Yellowstone County

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August 14, 2026

YELLOWSTONE COUNTY
FISCAL YEAR 2027
FINAL BUDGET SUMMARY

The fiscal year 2027 (FY27) budget is herein presented to the Board of Yellowstone County Commissioners and the citizens of Yellowstone County for their consideration.

The budget has been compiled by the Finance Department with budget requests originating from various County departments, as well as outside entities. The budget requests were presented at budget hearings held June 22nd through June 24th, 2026. The final budget must be adopted by the Board of County Commissioners by the later of the first Thursday following the first Tuesday in September or 30 days after the State of Montana provides certified taxable values. Taxable values are statutorily due to counties no later than the first Monday in August.

The final budget for Fiscal Year 2027 is scheduled for adoption on September 1, 2026.

The final budget includes changes from the preliminary budget resulting from salary and benefit changes, evaluation of capital, personnel, and operating needs, taxable valuation changes, and FY26 year-end cash positions.

OVERVIEW

Overall, Yellowstone County continues to maintain reasonable reserves across the majority of funds thanks to disciplined budget management and higher-than-expected interest collections. The notable exception is the Public Safety – Sheriff Fund, which continues to rely on support from the General fund in order to carry out operations resulting from overcrowding at the Detention Facility.

The Board of County Commissioners is committed to public safety and therefore continues to allow Finance the capacity to re-allocate discretionary mills to address those needs, as well as the needs of other County funds. For fiscal year 2027, mills were reallocated to provide mental health services and weed eradication services, as well as allowing continued operational support of public safety.

The major renovation of the County Courthouse began July 1, 2026, in order to house new judges allocated to Yellowstone County by the State of Montana. It will also include expanded services for the Justice of the Peace, Clerk of District Court and the County Attorney's Office. The renovation is expected to be completed in Fiscal Year 2028 without any debt obligation or operational levy request from the taxpayers of Yellowstone County.

As mentioned above, the Public Safety- Sheriff's Fund is no longer able to support the current level of operations without significant support from the General Fund. Costs have exponentially outpaced the ability to levy property taxes under State law. That combined with high inflationary impacts on various large contracts and purchases over the last several fiscal years, and costly expenditures related to overcapacity at the Detention Facility have all contributed to the decline in reserves for this fund and the need for additional support.

Several steps have been taken over the past couple of fiscal years to address this concern. The process began with an in-depth review of our adult and juvenile criminal justice system that began in 2023 and was completed in 2025. The study determined that an expansion of our Detention Facility was imminent. Following completion of the assessment, the County also conducted public polling to better understand community priorities and preferences related to detention capacity and potential solutions. Over the course of the year, Yellowstone County implemented a number of operational efficiencies. These included construction of the Short-Term Detention Facility, the addition of two District Court judges with specialized dockets and the creation of the Criminal Justice Coordination Council that improved processes for revocations and intake. All efforts were aimed at reducing pressure on the Detention Facility. The final step will be asking the voters to approve a $175 million bond and the associated operational levy to be presented on the November ballot. Yellowstone County remains one of the few counties in the State of Montana that does not have a voter-approved operational levy dedicated to their Sheriff's fund.

MetraPark is on pace for another outstanding year of events this fiscal year. The newly constructed outdoor arena has proven to be especially popular with the rodeo community, drawing high attendance at each competition. Combined with sporting events, concerts, other competitions, and exhibitor shows, this strong activity provides optimism that the year will conclude successfully.

Several major capital improvement projects are also slated to begin during the fiscal year. All projects are projected to be completed without incurring additional debt obligations.

REVENUE BUDGETS

Pursuant to SB117 that was effective beginning this fiscal year, counties received a smaller percentage of newly taxable properties, or growth, than in prior fiscal years. The new bill allows for a reserve fund to be created based on the county-wide levy to be utilized in the event that a large taxpayer experiences a significant decline in taxable value.

Fiscal year 2027 revenues from all sources (including internal transfers) are budgeted at $167 million, of which $79.8 million is derived exclusively from property taxes. This is $5.3 million more than was levied in FY26, however $1.6 million of this property tax revenue is due to carryover mills from the State of Montana recertifying values in March 2026. The county opted to carry over those mills to this fiscal year instead of rebilling property owners last spring. Without those carried over mills that should have been levied in November 2025, the county's revenue would have decreases some over the previous fiscal year. New properties assessed for the first time amounted to slightly over $1.1 million of that increase, $2 million was based upon the inflationary allowance under State law on existing homes, and the balance is attributed to levy authority not utilized last year but now necessary in order to continue providing existing services and benefits. To compare, this is approximately $400,000 less than the same statutory allowance last fiscal year.

This year will not be a reappraisal year by the Montana Department of Revenue. The State is estimating that valuations should remain mostly steady. That said, 142.17 mills will be levied to generate $79.8 million of property tax revenue, and of those, 5.18 are being carried over from the recertification in March by DOR. Last year, 140.95 mills generated approximately $74.5 million in property tax revenue. There were no new voter-approved mills implemented this fiscal year.

The State of Montana's entitlement funding came in 3.44% higher than last fiscal year or $207,320. This was substantially less than the previous year increase of 6.18%.

The permissive medical levy was increased this year by .36 mills which equates to approximately $500,000 in additional levied revenue. Yellowstone County again engaged with a consulting firm to aid in evaluating the plan, with the goal of reducing prescription claims, high-cost medical claims, analyzing participation decisions, and increasing employee premiums. This was necessary as the fund continues to experience the high inflationary trend in medical claims. The State of Montana authorizes Yellowstone County to levy 17.65 mills in fiscal year 2027, which is 4.68 mills more than Yellowstone County will levy. This reduction is predicted to save Yellowstone County taxpayers approximately $2,203,795 this fiscal year.

The mill levy for Big Sky Economic Development was deemed to be part of the general government's discretionary mills last fiscal year. The Board of County Commissioners reallocated those mills to operationally support public safety, particularly the Sheriff Fund. In lieu of the mill levy, Big Sky Economic Development will receive $1.3 million under a Memorandum of Understanding with Yellowstone County.

Over the last couple fiscal years, Yellowstone County was able to benefit from higher than anticipated interest earnings on its pooled investments. Interest rates are expected to remain somewhat stable through most of the fiscal year; however, interest revenue will continue to be conservatively budgeted.

EXPENDITURE BUDGETS

Yellowstone County's fiscal year 2027 budget continues to result in a balanced operational budget. Base appropriations, excluding the Emergency and Capital Improvement Projects funds, are projected to increase 8.17% over the same base appropriations last fiscal year. This percentage assumes everything budgeted will actually be spent, which is unlikely.

Two significant funds experiencing sizeable, budgeted appropriation increases are the Capital Improvement Fund for the remodel of the courthouse due to public safety expansion and the Sheriff's fund for public safety operations. The General Fund is projected to contribute $6 million this fiscal year to those operations. Over the last four previous fiscal years, total support from the General Fund amounts to $10,250,000. At the close of FY27, that total is now expected to rise to $16,250,000. This is unstainable for either fund.

As previously mentioned, Yellowstone County residents will be asked to approve a $175 million bond for the expansion of the Detention Facility and an associated operational levy in November. Yellowstone County remains one of the few counties in the State of Montana that does not have a voter-approved operational levy dedicated to their Sheriff's fund.

Changes to the preliminary budget were made to the final FY27 budget based upon year-end activity and reserve levels last fiscal year, certified values received from the State of Montana, and input resulting from the June 2026 budget hearings. These are outlined on pages 17-18 of the final budget document.

Staffing levels are budgeted to increase a little less than 1% over last fiscal year. These include: (3) Patrol Deputies; (1) Facilities Supervisor; (1) Code Enforcer/MS4 Inspector; (1) Booking Clerk; (1) Data Analyst for Detectives and (.50) Program Therapist for Youth Services. Three (3) FTEs were eliminated from other departments in order to reduce the financial impact of these new positions. A recap is available for review on the Personnel Recap page of the budget document. In addition to staffing level increases, the Board of County Commissioners approved a modest annual cost of living compensation increase for most current positions.

To account for property tax funding that may not be received in FY27, contingency expenditure budgets have been included in many of the tax-levied funds. This year protested taxes are again estimated at 3.25% for the majority of County funds based on information provided by DOR. These estimates are based upon the possibility of protests due implementation of SB117 and any corrections related to this new property tax law completed by the Montana Department of Revenue. The Road Fund, Library Fund, County and Laurel Planning Funds and Lockwood Pedestrian Safety District are estimated at 3.75% due to expected higher levels of protested valuation affecting only these segregated funds.

I would like to take a moment to thank all the County departments for their assistance with building this budget. Finance's collaboration with others allowed for a financial plan that demonstrates our sound financial position and our continued commitment to address those County needs into the future. I would also like to thank our Senior Accountant, Anna Ullom, for her hard work in assembling this budget herein presented.

Respectfully submitted,

Jennifer Jones

Jennifer Jones, Director of Finance & Budget