

Yellowstone County

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YELLOWSTONE COUNTY FISCAL YEAR 2014-2015 FINAL BUDGET SUMMARY

The Fiscal Year 2014-2015 (FY15) 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 23 through June 26, 2014. The final budget must be adopted by the first Thursday in September. The final budget is scheduled for adoption on September 2, 2014. 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

Levied FY15 tax revenues for county funds are budgeted at \$41,243,129 before protest taxes, which is a decrease of (\$77,109) from FY14's budgeted tax revenues before protested taxes. The decrease is a result of reductions in the veteran's cemetery levy and the Metra expansion general obligation levy, which has expired because the bond has been repaid. Overall net growth in the countywide taxable valuation was only 0.55%. Growth from new construction taxable value was 2.2%, however valuation reductions from large taxpayers protest settlements offset about 75% of the new construction increase. The net countywide mill levy is decreasing (1.23) mills or (1.05)%. Entitlement growth was 4.75% above the FY14 funding level received from the State. The State reimbursement for SB96 personal property reductions is up 46% from FY14.

The amount of the statutorily authorized mill levy for the permissive medical health levy for FY15 is 10.60 mills, which is the same as FY14 and has not increased over the last 7 years.

The tax levy of 3.09 mills (same as FY14) for BSED is estimated to generate \$929,936 before protests. BSED will also receive \$198,789 in entitlement distribution and \$16,748 in SB96 reimbursements for total revenues of \$1,145,473 before protested taxes.

Because 84% of prior year tax protests have been resolved, the FY15 budget is estimating a tax protest level of 2%. This down from a 7.5% estimate of tax revenues used in FY14. Many of the large prior year tax protests for local refineries and communication companies have been settled between the Montana Department of Revenue and the protesting companies. New tax protests may result in FY15 and that is why there is still a protest tax contingency in the budget.

Distributions from tax protests occurring in FY15 have not been added into the original FY15 budget. Net collections from those prior year tax protests will be amended into the budget at midyear for distributions done between July 1 and December 31, 2014.

Tax distributions for protests settled in FY14 were used for capital reserves, road projects, or program funding for areas with dedicated levies. Since these distributions are one-time funds, they have been primarily directed to capital needs.

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

EXPENDITURE BUDGETS

County departments were asked to submit preliminary FY15 budgets, which did not exceed their FY14 budget. Capital requests, and operating and personnel budget increases above FY14'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 \$6.0 million, with \$273,000 requested for personnel increases; \$1,166,700 for operating costs; and \$4,555,000 for capital requests.

The new FTE requests include: (3) additional sheriff detention officers; (1.9) clerk FTEs for the Clerk of Court; and a (1.0) Metra concessions manager. Reductions to personnel include: (0.50) FTE justice court clerk; (1.0) election assistant; (0.9) mail clerk; (1.0) facilities engineer assistant; (0.25) net sheriff's office support positions; and a (.50) weed secretary. This results in an overall increase of 1.75 FTEs.

In order to account for property tax funding that may not be received in FY15, contingency expenditure budgets have been created in all of the tax levied funds. The budget reflects the anticipated amount of FY15 impact from protested property taxes, since it is likely that these funds will not be available in FY15 to fund operations. The budget reflects only the anticipated property tax shortfall for FY15 and does not include the shortfalls or distributions from prior years protested taxes.

A couple of the budgets which show large funding deficits, include large contingency budgets that are possible to be spent within FY15 but are not anticipated to be spent. This is a practice consistent with prior years and simply allows for unforeseen uncontrollable expenditures (i.e. Liability Insurance, Health Insurance).

OVERVIEW

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 50% of our total revenues. New residential and commercial construction has been steady at 2.2% the last 2 years and new construction is still occurring within the County as business remains robust in the energy field. Many new hotels have been built in the last year as occupancy has been strong.

Most operations budgets are balanced for the current program levels; however, 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 reserves and protest tax distributions into the Capital Improvement fund as potential funding for a jail expansion. However, operational funding of a jail expansion would likely stress the sheriff's fund without additional revenue.

Metra's FY15 operations budget currently projects a shortfall (\$230,000). Fortunately, the August 2014 fair has been successful and creates a good start to the fiscal year. Staff believes that the event schedule will improve during the year to improve the budget picture. This budget had the same scenario in FY14 and FY14 did finish the year with a reserve increase. As always, Metra remains an area subject to change due to the nature of those operations.

Tax protest distributions in FY14 and FY15 will help funding for many County service entities including: Riverstone Health, Adult Resource Alliance, Billings and Laurel Planning, Billings Library, Community Crisis Center, and Mental Health Center. Tax protests distributions will also provide additional funding for road and bridge, sheriff, and METRA capital projects.

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, Scott Turner - Finance Director

