

YELLOWSTONE COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

We offer readers of Yellowstone County's financial statements this narrative and analysis of the financial activities of the County for the fiscal year ended June 30, 2020 and the financial position as of June 30, 2020. Please consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes this report.

Financial Highlights

- The general fund's fund balance increased by \$886,715. Operational revenues in excess of expenditures decreased by approximately \$757,000 from FY19, totaling \$6.27 million. This is due in part to the influence of one-time protest distributions in FY19, which totaled \$1.68 million. Overall, revenue totals and expenditure totals performed to budget in much the same way as in FY19, yielding positive performance for the fund.
- The road fund balance increased by \$360,988. Paving project spending declined by about \$404,000 from FY19. Capital expenditures in this fund increased by \$343,494 over the previous year. Transfers to the Road's CIP fund declined by \$1,033,000, to \$542,000 for FY20.
- The liability insurance fund balance declined by \$332,664. Expenditures declined by \$254,782 over FY19, mainly through the adjustment to loss contingencies. Current property tax collections fell by \$762,974 as the Board chose to redirect discretionary mills to other needs for the fiscal year. The fund remains fiscally sound.
- The Sheriff's public safety fund balance increased again this year, by \$1,499,714. This fund is much more stable and fiscally sound than just two years ago. Total revenues, aside from last year's protest tax distribution were consistent with FY19. Total expenditures compared to last year and as to performance to budget in each year were consistent.
- The County Attorney's fund experienced an increase in its fund balance for the third year in a row, with a total addition of \$171,978. As mentioned with the Sheriff's fund, this fund's stability is markedly improved over the past few years. Much of this is due to the voter approved levy increase in November of 2017. Combined revenues for the fund were relatively flat compared to the prior year. Expenditures were up roughly \$307,000 from FY19. We believe that there will still be a need for assistance from other areas of the County's financial resources, albeit at a much smaller rate within the next several years.
- Metra's operations experienced a decrease in its net position of \$191,347, a material reversal from FY19's performance. This is due to two factors. COVID-19's impact was felt here, even though only halting events in the last quarter of the fiscal year. Charges for services and facility use were down \$1,014,660 from FY19, with expenditures only down \$415,371. Second, tax revenues declined by almost \$510,000. This was due to the removal of a one-time discretionary mill diversion by the Board in FY19 of \$553,500 to Metra's CIP fund.

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As stated last year, Metra infrastructure needs continue to remain largely unfunded and will be a focus over the next several years. The County will need to identify additional funding sources to address the items yet to be prioritized by the Board of County Commissioners.

- The County's protest fund assets have increased modestly from \$2.63 million as of the end of FY19 to \$4.47 million at the end of FY20. Approximately \$3.8 million of the total is for an oil refining facility. Of the total at the end of FY20, \$4.08 million is for taxes due, while about \$394,000 is for interest accumulated, to be distributed in the future.

Explanation of the Financial Statements

The MD&A is intended to serve as an introduction to the basic financial statements of Yellowstone County. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements. The Government-wide financial statements are designed to provide readers with a broad overview of Yellowstone County's finances, in a manner similar to a private sector business on a full accrual accounting basis.

The statement of net position presents information on all of Yellowstone County's assets and liabilities, with the difference between the two reported as our net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of Yellowstone County is improving or declining.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (example: uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Yellowstone County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of Yellowstone County include general government, public safety, public works (roads and bridges), public health, social and economic programs, cultural and recreational programs, conservation of natural resources, and community/economic development. The business-type activities include refuse disposal and METRA civic center.

The government-wide financial statements can be found on pages 21-23 of this report.

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Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control and account for resources that have been segregated for specific activities or objectives. Yellowstone County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal or contractual requirements. All of the funds of Yellowstone County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current fiscal year inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's recent financial performance.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's recent financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Yellowstone County maintains many individual governmental funds. The general fund, road fund, property and liability insurance fund, public safety-sheriff fund, RSID bond fund, and capital improvement fund are all reported as major funds. Information for the major funds is reported separately in the governmental fund balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances. Each of the major funds also reports the revenues and expenditures on a comparative basis with the annually appropriated budget both original and revised to demonstrate compliance with this budget. The remaining governmental funds are combined in a single aggregate presentation titled other nonmajor governmental funds.

Individual fund reports for each of the nonmajor governmental funds are presented in the combining financial statements in this report.

The basic governmental fund financial statements can be found on pages 24-30 of this report.

Proprietary funds. Yellowstone County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Yellowstone County uses enterprise funds to account for operations of the refuse disposal fund and METRA civic center. Internal service funds are used to accumulate and allocate costs internally among various government department users or affiliated organizations. The three internal service funds utilized by the county include the health insurance fund, GIS, and the technology fund. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental

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activities in the government-wide financial statements. Interdepartmental charges for internal service funds have been eliminated from the Statement of Activities.

Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities but provide more detail in addition to a cash flow statement. Internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund statements for the internal service funds are presented in the combining statements in this report.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties and entities outside the government of Yellowstone County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Yellowstone County's own programs.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data and reports presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-89 of this report.

Required supplementary information. All required supplementary information precedes the basic financial statements or is included in the basic financial statements and accompanying notes, except the Employee Group Benefits Plan – Other Postemployment Benefits (OPEB) schedule and the Schedule of Proportionate Share of the Net Pension Liability. These schedules are located in the required supplementary information section on pages 90-96 of this report.

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Government-wide Financial Analysis.

Net position may serve as a useful indicator of a government's financial position, which is one of the reasons why the Governmental Accounting Standards Board (GASB) instituted GASB Statement #34 and required local governments to present net position information. Yellowstone County's net position (assets less liabilities) was \$162,510,097 as of June 30, 2020. The net position for governmental activities was \$122,588,061, while business-type activities' net position stood at \$39,922,036. The net position increase of \$13,374,296 from FY19 to FY20 was due, in the broadest sense, to overall revenues from all sources exceeding expenditures.

The County manages and budgets its resources in such a way as to provide for positive increases as part of its financial structure. This is an extension of applying the conservatism concept within GAAP. We work to come in slightly above projections in revenue where possible, and also project expenditures which may come in less than estimates, due to such things as vacancy savings due to employee turnover.

Net position increases afford the County the opportunity to accomplish several things. We can increase reserves where needed to strengthen some funds, we are able to accumulate resources to cover routine, yet material capital assets. Finally, we are able to place funds into our CIP fund, in order to provide for property acquisitions, and major asset replacement or refurbishment.

Of the County's year-end total net position of \$162,510,097, net investment in capital assets accounted for \$111,703,278 or 68.74% of total net position. Capital assets reflect the large investments in facilities and equipment that are necessary to provide large scale programs and services for the community. The restricted net position represents those funds legally required to be used for a specific purpose. That balance of \$13,098,422 changed little from FY19, but declined as a percentage of net position, to about 8.06%, due to the \$8.53 million growth in unrestricted net position. Unrestricted net position of \$37,708,397 now accounts for 23.2% of the total net position, up from 19.58% in FY19 and FY18's 9.68% level. Unrestricted net position is primarily used as reserves for cash flow purposes in between real estate property tax collections, which are due in 50% installments on November 30 and May 31 of each year, and as reserves to provide against large unforeseen costs or events.

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A comparison of the County's net position follows:

Yellowstone County Net Position

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 83,363,490	\$ 72,330,200	\$ 10,520,428	\$ 9,384,759	\$ 93,883,918	\$ 81,714,959
Noncurrent assets	506,093	616,257	0	0	506,093	616,257
Capital assets	86,291,129	82,190,159	35,059,319	35,431,154	121,350,448	117,621,313
Deferred Outflows	7,771,886	9,468,394	441,218	578,260	8,213,104	10,046,654
Total assets and deferred outflows	177,932,598	164,605,010	46,020,965	45,394,173	223,953,563	209,999,183
Current liabilities	9,055,201	6,688,599	2,835,707	1,937,683	11,890,908	8,626,282
Noncurrent liabilities	38,717,571	38,248,617	2,838,096	2,855,911	41,555,667	41,104,528
Deferred Inflows	7,571,765	10,622,074	425,126	510,498	7,996,891	11,132,572
Total liabilities and deferred inflows	55,344,537	55,559,290	6,098,929	5,304,092	61,443,466	60,863,382
Net position:						
Net investment in capital assets	76,643,959	71,891,372	35,059,319	35,431,154	111,703,278	107,322,526
Restricted	13,098,422	12,631,165	0	0	13,098,422	12,631,165
Unrestricted	32,845,680	24,523,183	4,862,717	4,658,927	37,708,397	29,182,110
Total net position	\$ 122,588,061	\$ 109,045,720	\$ 39,922,036	\$ 40,090,081	\$ 162,510,097	\$ 149,135,801
Change in net position	\$ 13,542,341	\$ 11,408,386	\$ (168,045)	\$ 1,454,479	\$ 13,374,296	\$ 12,862,865

Governmental activities.

The continued increase in net position for governmental activities of \$13,542,341 was up from an increase of \$11,408,386 in FY19, in part due to:

- An increase in grant revenues of more than \$2 million
- An increase of \$1.17 million in collected property taxes

Business activities.

This area witnessed a decrease in net position of \$168,045 from FY19, predominately due the COVID-19 pandemic.

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Yellowstone County's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Special assessments	\$ 1,297,245	\$ 1,131,685	\$ 317,952	\$ 317,154	\$ 1,615,197	\$ 1,448,839
Licenses and permits	43,147	49,399	0	0	43,147	49,399
Intergovernmental	1,596,765	1,684,256	0	0	1,596,765	1,684,256
Fines and forfeitures	622,011	670,019	0	0	622,011	670,019
Charges for services	12,323,288	11,265,184	4,704,475	5,719,135	17,027,763	16,984,319
Operating grants and contributions	3,860,516	1,707,458	0	0	3,860,516	1,707,458
Capital grants and contributions	0	0	0	0	0	0
Total program revenues	19,742,972	16,508,001	5,022,427	6,036,289	24,765,399	22,544,290
General revenues:						
Property taxes	51,059,180	49,893,538	3,268,066	3,777,912	54,327,246	53,671,450
Licenses and permits	5,776,222	5,819,029	0	0	5,776,222	5,819,029
Intergovernmental	4,154,052	4,002,411	150,684	135,064	4,304,736	4,137,475
Other revenues	2,421,100	2,566,176	219,493	725,174	2,640,593	3,291,350
Total general revenues	63,410,554	62,281,154	3,638,243	4,638,150	67,048,797	66,919,304
Total revenues	83,153,526	78,789,155	8,660,670	10,674,439	91,814,196	89,463,594
Expenses:						
General government	16,981,905	16,349,267	0	0	16,981,905	16,349,267
Public Safety	30,221,270	29,927,064	0	0	30,221,270	29,927,064
Public Works	10,228,428	9,585,689	0	0	10,228,428	9,585,689
Public Health	6,699,327	4,911,179	0	0	6,699,327	4,911,179
Social and Economic	2,718,196	3,448,491	0	0	2,718,196	3,448,491
Culture and Recreation	1,856,550	2,188,663	0	0	1,856,550	2,188,663
Community Development	586,444	614,919	0	0	586,444	614,919
Conservation of Natural Resources	134,755	142,232	0	0	134,755	142,232
Interest on Long-Term Debt	315,546	347,939	0	0	315,546	347,939
Sanitation, refuse disposal	0	0	234,650	207,086	234,650	207,086
Civic center, METRA	0	0	8,462,829	8,878,200	8,462,829	8,878,200
Total expenses	69,742,421	67,515,443	8,697,479	9,085,286	78,439,900	76,600,729
Increase (decr.) in net position before transfers and extraordinary gain	13,411,105	11,273,712	(36,809)	1,589,153	13,374,296	12,862,865
Transfers	131,236	134,674	(131,236)	(134,674)	0	0
Increase (decrease) in net position	13,542,341	11,408,386	(168,045)	1,454,479	13,374,296	12,862,865
Beginning net position	109,045,720	97,637,334	40,090,081	38,635,602	149,135,801	136,272,936
Ending net position	122,588,061	\$109,045,720	\$39,922,036	\$40,090,081	\$162,510,097	\$149,135,801

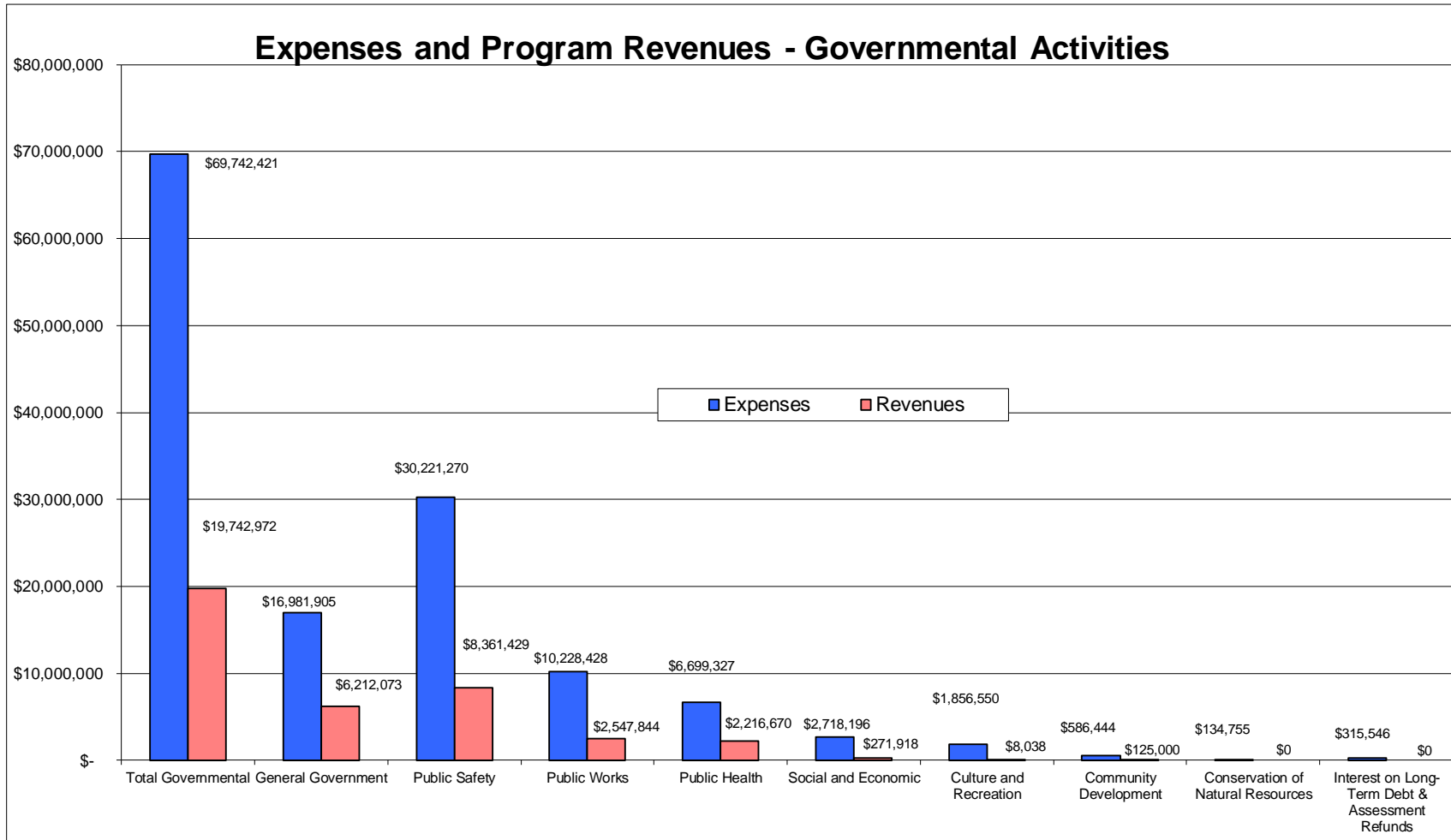
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Of the County's \$69.7 million in expenses for governmental activities, \$19.7 million (28.3%) was funded with program revenues. The balance of funding came from general revenues, which is primarily property tax revenue (61.4% of total revenues). The major sources of program revenues (and change from prior year) include:

- Clerk & Recorder filing fees (General Fund & Rec Preservation Fund): \$1,136,545 / (+204,696)
- Adult detention boarding fees: \$3,873,523 / (+\$213,749)
- Youth detention and secure shelter boarding and program fees: \$1,962,573 / (+47,603)
- RSID assessments: \$1,344,076 / (+\$41,356)
- Operating grants: \$3,860,516 (+\$2,153,058)

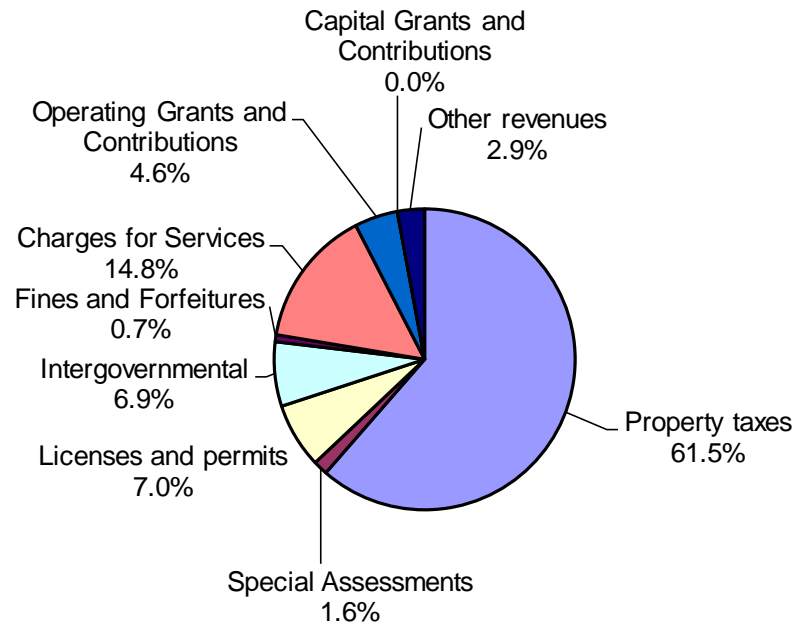
See the Statement of Activities on page 23 for additional detail information regarding revenues and expenditures.

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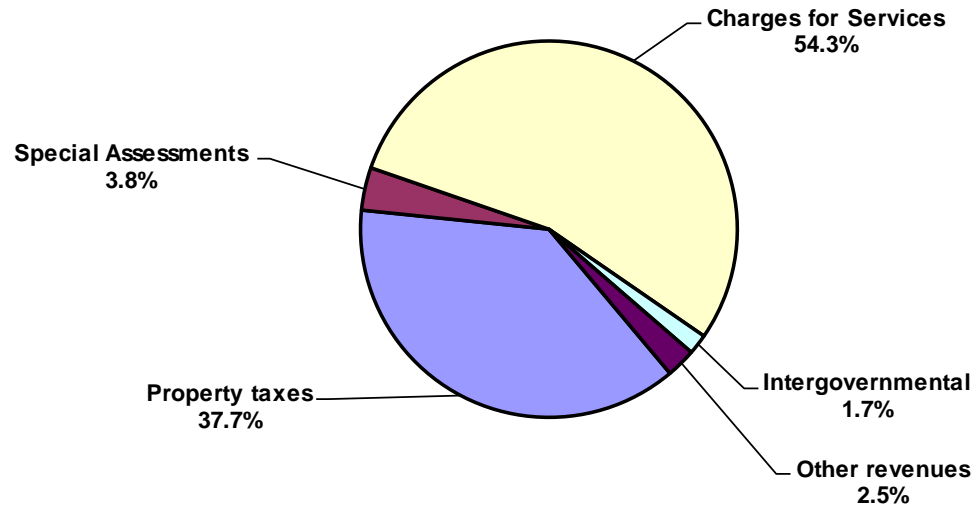
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Total Revenues by Source - Governmental Activities



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Total Revenues by Source - Business Type Activities



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Fund Financial Statement Analysis

Governmental funds.

Yellowstone County's governmental funds' change in fund balance for FY20 was an increase of \$7,322,604 resulting in an ending total governmental fund balance of \$63,474,749.

The general fund saw an increase in fund balance of \$886,715 during fiscal year 2020, due mainly due to decreased interfund transfers out.

The road fund increased by \$360,988 in the current year, in part due to reduced paving projects and transfers to the Road's CIP fund.

The public safety fund balance increased by \$1,499,714, due to a \$214,749 increase in prisoner boardings from other jurisdictions, reduced detention expenditures of \$368,508 due primarily to an inability to stay fully staffed, and reduced transfers for debt service and to the CIP fund totaling \$771,412.

The property and liability insurance fund remained stable, with a decrease in fund balance of \$332,664, mainly due to a decline in tax revenues from re-allocating discretionary mills.

The fund balance of the capital improvement fund increased by \$4,666,341. This was due to the lack of expenditures for several budgeted projects, including the moving of additional staff to the Stillwater Building and resulting courthouse remodeling in the amount of \$3.15 million. In addition, the County was able to transfer \$1.7 million more than anticipated to the CIP fund from the General Fund at the end of FY20.

See financial highlights section above for discussion related to other notable changes to governmental fund balances.

Proprietary funds.

The refuse disposal fund experienced an increase of \$23,302, leaving an ending balance of \$475,805. In light of amounts that the City of Billings may charge going forward for its landfill contract, the County may need to increase the rate to residents as early as the fall of 2021.

The health insurance fund was strengthened by a fund balance increase of \$597,887, resulting in an ending balance of \$9,143,886 as of 6/30/20. This was due to the fund receiving a transfer from the permissive levy that was \$474,914 above FY19.

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The County carries specific stop-loss insurance for health claims at \$315,000 per claim. The County reviews the health plan every year to review premium rates, benefits, and plan administration. The County offers an option to participating members, the option to select a high-deductible health savings plan at a reduced premium. This encourages participants to move to consumer driven health care, which can lead to substantive savings over traditional plan designs. Health insurance is not available to retirees over 65, with the exception of offering coverage to a spouse under the age of 65 or any qualifying dependents.

Governmental Fund Budgetary Highlights

Differences between original and final revised budget are primarily a result of state and federal grant awards and related match funding being added to the original budget. The original budget does not include either new or continuing grant activity and is subsequently amended into the budget by resolution of the Board of County Commissioners. Some of the grants included in the fiscal year 2020 budget were:

- \$131,376 Yellowstone County Victim Witness Program
- \$438,205 Homeland Security
- \$2.1 million- CARES grant
- \$125,000 RRGL BBWA grant

Some of the significant final budget to actual revenue variances include:

- Motor vehicle option tax revenues in the sheriff's fund exceeded projections by \$266,050
- Prisoner boarding fees were \$473,523 above budget
- Interest revenue collections from governmental funds came in \$460,156 above budgeted amounts
- YSC detention and counseling revenues were approximately \$347,627 less than budgeted
- Transfers to CIP exceeded budget by \$2,382,000 due to positive operational performance in the General Fund (\$1.7 mill), Weed Fund (\$90k) and Road Fund (\$542k).

The appropriation final budget to actual expenditure variances of significance include:

- \$1,027,021 of unspent road budget in multiple cost areas, including staffing, vehicle repairs and raw materials
- Bridge fund operating and capital expenditures had \$527,395 of unspent budget for FY20
- \$656,480 in virtually all areas of the County Attorney's budget for FY20
- \$2,493,348 in unspent payroll related amounts in the Sheriff's budget due to vacancies

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Capital Assets

A comparison of capital assets for the last two fiscal years is presented below:

	Governmental Activities		Business Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,638,346	\$ 3,658,346	\$ 357,388	\$ 357,388	\$ 3,995,734	\$ 4,015,734
Buildings	24,845,185	25,841,847	30,488,848	31,609,811	55,334,033	57,451,658
Improvements other than buildings	1,682,943	1,728,944	1,861,385	1,988,270	3,544,328	3,717,214
Equipment and vehicles	8,888,315	8,480,249	1,274,430	1,371,175	10,162,745	9,851,424
Infrastructure	37,801,185	35,587,774	0	0	37,801,185	35,587,774
Construction in progress	9,435,155	6,892,999	1,077,268	104,510	10,512,423	6,997,509
Total Capital Assets	\$ 86,291,129	\$ 82,190,159	\$ 35,059,319	\$ 35,431,154	\$ 121,350,448	\$ 117,621,313

Governmental capital assets increased by a net amount of \$4,100,970 during the year as a result of the addition of new capital assets in the governmental funds.

Some of the larger capital acquisitions / (dispositions) in the governmental activities were:

- \$5.3 million in infrastructure improvements for county roads
- Various bridge and culvert projects \$807,662
- Plows, rollers, forestry truck and a track hoe for the Road Department \$738,060
- Sheriff patrol cars totaling \$274,160
- Sheriff Mobile Command Unit \$438,569

Some of the larger capital acquisitions/improvements in the business activities were:

- Purchase of a forklift- \$57,976
- Purchase of a large scrubber- \$51,035

See footnote 7 (pages 55-56) for additional information on capital assets.

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Long-term Liabilities

As of June 30, 2020, the County has \$11,201,682 of long-term liabilities. Governmental funds account for \$11,004,860 and the enterprise funds account for \$196,822.

The largest component of long-term debt is \$9.7 million of limited general obligation bonds issued in 2017 for detention center expansion and improvements. The balance on this bond issue is \$8,465,000. In 2011, the County issued a \$3,000,000 limited tax general obligation bond for the purposes of dedicating \$2,000,000 for Metrapark facility improvements and \$1,000,000 for the Bench Connector road and bridge project. The debt service for this bond which has a balance of \$340,000 is funded by the general fund. The other limited tax general obligation bond, which has a balance \$360,000 was issued to develop the Veteran's Cemetery and to improve seating at Metra.

The County's bond rating from Standard and Poor's is AA+, and was re-affirmed in FY18.

Another major component of long-term debt includes rural special improvement district (RSID) bonds issued to provide property improvements to properties located within a specified area. Repayment of this debt is assessed to the benefited property owners, which can be repaid over the life of the bond or the remaining principal assessment against the property can be repaid anytime. The County provides additional bond debt service collateralization with the County's RSID Revolving Fund and other contingent funding requirements as specified by law. As of 6/30/20 the County has \$560,000 of outstanding RSID bonds and the RSID Revolving Fund has a fund balance of \$339,561. The County issued no new RSID bonds during FY20.

Notes payable are occasionally used to finance equipment that a particular fund may not have adequate reserves or funding to acquire within a budget cycle. The County has one note payable owed to Montana Board of Investments with an outstanding balance due of \$482,171 as of June 30, 2020.

Claims and judgments represent the amount of the estimated liability established that is expected to pay for the known liability cases pending against the County. The amount of the estimated liability at year end was \$1,115,000 for all cases. This amount is carried in the accrued liability balance line in the liability fund. Fund balance in the liability fund decreased by \$332,664 in FY20.

Compensated absences is the amount of the liability for unpaid vacation and sick leave at year-end. The liability increased slightly from the previous fiscal year, by \$16,468. The 6/30/20 balance was \$2,635,041.

See footnote #8 (pages 57-61) for additional information on long-term debt.

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Economic Factors and Next Year's Budget

Overall countywide taxable value, as determined by the Montana Department of Revenue for FY21 increased by 1.55%, with new construction amounting to 1.8% of that total. The Montana Department of Revenue settled on some large valuation issues with major taxpayers over the past 12 months, which puts us where our overall growth is actually less than our new construction. A similar situation occurred in FY19.

The economy of Yellowstone County continues to be driven by oil development and refining, agricultural prices, the benefits of being a regional retail hub, transportation industry, and the expansive medical facilities in Billings. Beginning in the 4th quarter of FY20, retail and other industries were dramatically impacted by the country's and our state's reaction to the COVID-19 pandemic. The contraction was unprecedented, and recovery remains uncertain. While some rebound has taken place, it would appear that at the end of the first quarter of FY21, additional contraction may occur due to increased cases in Montana and our country. Until new case counts decline, or a widely available vaccine is approved by the FDA, it is simply impossible to predict many factors.

The County is somewhat protected from revenue declines outside of our Metra operations. The dramatic drop in interest rates has materially impacted revenue available from investments, a situation not likely at all to improve in FY21.

Unemployment soared as high as an estimated 11.1% in April and is approximately 6.7% as of June 2020. This is better than the statewide and national unemployment rate but far above last year's rate of 2.9%.

Some of the more significant financial items for fiscal year 2021 include:

- Tax protests are budgeted at 5.00% of FY21 property tax revenues. This is an increase from 4.00% for FY20's budget. Much of this caution is due to uncertainty as to how the oil transmission and refining entities, along with centrally assessed properties will react to upcoming tax billings based upon recent assessments. We believe a conservative approach to tax collections is warranted.
- Recently, the County completed construction activity at its detention facility. Expansion and upgrades were material in nature and is now a fully operational facility with 148 more beds than when the long-term project began in late FY17.
- In the second half of FY20, the County added conceptual options of a 'master plan' review to its ongoing consideration of the needs highlighted in the Metra infrastructure study. While Finance supports melding the two issues together with the possible consideration of a ballot measure to place before the voters in November 2021, the Board has yet to determine our path forward in this area. Any ballot measure will most likely need to include both a voter permission to borrow due to existing statutory limitations, and a 20-year levy increase to service the new debt and provide some limited funding to support increased operational costs of an expanded campus.

YELLOWSTONE COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

- While the Board of Commissioners provided funding in the FY21 budget to support the Finance Department's proposal to move additional staff to the Stillwater building, in order to provide additional space to support county attorney and justice court operations, it is uncertain as to whether we will proceed with this activity due to a number of factors. It is, however, recognized that more space will ultimately be required to support material increases in caseloads and court filings. Related to that will come discussions as to a long-term solution to the County's space needs in and around our current courthouse facility.

The County's budget remains in a strong overall condition. The County has taken material steps to provide flexibility to the Board as the fiscal year unfolds. We have large contingency allocations in each major fund, along with allowing the possibility for substantial support for the Metra, County Attorney and Sheriff's funds by the General Fund, should the need arise.

Requests for Information

This financial report is designed to provide a general overview of Yellowstone County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Yellowstone County Finance Director
P.O. Box 35003
Billings, MT 59107