

YELLOWSTONE COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2021

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, 2021 and the financial position as of June 30, 2021. 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 decreased by \$135,647. This is primarily due to a \$750,000 transfer to Metra for revenue loss directly related to the pandemic and the decline in interest revenue across each fund.
- The road fund balance increased by \$1,101,279. Paving project spending declined by about \$880,000 from FY20. Transfers to other funds declined by \$514,053 from FY20 to FY21.
- The liability insurance fund balance declined by \$540,436. Interest revenue declined by over \$50,000 over FY20. Current property tax collections fell by \$211,786 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 decreased again this year, by \$124,713. This fund was able to transfer \$4.45 million dollars to Public Safety CIP fund in FY21. Between increased revenue and a slight decrease in expenditures the fund remains fiscally sound.
- The County Attorney's fund experienced an increase in its fund balance of \$564,747. In addition to strong current year tax collections, the fund witnessed \$117,876 in prior year taxes collected in FY21. Another \$300,000 was due to a transfer from the General fund. Expenditures were up roughly \$165,000 over FY20. With potential staffing increases in the near future, 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 \$651,371, a larger decline than we witnessed in FY20. This is due to the continuing impact of COVID, which we believe will materially improve in FY22. While COVID only impacted charges for services and use of facilities for one-fourth of FY20, it impacted the entire FY21 period. Charges declined \$2,475,183 from the previous year. Much of this was offset due to a \$1,863,400 decline in operating expenses. The leading driver of both of these declines was the reduction in fair related activities early in FY21. With a one-time allocation of \$750,000 from the County's general fund, overall performance was relatively stable. The real decline was found in Metra's CIP fund. Total operating revenue there declined by roughly \$163,000, again due to reduced activities on campus, while operating expenses, including depreciation increased by \$345,961.

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Metra infrastructure needs are currently in the process of being met through ARPA (American Rescue Plan Act) funding. This addresses a long-term funding need to repair, replace, and upgrade critical infrastructure systems on that campus, including water, sanitary sewer, storm water and utilities, as Metra serves as Yellowstone County's community shelter, emergency and large-scale disaster staging facility.

- The County's protest fund assets have decreased significantly from \$4.47 million as of the end of FY20 to \$570,673 at the end of FY21. This is the result of resolving protested taxes from major taxpayers such as Phillips 66, in FY21. Of the total at the end of FY21, \$186,500 is for taxes due, while about \$385,000 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, COVID-19 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.

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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 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 \$176,595,387 as of June 30, 2021. The net position for governmental activities was \$137,335,025, while business-type activities' net position stood at \$39,260,362. The net position increase of \$14,746,964 from FY20 to FY21 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 \$176,595,387 net investment in capital assets accounted for \$115,206,791 or 65.24% 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 \$14,776,851 accounts for about 8.37% of net position compared to 8.06% in FY20. Unrestricted net position of \$46,611,745 now accounts for 26.40% of the total net position, up from 23.20% in FY20. 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	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 110,984,493	\$ 83,363,490	\$ 8,223,717	\$ 10,520,428	\$ 119,208,210	\$ 93,883,918
Noncurrent assets	633,330	506,093	0	0	633,330	506,093
Capital assets	87,561,940	86,291,129	36,320,180	35,059,319	123,882,120	121,350,448
Deferred Outflows	11,054,702	7,771,886	640,264	441,218	11,694,966	8,213,104
Total assets and deferred outflows	210,234,465	177,932,598	45,184,161	46,020,965	255,418,626	223,953,563
Current liabilities	22,018,936	9,055,201	2,460,188	2,835,707	24,479,124	11,890,908
Noncurrent liabilities	46,687,410	38,717,571	3,205,874	2,838,096	49,893,284	41,555,667
Deferred Inflows	4,193,094	7,571,765	257,737	425,126	4,450,831	7,996,891
Total liabilities and deferred inflows	72,899,440	55,344,537	5,923,799	6,098,929	78,823,239	61,443,466
Net position:						
Net investment in capital assets	78,886,611	76,643,959	36,320,180	35,059,319	115,206,791	111,703,278
Restricted	14,776,851	13,098,422	0	0	14,776,851	13,098,422
Unrestricted	43,671,563	32,845,680	2,940,182	4,862,717	46,611,745	37,708,397
Total net position	\$ 137,335,025	\$ 122,588,061	\$ 39,260,362	\$ 39,922,036	\$ 176,595,387	\$ 162,510,097
Change in net position	\$ 14,746,964	\$ 83,327,699	\$ (661,674)	\$ (136,673,351)	\$ 14,085,290	\$ (53,345,652)

Governmental activities.

The continued increase in net position for governmental activities of \$14,746,964 is due to program revenues of almost \$6 million.

Business activities.

This area witnessed a decrease in net position of \$661,674 from FY20, predominately due the COVID-19 pandemic.

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Yellowstone County's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Special assessments	\$ 1,411,084	\$ 1,297,245	\$ 329,564	\$ 317,952	\$ 1,740,648	\$ 1,615,197
Licenses and permits	61,322	43,147	0	0	61,322	43,147
Intergovernmental	2,461,754	1,596,765	0	0	2,461,754	1,596,765
Fines and forfeitures	603,662	622,011	0	0	603,662	622,011
Charges for services	15,012,276	12,323,288	2,066,596	4,704,475	17,078,872	17,027,763
Operating grants and contributions	6,175,175	3,860,516	0	0	6,175,175	3,860,516
Total program revenues	25,725,273	19,742,972	2,396,160	5,022,427	28,121,433	24,765,399
General revenues:						
Property taxes	52,222,906	51,059,180	3,355,304	3,268,066	55,578,210	54,327,246
Licenses and permits	6,361,225	5,776,222	0	0	6,361,225	5,776,222
Intergovernmental	4,282,397	4,154,052	244,064	150,684	4,526,461	4,304,736
Other revenues	1,844,259	2,421,100	28,990	219,493	1,873,249	2,640,593
Total general revenues	64,710,787	63,410,554	3,628,358	3,638,243	68,339,145	67,048,797
Total revenues	90,436,060	83,153,526	6,024,518	8,660,670	96,460,578	91,814,196
Expenses:						
General government	17,629,771	16,981,905	0	0	17,629,771	16,981,905
Public Safety	30,488,998	30,221,270	0	0	30,488,998	30,221,270
Public Works	11,437,434	10,228,428	0	0	11,437,434	10,228,428
Public Health	9,114,966	6,699,327	0	0	9,114,966	6,699,327
Social and Economic	3,380,496	2,718,196	0	0	3,380,496	2,718,196
Culture and Recreation	1,960,788	1,856,550	0	0	1,960,788	1,856,550
Community Development	660,431	586,444	0	0	660,431	586,444
Conservation of Natural Resources	117,935	134,755	0	0	117,935	134,755
Interest on Long-Term Debt	286,079	315,546	0	0	286,079	315,546
Sanitation, refuse disposal	0	0	276,167	234,650	276,167	234,650
Civic center, METRA	0	0	7,022,223	8,462,829	7,022,223	8,462,829
Total expenses	75,076,898	69,742,421	7,298,390	8,697,479	82,375,288	78,439,900
Increase (decr.) in net position before transfers and extraordinary gain	15,359,162	13,411,105	(1,273,872)	(36,809)	14,085,290	13,374,296
Transfers	(612,198)	131,236	612,198	(131,236)	0	0
Increase (decrease) in net position	14,746,964	13,542,341	(661,674)	(168,045)	14,085,290	13,374,296
Beginning net position	122,588,061	109,045,720	39,922,036	40,090,081	162,510,097	149,135,801
Ending net position	\$ 137,335,025	\$ 122,588,061	\$ 39,260,362	\$ 39,922,036	\$ 176,595,387	\$ 162,510,097

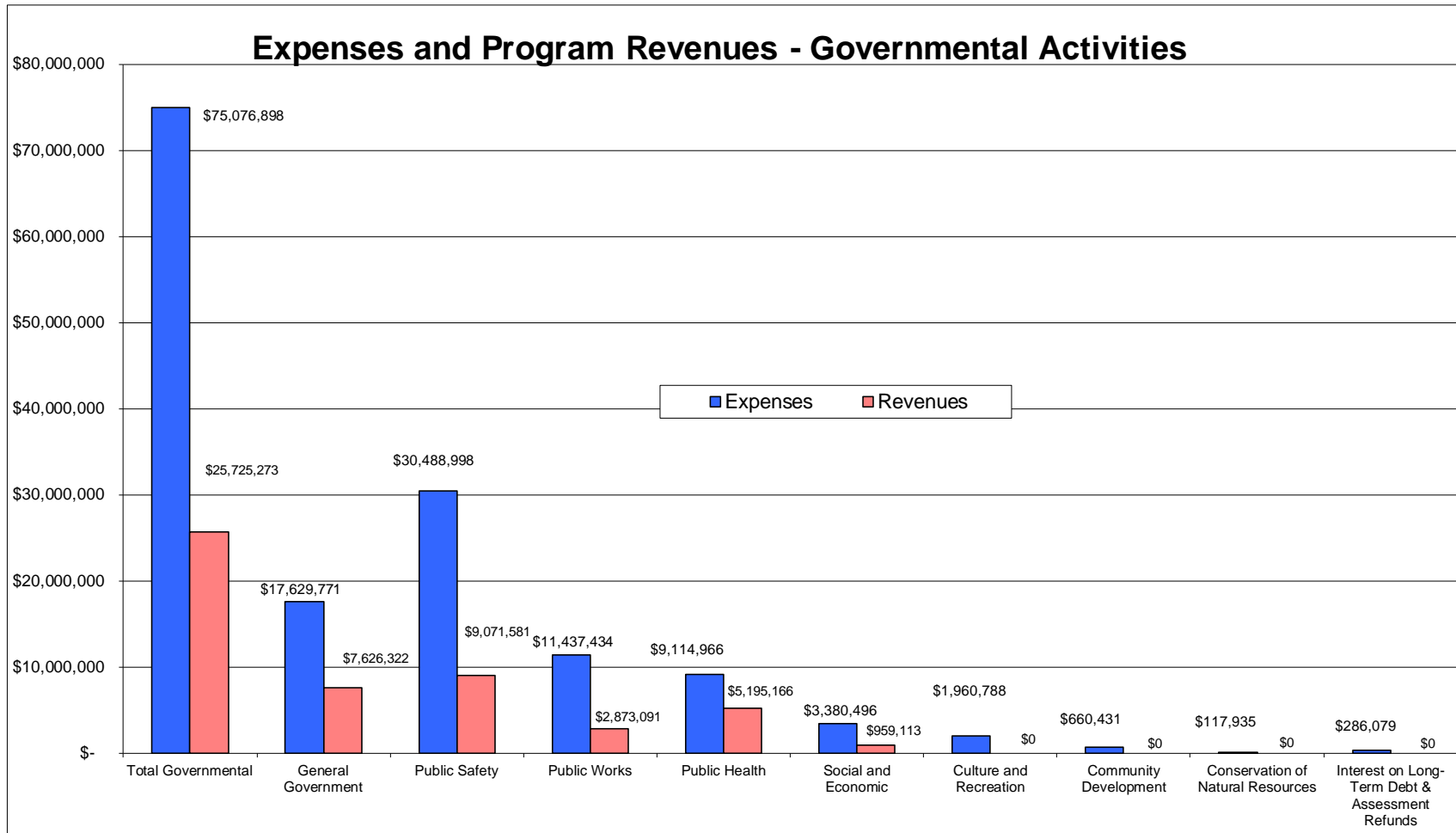
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Of the County's \$75.1 million in expenses for governmental activities, \$25.7 million (34.3%) was funded with program revenues. The balance of funding came from general revenues, which is primarily property tax revenue (57.7% of total revenues). The major sources of program revenues (and change from prior year) include:

- Clerk & Recorder filing fees (General Fund & Rec Preservation Fund): \$1,601,037 / (+\$464,492)
- Adult detention boarding fees: \$4,792,518 / (+\$918,995)
- Youth detention and secure shelter boarding and program fees: \$1,901,738 / (-\$60,835)
- RSID assessments: \$1,413,184 / (+\$115,939)
- Operating grants: \$6,175,175 / (+\$2,314,659)

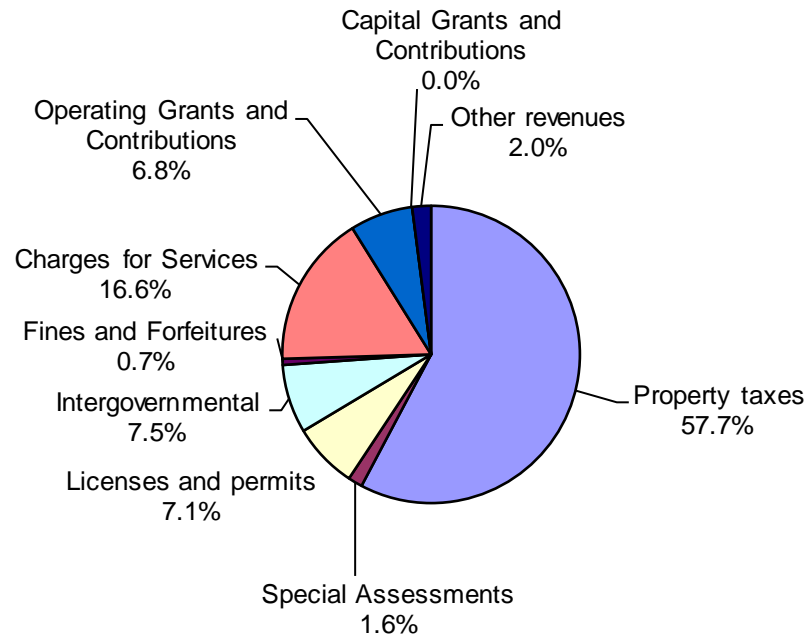
See the Statement of Activities on page 23 for additional detail information regarding revenues and expenditures.

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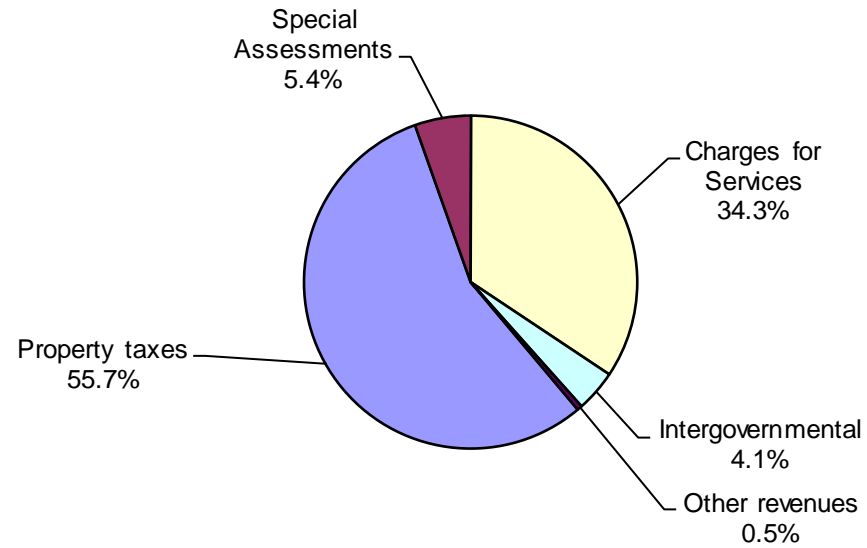
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Total Revenues by Source - Governmental Activities



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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 FY21 was an increase of \$12,011,801 resulting in an ending total governmental fund balance of \$75,486,550.

The general fund saw a decrease in fund balance of \$135,647 during fiscal year 2021, mainly due to increased interfund transfers out.

The road fund increased by \$1,101,279 in the current year, in part due to reduced paving projects and reduced transfers to the Road's CIP fund.

The public safety fund balance decreased by \$124,713, due to a \$4.45 million to the PS CIP fund.

The property and liability insurance fund remained stable, with a decrease in fund balance of \$540,436, mainly due to a decline in tax revenues from re-allocating discretionary mills.

The fund balance of the capital improvement fund increased by \$9,969,307. Much of this was driven by increases in transfers going into the fund for future capital acquisition needs. In total, the general fund transferred \$6 million, while Public Safety-Sheriff's fund contributed \$4.45 million. Much of this was to set up the CIP fund for significant expenditures in FY22, including the purchase of the County's future 'County Administration Building' and the early stages of rehabbing that for our eventual occupancy. In FY22, we project \$5.8 million will be expended in that effort. The detention facility will receive a new \$1.9 million roof, while \$215,000 will be spent on the Sheriff's headquarters building.

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

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Proprietary funds.

The refuse disposal fund experienced a decrease of \$6,603, leaving an ending balance of \$469,202. In light of amounts that the City of Billings may charge going forward for its landfill contract, the County will increase the rate to residents in the fall of 2021.

The health insurance fund was strengthened by a fund balance increase of \$3,195,931, resulting in an ending balance of \$12,339,817 as of 6/30/21. This was due to a slow down in claims related to the COVID-19 pandemic. The County is expecting an increase in claims in FY22 in a return to historical usage norms.

The County carries specific stop-loss insurance for health claims at \$325,000 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 2021 budget were:

- \$216,755 - County Attorney JAG
- \$161,060 - Yellowstone County Victim Witness Program
- \$4.44 million - CARES grant
- \$15.665 million - ARPA

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

- Motor vehicle option tax revenues in the sheriff's fund exceeded original projections by \$592,845
- Prisoner boarding fees were \$1,142,517 above budget
- YSC sheltering revenues were approximately \$288,131 less than budgeted
- Transfers to CIP exceeded budget by \$9.5 million due to positive operational performance in the General Fund (\$4.75 million), Public Safety-Sheriff Fund (impacted by COVID receipts - \$4 million) and Bridge Fund (\$750,000).

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

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- S.O. detention personnel expenditures (COVID related, and continued staffing vacancies) declined by \$2,962,753 from budget
- \$2,024,060 of unspent road budget in multiple cost areas, including staffing, vehicle repairs and raw materials
- Bridge fund operating and capital expenditures had \$379,940 of net, unspent budget for FY21
- \$926,498 in virtually all areas of the County Attorney’s budget for FY21, of which \$234,000 is the “placeholder” for estimated protested taxes.
- \$460,213 in reduced YSC expenditures, with \$392,530 due to inability to be fully staffed

Capital Assets

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

	Governmental Activities		Business Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 3,638,346	\$ 3,638,346	\$ 357,388	\$ 357,388	\$ 3,995,734	\$ 3,995,734
Buildings	33,298,216	24,845,185	29,656,349	30,488,848	62,954,565	55,334,033
Improvements other than buildings	1,594,009	1,682,943	2,812,621	1,861,385	4,406,630	3,544,328
Equipment and vehicles	8,780,233	8,888,315	1,165,641	1,274,430	9,945,874	10,162,745
Infrastructure	40,015,693	37,801,185	0	0	40,015,693	37,801,185
Construction in progress	235,443	9,435,155	2,328,181	1,077,268	2,563,624	10,512,423
Total Capital Assets	\$ 87,561,940	\$ 86,291,129	\$ 36,320,180	\$ 35,059,319	\$ 123,882,120	\$ 121,350,448

Governmental capital assets increased by a net amount of \$1,270,811 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:

- \$6.26 million in infrastructure improvements for county roads
- Trailers, loaders, brooms, trucks, and dump boxes for the Road Department - \$990,677
- Sheriff patrol cars totaling \$284,986

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

- Purchase of scrapper tires - \$21,203
- Disposal of fully depreciated grandstand, barns, and racetrack - \$3.3 million

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

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Long-term Liabilities

As of June 30, 2021, the County has \$10,591,349 of long-term liabilities. Governmental funds account for \$10,407,730 and the enterprise funds account for \$183,619.

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 \$8,005,000. 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 is funded by the general fund but was paid in full in FY21. The other limited tax general obligation bond, which has a balance of \$245,000 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 6/30/21 the County has \$465,000 of outstanding RSID bonds and the RSID Revolving Fund has a fund balance of \$359,516. The County issued no new RSID bonds during FY21.

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 \$425,329 as of June 30, 2021.

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 \$750,000 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 \$540,436 in FY21.

Compensated absences is the amount of the liability for unpaid vacation and sick leave at year-end. The liability increased from the previous fiscal year, by \$183,377. The 6/30/21 balance was \$2,818,418.

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 3.35%, with new construction amounting to 2.7% of that total.

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. Throughout FY21, retail and other industries were dramatically impacted by our reaction to the COVID-19 pandemic. The contraction was unprecedented, and recovery has only recently begun.

The County is somewhat protected from revenue declines outside of our Metra operations. At the beginning of FY22, we are seeing the event load and attendance at Metra rebounding significantly. The dramatic drop in interest rates has materially impacted revenue available from investments, a situation that began in FY21 and not likely to materially improve in FY22.

Unemployment has declined to just 3.9%, down from 6.7% a year ago. This is better than the statewide and national unemployment rates.

Some of the more significant financial items for fiscal year 2022 include:

- Tax protests are budgeted at 2.50% of FY22 property tax revenues, half of last year's estimate.
- In FY22, the County will spend about \$5.8 million to acquire and commence the rehab of a six-story office building located two blocks west of the courthouse. This property is slated to house almost all non-court related administrative activities in the future, assuring that the County has sufficient room for court related expansion in the courthouse. This fulfills the need identified by Finance last year to secure long term space for our needs well into the future.
- Metra infrastructure needs are being addressed with ARPA funding throughout FY22. As of this writing, the County is slated to take the Metra masterplan to the voters in March of 2022. This will include a request for funding, along with approval to take on the debt required for this substantial project.

The County's financial health is strong. Unforeseen circumstances, such as a substantial increase in inflation could impact this position, but we remain sound and prepared for a number of uncertainties.

**YELLOWSTONE COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2021**

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