

# *Yellowstone County*



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## **YELLOWSTONE COUNTY FISCAL YEAR 2013-2014 FINAL BUDGET SUMMARY**

The Fiscal Year 2013-2014 (FY14) 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 19 through June 25, 2013. The final budget must be adopted by the first Thursday in September. The final budget is scheduled for adoption on September 3, 2013. The final budget includes changes from the preliminary budget resulting from salary and benefit changes for personnel; evaluation of capital, personnel, and operating needs; taxable valuation changes; and year-end cash positions.

## REVENUE BUDGETS

Tax revenues for the countywide funds are budgeted to increase \$1,091,827 before protest taxes or 3.22% above FY13's budgeted tax revenues before protested taxes. The increase is a result of 2.2% growth in taxable value from new construction and a net countywide mill levy increase of 1.12 mills or 0.97%. Entitlement growth was 3.0% above the FY13 funding level received from the State.

Most of the additional tax levy being raised in FY14 was dedicated to either public safety (sheriff and county attorney) or to mental health due to the demands in these areas for services.

The amount of the statutorily authorized mill levy for the permissive medical health levy for FY14 is 10.60 mills, which is the same as FY13 and has not increased over the last 6 years.

The **overall** taxes levied before protests, excluding Big Sky Economic Development (BSED), for FY13 was \$39.95 million versus \$41.32 million estimated for FY14 (3.4% increase).

The tax levy of 3.09 mills for BSED is estimated to generate \$924,880 before protests. BSED will also receive \$173,792 in entitlement distribution for total revenues of \$1,098,672 before protested taxes.

Tax protests for local refineries, communication companies, and other tax protests are a significant concern and have a material impact on tax collections. Outstanding tax protests for FY13 amounted to 5.8% of budgeted FY13 tax revenues, which declined from 8.1% in FY12. Estimated tax protests for FY14 are projected at 7.5% of budgeted tax revenues for countywide levies (see protest spreadsheet). These tax protests may cause shortfalls of tax distributions in some funds that have low or no reserves.

Other revenue streams are remaining fairly stable from prior year levels.

## EXPENDITURE BUDGETS

County departments were asked to submit preliminary FY14 budgets, which did not exceed their FY13 budget. Capital requests, and operating and personnel budget increases above FY13's level that were preliminarily approved by the Board of County Commissioners are identified on the supplemental budget request sheet in the summary section and are also specified on the department's budget expenditure detail sheets.

The total of the supplemental budget requests is \$4.90 million, with \$325,000 requested for personnel increases; \$1,746,000 for operating costs; and \$2,827,000 for capital requests.

The new FTE requests include: a sheriff detention officer for the labor detail program and a sheriff's records clerk; a legal assistant and managing attorney in the county attorney's office; a part-time Human Resources clerk; a part-time Metra catering assistant; and a counselor at Youth Services Center. Reductions to personnel include: (0.50) FTE coroner secretary; (.50) junk vehicle secretary; and (1.0) accounting assistant in treasurer's office. Once the federal government assumes operations at the veteran's cemetery, the facilities custodian position assigned to maintaining the cemetery will be eliminated.

In order to account for property tax funding that may not be received in FY14, contingency expenditure budgets have been created in all of the tax levied funds. The budget reflects the anticipated amount of FY14 impact from protested property taxes, since it is likely that these funds will not be available in FY14 to fund operations. The budget reflects only the anticipated property tax shortfall for FY14 and does not include the shortfalls from prior years protested taxes. Prior year shortfalls are reflected in the 6/30/13 cash reserve for each fund, since those tax protests were not distributed to county funds.

A couple of the budgets which show large funding deficits, include large contingency budgets which are not anticipated, but is possible, to be spent within FY14. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

## OVERVIEW

The FY14 budget is still negatively impacted by the impact of protested taxes, which is estimated to be about 7.5% of tax revenues. Programs receiving pass-thru tax collection funding from the County will see reduced tax revenues from the budgeted amount. This includes Riverstone Health, Laurel Planning, Billings-County Planning, museums, mental health, Billings Library, and the senior's levy.

The county's budget is always dependent upon continued growth in new construction within the County. New revenues generated by property development are critical to maintaining a fiscally sound budget, since property taxes represent about 53% of our total revenues. New residential and commercial construction is improving in the County. New construction in FY13 had a growth rate of only 0.68%. The increase in the FY14 taxable value was 2.2% on a county-wide basis. Indications are that next year's growth may also continue to improve.

Budgets that currently have funding issues include:

The sheriff's fund has been primarily affected by heavy prisoner populations at the detention facility. New programs implemented by the sheriff are designed to alleviate the prisoner counts, however, significant costs are being incurred in housing prisoners. Community growth may necessitate some form of jail expansion in the near future. The Commissioners have directed some additional mill levy authority to this office for funding assistance.

The county attorney's office has requested additional budget and staffing to meet prosecutorial needs. A recent spike in major felony crime has created an increase in the workload for criminal prosecutions. The Commissioners have directed some additional mill levy authority to this office for funding assistance.

Metra's FY14 operations budget currently projects a shortfall (\$312,000). Fortunately, the fair has been successful and creates a good start to the fiscal year. Staff will endeavor to enhance the event schedule and control costs to close the budget deficit.

**OVERVIEW, continued**

On the positive side, most of the other funds are still holding up well in light of the high protests. The budget as presented should continue to provide proper community services with only a modest tax increase.

As always, I'd like to thank all the County departments for administering their departments and for their assistance with building this budget. Our goal is to provide excellent community service to the County and its residents and we appreciate their support and input.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott Turner". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Scott Turner - Finance Director