



Item: Resolution 9751 – Annual Budget Resolution
From: Gregory T. Doyon, City Manager
Initiated By: Statutory Budget Requirements
Presented By: Melissa Kinzler, Budget Officer
Action Requested: Conduct Public Hearing and Adopt Resolution

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission adopt Resolution 9751.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

3. Commissioner moves:

“I move the City Commission schedule action on Resolution 9751 for August 5, 2008.”

4. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the City Commission conduct the budget hearing, consider any budget changes which may be recommended during the budget hearing; and adopt Resolution 9751 or postpone action on Resolution 9751 until August 5, 2008.

Background: Prior to the adoption of the City’s annual budget the City is required to hold public hearings on 1) the intent to budget an increase in revenue from property taxation, and 2) the proposed annual budget.

The City started the Fiscal Year 2009 budget process with Initial Commission Budget Work Sessions on March 26 and March 27, 2008. These sessions allowed each department to present to the City Commission the top goals and challenges of each department. They also allowed the City Commission to set informal priorities for the Fiscal Year 2009 Budget. These sessions were open to the public.

The next step in the budget process was for each City department to develop their Fiscal Year 2009 Budgets. These requested budgets were presented to the City Manager on May 1 and May 2, 2008.

The third step in the budget process was for each Department to present the requested budgets to the City Commission on May 8 and 9, 2008. On May 12, the City Commission and City Manager meet to recap the Departments presentations, and to prioritize requested items. Direction from the City Commission was given to the City Manager on how to proceed with balancing the Fiscal Year 2009 General Fund Budget. These sessions were opened to the public.

The fourth step in the budget process, was to present the proposed Fiscal Year 2009 Budget to the City Commission at the July 1, 2008 City Commission Work Session. This session was opened to the public.

The setting of the tax levies is scheduled for August 19, 2008 or when the Montana Department of Revenue has certified taxable values for the City of Great Falls.

The Annual Budget Resolution, Resolution No. 9751 includes an adjustment to the amounts Designated for Cash Flow for tax levy supported funds. The adjustment moves the designation policy from 33% to 17%. The policy of 33% has been reviewed and deemed unnecessarily high due to changes in revenue streams in these tax levy supported funds. Staff recommends a new policy of 17% designation as being sufficient for cash flow purposes in the tax levy supported funds.

Concurrences: The proposed Fiscal Year 2009 budget was presented by the City Manager on July 1, 2008 at the City Commission Work Session.

Fiscal Impact: The fiscal impact of the proposed increases for inflation and the permissive mill levy for a residential home with a taxable market value of \$100,000 would be approximately \$16.33 a year. The fiscal impact of not authorizing the increase for inflation and the permissive mills to the General Fund would result in a revenue shortfall of \$371,337 for the proposed budget.

Alternatives: If the Fiscal Year 2009 Budget Hearing is not held on July 15, 2008 it could be delayed until up to the September 16, 2008 City Commission Meeting. State law requires that the City adopt a Fiscal Year 2009 Budget on or before the 2nd Monday in August or 45 days after receiving taxable valuation from the Montana Department of Revenue.

If the hearing on Intent to Increase Property Taxes is not held, the General Fund would need to determine alternative revenues of \$371,337 from non-property tax sources. Other options include reducing proposed expenditures by \$371,337 or use General Fund fund balance of \$371,337. These options are not recommended by staff. The General Fund fund balance is projected to be \$2.4 million (11% of expenditures) at the end of Fiscal Year 2009 without any additional use of General Fund fund balance. This is below the recommended policy of 17%.

Attachments/Exhibits:

Legal Notice – Budget Hearing
Resolution 9751 – Annual Budget Resolution