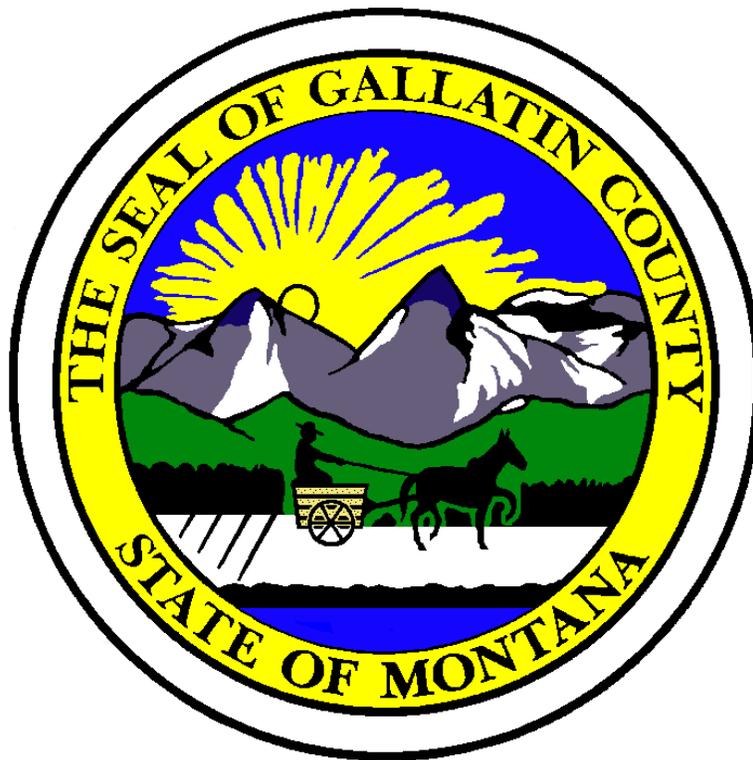


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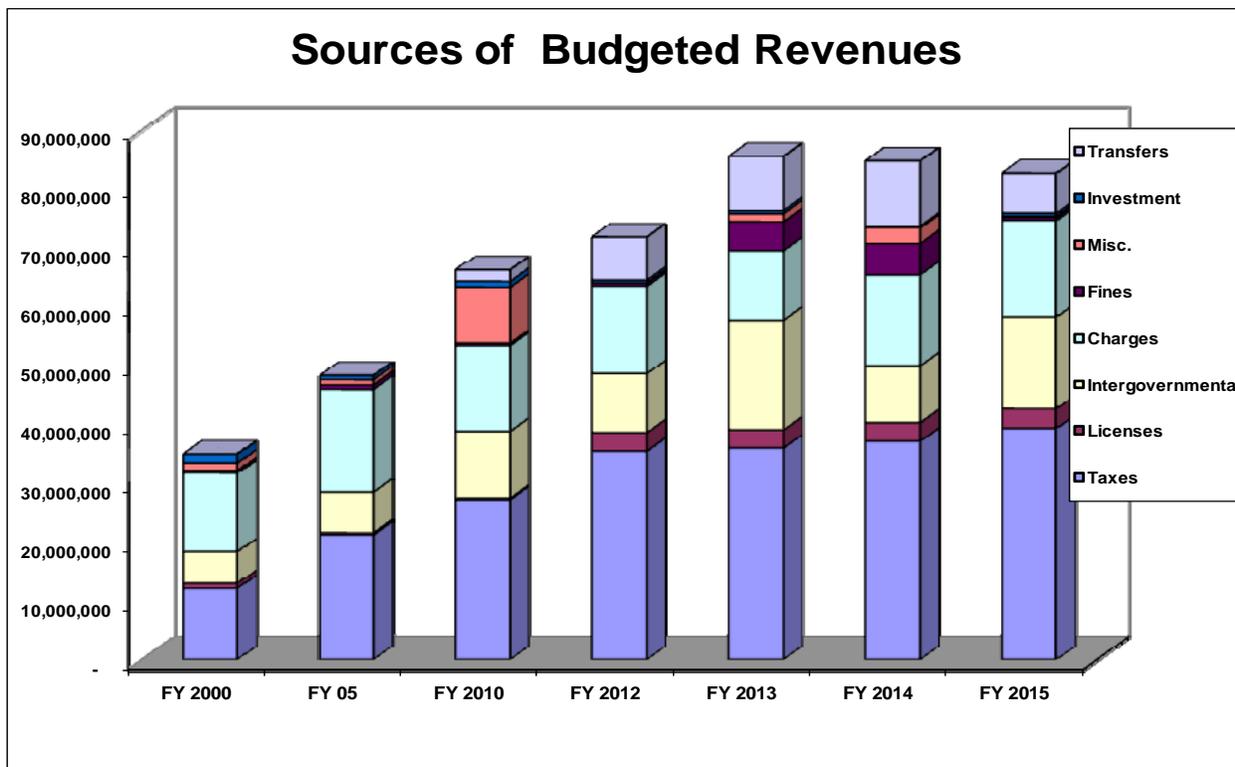
# FINANCIAL SUMMARIES

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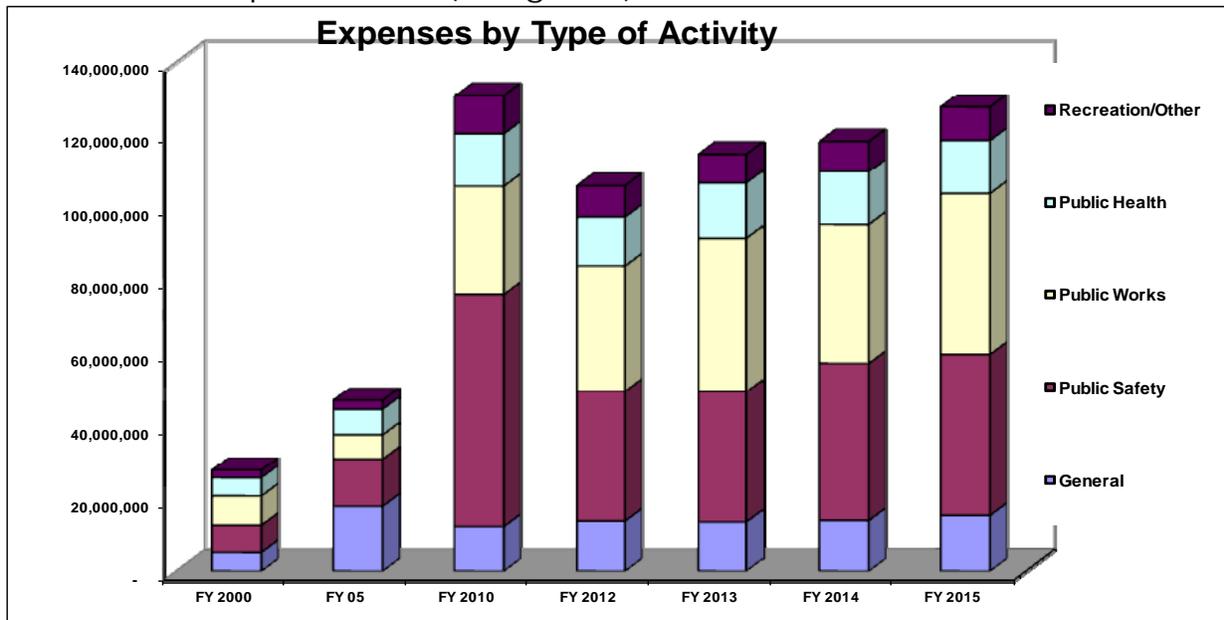


Overview of Budgeted Resources

Estimated Revenue Sources FY 2000 - FY 2015



Expenditures (Budgeted) FY 2000 - FY 2015



# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### Actual Revenues and Expenses FY 2010 - FY 2014, FY 2015(Budget)

#### SUMMARY OF MAJOR REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES/USES

Actual Revenue & Expenses FY 2010 - FY 2013 (Est FY 2014)

Budgeted Revenue & Expenses FY 2015

	Total All Funds	Total All Funds	Total All Funds	Total All Funds	Total All Funds	Total All Funds
	FY 2015 BUDGET	FY 2014 ACTUAL (est)	FY 2013 ACTUAL	FY 2012 ACTUAL	FY 2011 ACTUAL	FY 2010 ACTUAL
<b>Beginning / Adjusted</b>						
<b>Fund Balance</b>	\$ 60,054,519	\$ 54,396,972	\$ 45,239,555	\$ 59,037,089	\$ 61,727,935	\$ 75,111,644
<b>REVENUES</b>						
Taxes & Assessments	39,344,602	37,323,128	35,905,220	35,497,168	35,080,213	27,226,244
Licenses & Permits	3,310,500	3,526,172	3,419,871	3,060,573	3,105,043	244,025
Intergovernmental	15,606,779	12,149,754	16,119,264	10,282,097	12,776,688	11,366,707
Charges for Services	16,450,392	18,353,990	17,360,678	17,405,801	16,187,724	14,529,471
Fines & Forfeitures	507,500	514,474	474,086	609,080	655,799	409,118
Miscellaneous	203,749	1,662,375	258,753	10,687,203	6,003,910	9,543,195
Investment Earnings	479,391	468,945	650,749	843,047	1,336,769	993,924
Transfers	6,739,292	11,744,186	7,535,373	12,511,510	10,360,636	1,946,405
<b>Total Revenues</b>	<b>82,642,205</b>	<b>85,743,024</b>	<b>81,723,994</b>	<b>90,896,479</b>	<b>85,506,781</b>	<b>66,259,089</b>
<b>EXPENSES</b>						
General Government	13,065,268	12,608,620	11,837,108	8,574,215	11,111,047	8,778,433
Public Safety	30,412,637	26,414,355	18,955,080	26,129,206	26,911,519	12,717,007
Public Works	27,307,623	16,608,752	14,509,372	15,672,077	14,791,204	10,744,187
Public Health	12,925,267	9,578,870	10,739,235	9,083,076	11,102,436	13,203,518
Recreation & Other	5,180,476	4,239,634	5,008,885	10,678,895	4,010,116	7,516,522
Debt Service	8,421,130	4,670,515	6,981,798	2,928,928	4,657,145	4,275,917
Transfers (out)	-	-	-	3,558,192	9,838,825	1,946,404
Capital Outlay	30,289,165	5,912,684	4,535,098	1,180,254	19,203,918	24,783,969
<b>Total Expenses</b>	<b>127,601,565</b>	<b>80,033,430</b>	<b>72,566,577</b>	<b>77,804,843</b>	<b>101,626,209</b>	<b>83,965,957</b>
Projected Change in						
Fund Balance/Cash	(44,959,360)	5,709,594	9,157,417	13,091,636	(16,119,428)	(17,706,868)
<b>Projected / Ending</b>						
<b>Fund Balance/Cash</b>	<b>\$ 15,095,376</b>	<b>\$ 60,074,980</b>	<b>\$ 54,396,972</b>	<b>\$ 72,128,727</b>	<b>\$ 45,608,507</b>	<b>\$ 57,404,776</b>

# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### Final FY 2015 Budgeted - Revenue and Expense

SUMMARY OF MAJOR REVENUES, EXPENDITURES,

AND OTHER FINANCING SOURCES/USES

Final Budget - July 1, 2014 through June 30, 2015 (FY 2015)

	Governmental Fund			Proprietary Fund		Fiduciary	Total
	Types			Types		Fund Types	
	General	Special Revenue	Debt Service	Capital Project	Enterprise & Internal Service	Trust & Agency	
<b>Beginning Fund</b>							
Balance/Cash	\$ 3,470,300	\$ 21,583,637	\$ 1,765,959	\$ 6,624,338	\$ 18,389,985	\$ 8,220,300	\$ 60,054,519
<b>Estimated Revenues</b>							
Taxes & Assessments	5,320,260	19,067,320	4,458,533	1,556,772	-	8,941,717	39,344,602
Licenses & Permits	1,550,900	1,759,600	-	-	-	-	3,310,500
Intergovernmental	953,435	8,107,210	25,000	1,399,056	2,049,866	3,072,212	15,606,779
Charges for Services	1,872,263	2,591,907	-	-	10,088,653	1,897,569	16,450,392
Fines & Forfeitures	462,500	45,000	-	-	-	-	507,500
Miscellaneous	85,300	95,550	-	22,899	-	-	203,749
Investment Earnings	90,000	94,000	30,000	26,891	98,500	140,000	479,391
Transfers	517,824	335,704	-	91,000	5,756,163	38,600	6,739,292
<b>Total Estimated Revenues</b>	<b>10,852,482</b>	<b>32,096,291</b>	<b>4,513,533</b>	<b>3,096,618</b>	<b>17,993,182</b>	<b>14,090,098</b>	<b>82,642,204</b>
<b>Approved Budget</b>							
General Government	8,958,291	2,896,300	-	1,126,197	2,467,828	-	15,448,616
Public Safety	1,066,966	19,821,910	2,378,247	2,358,316	2,396,218	16,136,625	44,158,282
Public Works	1,503,726	17,069,018	2,272,258	3,779,022	15,613,724	4,003,830	44,241,578
Public Health	-	5,519,967	-	-	9,117,733	-	14,637,700
Recreation & Other	1,193,799	3,745,361	1,248,987	1,849,544	239,124	838,575	9,115,389
<b>Total Approved Budget</b>	<b>12,722,782</b>	<b>49,052,556</b>	<b>5,899,492</b>	<b>9,113,079</b>	<b>29,834,627</b>	<b>20,979,029</b>	<b>127,601,565</b>
<b>Projected Change in</b>							
Fund Balance/Cash	(1,870,300)	(16,956,046)	(1,385,959)	(6,016,461)	(11,841,445)	(6,888,931)	(44,959,142)
Fund Balance/Cash	\$ 1,600,000	\$ 4,627,591	\$ 380,000	\$ 607,877	\$ 6,548,540	\$ 1,331,369	\$ 15,095,377

# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### Final FY 2014 Budgeted - Revenue and Expense

#### SUMMARY OF MAJOR REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES/USES Final Budget - July 1, 2013 through June 30, 2014 (FY 2014)

	Governmental Fund			Proprietary Fund		Fiduciary	All Funds
	Types			Types		Fund Types	
	General	Special Revenue	Debt Service	Capital Project	Enterprise & Internal Service	Trust & Agency	
<b>Beginning Fund</b>							
Balance/Cash	\$ 3,030,688	\$ 19,899,559	\$ 1,682,637	\$ 5,238,545	\$ 18,548,979	\$ 5,996,564	\$ 54,396,972
	-						
<b>Estimated Revenues</b>							
Taxes & Assessments	5,308,268	17,644,466	4,374,919	1,111,379	913,947	7,778,183	37,131,162
Licenses & Permits	1,419,559	1,674,906	-	-	-	-	3,094,465
Intergovernmental	392,500	5,376,316	-	688,402	-	3,224,453	9,681,671
Charges for Services	100,000	2,202,382	-	-	10,399,494	1,821,961	14,523,837
Fines & Forfeitures	5,308,268	12,000	-	-	-	-	5,320,268
Miscellaneous	1,490,000	33,900	-	-	-	-	1,523,900
Investment Earnings	-	131,710	15,000	26,891	84,200	70,000	327,801
Transfers	1,831,240	359,721	-	72,000	7,078,963	1,703,523	11,045,448
<b>Total Estimated Revenues</b>	<b>15,849,835</b>	<b>27,435,401</b>	<b>4,389,919</b>	<b>1,898,672</b>	<b>18,476,604</b>	<b>14,598,120</b>	<b>82,648,552</b>
<b>Approved Budget</b>							
General Government	8,347,995	2,502,289	-	900,060	2,340,920	-	14,091,264
Public Safety	1,159,455	17,848,946	2,360,196	890,545	2,345,277	18,461,704	43,066,123
Public Works	1,511,985	14,895,979	2,059,630	3,129,600	14,997,571	1,749,289	38,344,054
Public Health	-	4,993,654	39,644	-	9,345,632	-	14,378,930
Recreation & Other	1,133,676	3,637,045	1,238,086	1,711,024	211,873	360,950	8,292,654
<b>Total Approved Budget</b>	<b>12,153,111</b>	<b>43,877,913</b>	<b>5,697,556</b>	<b>6,631,229</b>	<b>29,241,273</b>	<b>20,571,943</b>	<b>118,173,025</b>
<b>Projected Change in</b>							
Fund Balance/Cash	3,696,724	(16,442,512)	(1,307,637)	(4,732,557)	(10,764,669)	(5,973,823)	(35,556,061)
<b>Projected Ending</b>							
Fund Balance/Cash	\$ 6,727,412	\$ 3,457,047	\$ 375,000	\$ 505,988	\$ 7,784,310	\$ 22,741	\$ 18,840,911

# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### BUDGETED Revenues and Expenses FY 2013

#### SUMMARY OF MAJOR REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES/USES

Final Budget - July 1, 2012 through June 30, 2013 (FY 2013)

	Governmental Fund Types			Capital Project	Proprietary Fund	Fiduciary	Total All Funds
	General	Special Revenue	Debt Service		Enterprise & Internal Service	Trust & Agency	
<b>Beginning Fund</b>							
Balance/Cash	\$ 3,398,888	\$ 16,426,052	\$ 1,749,603	\$ 5,648,958	\$ 12,880,751	\$ 5,135,303	\$ 45,239,555
<b>Estimated Revenues</b>							
Taxes & Assessment	4,924,296	17,914,246	4,441,413	933,422	-	7,746,334	35,959,710
Licenses & Permits	1,351,000	1,754,707	-	-	-	-	3,105,707
Intergovernmental	1,044,127	4,396,080	-	11,543,309	8,000	2,402,985	19,394,501
Charges for Service	1,652,650	1,863,874	-	-	10,797,092	575,627	14,889,243
Fines & Forfeitures	373,500	8,000	-	-	-	-	381,500
Miscellaneous	90,000	24,000	-	-	-	-	114,000
Investment Earnings	125,000	180,710	25,000	42,072	145,000	122,045	639,827
Transfers	294,138	380,520	-	105,637	6,676,182	452,380	7,908,858
<b>Total Estimated Revenue</b>	<b>9,854,711</b>	<b>26,522,137</b>	<b>4,466,413</b>	<b>12,624,440</b>	<b>17,626,274</b>	<b>11,299,370</b>	<b>82,393,346</b>
	-						
<b>Approved Budget</b>							
General Government	8,507,470	2,139,990	-	2,138,205	2,405,450	55,901	15,247,016
Public Safety	1,133,324	17,130,772	2,345,271	302,617	2,543,162	12,510,541	35,965,687
Public Works	1,591,668	12,371,100	2,205,745	13,128,948	10,691,473	2,415,965	42,404,899
Public Health	-	5,037,704	39,202	-	9,843,785	192,561	15,113,252
Recreation & Other	521,137	3,559,487	1,278,373	2,265,319	218,624	475,595	8,318,534
<b>Total Approved Budget</b>	<b>11,753,599</b>	<b>40,239,053</b>	<b>5,868,591</b>	<b>17,835,089</b>	<b>25,702,494</b>	<b>15,650,563</b>	<b>117,049,387</b>
<b>Projected Change in</b>							
Fund Balance/Cash	(1,898,888)	(13,716,916)	(1,402,178)	(5,210,649)	(8,076,220)	(4,351,193)	(34,656,041)
<b>Projected Ending</b>							
Fund Balance/Cash	\$ 1,500,000	\$ 2,709,136	\$ 347,425	\$ 438,309	\$ 4,804,531	\$ 784,110	\$ 10,583,513

# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### Actual Revenues and Expenses FY 2012

SUMMARY OF MAJOR REVENUES, EXPENDITURES,  
AND OTHER FINANCING SOURCES/USES

ACTUAL - July 1, 2011 through June 30, 2012 (FY 2012)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Total All Funds
	General	Special Revenue	Debt Service	Capital Project	Enterprise & Internal Service	Trust & Agency	
<b>Beginning Fund</b>							
Balance/Cash	\$ 2,903,946	\$ 15,445,316	\$ 1,429,556	\$ 6,836,814	\$ 11,263,383	\$ 5,416,295	\$ 43,295,310
<b>Estimated Revenues</b>							
Taxes & Assessments	4,651,532	17,809,093	4,926,483	788,235	668	6,954,103	35,130,114
Licenses & Permits	1,444,161	1,616,412	-	-	-	-	3,060,573
Intergovernmental	1,011,184	9,033,402	-	-	3,555,595	1,770,770	15,370,951
Charges for Services	1,901,650	7,640,350	-	-	7,110,650	2,863,053	19,515,703
Fines & Forfeitures	376,184	18,019	-	-	-	-	394,203
Miscellaneous	95,488	541,704	-	-	-	-	637,192
Investment Earnings	122,249	223,138	116,775	139,285	68,510	160,368	830,325
Transfers	551,355	863,432	-	-	1,179,973	-	2,594,760
<b>Total Estimated Revenues</b>	<b>10,153,803</b>	<b>37,745,550</b>	<b>5,043,258</b>	<b>927,520</b>	<b>11,915,396</b>	<b>11,748,294</b>	<b>77,533,821</b>
<b>Approved Budget</b>							
General Government	7,639,767	5,609,832	-	-	5,343,737	-	18,593,336
Public Safety	1,008,399	14,470,900	2,328,421	3,124,514	-	7,925,131	28,857,365
Public Works	832,501	5,712,585	1,063,406	1,589,558	6,057,804	2,715,693	17,971,547
Public Health	-	3,260,298	-	-	5,608,096	77,178	8,945,572
Recreation & Other	393,409	1,869,366	1,270,263	-	169,498	459,529	4,162,067
<b>Total Approved Budget</b>	<b>9,874,076</b>	<b>30,922,981</b>	<b>4,662,090</b>	<b>4,714,072</b>	<b>17,179,135</b>	<b>11,177,531</b>	<b>78,529,885</b>
<b>Projected Change in</b>							
Fund Balance/Cash	279,727	6,822,569	381,168	(3,786,552)	(5,263,739)	570,763	(996,064)
<b>Projected Ending</b>							
Fund Balance/Cash	\$ 3,183,673	\$ 22,267,885	\$ 1,810,724	\$ 3,050,262	\$ 5,999,644	\$ 5,983,169	\$ 42,295,246

# FINANCIAL SUMMARIES

## Overview of Budgeted Resources

### Actual Expenses and Revenues FY 2011 SUMMARY OF MAJOR REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES/USES Final Budget - July 1, 2010 through June 30, 2011 (FY 2011)

	Governmental Fund			Proprietary Fund		Fiduciary	Total
	Types			Types	Fund Types		
	General	Special Revenue	Debt Service	Capital Project	Enterprise & Internal Service	Trust & Agency	
Beginning Fund							
Balance/Cash	\$ 1,193,930	\$ 17,023,200	\$ 878,905	\$ 15,679,919	\$ 11,544,235	\$ 4,323,156	\$ 50,643,345
<b>Estimated Revenues</b>							
Taxes & Assessments	3,677,194	17,546,571	5,085,805	930,448	-	6,763,903	34,003,921
Licenses & Permits	1,485,000	1,611,000	-	-	-	-	3,096,000
Intergovernmental	876,770	4,137,987	-	8,426,723	1,499,247	363,824	15,304,551
Charges for Services	1,661,457	3,024,130	-	-	14,241,801	651,258	19,578,646
Fines & Forfeitures	500,000	6,000	-	-	-	-	506,000
Miscellaneous	70,000	114,800	-	1,000,000	8,500	-	1,193,300
Investment Earnings	221,000	669,836	52,413	1,000	235,000	85,000	1,264,249
Transfers	589,374	190,129	26,779	-	550,276	1,358,895	2,715,453
Total Estimated Revenues	9,080,795	27,300,453	5,164,997	10,358,171	16,534,824	9,222,880	77,662,120
	-	-	-	-	-	-	-
<b>Approved Budget</b>							
General Government	8,241,136	3,222,085	-	1,295,489	2,059,118	-	14,817,828
Public Safety	983,589	16,051,168	2,309,647	10,758,710	1,894,893	11,021,630	43,019,637
Public Works	-	13,005,143	2,348,925	6,600,385	10,492,123	1,757,058	34,203,633
Public Health	-	4,686,661	35,393	-	9,259,480	-	13,981,534
Recreation & Other	-	4,004,063	1,289,937	6,699,754	278,871	685,027	12,957,652
Total Approved Budget	9,224,725	40,969,119	5,983,902	25,354,338	23,984,485	13,463,715	118,980,283
Projected Change in							
Fund Balance/Cash	(143,930)	(13,668,666)	(818,905)	(14,996,167)	(7,449,661)	(4,240,835)	(41,318,163)
Projected Ending							
Fund Balance/Cash	\$ 1,050,000	\$ 3,354,534	\$ 60,000	\$ 683,752	\$ 4,094,574	\$ 82,321	\$ 9,325,182

## Assumptions, Estimates & Trends

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### Overview

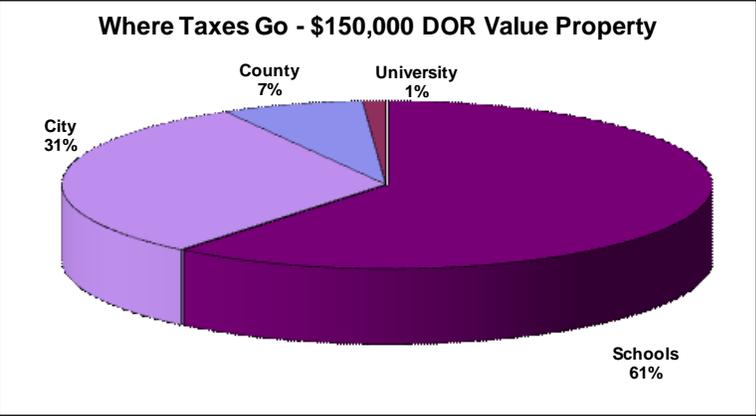
Funding for services provided to Gallatin County residents comes from a variety of revenue sources. The County strives to maintain a diversified and stable revenue system that will provide shelter from short-term fluctuations in any one revenue source and ensure the ability to provide ongoing services, within the confines of Montana Law. Gallatin County is heavily reliant upon property tax levy for its general fund, public safety, fair, noxious weed, senior programs, library and road / bridge revenue, which is explained in greater detail on the following pages. The County will continue its policy of seeking alternative revenue sources to lower the tax burden for County services, charging users for specific services where feasible, and aggressively collecting all revenues due to the County. Enterprise fund revenues are generated through direct fees for service. Total estimated (budgeted) revenue, regardless of the source, amounts to \$83,355,958 for FY 2015.

County revenues are divided into eight basic categories: Taxes and Assessments; Licenses and Permits; Intergovernmental Revenue; Charges for Services; Fines and Forfeitures; Miscellaneous Revenue; Investment Earnings; and Inter-fund Transfers.

- **Taxes and Assessments** – \$39,344,602 (47.61% of revenues) – comprised of taxes derived from the levying of taxes on real property, personal tangible property and assessments generated by charges within districts either based on value or a per unit fee. An example of taxes is real property taxes, while special assessment examples include Rural Improvement District (RID) maintenance fees and Fire Service Area Fees.
- **Licenses and Permits** – \$3,310,500 (4.01% of revenues) – comes from the issuance of local licenses and permits. This includes the Motor Vehicle local option tax along with items such as Wastewater Treatment Permits (Septic Permits).
- **Intergovernmental Revenue** – \$15,606,779 (18.88% of revenues) – generated by grants from federal, state and other local government sources, shared revenues, and payments in lieu of taxes (PILT). State entitlement and federal PILT are examples.
- **Charges for Services** – \$16,450,392 (19.91% of revenues) – revenues generated by this source are from fees for land use (Planning, Clerk & Recorder) with the largest amount coming from Enterprise and Internal Service Funds. Examples of charges for services are solid waste disposal fees, Rest Home per bed fees and charges collected by Clerk & Recorder, Planning and Zoning areas.
- **Fines and Forfeitures** – \$507,500 (0.61% of revenues) – received from Justice and District Court for fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Examples include: court fines, victim witness fines and bonds forfeited.
- **Miscellaneous Revenue** – \$234,749 (0.25% of revenues) – Revenue from sources not otherwise provided in other categories. Rents and impact fees are examples of miscellaneous revenues.
- **Investment Earnings** – \$479,391 (0.58% of revenues) – Revenue derived from the investment of available cash balances and delinquent taxes.
- **Inter-fund Transfers** – \$6,739,292 (8.15% of revenues) – Transfers between individual funds of a governmental unit that are not repayable and are not considered charges for goods or services. An example is matching funds transferred from public safety to Drug Task Force for grant match and administrative costs.

**Assumptions, Estimates & Trends**

County revenues account for only 20% of the revenue collected by the Treasurer. The majority of revenue is collected to be used by Trust and Agency accounts. These include 16 Elementary School Districts, 7 High School Districts, 5 Cities and Towns and many state Funds.

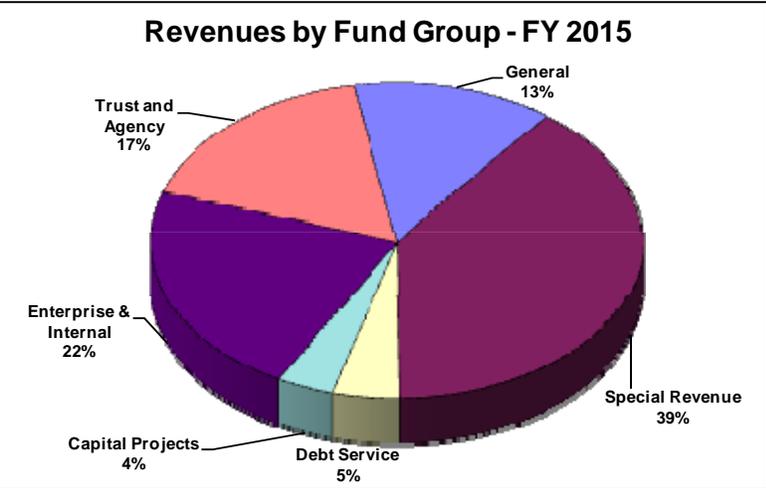
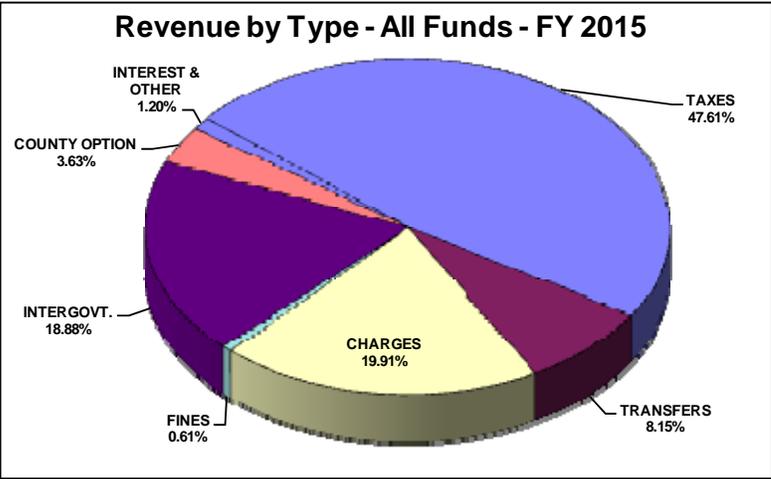


A graph of Where Taxes Go - FY 2014, shows Schools received 61%, the City of Bozeman generated 31%, and Gallatin County collected 7%.

A County-Wide graph for other areas would show comparable break downs, with schools generally receiving 72% of taxes, County 18%, cities 9% and state university 1% for the County as a whole.

Shown in the following graphs are two pie charts giving graphic overview of total County revenues—one by Type and the other by Fund Group.

As depicted by the graph of revenues by type, taxes and assessments and charges for services are the two largest categories of revenues for the FY 15 budget (68% for FY 2015 vs. 69% for FY 2014). Intergovernmental payments and Transfers are the next largest section at 27%, compared to 26% in FY 14. Finally, County Option accounts for 4% in FY 2015 of all revenues. These five revenue types constitute 88% of County revenues FY 2015.



The graph of Revenues by Fund Group gives a look at the 'Big Picture' of County revenues. The graph on the left shows the general fund accounts for 15% of revenues, Enterprise and Internal Service Funds generate 22%, Special Revenue Funds are 33% and Capital Projects account for 15%. These four Fund Groups account for 85% of estimated revenues for County Funds in FY 2015.

### Assumptions, Estimates & Trends

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#### Revenue Forecast Assumptions & Methodology

Forecasting, as used in the budget, refers to the methodology used in projecting future changes in revenues. It provides an estimate of revenue amounts that will be available and the resources required to meet current service levels and programs over the forecast period. The value of forecasts is in estimating whether (given assumptions about local financial policies and economic trends) the County will have sufficient resources to meet the resource requirements of ongoing, planned, or mandated programs. Forecast models have the added value of providing a planning tool for capital projects and indicating whether bonded indebtedness will be required for capital funding. In short, forecasting provides an estimate of the financial flexibility of the County, as well as insight into tax, revenue, and service options the Commission must address. Our forecasting methodology reflects a combination of internal analysis and locally generated consensus forecasts covering such factors as population growth, revenue trends, and inflation. Specifically, for revenue forecasts, we begin with models that include prior year actual collections and project the balance of the current fiscal year based on prior year patterns.

In general, we seek to match revenue sources with economic and/ or demographic variables that most directly affect year-to-year changes in those revenues. Methods to project revenues used in the budget vary depending upon the type of revenue examined. However, the most common method used is **Trend Analysis** and especially a year-to-date approach. Examination of a variety of revenue sources on a monthly basis has revealed consistent patterns in monthly collections. Trends are identified, along with an analysis of whether or not the trend is likely to continue. These have been good indicators of revenue collections during the course of a year and help to set a basis for future projections. Forecasting variances are analyzed and used to improve forecasting in future periods. **Expert Judgment** is a projection methodology that relies upon individual department directors and financial managers to make projections for the revenues that effect their operations.

#### Revenue Estimates

The National Advisory Council on State and Local Budgeting prepared a set of recommended practices relating to governmental revenue estimates. Stated below are some excerpts from their recommended practices, along with Gallatin County's revenue estimate practices.

Projection of revenues and other resources is critical in order to understand the level of funding available for services and capital acquisition. Projections for future budget periods help determine the likelihood that services can be sustained and highlight future financial issues to be addressed. Preparing revenue projections also enhances our understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees.

One key analytical tool used by the County to assist in the development of revenue estimates is the comprehensive five-year financial forecast. This forecast considers key revenue and expenditure projection factors such as population, changes in the Consumer Price Index (CPI) and other growth factors. The trending of these key factors and their effect on revenues and expenditures for the past ten years provides a historical basis for the five-year financial forecast. The forecast was initially prepared in 2001, and is updated annually during the mid-year budget review process.

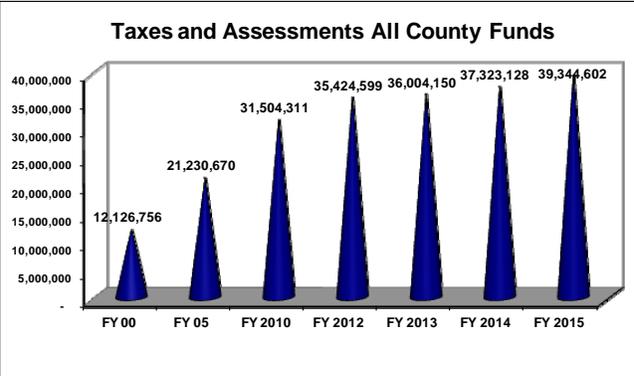
Overall, the County's practice is to budget revenues conservatively and to use as much information as

Assumptions, Estimates & Trends

possible to enhance the accuracy of revenue estimates. By identifying and utilizing several revenue-related variables in forecasting, we minimize the risks of over or under stating revenues that could arise from using only a few variables. Our approach to forecasting, in general, is to apply a conservative philosophy that will achieve our long-term goal of not overstating revenues. Most estimates involve two projections: an estimate for the amount to be collected in current year based on year-to-date activity; and an estimate for the increase or decrease in receipts anticipated for a future budget year. As part of the mid-year budget review process, the revenue assumptions included in the forecast are comprehensively re-examined based on actual results for the previous year, as well as emerging trends at the mid-point of the year.

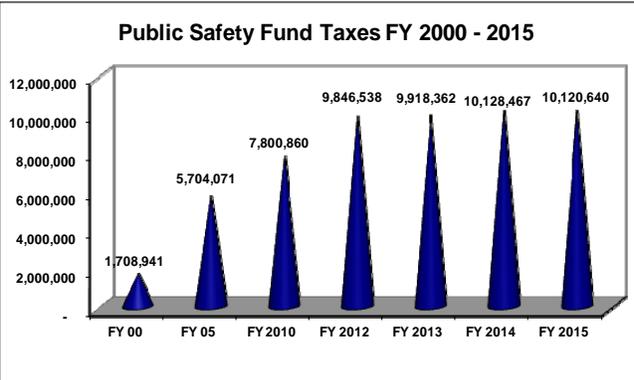
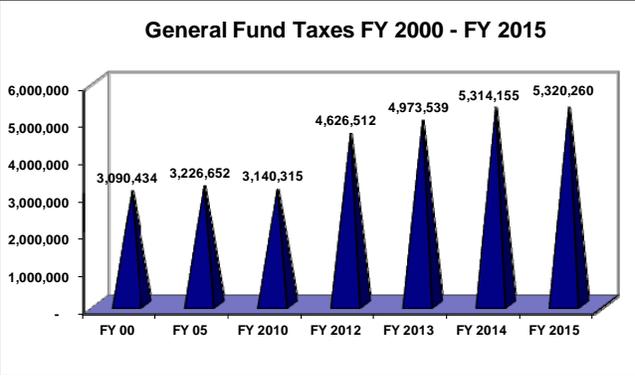
The following revenue categories, their trends, and estimates represent 91.19% of total County revenues.

Key Revenue Estimates and Trends



Taxes / Assessments generate 47.61% of the County’s revenues. The graph on the left shows Taxes and Assessments for all County Funds over a 15-year period, with estimates for the previous year and budgeted revenues for FY 2015. The increase in revenues comes from the effects of reappraisal, new construction, voted levy increases for the Open Land Bond, 9 mills for Dispatch, new taxes for fire districts and fire service areas, new rural improvement districts and taxes authorized by the legislature.

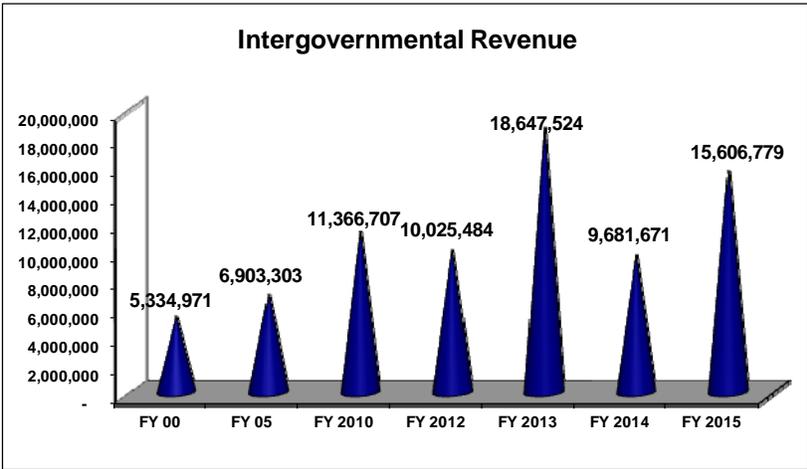
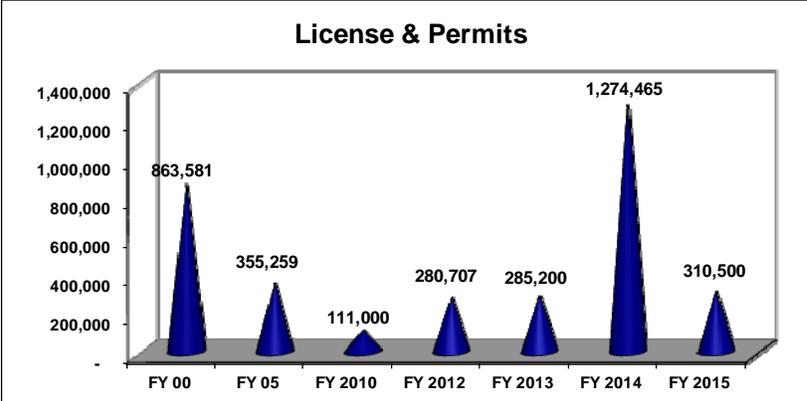
The graph on the right shows actual General Fund Taxes for a 15-year period, together with estimates for the previous year and budgeted revenues for FY 2015. The General Fund in FY 2015 continues to include activities previously in separate funds including the Bridge, Three Forks Airport, County Extension and Senior Programs.



The Public Safety Fund tax is the single largest taxing activity of County government. The rapid growth of taxes comes from yearly decisions made by the County Commission to emphasize Public Safety with a corresponding increase in taxes. The majority of the increase comes from inflation mills and decreases in millage to other County tax supported funds. The Commission approved an increase in millage for the Dispatch activity to support a needed enhancement to county wide radio capability and maintenance.

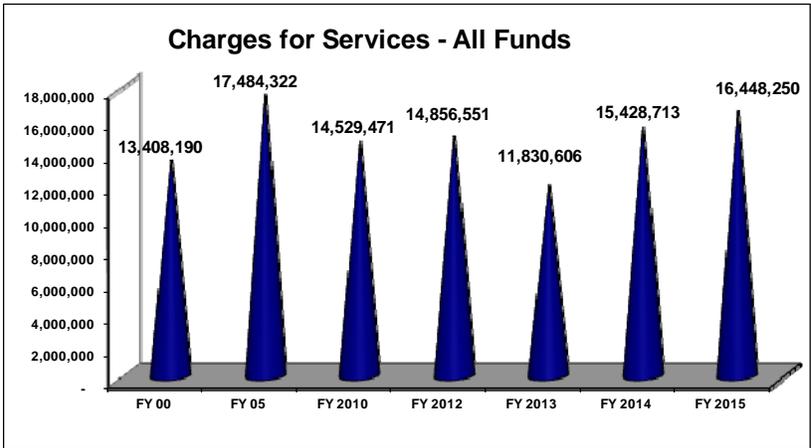
Assumptions, Estimates & Trends

**License & Permit** revenues are 0.38% - shown on the right. The decline from FY 2000 reflects legislative changes (including Motor Vehicle Fees, Bank License taxes, Gambling Revenues and others); the lost revenue offset the state assumption of Public Assistance and District Courts. The change included the state transferring a portion of the revenue back in Entitlement. Projections are based on historic trends with septic permits and zoning permits stagnant for the next several years.

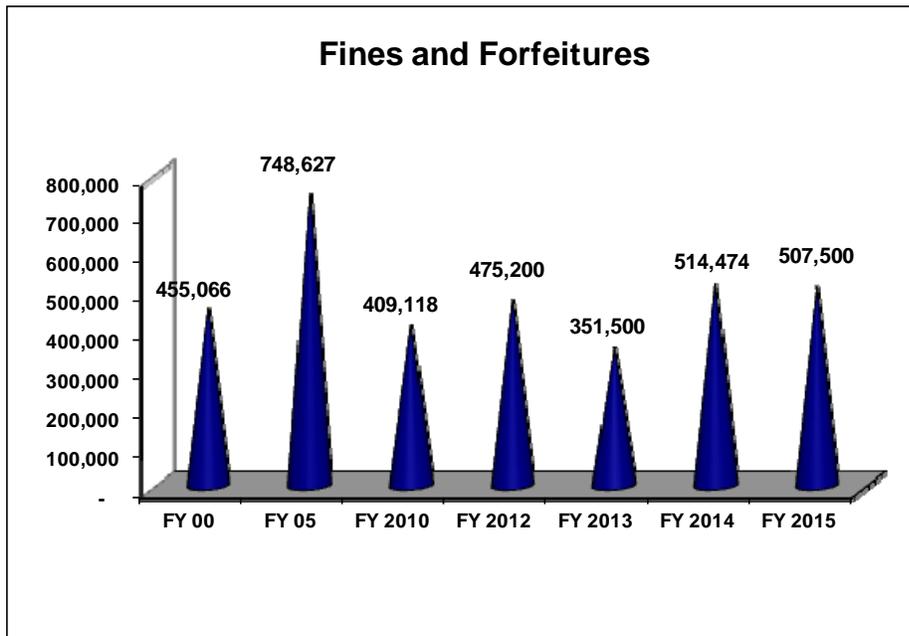


**Intergovernmental** revenue is 18.88% of revenues. The increase from FY 2014 is primarily from increases associated with grants received by the City/County Health Department. Another change was the implementation of Senate Bill 96 involving approximately \$200,000 in revenue previously funded by taxes. This revenue source also increased for TIGER IV by to \$2.7 million.

**Charges for Services** - for all funds, represents 19.91% of Gallatin County revenues. The largest component of this source is charges generated by Enterprise activity. Specific graphs follow for the two largest components. Growth for other fees is primarily based on estimated property activity including mortgages, subdivision, zoning and property splits. This revenue has seen a slight decrease but the actual amount received is expected to be higher than the \$17.2 million received in FY 2014.



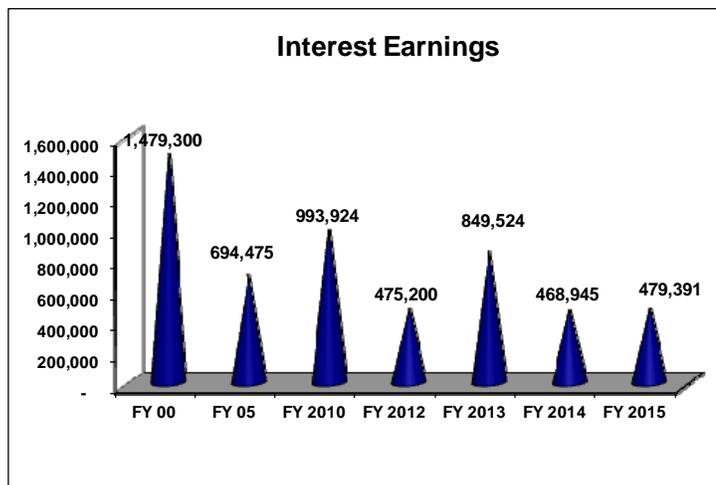
Assumptions, Estimates & Trends



**Fines and Forfeitures** – come in at 0.61%. These revenues are generated primarily (97%) from two Justice Courts. Revenues increase and decrease based on a correlation between citations, criminal acts, felonies and bonds based on population and the number of active officers (Sheriff, City Police, Town Marshal, Highway Patrol and Rangers/Wardens). The decrease in FY 2013 brought the total below the FY 98 levels. The Justice

Courts have projected an increase for FY 2015 based on the most up to date collections.

**Investment earnings** – 0.58% - reflect a combination of available cash balances together with the interest rate the County is able to obtain and delinquency for taxes. As shown by the graph, investment earnings have been volatile, with sharp declines and equally sharp increases, which correspond to interest rates in the national economy, and increases in cash available for the County to invest. The County General Fund receives about 25% of the interest generated by County funds, with the Public Safety, Capital Projects and Public Works areas receiving the balance of County investment earnings.



Overall revenues are increasing for FY 2015 to \$82,642,205 compared to \$77,405,540 in FY 2014 and \$83,293,346 for FY 2013. Revenue generated by taxes increased from \$37,131,162 to \$39,334,602, an increase of \$2,203,440 (5.58%). The majority of this increase comes from use of newly taxable property appearing on the tax rolls for the first time, inflationary mill levy, Employee Health Premiums and Bond payments, and the showing of water & sewer taxes that were not in last year’s budget. The balance of tax increase came from districts using the maximum number of mills allowed by state law and increases in voted levies or fees.

**Assumptions, Estimates & Trends**

The following is a comparison of taxes by type for FY 2015:

Type	FY 2014	FY 2015	Difference	% Change	Explanation
<b>County Operations</b>	\$18,282,663	\$18,808,855	\$526,192	2.88%	NTP & Inf. Mills
<b>County Rural</b>	3,686,493	3,762,770	76,277	2.07%	Newly Taxable Property
<b>Permissive / Debt</b>	4,696,891	5,077,427	380,536	8.10%	Perm. Med. Levy
<b>Special Revenue</b>	577,152	561,697	(15,455)	(2.68%)	Water Quality
<b>Fire Districts/Areas</b>	6,183,880	6,390,017	206,137	3.33%	Voted levy, by districts,
<b>Other Districts</b>	1,594,303	2,551,700	957,397	60.05%	Water & Sewer Dist.
<b>RID Maint./Bonds</b>	<u>2,109,780</u>	<u>2,193,568</u>	<u>83,788</u>	3.97%	Bond & Maint. Exp.
<b>TOTAL</b>	\$37,131,162	\$39,344,602	\$2,213,440	5.96%	

The County Treasurer reported that tax collections for FY 2014 have increased with delinquencies being paid. A review of all delinquencies shows Gallatin County returning to the high tax collections historically seen. This is in stark contrast to the lows experienced during the economic recession. The County is anticipating lower delinquencies to continue and that protests associated with re-appraisals have ended which will stabilize the billing and collections associated with all taxes collected for the state, County, school, city and special districts.

While lower delinquencies have been anticipated in relation to the FY 2015 budget, actual tax collections will continue to be monitored on a monthly basis throughout the year. On a positive note, the 2014 Mobile Home and Separate Personal property taxes have been billed and are being received as usual.

# FINANCIAL SUMMARIES

## Estimates, Projections and Mill Levy Information

### Department Summary

The following tables show the changes in expenditures (budget or actual) for Gallatin County by group (Personnel, Operations, Debt Service and Capital Outlay). The budgets for 'County Funds Supported By Tax Revenues' shows personnel increased by \$1,044,204 – 3.90% for Permissive Medical Levy, Retirement, Unemployment and Worker's Compensation increases, 1.5% wage adjustment and performance adjustments for deserving employees. Operations saw an increase of \$1,198,815. Debt Service increased by \$47,638 and Capital increased by \$2,832,849. The total increase comes to \$5,123,506 – 9.50% from Fiscal Year 2014.

DEPARTMENT SUMMARY LISTING							
FY 2015 FINAL OPERATING AND CAPITAL BUDGET							
DEPARTMENT	ACTIVITY	FY 2013 Actual	FY 2014 FINAL	FY 2014 Actual	FY 2015 REQUEST	PRELIMINARY FY 2015	FY 2015 FINAL
<b>TOTAL COUNTY FUNDS SUPPORTED BY TAX REVENUES</b>	Personnel	23,796,379	26,770,133	24,914,974	27,958,130	28,116,758	27,814,337
	Operations	13,776,815	15,240,165	14,168,082	16,146,724	16,019,432	16,438,980
	Debt Service	4,160,075	5,444,319	4,383,177	5,360,466	5,351,108	5,491,957
	Capital Outlay	744,939	6,499,205	2,298,887	9,672,576	8,615,098	9,332,054
	<b>TOTAL</b>	<b>42,478,208</b>	<b>53,953,822</b>	<b>45,765,120</b>	<b>59,137,897</b>	<b>58,102,396</b>	<b>59,077,328</b>
<b>TOTAL - GRANT, SPECIAL REVENUE AND OTHER FUNDS</b>	Personnel	1,529,914	1,667,971	1,609,282	1,656,413	1,718,061	1,715,079
	Operations	6,619,500	8,255,241	5,657,331	5,005,829	7,093,506	9,572,760
	Debt Service	149,721	882,681	152,274	658,869	663,869	967,739
	Capital Outlay	383,147	1,815,352	573,651	1,541,972	1,663,085	2,019,944
	<b>TOTAL</b>	<b>8,682,282</b>	<b>12,621,246</b>	<b>7,992,538</b>	<b>8,863,083</b>	<b>11,138,522</b>	<b>14,275,522</b>
<b>ENTERPRISE AND INTERDEPARTMENTAL FUNDS</b>	Personnel	1,467,458	1,658,484	1,515,026	1,643,703	1,719,345	1,717,788
	Operations	9,103,144	10,475,896	9,839,128	3,146,005	10,964,436	10,967,012
	Debt Service	380,491	134,260	130,573	133,010	133,010	133,010
	Capital Outlay	1,144,146	9,232,520	1,098,308	9,226,028	9,212,428	9,554,069
	<b>TOTAL</b>	<b>12,095,239</b>	<b>21,501,160</b>	<b>12,583,035</b>	<b>14,148,746</b>	<b>22,029,219</b>	<b>22,371,879</b>
<b>TOTAL - FIRE DISTRICTS AND FIRE SERVICE AREA</b>	Personnel	3,502,199	4,566,102	2,896,484	4,439,834	4,439,834	4,466,049
	Operations	2,171,988	8,222,972	4,393,868	1,097,639	3,828,463	4,701,850
	Debt Service	1,154,416	847,640	398,944	578,143	578,143	578,143
	Capital Outlay	1,503,545	4,824,990	1,630,294	4,037,761	4,037,761	6,390,583
	<b>TOTAL</b>	<b>8,332,149</b>	<b>18,461,704</b>	<b>9,319,590</b>	<b>10,153,377</b>	<b>12,884,201</b>	<b>16,136,625</b>
<b>TOTAL - OTHER DISTRICTS</b>	Personnel	166,524	217,085	67,838	205,098	205,425	205,425
	Operations	2,994,971	2,019,843	3,226,357	2,892,726	2,891,399	4,777,670
	Debt Service	-	-	-	-	-	-
	Capital Outlay	108,500	77,930	-	98,430	98,430	98,430
	<b>TOTAL</b>	<b>3,269,995</b>	<b>2,314,858</b>	<b>3,294,195</b>	<b>3,196,254</b>	<b>3,195,254</b>	<b>5,081,525</b>
<b>CAPITAL PROJECTS</b>	Capital Outlay	839,021	2,634,637	1,297,433	4,139,597	4,139,597	2,894,085
<b>RID MAINTENANCE</b>	Operations	552,897	6,062,119	823,531	6,336,730	6,336,730	6,514,321
<b>RID BOND</b>	Debt Service	1,137,317	1,028,389	826,065	930,910	930,910	1,250,281
	<b>TOTAL</b>	<b>2,529,235</b>	<b>9,725,145</b>	<b>2,947,029</b>	<b>11,407,237</b>	<b>11,407,237</b>	<b>10,658,687</b>
	<b>Personnel</b>	<b>30,462,474</b>	<b>34,842,147</b>	<b>30,980,201</b>	<b>35,865,549</b>	<b>36,161,467</b>	<b>35,918,678</b>
	<b>Operations</b>	<b>35,219,316</b>	<b>50,177,175</b>	<b>38,077,116</b>	<b>34,492,091</b>	<b>46,308,714</b>	<b>52,972,593</b>
	<b>Debt Service</b>	<b>6,982,020</b>	<b>8,337,289</b>	<b>5,891,033</b>	<b>7,661,398</b>	<b>7,657,040</b>	<b>8,421,130</b>
	<b>Capital Outlay</b>	<b>4,723,298</b>	<b>25,016,704</b>	<b>6,898,573</b>	<b>28,648,434</b>	<b>27,698,469</b>	<b>30,289,165</b>
	<b>TOTAL EXPENSES</b>	<b>77,387,108</b>	<b>118,373,315</b>	<b>81,846,922</b>	<b>106,667,473</b>	<b>117,825,690</b>	<b>127,601,566</b>

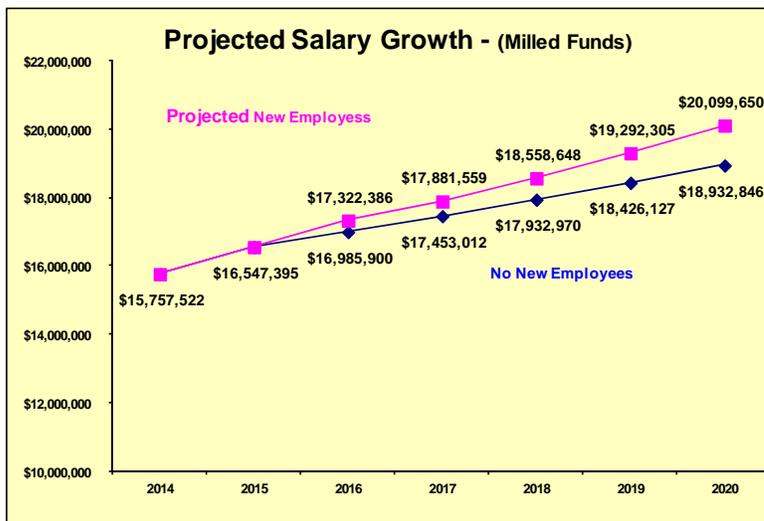
Total Expenses saw Personnel increase by \$1,076,531 (3.09%) and Operations increase by \$2,795,418 (5.57%). Total expenses increased by \$9,228,251 (7.80%).

Estimates, Projections and Mill Levy Information

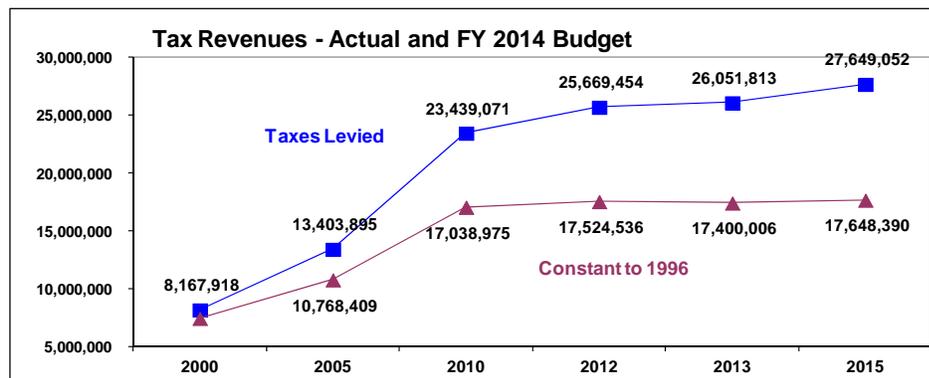
Projected Cost of Employee Wages

The County Finance Office prepares a yearly Financial Trend Analysis and Financial Forecast Report. This report uses information available at the mid-year point of the Fiscal Year (December 31st). The Analysis, Assumptions and Trends identified in the FY 14 Report are being used to show the projected changes in Expenditures, Revenues and Working Capital.

The information at right shows projected growth in wages and salaries based on the FY 2015 Budget, for Funds Levying Taxes. The graph is for tax-supported positions only, and does not include the Rest Home, Solid Waste Districts, Grants or other non-tax supported positions. For FY 2015 the increase comes from increases in health insurance, retirement, unemployment insurance, worker's compensation, a 1.5% wage adjustment, and performance increase where appropriate.



The 'No New Employees' line, projects the amount the County will need to meet current staffing levels. The 'Projected New Employees' takes into consideration historical increases in staffing patterns.



The next area reviewed is the County's Mill Levy and Valuations. The graph to the left shows County taxes levied to support County Wide mills and Rural Mills. The graph does not include special districts, rural improvement districts or other unique taxing authorities.

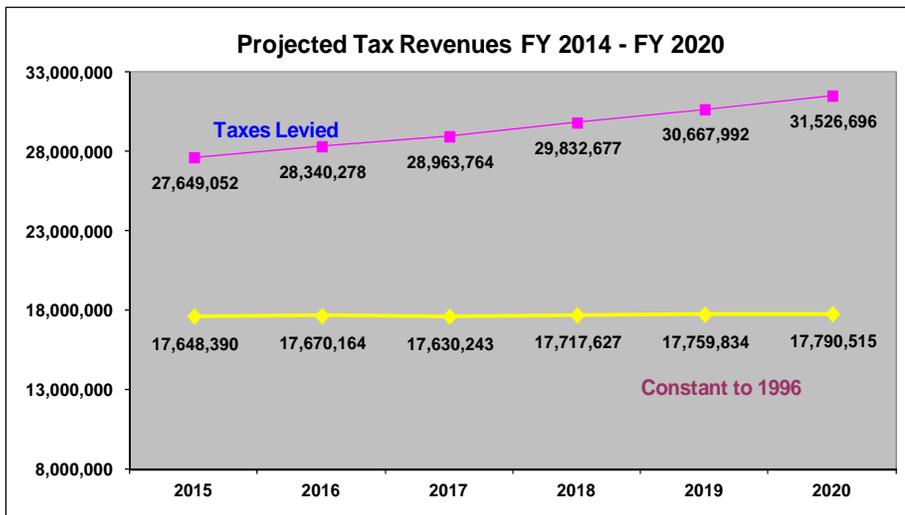
The Constant dollar uses 1996 as the base year. During the period 1996 to 2013 population has grown from 60,157 to an estimated 93,785 (55.90%). Voters have approved tax increases for Library - 3.5 mills, 9 Mills for Dispatch, two Open Space Bonds, and the Detention Center Bond. The County Taxable Valuation has grown from \$118,616 in 2000 to \$252,964 for FY 2015, a 113.26% increase.

Estimates, Projections and Mill Levy Information

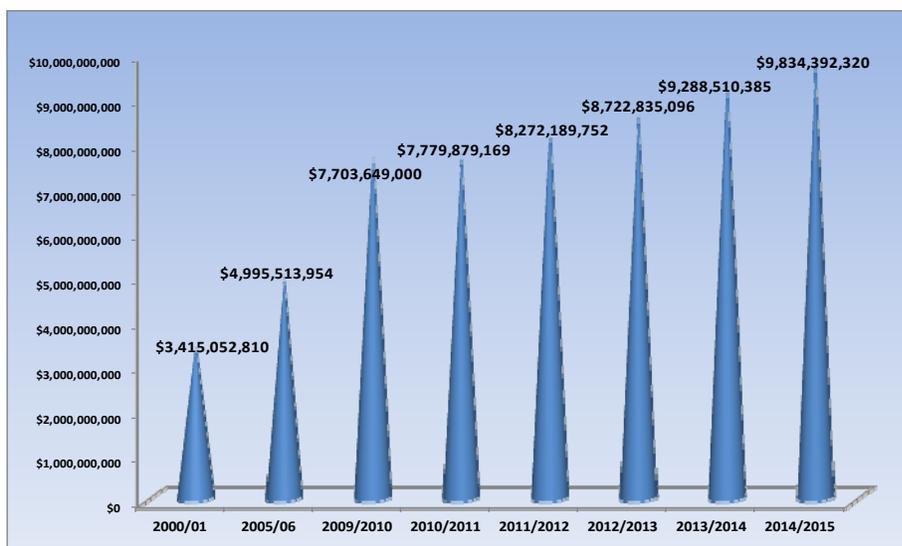
Market and Taxable Value History / Projections

The FY 15 taxes levied shown in the graph to the right will be levied this year. The FY 2016 through FY 2020 numbers are projections. The growth rate is a conservative 2.2% to 3.0%.

The actual growth rate has been at a low of 1.6% to a high of 3.4%. FY 2015 is a reappraisal year and will adjust valuations based on current market trends.



The average selling price for a single-family home has increased from \$228,000 in 2009 (reappraisal year) to an estimated \$258,000 in 2013. The 2009 reappraisal dramatically increased valuations from the 2003 values, however, the State Legislature adjusted taxable ratios so a majority of taxpayers did not see an increase in taxes. The exception to this comes from those properties growing at a greater percentage than the State average. In 2009, Gallatin County's Market Valuation grew at 64% versus the State average of 55%. This could have resulted in a 9% increase in revenue; however the state implemented a six-year phase-in of the new valuations so the County is seeing an increase of only 1.5% per year.



This graph shows changes in certified market value from the Department of Revenue. The graph shows a growth rate of 96% from FY 05 through FY 15. Growth in property values from FY 05 through FY 15 were 63.54%, or 5.77% per year. From FY 2000 to 2005 growth was at 52.4%. From FY 2005 to FY 2010 growth was at 60.9% and for the last 5 years growth has decreased to 34.7%.

**Estimates, Projections and Mill Levy Information**

**Mill Levy History**

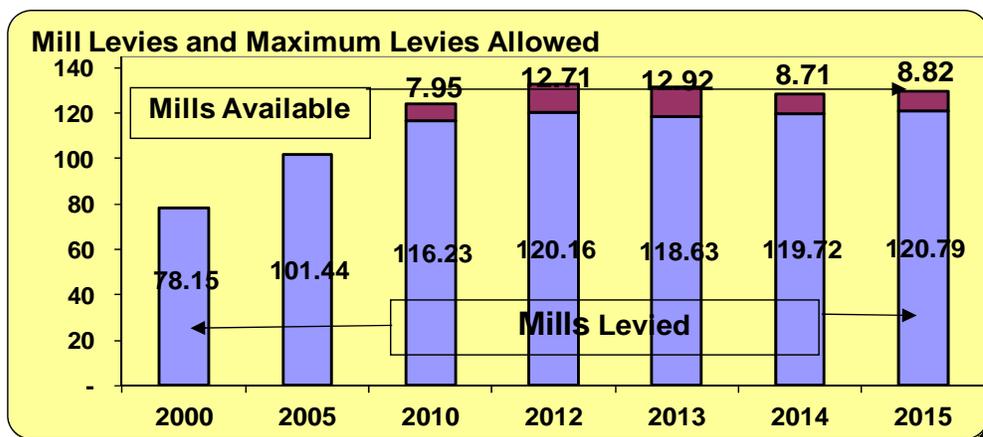
Gallatin County has seen significant changes in mill levies. Changes occurred because of:

- Legislative changes
  - Loss of revenue allowed to be corrected through increases in taxes
  - Inflationary mill levy of ½ the three year average of Economic Growth for the State of Montana as a whole is allowed (County is not using FY 07 – FY 12)
  - Authorization for Mill Levy if health insurance premiums increase, adjusted in FY 2014 based on state’s formula.
- Voted Mill Levy increases for Library and Enhanced Dispatch (9-1-1)
- Search & Rescue to maximum 1 mill (.49 mill increase) in FY 2014
- Two General Obligation Bonds approved for Open Space Activities (\$20 Million) and one for the Detention Center (\$32 Million)

The following graph shows the number of mills levied for Operating Funds (County Wide Mills), Rural Funds (taxes levied outside the boundaries of incorporated cities and towns) and Debt Service/Permissive Medical Levies.

Mill Levies have increased from 78.15 in FY 2000 to 120.79 for the Final FY 2015 Budget.

The Commission has not levied inflationary taxes except as needed. For FY 2015 the Commission has authorized the use



of inflation taxes for increases in health premiums, liability and property insurance, worker’s compensation insurance, new motor vehicle clerk and radio technician. Taxes not levied include: 1) County Operations \$1,393,374; 2) Rural (Road / Library) \$22,697; and 3) \$127,991 for special districts. The County will not be taxing the maximum amount for the Permissive Medical Levy in FY 2015, leaving \$796,961 available if needed in future years.

Pursuant to state statute and bond agreements, the County will be levying the amount required for bond payments. These include the Open Space Bonds and the Detention Center Bond, however, the number of mills for debt service has decreased from last year. Both of the bond issues were approved by a significant number of County voters.

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