



August 27, 2019

YELLOWSTONE COUNTY FISCAL YEAR 2019-2020 FINAL BUDGET SUMMARY

The Fiscal Year 2019-2020 (FY20) final budget is herein presented to the Board of County Commissioners and the citizens of Yellowstone County for their review and approval.

The budget has been compiled by the Finance Department with budget requests originating from the various County departments. The preliminary budget requests were presented at budget hearings held June 17 through June 21, 2019, and further reviewed during several working sessions in July and August at regularly scheduled and published Board of County Commissioner discussion meetings. The final budget must be adopted by the later of the first Thursday in September or 30 days after the State provides certified taxable values.

The final FY20 budget is scheduled for adoption on September 3, 2019. The final budget includes changes from the preliminary budget resulting from salary and benefit changes, the evaluation of capital, personnel, operating needs, taxable valuation changes, and year-end cash positions.

REVENUE BUDGETS

FY20 tax revenues are budgeted at \$54.6 million, before accounting for estimated protests. This represents an increase of \$2.86 million, or 5.5% from FY19. This is largely due to an increase in taxable value in the county for new construction of 3.8%, and a 1.02% inflation factor, set by the State of Montana for FY20.

Entitlement growth from the State of Montana stood at roughly 3.76% for FY20.

An increase in overall valuations led to slight declines in almost all levies. FY20 will see a decrease in the countywide levy of 1.71 mills, or 1.43% below last year's levy total.

The tax levy for the Big Sky Economic Development Authority is fully authorized by the Board of County Commissioners for FY20, in the amount of 3.24 mills, an increase of \$56,959.

The permissive medical levy is at 11.84 mills. While continued escalation of costs warrant this slight increase of .22 mills, the State of Montana allows us to levy up to 16.56 mills. The County has chosen to not levy that amount, thus saving the taxpayers \$1.79 million.

Due to uncertainty regarding some of the County's top taxpayers' intentions on recent valuations assigned by the Montana Department of Revenue, Finance has increased the tax protest estimate for FY20 to 4.0% for most levied funds, up from 2.4% last year.

Non-tax revenues are projected to increase by 3.15% over FY19 to \$48.25 million.

In sum, our total revenues are projected to increase by 4.4%. It is worth noting that 2% of the 4.4% - almost half is being collected from new construction and growth in the County.

EXPENDITURE BUDGETS

After our budget hearings in June, several changes were made, as outlined in the following pages. These led to increases of approximately \$910,000 overall, with \$271,000 of that due to capital expenditures authorized in FY19 but not acquired before the end of the year and over \$514,000 in additional costs due to courthouse elevator work and upgrades to be completed in FY20.

Total projected expenditures amount to \$117.5 million, an increase of less than 1% from FY19.

Staffing levels are budgeted to increase 1.8%, almost completely due to continued public safety and judicial related needs. Of the total 8.5 FTEs projected to be added, 8 fall into this category. A recap of added positions is available for review on our Personnel Recap page in the budget document.

Building projects and potential remodeling of courthouse space along with further utilization of the Stillwater building, subject to Board approval, are included in the FY20 budget. The County Attorney and the Justice Court are facing operational stress due to increased workload and staffing in current space allotments. Something must be done in those two areas, and Finance has provided funding to address these areas of concern.

The long awaited completion of the detention facility will take place in FY20. That project was slowed to discovery of failing waste water lines under the building, and the recent approval of a remodel and slight expansion of the booking and administrative areas of the detention facility. The expansion of almost 150 beds is helping the population at that facility, although it doesn't address every need.

This budget allocates approximately \$7.3 million for the above-mentioned projects. With the exception of the voter approved borrowing of \$9.7 million for the detention facility expansion in 2016, the County is working to continue to fund all building related projects outside of Metra without additional borrowing going forward.

In FY20, attention will turn to more concrete plans for the Metra facility and campus as a whole. The infrastructure study conducted last year showed several million dollars of underground needs on that property. When we consider asphalt needs and any possible building work to be done, it remains the County's largest challenge since the rebuilding of the Metra Arena after the

tornado several years ago. Funding for those projects will prove difficult. We have been as proactive as possible with limited resources for the task. The County has saved \$3.2 million that can be utilized to begin this long process. Metra's volunteer board and the Board of County Commissioners will be working to develop a prioritized list in the coming months.

The Board will be presented with and will vote upon the re-allocation of some discretionary mills for FY20, continuing the process from FY19. Finance is recommending additional monies moved primarily to support building and capital needs as outlined above.

Finally, please note that a couple of the budgets which show large funding deficits, include a large contingency budget which is not anticipated, but is possible, to be spent within FY20. This allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance). A few others showing deficits do so routinely due to the conservative nature of our budgeting approach, but will end up in good shape. Among these are the Road Fund and the Public Safety-Sheriff's Fund.

OVERVIEW

We continue to be of the belief that the County is in sound financial shape. This is due to both decisions by the Board and the budgeting and spending approaches undertaken by our departments throughout the County. As we said to the Board and our citizens last year, success is measured by coming up with financial options for the decision-makers that allow for positive, financially sound actions with as little impact on our taxpayers as possible.

My thanks go out to the Board, and the citizens of this County for the opportunity to serve. A special thank you is due the County's Finance staff. Jennifer Jones, our County's comptroller, accountant Anna Ullom, purchasing agent James Matteson and Charis Krank, joined by Kelly Campbell who serves as Metra's comptroller and her staff of Tim Wombolt and Theresa Covington do great work throughout the year. I appreciate their level of knowledge, commitment to our county, and patience in this complex process.

Respectfully submitted,



Kevan Bryan, Finance & Budget Director