shows how these revenue sources have varied over the last decade. The following discussion explains the major sources of revenue for the County's combined governmental funds and accounts for fluctuations between the prior and current budget years.

## Revenues by Source—All Governmental Funds Combined

Revenues by Source	2005 (Actual)	2006 (Budget)	2006 (Projected)	2007 (Budget)	% Change	% of
					07 Budget over 06 Budget	Total for 2007
Property Taxes	\$ 3,530,953	3,590,000	3,734,000	3,862,000	8%	7.7%
Assessments	177,004	144,046	159,031	136,703	-5%	0.3%
Sales Taxes	25,452,011	25,915,000	28,110,500	32,852,250	27%	65.7%
Franchise Taxes	162,240	162,000	170,800	176,000	9%	0.4%
Licenses and Permits	471,331	513,220	446,599	445,870	-13%	0.9%
Intergovernmental	4,398,261	6,204,026	5,221,347	4,979,298	-20%	10.0%
Charges for Services	4,845,182	5,119,384	5,473,671	4,786,005	-7%	9.6%
Fines and Forfeitures	-	-	-	-	N/A	0.0%
Interest	561,603	275,359	751,741	605,364	120%	1.2%
Hospital Lease	1,477,571	1,507,000	1,528,104	1,566,306	4%	3.1%
Other*	706,482	699,315	778,241	557,097	-20%	1.1%
<b>Total Revenues</b>	<b>\$ 41,782,638</b>	<b>44,129,350</b>	<b>46,374,034</b>	<b>49,966,893</b>	<b>13%</b>	<b>100.0%</b>

\*Other includes Franchise Fees, Proceeds from Sale of County Assets, and other miscellaneous revenue.

## Property Tax

Property tax comprises a small portion of the County's overall revenues. This is the result of a statutorily required property tax roll-back for the County's one-half cent sales tax for the General Fund and a voluntary roll-back associated with the one-half cent sales tax for road and bridge activities. The amount shown above includes *ad valorem* property taxes levied for the General Fund and Road and Bridge Fund.

Assessed valuation grows at an average annual rate between 4% and 6% and it continues to provide a stable source of revenue for the County and its political subdivisions. The FY 2007 Budget assumes a 4% growth in assessed valuation and no change in the property tax levy. The budgetary increase between the two budget years shown above appears larger than 4%.

This is because the FY 2006 budgetary estimates were developed using the preliminary assessed valuation figures available at that time and have not been adjusted to reflect more current assessed valuation. Total assessed value for the County exceeds \$2.0 billion. Although the number of building permits issued throughout the County fluctuates from year to year and has slowed in recent months, new construction continues to add to the assessed valuation every year.

The County Commission voluntarily reduced its property tax levies for the General Fund and the Road and Bridge Fund in FY 2005 as a result of the significant impact of reassessment and the rates have remained unchanged to date. The County's budgeted 2007 proposed operating tax levies are also unchanged and include the following:

General Fund Operations-- \$.12 per \$100 assessed valuation

Road and Bridge Operations-- \$.0475 per \$100 assessed valuation

Debt service tax levies will not be required since all existing debt is being retired through annual appropriations in the General Fund, lease rentals, or special assessments. For further information on the County's debt, please refer to the summary of Long-Term Debt presented later in the Budget Message and in the General Information tab section. [A multi-year history of the tax levies for the County and its political subdivisions is also presented in the Appendix.]

## Assessments

Special assessment revenue is received from property owners pursuant to the Neighborhood Improvement District (NID) program and is accounted for as revenue to the applicable debt service funds and used to meet scheduled principal and interest payments for county-issued general obligation debt. The special assessment revenue provides 100% of the debt service requirements for the bonds issued in conjunction with the NID program. The amount of Assessment revenue in any given year is influenced by such things as number of pay-offs in full, number of annual assessments levied, and the number of NID projects completed and assessments ordered.

## Sales Tax

Sales tax is the single largest source of revenue for the County. It typically accounts for nearly 60% of all operating revenues in the County's governmental funds, but has risen to 66% with passage of the 3-year 1/5<sup>th</sup> cent capital improvement sales tax. Except as noted below, sales tax revenues for FY 2006 are projected to grow at an annual rate of 6% over that of the prior year and the FY 2007 budget assumes a 4% growth rate applied to FY 2006 projected revenue. The County receives the following sales tax revenue:

**One-half cent permanent sales tax in the General Fund.** It is expected to generate \$12.137 million in 2007, which represents approximately 50% of the total revenue in the General Fund.

**One-half cent sales tax (expiring in 2008-subject to renewal) in the Road and Bridge Sales Tax Fund.** It is expected to generate \$12.137 million in 2007, which represents 80% of regular, on-going revenue to Road and Bridge operations. The County Commission intends to seek voter approval of an extension of this tax during 2007.

**Constitutionally determined portion of the state’s sales tax for motor vehicles.** It is expected to generate \$470,000 in 2007, which represents 3% of the total revenue to the Road and Bridge operations. This revenue source has been relatively flat in recent years.

**Two percent tax applied to local land line phone tariffs.** It is expected to generate \$224,000 in 2007, which represents the sole source of revenue for the Enhanced 911 Fund, except for investment income. The budgetary estimate is reduced from the 2006 amount because the 2% sales tax does not apply to cellular lines. As citizens replace land lines with cellular lines, this revenue will continue to decline. Legislative remedies are under discussion.

**One-eighth cent permanent law enforcement services tax.** It is expected to generate \$3.03 million in 2007, which represents the primary source of revenue for the Law Enforcement Services Fund.

**One-fifth cent three-year capital improvement tax.** This tax became effective October 1, 2006 and is expected to generate \$4.85 million in 2007.

The County is highly dependent on sales tax revenue to finance the majority of county services. As a result, the County is vulnerable to the inherent volatility of this source of revenue. This volatility is demonstrated in the annual sales tax growth rate table shown below.

**Annual Growth Rates—Sales Tax**

<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
10.5%	6.1%	4.6%	5.0%	6.9%	3.6%	4.5%	3.9%	3.2%	3.8%	4.7%	6.9%	6.0%*	4.0%**

\* Projected      \*\* Budget

**Franchise Taxes and Licenses/Permit Revenue**

The increase in Franchise Taxes is due to an expected increase attributable to normal growth in the customer base.

The decrease in the budgetary estimate for Licenses and Permit Revenue is primarily due to a reduction in building permit activity. The formula used to calculate building permit fees is adjusted each year, incorporating the prior year’s actual operating costs in order to provide for a target cost-recovery of program costs.

On-site waste water permit revenue is also expected to decline in FY 2007, attributable to reduced permit volume.

**Intergovernmental Revenues**

The County receives substantial revenues from federal and state grants and from annual state appropriations. The FY 2007 Budget includes amounts for grants that have been awarded to the County. *Potential* grants are not included in the budget until final award is made to the County, at which time the County Commission amends the budget. The budget also includes amounts for expected annual state reimbursements.

The significant decrease in this category is due to the following factors:

- 1) The County expects to receive nearly \$900,000 in HAVA funds (Help Americans Vote Act) in FY 2006 to pay for election equipment purchases. This source of revenue was for one year only;
- 2) Reductions in grant revenue, such as the Child Advocacy Grant (\$125,000), which are also accompanied by a corresponding decrease in expenditures;
- 3) Partial-year grants where the budget includes grant revenue and related expenditures for only that portion of the year covered by the grant and the budget will be amended when the grant is extended or renewed;
- 4) Reductions in grant revenue where the grant contract imposes a scheduled phase-out of revenues, but the annual operating expenditures are on-going and must be funded from non-grant sources (such as with law enforcement personnel grants); and
- 5) The County received federal disaster revenues in FY 2006 related to a significant hail storm; this revenue was for one year only.

Significant annual state reimbursements include a daily prisoner housing per diem for prisoners held in the Boone County Jail and subsequently sentenced to the Missouri Department of Corrections; daily per diem reimbursements for juveniles held in the detention center; reimbursement for prisoner extradition; state reimbursement of property assessment activities, and federal grant monies passed through the state for the Child Support Enforcement Program.

Certain payments received from the State such as the assessment reimbursement and daily prisoner housing per diem are subject to legislative appropriation. Although the State has significantly reduced funding to the County in recent years, no further reductions are planned or incorporated into the budget at this time.

The County also receives County Aid Road Trust (CART) revenues that represent Boone County's proportionate share of the statewide gasoline tax. The tax is earmarked for road maintenance and is shared by the state, cities, and counties pursuant to a constitutional formula. Revenues for FY 2006 are projected to fall short of budget by approximately \$40,000 and the FY 2007 Budget assumes nominal growth over the FY 2006 projected revenues. These revenues are derived from a per-gallon tax that does not change with fuel prices. Instead, revenues to the County increase only as consumption increases. Higher fuel prices reduce consumption thereby curbing growth in this revenue.

## **Charges for Services, Fines and Forfeitures, Interest, and Other Revenues**

Current year revenues for Charges for Services (fees, commissions, and other charges for services) reflect a decrease for FY 2007. This is primarily due to unusual reimbursement revenue to the Road and Bridge Fund which was included in the FY 2006 budget. This revenue was associated with a large project that was jointly funded by the County and other entities, and the County served as fiscal agent. No such similar revenue is included in the FY 2007 budget.

Real estate recording fees continue to decline and FY 2006 revenues are expected to fall short of the budget and the FY 2007 revenue projection has been reduced accordingly. Real Estate

recording fees hit record highs in FY 2003 with annual revenue of nearly \$1.2 million, but have been steadily declining since. The FY 2007 revenue estimate is \$742,000. FY 2006 property tax commission revenue is expected to exceed budget by approximately \$40,000 and the FY 2007 budget assumes 3.5% growth over current year projected revenue, with total expected revenue for FY 2007 of \$1.3 million.

The County has not received Fines and Forfeiture revenue for several years and does not expect to receive this revenue in 2007.

Interest revenue is expected to exceed budget for FY 2006 and the FY 2007 revenue estimate has been reviewed and revised accordingly. Interest revenue to the General Fund is significantly lower, due to the transfer of \$2.2M to a capital project fund in late FY 2006; these monies had been ear-marked for capital projects and have now been physically segregated into a separate capital project fund and interest income will accrue to the capital project fund.

The reduction in Other Revenue is due to the reduction in expected lease revenue associated with County-owned properties located in downtown Columbia, and a reduction in expected revenue for sales of county assets. FY 2006 reflected the proceeds from the sale of the County's older model AS 400 and large Public Works equipment, neither of which is expected to occur again in FY 2007.

## **Hospital Lease Revenue**

The County Commission and the Boone Hospital Center Board of Trustees approved a revised and amended lease agreement with CH Allied Services, Inc. (CHAS), for the lease of the Boone Hospital Center. CHAS leases the property, plant and equipment of the Hospital for the purposes of managing and operating the Hospital. Since the inception of the lease in 1988, the Trustees serve as lessor and share in certain management responsibilities pursuant to the lease agreement. The initial term of the revised and amended lease agreement extends through December 31, 2010, subject to early termination provisions, with a renewal option to CHAS for an additional five years. During 2006, the Hospital Board of Trustees successfully negotiated an amendment to the lease which accomplished several things including a revised expiration date of December 31, 2015 and a significant reduction in lease compensation paid to CHAS combined with a significant increase in reinvestment in hospital assets .

In addition to the lease payments to the Boone Hospital Board of Trustees, the current lease agreement calls for an annual lease payment to the County in the amount of \$1,350,000 (2001 as the base year), to be adjusted annually by the Consumer Price Index (CPI). Accordingly, the FY 2007 Budget includes estimated lease revenue of \$1.56 million. The Hospital lease revenue accounts for 3.2% of revenue for all governmental funds and 7% of revenue to the General Fund. Under the terms of the 2006 amendment, beginning on January 1, 2009, the County will receive an additional \$500,000 to be used for community medical or health needs.

## **Expenditure Assumptions and Projections**

The FY 2007 Budget for all governmental funds reflects total expenditures of \$50.5 million, which represents a 2% increase over the FY 2006 Budget of \$49.6 million.

A multi-year comparison of expenditures by functional category is presented below.

### Expenditures by Function—All Governmental Funds Combined

Expenditures by Function	2005 (Actual)	2006 (Budget)	2006 (Projected)	2007 (Budget)	% Change 07 Budget over 06 Budget	% of Total for 2007
Policy & Administration*	\$ 6,390,449	8,947,147	7,759,487	9,005,840	1%	17.8%
Law Enforcement & Judicial	15,439,387	17,170,395	16,553,902	17,805,217	4%	35.2%
Environment, Buildings & Infrastructure	16,332,665	16,640,130	13,713,720	18,331,557	10%	36.3%
Community Health & Public Services	1,223,294	1,247,925	1,205,282	1,330,400	7%	2.6%
Capital Outlay	3,556,417	3,360,347	3,167,207	1,858,610	-45%	3.7%
Debt Service	698,284	694,718	692,884	703,188	1%	1.4%
Other**	1,083,857	1,515,804	1,378,017	1,520,870	0%	3.0%
<b>Total Expenditures</b>	<b>44,724,353</b>	<b>49,576,466</b>	<b>44,470,499</b>	<b>50,555,682</b>	<b>2%</b>	<b>100.0%</b>

Schedule includes all governmental funds: the General Fund, special revenue funds, debt service funds, and capital project funds

\* Includes Auditor, Human Resources, Purchasing, Commission, County Counselor, Clerk, Election and Registration, Treasurer, Collector, Recorder, Information Services, GIS, Non-Departmental, Insurance & Safety, Employee Benefits, Mail Services, Records Management, Assessment

\*\* Includes Economic Development, Recreation, Protective Inspection (Planning and Zoning and Building Codes, Animal Control, On-Site Waste Water, and Little Bonne Femme Watershed Project)

Historically, the County spends approximately 92% to 97% of its total annual appropriations. As shown in the table above, expenditures for FY 2006 are projected at approximately 90% of budget. In developing the FY 2007 Budget, a spending ratio of approximately 93%-95% has been assumed. Applying this spending ratio to the FY 2007 Budget of \$50.6 million yields an *estimated actual spending* of \$47.0M to \$48.0M. It is not meaningful to compare this appropriation amount to the \$49.9M estimated revenue for FY 2007, because this total revenue figure includes \$4.85 million in sales tax revenue ear-marked for capital projects; however, no capital project expenditures have been included in the budget at this time because the project budget is awaiting final approval from the commission. Excluding the \$4.5 million in capital project sales tax revenue yields a net revenue figure of \$45.1 million, which may meaningfully be compared to the projected spending figures described above. Such comparison demonstrates that the County expects to decrease overall fund balance levels in its governmental funds during FY 2007 by a modest amount. However, all funds are budgeted to be solvent with healthy fund balances at the end of FY 2007. The County's fund balances are discussed in greater detail later in this Budget Message.

It is important for the County to closely monitor the spending ratio and adjust appropriation methodologies in light of significant changes or emerging trends. If the spending ratio increases such that county appropriations are fully expended each year, the County will need to limit annual appropriations to amounts equal to current period revenues; otherwise, the County may find that it is consistently reducing its reserves in order to pay for on-going expenses.

The County has three (3) major operating funds: the General Fund, the Road and Bridge Fund, and the Law Enforcement Services Fund. The FY 2007 General Fund Budget includes expenditures of \$25.4 million compared to estimated revenue of \$23.7 million. This suggests a spend-down of fund balance in the amount of \$1.7 million. It is very unlikely that a spend-down of this magnitude will actually occur if the emergency appropriation, \$725,000, is not needed and the spending ratio is consistent with that of prior years. These assumptions appear to be valid and reliable. Locally-enacted budget revision policies require Commission approval on all but the most insignificant budget revisions, which serves to deter spend-down of appropriations and helps ensure a spending ratio of less than 100%. The actual spend-down of fund balance for the General Fund is expected to be \$150,000 to \$350,000. Undesignated and unreserved fund balance for the General Fund at the end of FY 2007 is expected to be \$4.9 million, based on budgeted expenditures, which represents 19% of total budget or 2.3 months' expenditures.

The Road and Bridge Fund FY 2007 Budget includes expenditures of \$18.7 million compared to revenue of \$16.1M. As part of the budget development process, the County Auditor and Public Works management complete an analysis of projected spending for the current year, identifying budgetary savings that may be used to increase appropriations for FY 2007, while maintaining minimum fund balance requirements. The results of this process account for appropriations in excess of expected revenue for FY 2007. The projected ending fund balance for the Road and Bridge Fund of 13% (or 1.5 months' expenditures) exceeds the target minimum fund balance of 8-10%.

The Law Enforcement Services Fund reflects revenues and expenditures that are approximately equal.

Ten-year comparative historical data for expenditures is presented in the Appendix section at the end of this document.

## **Policy and Administration**

The FY 2007 Budget increase for Policy and Administration is primarily attributable to increases in the Assessment office for aerial photography (a periodic expenditure), on-going annual increases for election warehouse space, increases in staffing levels in the Collector, Treasurer, and County Counselor offices, and general payroll increases. The full impact of these increases is not readily obvious, due to the off-setting reduction in election costs that were required in FY 2006 but do not recur in FY 2007.

## **Law Enforcement and Judicial**

This functional area reflects increases attributable to payroll increases, increases personnel reclassifications and restructuring, and general increases in operating accounts.

## **Environment, Buildings, and Infrastructure**

Spending in this functional area is primarily comprised of the appropriations in the Public Works Department (county roads and bridges), *net* of any capital appropriations (i.e., new and replacement equipment) which are included in Capital Outlay. Expenditures may fluctuate from year-to-year, particularly when realized budget savings in the Road and Bridge Fund accumulate in one year and are appropriated the following year, as described above. The FY

2007 Public Works budget includes \$682,000 as the County's contribution to the Hwy 763 improvement project. Appropriations of this nature and magnitude occur infrequently.

## **Community Health and Welfare**

The increase for FY 2007 is primarily attributable to increases in operating costs for the City-County Health Department.

## **Capital Outlay**

The County is required by state law to maintain inventory records for all long-lived assets with a cost of \$1,000 or more. All assets meeting this requirement are budgeted in the Fixed Asset, or Capital Outlay category. For depreciation and financial reporting purposes, however, the County observes a \$5,000 capitalization threshold. In the schedule above, all appropriations relating to fixed assets and capital improvements, across all functional areas, are combined and presented as "Capital Outlay" rather than as appropriations in a given functional area. In addition, appropriations in Capital Project Funds are also included as Capital Outlay.

The reduction in Capital Outlay spending from FY 2006 to FY 2007 is attributable to the following:

- 1) FY 2006 included approximately \$1.2 million in appropriations related to grant-funded election equipment and similar appropriations are not included in the FY 2007 budget;
- 2) A reduction in fixed asset acquisitions in the Road and Bridge Fund consistent with the equipment replacement schedule;
- 3) A reduction in fixed asset acquisitions funded from the Law Enforcement Services Fund (as previously noted, the initial start-up equipment purchases outlined in Prop L will be completed in FY 2007 with the majority of such expenditures having already been made in prior years); and
- 4) The FY 2006 budget included appropriations for modifications needed in the Courthouse to accommodate an additional judge and court reporter and to reconfigure the Public Administrator's space. Similar appropriations are not included in the FY 2007 budget.

The FY 2007 Budget includes funding for replacement of road maintenance equipment, computer equipment, law enforcement and corrections vehicles, and other general county equipment. Please refer to the Personnel and Capital Expenditure Summary tab section to review detailed information related to capital asset appropriations.

As previously noted, the legal appropriations for the courthouse expansion project, which are being funded with a voter-approved 3-year 1/5<sup>th</sup> cent sales tax, will be established at such time that the County Commission approves the overall project budget. This is expected to occur in the first quarter of FY 2007.

## Debt Service

Debt Service expenditures are increased from the prior year due to the additional debt issued during FY 2006 in conjunction with the Neighborhood Improvement District Program. No property tax levies are required for debt service. Additional information regarding the County's long-term debt is presented below and in the General Information tab section.

## Other Expenditures

There are no significant changes in this category.

## Changes in Personnel Staffing Levels

On a county-wide basis, net budgeted Full Time Equivalent (FTE) personnel positions decreased by 1.82 FTE over that of the prior year, largely due to the termination of grants and contracts. Changes in staffing levels for FY 2007 are summarized below. For complete information regarding personnel staffing for the current year and the past 10 years, please refer to the Personnel and Capital tab section in this document.

- Increase of +.10 FTE for a part-time position for the County Counselor (funded from General Fund).
- Increase of +.18 FTE for a part-time position for the County Treasurer and add benefits (funded from General Fund).
- Decrease -1.0 benefited FTE, Mail Services, in conjunction with out-sourcing selected mail functions (funded from General Fund).
- Increase +.19 FTE Juvenile Office Family Counselor Pool (funded from General Fund).
- Net increase +.04 FTE, which results from a +.08 FTE increase in Program Assistant Pool and -.04 FTE decrease in Part-time music instructor at the Juvenile Justice Center (funded from General Fund).
- Decrease -1.77 FTE for various juvenile grant-related positions (funded from various grants and contracts accounted for in the General Fund).
- Decrease -.25 FTE for crime victim specialist grant-funded position. The current grant is subject to renewal at the end of the 3<sup>rd</sup> quarter; therefore the budget only includes .75 FTE, rather than 1.0 FTE.
- Decrease -.31FTE grant-funded Planner position, due to completion of grant in late FY 2007 (funded from grant accounted for in the General Fund).
- Increase +1.0 FTE additional Asset Management Technician (funded from the Road and Bridge Fund).

In addition to the staffing changes identified above, the County Commission approved the following changes during FY 2006 and they have been approved for inclusion in FY 2007 budget:

- Increase +1.0 FTE Lead Deputy Collector (funded from the Tax Maintenance Fund for the balance of FY 2006 and funded from the General Fund in FY 2007).
- Increase +.50 FTE Correction's Cook (funded from the General Fund).

## **Capital Planning and Budgeting**

Each year, the County Commission approves funding for investment in new and replacement fixed assets. Established replacement schedules serve as a general guide in developing these appropriations. In addition, appropriations for new fixed assets are evaluated and ranked each year during the budget process. Unfunded requests of a given year are considered again the following year; however, they are not necessarily given preferential ranking. Appropriations for new and replacement fixed assets are included in each departmental budget. A complete schedule of capital appropriations for FY 2007 is presented in the Personnel and Capital Expenditure Summaries section. Historical data by department, fund, and functional area is also included.

The County does not prepare a separate comprehensive capital improvement budget for county buildings, properties, and infrastructure. The County Commission uses long-range plans, task force reports, and space needs studies to guide planning and budget development in this area. Once approved, a capital improvement project is fully incorporated in the County's annual budget.

During FY 2003, the County Commission identified several areas requiring further study, review, and planning. The areas included overcrowding and a shortage of courtroom and office space in the courthouse, development of a records center and possible conversion of the existing records storage site to office space, and build-out of the third-floor shell space in the Government Center. Architectural reviews were conducted during 2003 and 2004. The Commission appointed a Citizen Advisory Committee in 2005 to review the results of these studies, conduct further study of the needs, and formulate a recommendation for the Commission. This planning process culminated with voter approval of a three-year one-fifth cent capital improvement sales tax ballot issue in April 2006. The tax became effective October 1, 2006 and will finance several projects: Courthouse expansion, Government Center modifications, and debt retirement and modifications related to County-owned properties adjacent to the Courthouse. Individual project budgets will be approved by the Commission for each component, with the Courthouse expansion scheduled first. The County Commission has entered into contracts with an architect and construction management company who are scheduled to complete the schematic design and cost review for the Courthouse expansion project in January 2007, at which time the Commission will adopt the project budget and establish the legal appropriations. Estimates for annual operating costs will be developed in conjunction with the overall project budget.

With voter passage of the 5-year one-half cent sales tax for county roads and bridges in 1993 and voter approval of a 10-year extension in November 1997, the Public Works Department developed a long-range capital improvement plan for road and bridge maintenance and improvement. The plan is incorporated into the annual operating budget and progress under the capital improvement plan is documented in the Public Works Department's Annual Report. (Refer to department number 2040 through 2049 for detailed budgetary information.)

## Impact of Capital Expenditures on the Annual Operating Budget

As explained above, the FY 2007 Budget capital asset appropriations consist primarily of routine *replacement* equipment with nominal new equipment. These acquisitions have minimal impact on the annual operating budget and will be fully incorporated into the regular replacement cycle in future years. As explained above, the on-going operational impact of the planned capital projects will be developed in coordination with the overall project budget so that such costs can be fully incorporated into the appropriate annual operating budget.

## Fund Balances

The County continues to maintain healthy balances in its major operating funds. *Fund balance* is the difference between the assets and liabilities of a particular fund. Fund balance may be restricted, designated, or undesignated/unreserved. Undesignated/unreserved fund balance is intended to meet minimum fund balance requirements and would be available for appropriation in a significant emergency. The schedule below shows the projected fund balance amounts at the end of FY 2007 for the County's major funds, nonmajor funds, and all governmental funds taken as a whole.

### Projected Fund Balances at December 31, 2007

	-----Major Funds-----				
			Law Enforcement	Nonmajor Governmental	All Governmental
	General Fund	Road and Bridge Fund	Services Fund	Funds	Funds
Projected Fund Balance 12/31	\$ 5,970,580	5,299,591	1,158,335	12,712,469	25,140,975
Less: Reserves and Designations	(1,083,457)	(2,911,516)	(284,051)	(1,055,180)	(5,334,204)
Projected Available Fund Balance	\$ 4,887,123	2,388,075	874,284	11,657,289	19,806,771
As a percent of expenditures	19%	13%	27%	364%	39%
# of months expenditures	2.3	1.5	3.3	43.7	4.7

*Reservations* of fund equity are required for encumbrances, restricted assets, and long-term receivables such as those associated with the Neighborhood Improvement District projects where bonds have not been issued or for long-term receivables such as the McBaine Levy District. *Designations* of fund balance, on the other hand, are discretionary. The County currently designates a portion of the General Fund's fund balance for future capital projects. The designated resources have been accumulated over the past decade from unexpected revenues of a non-recurring nature. Detailed information for each fund is available in the Fund Statements section of this document.

The undesignated and unreserved fund balance is intended to meet three primary objectives. First, it provides contingency funds in the event the County experiences a revenue shortfall or an economic slow-down. Using fund balance as a contingency fund allows the County to continue operations without disruption, even though revenues may not be performing as expected. Secondly, it provides resources to meet cash flow requirements. Thirdly, it allows for financial planning and tax stability. The County has used these excess funds to finance such things as equipment replacements, minor land and building acquisitions, small-scale building construction and improvements, renovations or other capital expenditures, and to provide investment income. By using resources in this manner, the County has been able to finance moderately-sized projects without raising property taxes.

## **Long-Term Debt**

A schedule of outstanding debt for Boone County as of January 1, 2007 is presented in the General Information section of this document. Long-term debt expenditures for principle and interest consist of the special obligation bonds for the Government Center (refinanced during 2003) which is being retired through appropriations in the General Fund (\$414,465); several general obligation bonds associated with the Neighborhood Improvement District (NID) program which are being retired through special assessments (\$171,132); and taxable special obligation bonds used to finance the purchase of downtown properties which are currently leased to non-governmental entities and the lease revenue is currently providing sufficient resources to meet the debt service requirements (\$117,591).

Debt service appropriations included in the FY 2007 Budget amount to \$703,188 or 1.4% of the total budget. As noted above, no tax levies will be required for debt service in FY 2007.

The County's legal debt limit is equal to ten percent of net assessed value. Total assessed valuation at December 31, 2006 is in excess of \$2.0 billion which results in a legal debt limit of approximately \$200,000,000. Please refer to the debt limit calculations provided in the General Information tab section. At this time, the County plans to issue additional debt in FY 2007 or beyond in conjunction with the Neighborhood Improvement District (NID) program and this debt will be retired through special assessments.

### *Awards and Acknowledgements*

The County's Budget for Fiscal Year 2006 was awarded the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The Budget Award Program is designed to improve the quality of budget information prepared by local governments for the benefit of its citizens and decision makers. The County has received this award since 1997.

### *Conclusion*

In closing, I wish to acknowledge the significant contribution of all those who assisted in the preparation and analysis of this data, particularly the staff of the Boone County Auditor's Office, whose tireless effort and commitment to excellence have made this document possible.

Respectfully Submitted,

*s/s June Pitchford*

Boone County Auditor  
Budget Officer

# Schedule of Commission Changes to the 2007 Proposed Budget

	<u>Expenditure</u>	<u>Dept. Account</u>	<u>Revenue</u>	<u>Description</u>
<b>General Fund (Fund #100)</b>				
Human Resources-- increase advertising budget	5,000	1115 84300	-	Increase annual budget from \$30,000 to \$35,000
Human Resources-- increase employee flu shot budget	600	1115 71100	-	Increase annual budget from \$1,500 to \$2,100
Contingency-- provide match for potential grant	4,000	1123 86850	-	Provide 10% match for potential Investigator grant
Contingency-- rebudget amount for Toughbook evaluation	5,000	1123 86850	-	Provide funds to evaluate mobile office technology
Contingency-- ballot cases for election equipment	49,500	1123 86850	-	Ballot cases for storing and transporting election equipment
Clerk (Elections)--networked copier to replace printer	13,100	1132 91000	-	High-volume networked copier; will replace xerox printers
Clerk (Elections)--Maintenance for networked copier	600	1132 60050	-	Maintenance on new equipment
Community Services-- Indigent Burials (statutory requirement)	1,000	1430 86615	-	Increase annual budget from \$1,000 to 2,000 for fee adjustment
Collector-- remove replacement equipment	(3,200)	1150 92100	-	Purchase made in FY 2006; not needed in FY 2007 budget
Information Technology-- annual software maintenance	5,500	1170 70050	-	Recorder's redaction software annual maintenance
Information Technology--rebudget Change Management Software	43,000	1170 91302	-	Rebudget software for AS 400
Information Technology--rebudget annual maintenance	8,600	1170 70050	-	Rebudget software maintenance for Change Management
GIS- add annual maintenance for software upgrade	5,000	1176 70050	-	Increased maintenance on complimentary software upgrade
Insurance and Safety- loss control revenue	-	1191 3891	13,900	Reimbursement revenue-Loss Control Credit account
Court Costs- provide CASA training funds for volunteers	2,000	1241 71101	-	Provide training funds for Court Appointed Special Advocates
Corrections-- provide annual maintenance for medical equipment	750	1255 60050	-	Provide appropriation for annual maintenance on new equipment
<b>Commission Revisions to the Proposed Budget</b>	<u>140,450</u>		<u>13,900</u>	
<b>Assessment (Fund #201)</b>				
Assessor-- remove industrial letter opener	(1,800)	2010 91000	-	Purchase made in FY 2006; not needed in FY 2007 budget
Assessor-- reduced amount needed for aerial photography	(50,000)	2010 71101	-	Bids responses allow reduction in budgetary estimate
<b>Commission Revisions Added to the Proposed Budget</b>	<u>(51,800)</u>			
<b>Public Works (Fund #204)</b>				
<b>Rebudgeted Items from FY 2006:</b>				
McBaine Bridge Project- Federal Funds (Revenue)	-	2049 3465	726,750	Rebudget McBaine Bridge project
McBaine Bridge Project- estimated total project costs	726,850	2045 71100	-	Rebudget McBaine Bridge project
Bank stabilization grant-funded project (Revenue)	-	2049 3465	99,237	Rebudget bank stabilization project
Bank stabilization project--rebudgeted project cost	145,000	2045 71100	-	Original budget of \$109,924 increased to \$145,000
Bridge Repair- Andrew Sapp Rd. and Nashville Church Rd.	42,000	2045 71100	-	Rebudget project
Drainage structures- Clearview/Hackberry Rd.	42,000	2045 71100	-	Rebudget project
<b>Subtotal</b>	<u>955,850</u>		<u>825,987</u>	
<b>New Items Added to Budget:</b>				
Loss control reimbursement revenue	-	2049 3891	2,600	Reimbursement revenue-Loss Control Credit account
County participation in Hwy 763 improvement project	682,000	2049 71450	-	Revenue Sharing project with City of Columbia
<b>Subtotal</b>	<u>682,000</u>		<u>2,600</u>	
<b>Other adjustments based on revised estimates of resources to be carried forward:</b>				
Increase vendor-hauled rock	195,000	2040 26201	-	
Increase Outside Services for various projects (prep material)	79,360	2040 71100	-	
Increase Outside Services for various projects: bridge, low-water crossing, pave-in-place, subdivision improvements, stormwater improvements	1,262,339	2045 71100	-	
Increase Professional Services for bridge project inspection	10,000	2045 71101	-	
Increase Engineering Services for various projects	59,000	2045 71102	-	
Revise Easement Acquisition amounts (net) various projects	(10,000)	2045 71118	-	
Back-up emergency generator	100,000	2040 91200	-	
<b>Subtotal</b>	<u>1,695,699</u>			
<b>Commission Revisions Added to the Proposed Budget</b>	<u>3,333,549</u>		<u>828,587</u>	

# Schedule of Commission Changes to the 2007 Proposed Budget cont'd

## Law Enforcement Services Fund (Fund #290)

Court- Expand video arraignment (hardware and installation)	25,000	2907	91300	-	Expand use of video arraignment technology to assist with
Court--Annual maintenance on additional video arraignment equip.	<u>1,000</u>	2907	60050	<u>-</u>	management of dockets and inmate movement.
<b>Commission Revisions Added to the Proposed Budget</b>	<u><u>26,000</u></u>			<u><u>-</u></u>	

## Self Insured Workers Compensation (Fund #602)

Administrative Tax and Surcharge, each 1%	12,200	6020	71061	-	Taxes and surcharge required for self-insured employers
Second Injury Fund Surcharge, additional amount	<u>12,900</u>	6020	71061	<u>-</u>	Increase annual budget from \$15,000 to \$27,900
<b>Commission Revisions Added to the Proposed Budget</b>	<u><u>25,100</u></u>			<u><u>-</u></u>	

## Summary of Commission Revisions Added to the Proposed Budget:

	<u>Expenditure</u>	<u>Revenue</u>
<b>Governmental Funds:</b>		
General Fund (100)	\$ 140,450	13,900
Assessment (201)	(51,800)	-
Road and Bridge Fund (204)	3,333,549	828,587
Law Enforcement Services Fund (290)	<u>26,000</u>	<u>-</u>
Total	<u><u>3,448,199</u></u>	<u><u>842,487</u></u>
<b>Internal Service Funds:</b>		
Self Insured Workers Compensation Fund (602)	<u>25,100</u>	<u>-</u>
Total	<u><u>25,100</u></u>	<u><u>-</u></u>
Combined Total, all fund types (memorandum only)	<u><u>\$ 3,473,299</u></u>	<u><u>842,487</u></u>