BOONE COUNTY AUDITOR
JUNE E. PITCHFORD

BOONE COUNTY GOVERNMENT CENTER
801 East Walnut, Room 205 • Columbia, MO 65201 • (573)886-4275 OFFICE • (573)886-4280 FAX

January 7, 2008

To the Citizens of Boone County:

Pursuant to the requirements of state law, I am pleased to present the Fiscal Year 2008 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: total resources (i.e., current revenues plus appropriated fund balance) available to a particular fund are equal to or greater than the proposed spending plan for that fund.

Organizational Structure and It's Impact on Planning Processes and Long-term 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 are responsible for discharging their statutory functions 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 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, 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 an 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.)

Despite these unique organizational features and their impact on entity-wide goal setting and planning processes, county officials share a commitment to the commonly-understood purpose of county government to provide responsive, efficient, and ethical government services for the people of Boone County. In addition, there is a common and shared commitment for the following:

- Long-term fiscal stability for the County
- Adequate provision of mandated services
- Continuous improvement in service quality and service delivery
- Equipping county employees with adequate knowledge, skills, and resources to deliver public services and providing competitive compensation and benefits for county employees

Within the given statutory organizational structure, county officials have sought ways to collaborate so as to identify, develop, and achieve progress toward specifically-identified county-wide goals. The Personnel Advisory Committee (PAC) and the Information Technology Advisory Committee (ITAC) are two examples of standing committees which provide an organizational mechanism for policy review and development as well as consensus-building regarding specific goals, objectives, and budget priorities. Committee membership is comprised of elected officials (other than County Commissioners) and appointed department directors. Committee recommendations are subject to County Commission approval.

Local Economic Conditions

For the past decade, Boone County has enjoyed a stable economic environment with moderate growth. The County has a varied economic base and has generally experienced low unemployment and steady job growth. 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.

Compared to the state, Boone County's local economy has historically shown greater strength and resiliency than nearby communities or the state as a whole, evident through its lower unemployment rates, higher annual population growth and job growth rates, and stronger sales tax growth rates. In previous periods of economic slow-down or recession, Boone County has experienced fewer negative effects. While most of these favorable comparisons continue, Boone County's local economy is slowing, particularly evident in its increasing unemployment rate, falling job growth rate, and flat sales tax growth (discussed in greater detail later in this Budget Message). This has had a significant impact on the FY 2008 budget and if present conditions continue, it will potentially have an even greater impact to subsequent years' budgets.

The County's 3.5% unemployment rate at the end of FY 2007 reflects an increase over FY 2006's rate of 2.9% and compares to Missouri's unemployment rate of 5.5%. 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 146,000, 68% (99,280) reside in incorporated areas while 32% (46,720) reside in unincorporated areas. This ratio has remained fairly constant over the last decade. The median household income in Boone County for 2004 (most recent data available) was $41,400, which compares to the state's median household income of $40,800. [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%. This budget assumes that low inflation will continue.

The Missouri state budget crisis of several years ago significantly affected the County's budget and is expected to continue to do so into the foreseeable future. State funding reductions and legislative changes 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). Although state revenues have recovered and improved, these funding reductions remain in place. This budget assumes continuation of these reductions, but it assumes no further reductions.

Emerging Issues Facing the County

Erosion of the County's primary tax base. As explained in greater detail later, the County is significantly dependent on locally-enacted sales tax levies to finance local services, with more than 60% of county operating revenues derived from this single revenue source. In the short-term, this makes the County especially vulnerable to the inherent volatility of this revenue stream. Of greater concern, however, is the long-term detrimental effect of the erosion of this tax base through remote retail sales (including internet sales) and the continuing shift toward a service-based economy. Since Missouri sales tax laws exempt services from sales tax, this continuing economic shift has a significant detrimental effect on this important revenue source.

Increasing costs associated with unfunded mandates, inflationary pressures, and rising demand for services in the face of stagnant revenues. The most recent unfunded mandate delivered to the County was HAVA election reform (Help Americans Vote Act). Not only did this result in significant permanent increases in election-related overhead costs, but it has significantly increased the costs of conducting each election. In addition, rising fuel and energy prices have significantly impacted operating budgets, particularly in the area of public works and law enforcement.

Need for long-term infrastructure planning and improvement. The County operates a Public Works department which is financed primarily with a one-half cent sales tax, nominal property taxes, and the County's share of the state gasoline tax. These funding sources provide revenues sufficient to cover the cost of routine maintenance and small-scale improvement projects, but major improvements are too costly to accommodate within the annual operating budget. Therefore, in order to adequately address these infrastructure needs, the County needs to develop a long-term infrastructure capital improvement plan and obtain the additional funding necessary to implement the plan.

2008 Budgetary Issues and Solutions

As previously noted, the statutory structure significantly influences the annual budgetary process. Individual elected officials engage in planning activities but these processes are generally focused on the respective responsibility areas of each office. Within this framework and context, the County Auditor and the County Commission are responsible for evaluating 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 significantly impact the development of the budget.

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 to 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 exercise some degree of control regarding the scope of services provided to their citizens, the County is mandated by state law to provide certain services and these comprise the overwhelming majority of all County services provided. These services consist primarily of state responsibilities which have been delegated to local county governments. They include such things as operation of the 13th 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 additional services beyond those identified above; however, the overwhelming majority of county spending is directed toward statutorily required services.

The following budgetary issues were identified through the process described above and significantly shaped the final budgetary appropriations.

2008 Budgetary Issue: Impact of Declining and Stagnant Revenues—

The County's most significant revenue source, sales tax, will fall significantly short of FY 2007 budgetary estimates and nominal growth is expected for FY 2008 and the foreseeable future. In addition, reductions in state reimbursement revenues enacted several years ago have not been restored by the state, despite improving state revenues. Real estate recording fees peaked in FY 2003, but have been declining since that time and the FY 2008 budget reflects a continuing and substantial reduction in this revenue source, largely attributable to the economic slump in the housing market. Similarly, building permit fee revenue, which grew substantially in the second half of FY 2005 and peaked in FY 2006, will fall short of the FY 2007 budgetary estimates; the FY 2008 budgetary estimates have been reduced accordingly.

Budgetary Impact— Overall, revenues to the County's major funds (General Fund, Road and Bridge Fund, and the Law Enforcement Services Fund) reflect nominal growth, presenting significant budgetary challenges in view of general inflationary pressures, rising fuel and energy costs, significantly increased election costs, and the County's goal to maintain competitive wages and benefits and to provide adequate technology and other tools to employees. In order to avoid staffing or service reductions, the general overall budgetary approach included the following: no new programs or expansions in existing service levels; minimal increases in permanent FTE positions; nominal salary and wage increases; deferral of equipment purchase and replacement; and appropriating portions of fund balance (i.e., reducing undesignated/unreserved fund balance).

2008 Budgetary Issue: Market Update for the County's Salary Plan, Employee Compensation, and Benefits—

The County adopted a new Salary Plan in FY 2002, phasing-in implementation over a 3-year period (FY 2002-FY 2005). A market update to this salary plan was adopted in FY 2005, with implementation phased-in over a 2-year period (FY 2005 and FY 2006). In FY 2007, the County authorized another market update study, with the goal of implementing it in FY 2008. However, the cost to implement the market update was prohibitive, particularly in light of sluggish revenues. In addition, county officials and department directors were critical of the overall market update process, the quality of data obtained, the underlying assumptions used in the study, and the resulting recommended market adjustments. As a result, implementation of the market update was indefinitely placed on hold.

The FY 2008 budget includes funding for a 1% salary and wage increase. This increase was approved as a merit pool increase, which may be awarded at the administrative authority's discretion. In addition, for FY 2008 only, the Personnel Advisory Committee recommended and the County Commission suspend the ceiling for each salary range, thereby allowing those employees who would not normally be eligible to receive a salary increase because their rate of pay is capped by the salary range maximum to receive a salary increase this year.

The County provides health and dental benefits through a self-insured benefits program. The County pays 100% of the employee premium; dependent coverage is available to employees, at the employee's cost. FY 2008 reflects no increases in premiums.

Budgetary Impact— The cost of the 1% salary and wage merit increase is approximately $138,000 for all funds combined; of this total, the General Fund's portion is approximately $123,000.

2008 Budgetary Issue: County Election Costs—

The County is required to conduct and pay for the costs of an April election (Hospital Board of Trustees), the August primary election, and the November general election. Election costs are generally higher in a presidential election year and the appropriations have been increased accordingly. However, the expected cost of FY 2008 elections is significantly higher than in previous years due to new federal mandates and the costs associated with using the voting equipment, including such things as equipment testing, transportation, and expanded poll-worker training. Neither the state nor the federal government has provided funding, except for the initial equipment purchase, to pay for these on-going cost increases. To the extent that other jurisdictions place items on any of these election ballots, they will share in the election costs, which will reduce the County's cost.

Budgetary Impact— The County Clerk estimates that the cost to the County to conduct these three elections will be more than $900,000, with the majority of the cost attributable to the August and November elections. The budget includes a 2-cent property tax increase to the General Fund to cover a portion of these costs. The additional 2-cent property tax is expected to generate approximately $430,000, or approximately one-half of the expected cost. The County Commission will set the property tax rate in September 2008, determining at that time if a portion, or all, of the tax increase will be needed, depending upon the performance of other key revenues and the extent to which election costs may be shared with other entities.

2008 Budgetary Issue: Public Works Road and Bridge System—

The County's 812 miles of road inventory consists of gravel roads (58%), chip-seal/cold-mix (12%), asphalt (26%), and concrete surface (4%). The County provides 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. The FY 2008 budget reflects no significant changes in these services.

Each year, the County provides funding for a variety of small-scale projects including arch/bridge projects; drainage improvement projects; subdivision improvements; low water crossing projects; and storm water improvements. The County Commission determines the specific projects to be included in each year's budget, after receiving and reviewing PW staff recommendations.

Each year, the County provides funding to other political subdivisions through Replacement Revenue distributions, payments to the Centralia Special Road District, and Revenue Sharing distributions. FY 2008 funding levels are consistent with those of prior years, except that the FY 2008 budget includes the County's cost-share for two large projects (Highway 763 Improvement and Scott Boulevard Improvement); these are unusual expenditures and not expected to be repeated.

Budgetary Impact— The 2008 Budget includes appropriations totaling $20.6 million for road and bridge activities, all accounted for in the Road and Bridge Fund. Of this total, $10.5 million is allocated to the Maintenance Division (department numbers 2040 and 2048) for maintenance activities and projects; $5.9 million is allocated to the Design and Construction Division (department number 2045); and $4.2 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). The FY 2008 budget includes $682,000 for the County's agreed-upon share of the Hwy 763 improvement project as well as $500,000 for the County's estimated cost share of the Scott Boulevard improvement project.

2008 Budgetary Issue: Investment in Computer Technology—

The County provides desktop computer equipment and technologies for employees as well as shared system resources and technologies. The FY 2008 budget includes appropriations to replace and upgrade essential equipment and to maintain necessary disk capacity for back-up and operational needs of the County's various server-based networks and its IBM iSeries platform operations. The FY 2008 budget also includes funding for a server consolidation project which will reduce future operating costs and improve server back-up and administration. Funding to implement wireless internet connectivity at three County facilities (Government Center, Sheriff/Corrections, and Public Works) and to implement a new mobile video camera centralized data storage and retrieval system for the Sheriff's department is in the FY 2008 budget as well.

Budgetary Impact— Due to limited resources, the regular replacement schedule for desktop PC's was suspended, with replacement funding based on a condition assessment performed by Information Technology staff. In addition, other requests for computer technology equipment replacement and upgrades were carefully evaluated, with funding limited to those determined to be the highest priority and essential to maintaining adequate security and back-up as well as to ensure proper functioning of existing systems. FY 2008 appropriations for replacement computer equipment is $118,300 (all funds combined), with $41,050 accounted for in the General Fund. This compares to FY 2007 appropriations totaling $272,900 (all funds combined) and $177,600 (General Fund). FY 2008 appropriations for new computer equipment total $154,400 (all funds combined) and $50,500 in the General Fund. This compares to FY 2007 appropriations of $180,500 (all funds combined) and $66,700 in the General Fund.

2008 Budgetary Issue: Law Enforcement and Judicial—

The County operates several alternative sentencing programs. These programs not only reduce the jail inmate population but provide sentencing alternatives that reduce the likelihood of recidivism while allowing the individuals to continue working and living within the community. The FY 2008 budget includes appropriations to improve and expand the Court-operated alternative sentencing programs by relocating it to new facilities (re-modeled Guarantee Land Title Building) and by adding a 1.0 FTE Program Assistant Pool position (non-benefited).

The County desires to maintain serviceable law enforcement equipment through replacement appropriations and to implement new equipment technologies where appropriate. The County also recognizes the need to provide specialized training to law enforcement officers.

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 throughout 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 local county appropriations provide funding for additional personnel and services beyond those provided in most circuit 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 1/8th 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, and the Circuit Court.

The FY 2008 budget includes appropriations for on-going Court operations, including an increase for the utility and facility costs and the additional 1.0 FTE Program Assistant Pool position attributable to the expanded Boone County Alternative Sentencing Center. These costs have been fully incorporated into the Alternative Sentencing Programs annual operating budget, which receives funding from the Law Enforcement Sales Tax Fund. The combined annual budgetary impact is approximately $45,000.

The FY 2008 budget includes funding for on-going operations for all other law enforcement-related budgets, including equipment and vehicle replacements that were identified as high priorities. The budget also includes funding for the mobile video camera technology project described above as well as acquisition of new officer equipment. Due to limited revenues, several equipment initiatives will be implemented with a phased-in approach over the next 3 to 5 years. The budget does include approximately $5,000 for SWAT (Special Weapons and Tactics) and less-lethal-munitions training.

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 elected officials and department directors.

August 15th: Statutory deadline for the Circuit Court to present its budget request to the County Commission and County Auditor.

September 1st: Statutory deadline for submitting official budget requests to Auditor.

September 10th: 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 15th: County Auditor delivers Proposed Budget to County Commission.

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

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

The FY 2008 Budget was adopted on January 7, 2008.

Budget Summary Schedules

The schedules on the following pages show the FY 2008 Budget for the government as a whole, including all governmental funds (major and nonmajor, excluding Capital Project Funds which are presented in a separate tab section), 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 which follow the summary schedules.

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

2008 Budget Summary by Fund Type—All Funds Combined

(Excluding Capital Project Funds)

	Major Funds		
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund
REVENUES:			
Property Taxes	$ 3,324,350	$ 1,175,900	$ -
Assessments	-	-	-
Sales Taxes	11,627,000	12,101,500	2,900,000
Franchise Taxes	181,200	-	-
Licenses and Permits	375,941	15,000	-
Intergovernmental	2,248,128	2,076,315	-
Charges for Services	3,353,487	29,770	-
Fines and Forfeitures	-	-	-
Interest	307,659	243,960	58,835
Hospital Lease	1,606,091	-	-
Other *	516,130	1,000	-
Total Revenues	**23,539,986**	**15,643,445**	**2,958,835**
EXPENDITURES:			
Personal Services	14,546,249	3,759,621	2,242,640
Materials & Supplies	1,236,416	3,101,150	70,656
Dues Travel & Training	226,456	40,854	11,234
Utilities	485,880	113,291	86,067
Vehicle Expense	404,046	633,400	625
Equip & Bldg Maintenance	191,336	359,124	41,858
Contractual Services	4,149,735	12,146,918	332,710
Debt Service (Principal and Interest)	413,215	-	-
Other	3,886,381	201,350	47,835
Fixed Asset Additions	273,836	279,746	262,193
Total Expenditures	**25,813,550**	**20,635,454**	**3,095,818**
REVENUES OVER (UNDER) EXPENDITURES	**(2,273,564)**	**(4,992,009)**	**(136,983)**
OTHER FINANCING SOURCES (USES):			
Transfer In	-	-	-
Transfer Out	(113,000)	-	-
Proceeds of Sale of Capital Assets/Insurance Claims/Capital Lease	8,100	1,000	-
Proceeds of Long-Term Debt	-	-	-
Retirement of Long-Term Debt	-	-	-
Total Other Financing Sources (Uses)	**(104,900)**	**1,000**	**-**
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**(2,378,464)**	**(4,991,009)**	**(136,983)**
FUND BALANCE (GAAP), beginning of year	7,290,065	8,146,227	1,623,876
Less encumbrances, beginning of year	(77,933)	(1,241,348)	(307,307)
Add encumbrances, end of year	77,933	1,241,348	307,307
FUND BALANCE (GAAP), end of year	**$ 4,911,601**	**$ 3,155,218**	**$ 1,486,893**
FUND BALANCE RESERVES/DESIGNATIONS, end of year	602,933	1,241,348	557,307
FUND BALANCE, end of year	**4,911,601**	**3,155,218**	**1,486,893**
FUND BALANCE RESERVES/DESIGNATIONS, end of year	**(602,933)**	**(1,241,348)**	**(557,307)**
UNRESERVED/UNDESIGNATED FUND BALANCE, end of year	**$ 4,308,668**	**$ 1,913,870**	**$ 929,586**

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

Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Private Purpose Trust Funds	Grand Total
$ -	$ 4,500,250	$ -	$ -	$ 4,500,250
133,429	133,429	-	-	133,429
216,720	26,845,220	-	-	26,845,220
-	181,200	-	-	181,200
20,570	411,511	-	-	411,511
416,850	4,741,293	-	-	4,741,293
1,574,790	4,958,047	4,565,899	-	9,523,946
-	-	-	-	-
117,408	727,862	289,415	2,965	1,020,242
-	1,606,091	-	-	1,606,091
59,995	577,125	10,000	150	587,275
2,539,762	**44,682,028**	**4,865,314**	**3,115**	**$ 49,550,457**
986,452	21,534,962	606,007	-	22,140,969
105,984	4,514,206	54,244	-	4,568,450
126,277	404,821	2,200	-	407,021
15,500	700,738	383,131	-	1,083,869
13,900	1,051,971	21,554	-	1,073,525
73,750	666,068	345,125	-	1,011,193
790,690	17,420,053	2,798,539	3,500	20,222,092
328,304	741,519	-	-	741,519
512,311	4,647,877	291,500	1,500	4,940,877
141,420	957,195	3,500	-	960,695
3,094,588	**52,639,410**	**4,505,800**	**5,000**	**57,150,210**
(554,826)	**(7,957,382)**	**359,514**	**(1,885)**	**(7,599,753)**
113,000	113,000	-	-	113,000
-	(113,000)	-	-	(113,000)
-	9,100	-	-	9,100
-	-	-	-	-
-	-	-	-	-
113,000	**9,100**	**-**	**-**	**9,100**
(441,826)	**(7,948,282)**	**359,514**	**(1,885)**	**(7,590,653)**
5,226,759	22,286,927	4,572,375	120,893	26,980,195
(154,544)	(1,781,132)	(1,529)	-	(1,782,661)
154,544	1,781,132	1,529	-	1,782,661
$ 4,784,933	**$ 14,338,645**	**$ 4,931,889**	**$ 119,008**	**$ 19,389,542**
1,269,538	3,671,126	206,913	37,271	3,915,310
4,784,933	**14,338,645**	**4,931,889**	**119,008**	**19,389,542**
(1,269,538)	**(3,671,126)**	**(206,913)**	**(37,271)**	**(3,915,310)**
$ 3,515,395	**$ 10,667,519**	**$ 4,724,976**	**$ 81,737**	**$ 15,474,232**

Matrix of Expenditures by Function and Class—

All Governmental Funds Combined (Excluding Capital Project Funds)

Function	Personal Services	Materials & Supplies	Dues, Travel & Training	Utilities*
Policy & Administration	$ 4,771,081	$ 500,561	$ 212,447	$ 81,190
Law Enforcement & Judicial - Courts	1,688,467	181,809	50,260	163,655
Law Enforcement & Judicial - Sheriff/Corrections	8,008,668	631,183	48,068	288,232
Law Enforcement & Judicial - PA	2,342,396	52,073	38,066	39,061
Law Enforcement & Judicial - Other	250,382	3,940	2,675	3,350
Environment, Buildings & Infrastructure	3,780,358	3,104,018	41,278	113,291
Community Health & Public Services	-	9,250	2,200	-
Other	693,610	31,372	9,827	11,959
Total	$ 21,534,962	$ 4,514,206	$ 404,821	$ 700,738

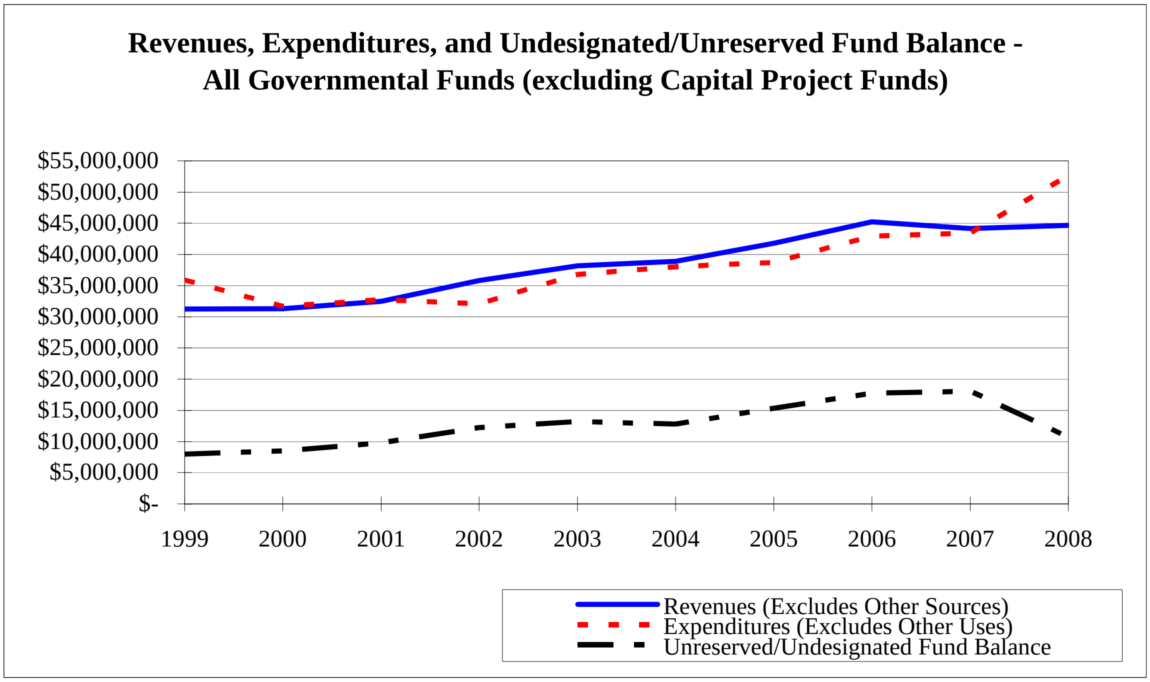
* Includes land-line phones, cell phones, and data communications; also includes building utilities for those facilities housing a single office or department. Utilities for facilities housing multiple offices are accounted for in an internal service fund with the internal service charge, "Building Use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

Vehicle Expense	Equip & Bldg Maintenance	Contractual Services **	Debt Service (Principal & Interest)	Other	Fixed Asset Additions	Total
$ 37,678	$ 89,464	$ 2,043,419	$ 413,215	$ 2,087,614	$ 212,973	$ 10,449,642
21,550	55,063	978,870	-	273,084	127,419	3,540,177
310,385	67,693	767,056	-	336,550	269,443	10,727,278
10,214	5,306	201,471	-	40,702	16,970	2,746,259
11,000	62,800	932,223	-	90,673	13,144	1,370,187
633,544	362,724	12,171,668	-	317,395	279,746	20,804,022
-	-	29,410	-	1,346,422	4,000	1,391,282
27,600	23,018	295,936	328,304	155,437	33,500	1,610,563
$ 1,051,971	$ 666,068	$ 17,420,053	$ 741,519	$ 4,647,877	$ 957,195	$ 52,639,410

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

Revenue and Expenditure Trends

The graph below illustrates the growth in revenues and expenditures as well as changes in undesignated/unreserved fund balance levels and over the past 10 years. It shows the significant flattening of revenues in 2007 and 2008, the increase in expenditures, and the use of fund balance to finance the current year's budget. Each of these elements is discussed in detail in the following sections.



Revenue Assumptions and Projections

Revenue for FY 2007 is projected to fall significantly short of budget expectations, and the FY 2008 revenue projections reflect a nominal increase over the revised FY 2007 projections. When comparing the FY 2008 and FY 2007 revenue estimates for governmental funds taken as a whole, the combined revenues of approximately $44.68 million reflect a 1% decrease over the FY 2007 Budget, as revised and amended to date.

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 identifies the primary causes for fluctuations between the prior and current budget years.

Revenues by Source—All Governmental Funds Combined (excludes Capital Project Funds)

Revenues by Source		2006 (Actual)	2007 (Budget)	2007 (Projected)	2008 (Budget)	% Change 08 Budget over 07 Budget	% of Total for 2008
Property Taxes	$	3,772,895	3,862,000	3,955,600	4,500,250	17%	10.1%
Assessments		155,931	136,703	152,410	133,429	-2%	0.3%
Sales Taxes		26,612,435	28,002,250	26,743,220	26,845,220	-4%	60.1%
Franchise Taxes		175,895	176,000	179,200	181,200	3%	0.4%
Licenses and Permits		476,771	445,870	407,864	411,511	-8%	0.9%
Intergovernmental		5,338,568	5,247,802	4,640,951	4,741,293	-10%	10.6%
Charges for Services		5,576,777	4,786,005	4,999,556	4,958,047	4%	11.1%
Fines and Forfeitures		-	-	-	-	N/A	0.0%
Interest		980,556	605,364	886,210	727,862	20%	1.6%
Hospital Lease		1,528,104	1,566,306	1,566,918	1,606,091	3%	3.6%
Other*		587,309	520,097	629,670	577,125	11%	1.3%
Total Revenues	$	**45,205,241**	**45,348,397**	**44,161,599**	**44,682,028**	-1%	**100.0%**

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

Property Tax (10.1% of total revenue)

Property tax comprises a relatively 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.

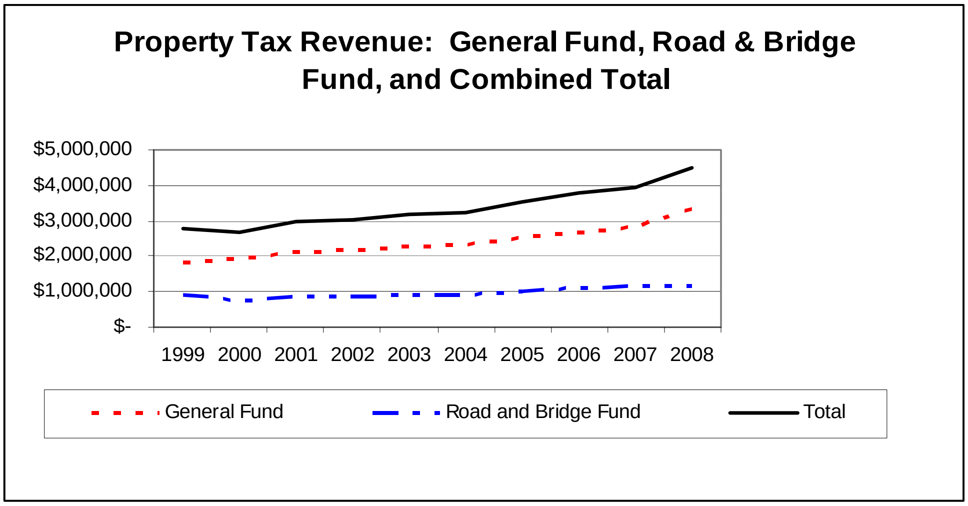
Assessed valuation has grown at an average annual rate between 3% and 6% and it continues to provide a stable source of revenue for the County and its political subdivisions. Total assessed value for the County currently exceeds $2.0 billion. The FY 2008 Budget assumes a 3% growth in assessed valuation with no change in the Road and Bridge property tax rate and a 2-cent increase in the General Fund property tax rate to provide funding for increased election costs. The 2-cent increase is expected to generate approximately $430,000 in additional revenue. Although the number of building permits issued throughout the County fluctuates from year to year and has slowed substantially in FY 2007, new commercial construction continues to provide growth to the total assessed valuation.

Although not required to do so, 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 reassessment and the rates remained unchanged through FY 2007. The County's budgeted 2008 proposed operating tax include the following:

General Fund Operations-- $.14 per $100 assessed valuation (increased by 2-cents from $.12 per $100 assessed valuation)

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

The chart below illustrates the stable growth in this revenue source over the past 10 years as well as the impact of the 2-cent increase proposed for the current year.



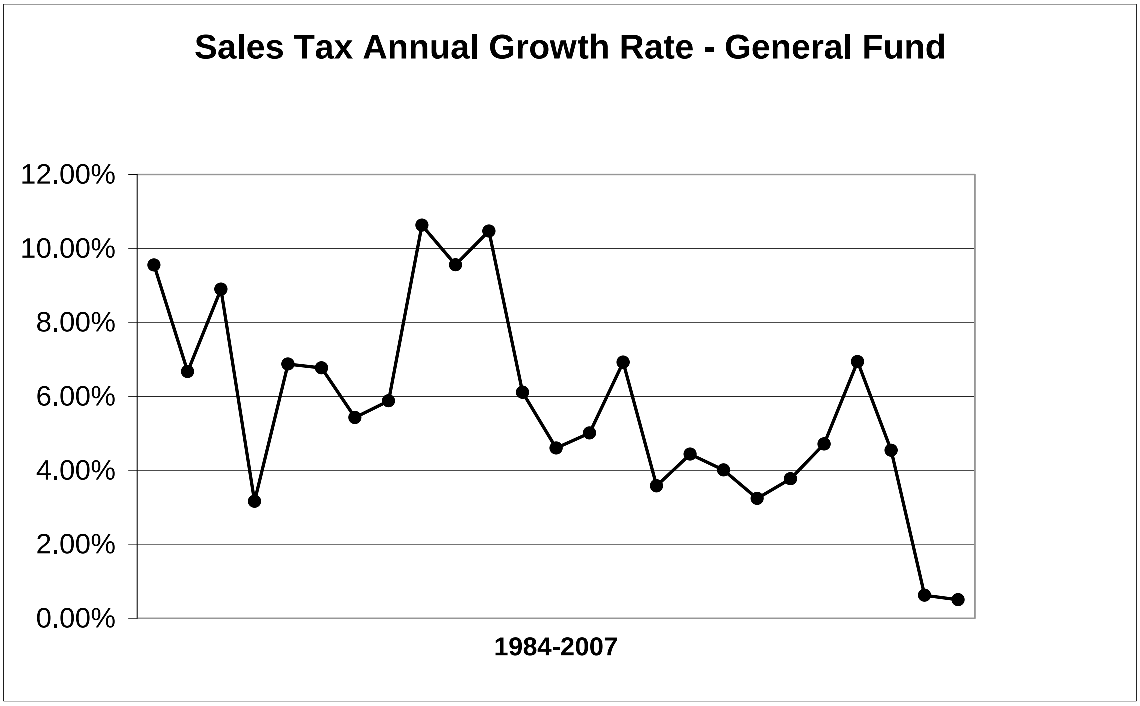
Debt service tax levies will not be required since all existing debt is being retired through annual appropriations in the General Fund, lease rentals, or special assessments. For further information on the County's debt, please refer to the Summary of Long-Term Debt presented later in the Budget Message 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 (0.3% of total revenue)

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 (60.1% of total revenues)

The County is highly dependent on sales tax revenue to finance the majority of county services. It is the single largest source of revenue for the County and accounts for more than 60% of all regular operating revenues in the County's governmental funds. Compared to other revenue sources, sales tax is inherently and exceptionally volatile, readily impacted by changing economic conditions. Because Boone County is primarily dependent on sales tax to finance on-going operations, the County is especially vulnerable to the inherent volatility of this source of revenue. This is the primary reason for maintaining adequate fund balances, which is discussed in greater detail later this Budget Message. The annual sales tax growth rate table presented below illustrates this inherent volatility.



Annual growth rates have typically ranged between 3% and 5%, but have been as high as 11% and have fallen as low as 0.5%, as in the present economic situation. As illustrated above, the current decline in sales tax growth rate is one of the sharpest ever experienced by the County and also reflects the lowest annual growth rate.

In developing the FY 2007 budget, the County forecast a 4% growth rate in sales tax revenue; however, the expected growth rate is expected to fall substantially short of this projection and has been adjusted down to 0.5%. This sluggish growth appears to be driven primarily by the economic slow-down triggered by the sub-prime mortgage collapse and is expected to continue into the foreseeable future, possibly through 2010. Therefore, the FY 2008 budget assumes a continued 0.5% annual growth rate.

The County receives the following sales tax revenue:

One-half cent permanent sales tax in the General Fund. This sales tax is expected to generate $11.6 million in 2008, which represents approximately 50% of the total revenue in the General Fund. The governing statute for this sales tax authorization mandates a property tax roll-back.

One-half cent sales tax in the Road and Bridge Fund. This sales tax is expected to generate $11.6 million in 2008, which represents nearly 75% of regular, on-going revenue to Road and Bridge operations. The sales tax was originally approved by voters in 2003 for an initial 5-year period. It was renewed for 10 years (through 2008) and was recently renewed by voters for another 10-year period (expiring in 2018). The governing statute for this sales tax does not require a property tax roll-back; however, the County Commission has pledged a voluntary property tax roll-back.

Constitutionally determined portion of the state's sales tax for motor vehicles. This sales tax is expected to generate $475,000 in 2008, net of a special 32-month withholding imposed by the Department of Revenue intended to recover retroactive collection costs. The withholding is estimated to be approximately $36,000 for the year. At the conclusion of the 32-month recovery period, the on-going cost of collection is expected to be approximately $24,000 per year. This revenue source has been relatively flat in recent years.

Two percent tax applied to local land line phone tariffs. This tax is expected to generate $216,000 in 2008, which represents the sole source of revenue for the Enhanced 911 Fund, except for investment income. This revenue has been declining since 2003 at an average rate of approximately 5% each year, largely 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. This sales tax is expected to generate $2.9 million in 2008, which represents the primary source of revenue for the Law Enforcement Services Fund. The fund is used to provide supplemental funding for law enforcement and judicial operations which are primarily financed through General Fund appropriations.

One-fifth cent three-year capital improvement tax. This tax became effective October 1, 2006 and is expected to generate $14.0 million over the 3-year life of the sales tax. Please refer to the *Capital Projects* tab section for complete information regarding this capital improvement sales tax and the projects it will finance.

Franchise Taxes and Licenses/Permit Revenue (1.3% of total revenue)

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

The decrease in Licenses and Permit Revenue is primarily due to a reduction in building permit activity, which has declined sharply the last two years. 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.

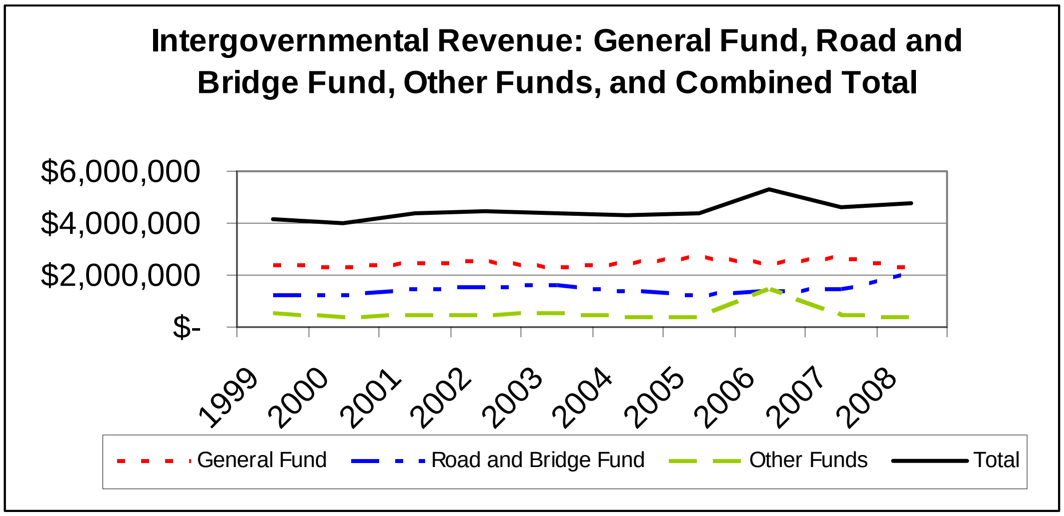
On-site waste water permit revenue is also expected to decline in FY 2007, attributable to reduced permit volume.

Intergovernmental Revenues (10.6% of total revenue)

The County receives substantial revenues from federal and state grants and from annual state appropriations. The FY 2008 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.

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. No increase is expected in any of these revenues sources for FY 2008 except for the Child Support Enforcement Program; in this program, several expenditure categories reflect increases which in turn, results in increased reimbursement revenue.

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. The 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. The budget assumes nominal growth in this revenue source. The chart below reflects a ten-year history of this revenue source. The significant increase in 2006 is the result of HAVA election equipment funds.



The overall FY 2008 decrease in this category is due to the following factors:

1) 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;

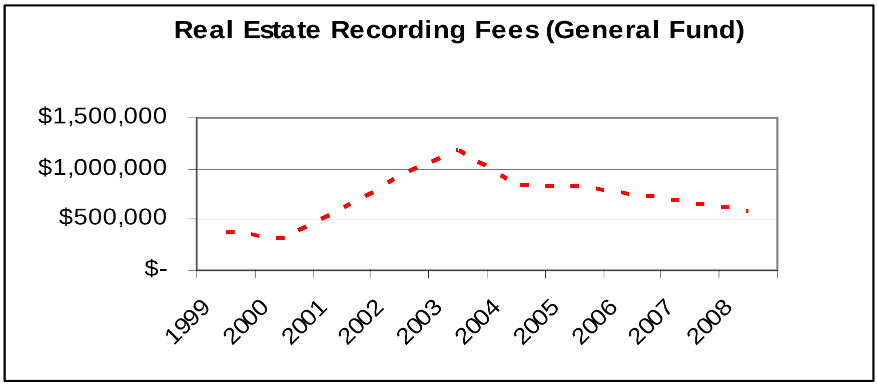
2) Reductions in grant revenue where the grant contract imposes a scheduled phase-out of revenues, but the annual operating expenditures are on-going and must be funded from non-grant sources (such as with law enforcement personnel grants accounted for within the Sheriff and Prosecuting Attorney budgets); and

3) The County received federal disaster revenues in FY 2007 related to a significant ice storm. Similar revenues are not expected in FY 2008.

Charges for Services (11.1% of total revenue)

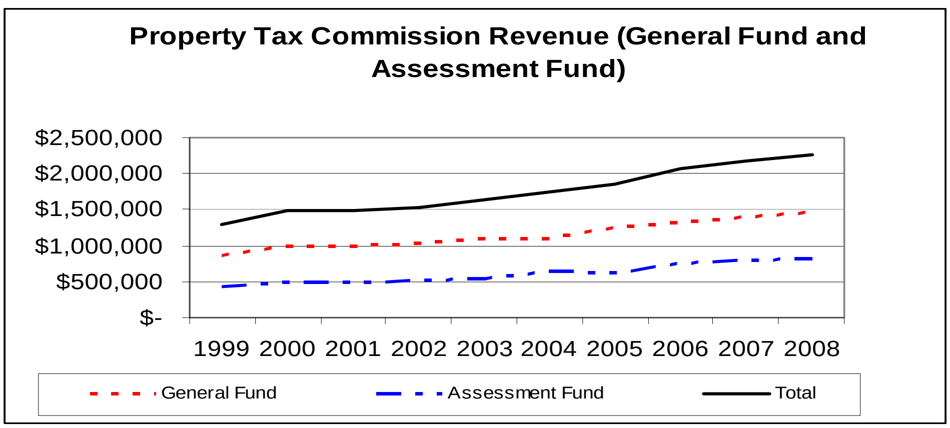
Current year revenues for Charges for Services (fees, commissions, and other charges for services) reflect a net 4% increase for FY 2008, or approximately $170,000, with a mixture of revenue increases and decreases across various revenue sources. Over one-half of these total revenues are derived from three sources: Real Estate recording fees, Collector property tax commission, and Assessor property tax commission.

As illustrated in the chart below, Real Estate recording fees hit record highs in FY 2003 with annual revenue of nearly $1.2 million, but they have been steadily declining since. The FY 2008 budget includes estimated revenue of $573,000, which reflects a reduction of approximately $170,000 over the FY 2007 budget estimate.



This reduction is offset in the FY 2008 budget by expected increases in property tax commission revenue and increases in various other revenue sources such as Prosecuting Attorney bad check fees, Public Administrator fees, Collector delinquent fees and property tax commissions.

Property tax commissions generate revenue for the Assessment Fund and the General Fund and continue to provide a stable source of growing revenue, as shown in the chart below. Average annual growth is approximately 4-5%.



Fines and Forfeitures, Interest, and Other Revenues (2.9% of total revenue)

The County has not received Fines and Forfeiture revenue for several years and does not expect to receive this revenue in 2008 or beyond. In the past, the County has received forfeiture revenue for the Sheriff and the Prosecuting Attorney pertaining to certain drug-related cases.

Interest revenue is expected to exceed budget for FY 2007, but the FY 2008 revenue estimate reflects an expected reduction in interest earnings. 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 designated 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 increase in Other Revenue is primarily due to increased lease revenue associated with county-owned space which is leased to the City of Columbia (non-motorized pilot program).

Hospital Lease Revenue (3.6% of total 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 extended 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, a significant reduction in lease compensation paid to CHAS, and 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 2008 Budget includes estimated lease revenue of $1.6 million. The Hospital lease revenue accounts for 3.6% 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 each year to be used for community medical or health needs.

Expenditure Assumptions and Projections

The FY 2008 Budget for all governmental funds reflects total expenditures of $52.6 million, which represents a 3% increase over the FY 2007 Budget of $51 million.

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

Expenditures by Function—All Governmental Funds Combined

Expenditures by Function		2006 (Actual)	2007 (Budget)	2007 (Projected)	2008 (Budget)	% Change 08 Budget over 07 Budget	% of Total for 2008
Policy & Administration*	$	7,462,836	8,812,418	7,447,333	9,823,454	11%	18.7%
Law Enforcement & Judicial		16,278,312	17,995,697	16,941,316	17,956,925	0%	34.1%
Environment, Buildings & Infrastructure		13,152,527	18,325,679	13,412,142	20,524,276	12%	39.0%
Community Health & Public Services		1,170,102	1,327,400	1,227,687	1,387,282	5%	2.6%
Capital Outlay		2,997,639	2,398,937	2,273,989	957,195	-60%	1.8%
Debt Service		692,888	703,188	701,606	741,519	5%	1.4%
Other**		1,149,761	1,530,350	1,443,823	1,248,759	-18%	2.4%
Total Expenditures		**42,904,065**	**51,093,669**	**43,447,896**	**52,639,410**	3%	**100.0%**

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 2007 are projected at approximately 85% of budget. This unusually high budgetary variance is primarily due to public works projects which were budgeted in FY 2007 but were not awarded for contract and have been re-budgeted again in FY 2008. In developing the FY 2008 Budget, a spending ratio of approximately 95% has been assumed. Applying this spending ratio to the FY 2008 Budget of $52.6 million yields an *estimated actual spending* of $50 million. Comparing this figure to the estimated revenue of $44.7 million demonstrates that the County expects to decrease overall fund balance levels in its governmental funds during FY 2008. However, all funds are budgeted to be solvent at the conclusion of FY 2008 and achieve minimal fund balance targets in the major operating funds. 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 2008 General Fund Budget includes expenditures of $25.8 million compared to estimated revenue of $23.5 million. This suggests a spend-down of fund balance in the amount of $2.27 million. It is very unlikely that a spend-down of this magnitude will actually occur if the emergency appropriation, $750,000, 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 approximately $1.0 million (expected 95% spending ratio). Undesignated and unreserved fund balance for the General Fund at the end of FY 2008 is expected to be $4.3 million, based on budgeted expenditures, which represents 16.7% of total budget or 2 months' expenditures. The established minimum fund balance target is 16%.

The Road and Bridge Fund FY 2008 Budget includes expenditures of $20.6 million compared to revenue of $15.6 million. 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 carry-over fund resources that will be available for appropriating in the following year, while ensuring that minimum fund balance targets are maintained. The projected ending fund balance for the Road and Bridge Fund of 9 % of total budget (or 1 month's expenditures) meets the target minimum fund balance of 8-10%.

The Law Enforcement Services Fund reflects revenues of $2.9 million and expenditures of $3.09 million and a projected ending fund balance of approximately $900,000, or 30% of total budget.

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

Policy and Administration

The FY 2008 Budget increase for Policy and Administration is primarily attributable to increased county election costs.

Law Enforcement and Judicial

This functional area reflects no significant change in spending.

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 2008 Public Works budget includes $682,000 as the County's agreed-upon share of the Hwy 763 improvement project as well as $500,000 for the County's agreed-upon share of the Scott Boulevard project. Appropriations of this nature and magnitude occur infrequently and reflect use of funds that have been accumulated specifically for these projects over the course of several years.

Community Health and Welfare

The increase for FY 2008 is primarily attributable to increases in operating costs for the City-County Health Department.

Capital Outlay (Fixed Assets)

Each year, the County Commission approves funding for investment in new and replacement fixed assets. This category includes appropriations for new and replacement fixed assets and consists primarily of new and replacement machinery and equipment, new and replacement vehicles, and new and replacement computer hardware and software. This type of capital expenditure is sometimes referred to as “pay-as-you-go” capital, because it is fully incorporated into the annual operating budget for a given department rather than included in a capital improvement plan or in a separate capital project budget. In the schedules above, all appropriations relating to fixed assets, across all functional areas, are combined and presented as “Capital Outlay” rather than as spending within the given functional area. A complete schedule of these appropriations for FY 2008 is presented in the *Personnel and Capital Expenditure Summaries* section.

Established replacement schedules serve as general guides 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.

The reduction in Capital Outlay spending from FY 2007 to FY 2008 is attributable to the following:

1) Overall reduced spending on new and replacement fixed assets, resulting from declining revenues;

2) A reduction in fixed asset acquisitions in the Road and Bridge Fund consistent with the equipment replacement schedule;

3) The FY 2007 budget included appropriations for special capital purchases, such as the Public Works back-up generator, Public Works addition to the motor grader fleet, redaction software for the Recorder of Deeds, and new software for the Prosecuting Attorney. Similar appropriations are not included in the FY 2008 budget.

Debt Service

Debt Service expenditures are increased from the prior year according to scheduled principle and interest payments. No new debt was issued by the County in FY 2007. As mentioned previously, property tax levies are not required for debt service. Additional information regarding the County’s long-term debt is presented later in this Budget Message and in the *General Information* tab section.

Other Expenditures

The reduction in this category reflects completion of the grant-funded Little Bonne Femme Creek Watershed project. Both revenues and expenditures have been reduced accordingly.

Changes in Personnel Staffing Levels

The FY 2008 budget reflects minimal changes to permanent and temporary staffing levels and they 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 a .50 FTE Benefits Analyst position (benefited) to 1.0 FTE for the County Clerk (funded from General Fund). Permanent increase.
- Add a 1.0 FTE Program Assistants Pool position (non-benefited) for the Alternative Sentencing Center (funded from Law Enforcement Sales Tax Fund). Permanent increase.
- Increase election worker pool hours by 1.67 FTE for County Clerk (funded from General Fund). Temporary increase.
- Add .35 FTE temporary summer intern to assist with a GIS project (funded from the Assessment Fund). Temporary increase.
- Eliminate grant-funded position, .69 FTE, associated with the Little Bonne Femme Watershed project. The grant project and funding are completed.
- Reduce part-time security pool hours in the Circuit Court, .25 FTE (funded from General Fund). Permanent decrease.
- Reduce .25 FTE Deputy Juvenile Officer, which the County had funded in order to make a .75 FTE state-funded position full-time (funded from the General Fund). The state increased it's funding of this position to full-time, so the county portion is no longer needed. Permanent decrease.

Capital Improvement Projects

The County's infrastructure-related improvement projects are small-scale and funded on a pay-as-you-go basis from the annual operating revenues in the Road and Bridge Fund. As a result, they are budgeted and accounted for within the Public Work's annual operating budget.

Large-scale capital improvement projects occur infrequently and consist primarily of facility-related projects and are budgeted and accounted for within a capital project fund. Projects of this nature typically require several years to complete and are usually financed with special revenues dedicated to the project. Because of this, it is important to present this information separate from the annual operating budget. Please refer to the separate tab section for information regarding the County's capital projects.

Fund Balances

The County continues to meet minimum fund balance targets in its major operating funds. *Fund balance* is the difference between the assets and liabilities of a particular fund. Fund balance may be reserved, designated, or undesignated/unreserved. Undesignated/unreserved fund balance amounts represent fund resources that are available for appropriation. The schedule below shows the projected fund balance amounts at the end of FY 2008 for the County's major funds, nonmajor funds, and all governmental funds (except capital project funds) taken as a whole.

Projected Undesignated/Unreserved Fund Balances at December 31, 2008

		Major Funds				
		General Fund	Road and Bridge Fund	Law Enforcement Services Fund	Nonmajor Governmental Funds	All Governmental Funds
Projected Fund Balance 12/31	$	4,911,601	3,155,218	1,486,893	4,784,933	14,338,645
Less: Reserves and Designations		(602,933)	(1,241,348)	(557,307)	(1,269,538)	(3,671,126)
Projected Available Fund Balance	$	4,308,668	1,913,870	929,586	3,515,395	10,667,519
As a percent of expenditures		17%	9%	30%	114%	20%
# of months expenditures		2.0	1.1	3.6	13.6	2.4

***Reservations* of fund balance** 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 Law Enforcement Sales Tax Fund for investment in design and implementation of a system-wide law enforcement and judicial information system. In the past, amounts have been designated in the General Fund for facility-related capital projects and in the Road and Bridge Fund for major road improvement projects. 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, an economic slow-down, or an unforeseeable emergency. Using fund balance in a contingency manner allows the County to continue operations without disruption, even though revenues may not be performing as expected or significant unforeseen emergency costs are encountered. This use of fund balance must be monitored closely because it cannot be sustained for long. In addition, replenishing fund balance is a slow process, usually requiring several years; therefore, extreme care should be exercised in spending fund balances. Given the County's significant dependence on sales tax revenue and the increased exposure to its inherent volatility, the County desires to maintain higher fund balances in its primary operating funds, especially the General Fund. As previously noted, the fund balance in the General Fund is being depleted this year as a result of the unexpected and significant economic slow-down. Secondly, undesignated/unreserved fund balances provide resources to meet cash flow requirements and to generate investment income. Thirdly, it allows for financial planning and tax rate stability. In the event the County Commission determines that fund balance levels are more than is needed and that the amounts truly are “surplus”, the County’s policy is to commit these funds to capital or non-recurring needs.

For additional information regarding the County’s Fund Balance Policies, please refer to the *Fiscal and Budget Policies* which are presented in the *General Information* tab section.

The table below shows the projected changes in fund balances for FY 2008. As previously discussed, the expected decline in fund balance in the General Fund is primarily due to sluggish and declining revenues and increased election costs. Also, as previously discussed, the County does not fully expend appropriations each year and this trend is expected to continue in FY 2008. As a result, although fund balance in the General Fund will be reduced, the expected reduction should be less than the amount shown in the schedule below.

The projected reduction in the Road and Bridge Fund is primarily due to (1) re-budgeting projects from FY 2007 to FY 2008; (2) unspent operating appropriations from FY 2007 provided additional appropriation capacity for FY 2008; and (3) release of designated funds from fund balance for the Scott Boulevard project and establishing the related appropriation. The projected decline in fund balance in the Law Enforcement Services Fund is nominal and will most likely not occur if actual spending is less than budget, as expected. The decline in Nonmajor Governmental Funds is primarily attributable to scheduled principle and interest payments accounted for within debt service funds as well as special projects budgeted in the Fairgrounds Maintenance Fund and the Record Preservation fund.

Projected Changes in Fund Balances at December 31, 2008

		------------------------Major Funds---------------------				
		General Fund	Road and Bridge Fund	Law Enforcement Services Fund	Nonmajor Governmental Funds	All Governmental Funds
Projected Fund Balance 12/31		4,911,601	3,155,218	1,486,893	4,784,933	14,338,645
Projected Fund Balance 1/1	$	7,290,065	8,146,227	1,623,876	5,226,759	22,286,927
Projected Change in Fund Balance	$	(2,378,464)	(4,991,009)	(136,983)	(441,826)	(7,948,282)
Percentage Change		-33%	-61%	-8%	-8%	-36%

Long-Term Debt

A schedule of outstanding debt for Boone County as of January 1, 2008 is presented in the *General Information* section of this document. Long-term debt expenditures consist of principle and interest for the Series 2003 special obligation bonds which are being retired through appropriations in the General Fund ($413,215); several general obligation bond series associated with the Neighborhood Improvement District (NID) program, which are being retired through special assessments ($164,819); and taxable special obligation bonds used to finance the purchase of downtown properties adjacent to existing county facilities ($163,485), which are being retired through a combination of lease revenue and transfers from the General Fund.

Debt service appropriations included in the FY 2008 Budget amount to $741,519 or 1.4% of the total budget. As previously noted, no tax levies will be required for debt service in FY 2008.

The County's legal debt limit is equal to ten percent of net assessed value. Total assessed valuation at December 31, 2007 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 2008 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 2007 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 2008 Proposed Budget

General Fund (Fund #100)

Jury Services and Court Costs-- Podium and furniture	5,700	1230	91100		Re-budget 2007 apppropriaton not spent (1210-91100)
Jury Services and Court Costs-- Technology	5,600	1230	91301		Re-budget 2007 apppropriaton not spent (1210-91301)
Jury Services and Court Costs-- FTR Gold	16,400	1230	91301		Re-budget 2007 apppropriaton not spent (1230-91301)
Jury Services and Court Costs-- Furniture	6,000	1230	92100		Re-budget 2007 apppropriaton not spent (1241-92100)
Information Technology - Contingency	3,620	1123	86850		Security Software for Boone Dev portion of AS400
Commission Revisions to the Proposed Budget	**37,320**			-	

Public Works (Fund #204)

Rebudgeted Items from FY 2007:					
McBaine Bridge Project- Federal Funds (Revenue)	-	2049	3465	726,750	Rebudget McBaine Bridge project
McBaine Bridge Project- estimated total project costs	1,137,156	2045	71100	-	Rebudget McBaine Bridge project
Bank stabilization grant-funded project (Revenue)	-	2049	3465	53,565	Rebudget Smith Hatchery bank stabilization project
Bank stabilization project--rebudgeted project cost	97,900	2045	71100	-	Original budget of $109,924 increased to $145,000
Bridge - Full Deck Repair	21,000	2045	71100		Andrew Sapp Road
Bridge - Full Deck Repair	21,000	2045	71100		Nashville Church Road
Bridge - Re-Deck	40,000	2045	71100		Riley Road
Bridge - New	130,000	2045	71100		River Road
Bridge - New	105,000	2045	71100		Marshall Lane
Bridge Improvements	20,000	2045	71100		Rolling Hills South
Low Water Crossing	51,666	2045	71100		Bell Road
Low Water Crossing	51,666	2045	71100		Lloyd Hudson Road
Curb Inlets - 9	91,000	2045	71100		Meadow Brook West Subdivision
Bank stabilization	130,000	2045	71100		Minor Hill Road
NID - Allocation for portion that may be County roadway	110,000	2045	71100		NID road projects
Construction Inspection	10,000	2045	71101		Minor Hill Road
Construction Inspection	23,000	2045	71101		McBaine Bridge
Contracted Surveys	6,000	2045	71101		
Easement Acquisition	75,000	2045	71118		Rolling Hills Road
Easement Acquisition	20,000	2045	71118		Smith Hatchery Road
Easement Acquisition	45,000	2045	71118		McBaine Bridge
Bridge Deck Repair	75,000	2040	71100		Various locations
Revenue Sharing	682,000	2049	71450		Highway 763 project
Subtotal	2,942,388			780,315	
New Items Added to Budget:					
Revenue Sharing	500,000	2049	71450		Scott Blvd Project (Release from Reserved Fund Balance)
Subtotal	500,000			-	
Other adjustments based on revised estimates of resources to be carried forward:					
Pavement Preservation	300,000	2040	71100		
Rock	250,000	2040	26200		
Vendor Hauled Rock	240,000	2040	26201		
Motorfuel/Gasoline	75,000	2040	59000		
Engine Fluids	5,000	2040	59050		
Tires	15,000	2040	59105		
Equipment Repairs	30,000	2040	60200		
Material & Chemical	25,000	2040	26300		
Road Oil	50,000	2040	26400		
Prep Materials	122,000	2040	71100		Wilhite Road
Engineering Services	50,000	2045	71102		Gans Road
Consultant Services	50,000	2045	71102		Stormwater Ordinances
Pave in Place	568,000	2045	71100		Boothe Lane
Bridge	204,600	2045	71100		Thomas Hill Road
Bridge	102,960	2045	71100		Eaton Road
Stormwater Improvement	125,000	2045	71100		Spiva Crossing
Easement Acquisition	170,000	2045	71118		Rolling Hills Road
Engineering Services - Low Water Crossings (2)	30,000	2045	71102		
Subtotal	2,412,560			-	
Commission Revisions Added to the Proposed Budget	**5,854,948**			**780,315**	

Schedule of Commission Changes to the 2008 Proposed Budget cont'd

Self Insured Workers Comp Fund (Fund #602)

Outside Services	(10,000)	6020	71100		
Contingency	10,000	6020	86850		Loss Control
Commission Revisions Added to the Proposed Budget	-			-	

Facilities & Grounds (Fund #610)

Reimbursement for parking lot project		6100	3528	6,000	Reality House contribution to parking lot asphalt
Reality House parking lot project	10,000	6100	60100		Paving of Reality House parking lot
All Buildings: General Construction Term & Supply	(4,000)	6100	60100		Supplemental request reduced to balance cost/revenue
Salary & Wages - Lead Custodian	3,745	6101	10100		Change Custodian position to Lead Custodian
FICA - Lead Custodian	290	6101	10200		Change Custodian position to Lead Custodian
Disability Insurance - Lead Custodian	15	6101	10325		Change Custodian position to Lead Custodian
Worker's Comp Insurance - Lead Custodian	175	6101	10400		Change Custodian position to Lead Custodian
All Buildings: General Construction Term & Supply	(4,225)	6100	60100		Change Custodian position to Lead Custodian (off-set cost increase)
Commission Revisions Added to the Proposed Budget	6,000			6,000	

Summary of Commission Revisions Added to the Proposed Budget:

	Expenditure	Revenue
Governmental Funds:		
General Fund (100)	$ 37,320	-
Road and Bridge Fund (204)	5,854,948	780,315
Total	5,892,268	780,315
Internal Service Funds:		
Self Insured Workers Compensation Fund (602)	-	-
Facilities Maintenance Fund (610)	6,000	6,000
Total	6,000	6,000
Combined Total, all fund types (memorandum only)	$ 5,898,268	786,315