



GALLATIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2014

AUDIT REPORT

GALLATIN COUNTY, MONTANA
AUDIT REPORT

Fiscal Year Ended June 30, 2014

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INTRODUCTORY

SECTION

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State of Montana

County of Gallatin

Bozeman



GALLATIN COUNTY CLERK AND RECORDER

December 31, 2014

To the Honorable Board Of County Commissioners and the Citizens of Gallatin County:

The annual financial report of Gallatin County for the Fiscal year ended June 30, 2014, is hereby submitted. The form and contents of this report has been prepared by the Accountant for the Clerk and Recorder's Office in conformance with the standards promulgated by the Governmental Accounting Standards Board. This report is presented in four main sections: Management's Discussion and Analysis, Basic Financial Statements, Supplemental Schedules, and the Single Audit Section. The Management Discussion and Analysis provides a readable overview of the Financial Statements contained in the subsequent pages of this report. The Basic Financial Statements section includes the Financial Statements and the Notes to the Financial Statements. The combined statements provide a summary of the financial position at June 30, 2014 and the results of operations for the fiscal year then ended in accordance with GASB 34 statement. The Notes to the Financial Statements are considered an integral and essential part of adequate disclosure and fair presentation of this financial report. The notes include a summary of Significant Accounting Policies for the County and other necessary disclosures of pertinent matters relating to the financial position of the County. Because the notes are an integral part of the financial statements they should be read in conjunction with them. The Supplemental Section includes the combining financial statements, which are required when the County has more than one fund of a given type. The Single Audit Section includes reports required by the Office of Management and Budget Circular A-133 and the Single Audit Act Amendment of 1996. Those consist of the Schedule of Federal Awards Expended and the outside auditors' letters, comments and recommendations. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

The preparation of this report could not have been accomplished without the assistance and cooperation of many County offices and departments.

Charlotte Mills
Gallatin County Clerk and Recorder

**COUNTY OF GALLATIN
ELECTED OFFICIALS/OFFICERS**

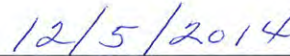
OFFICE	NAME OF COUNTY OFFICIALS/OFFICERS	DATE TERM EXPIRES
Commissioner	JOSEPH SKINNER	DEC. 2016
Commissioner	R. STEPHEN WHITE	DEC. 2018
Commissioner (Chairperson)	PIERRE MARTINEAU	DEC. 2014
Attorney	MARTY LAMBERT	DEC. 2014
Auditor	JENNIFER BLOSSOM	DEC. 2014
Treasurer / Assessor	KIMBERLY BUCHANAN	DEC. 2014
Clerk and Recorder / Surveyor	CHARLOTTE MILLS	DEC. 2014
Clerk of District Court / Public Administrator	JENNIFER BRANDON	DEC. 2016
Justice of the Peace	RICK WEST	DEC. 2014
Justice of the Peace	BRYAN ADAMS	DEC. 2014
School Superintendent	MARY ELLEN FITZGERALD	Jan 2. 2015
Sheriff / Coroner	BRIAN GOOTKIN	DEC. 2014
District Court Judge	MICHAEL SALVAGNI	DEC. 2014
District Court Judge	HOLLY BROWN	DEC. 2016
District Court Judge	JOHN C. BROWN	DEC. 2016

In accordance with State law, I hereby transmit the County of GALLATIN
Annual Financial Report for the fiscal year ended June 30, 2014

Respectfully submitted;



County Clerk and Recorder



Date

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Gallatin County, State of Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallatin County, State of Montana (the County), as of and for the year ended June 30, 2014, and related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Employee Group Benefits Plan- Other Postemployment Benefits (OPEB) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Anderson Zur Muehlen & Co., P.C.

Bozeman, Montana
December 30, 2014

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MANAGEMENT'S

DISCUSSION

AND

ANALYSIS

Gallatin County, Montana
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

The Board of County Commissioners, with assistance from County Elected Officials, the County Administrator and their staff, present the following Management Discussion and Analysis (MD&A). As management of Gallatin County, Montana, we have prepared Gallatin County's basic financial statements along with this comparative narrative overview and analysis of the financial activities of Gallatin County for the fiscal year ending June 30, 2014. We encourage readers to consider the information in this MD&A in conjunction with the rest of the annual report.

FINANCIAL HIGHLIGHTS:

The financial statements presented herein include all activities of Gallatin County, Montana, (the County) using the integrated approach as prescribed by the Government Accounting Standards Boards (GASB) Statement No. 34.

- As of June 30, 2014, Gallatin County's governmental funds reported combined ending fund balances of \$35,097,452 million, compared with \$31,829,992 million at June 30, 2013. The fund balance for the General Fund was \$4,002,938 – up \$565,336 from June 30, 2013. The increase is attributed to revenue increases associated with land use and planned use of working capital;
- Gallatin County continues to maintain a good financial standing because of positive growth in taxable values, adoption of Growth Policy, setting aside of most Newly Taxable Property for capital projects and adoption and full funding of 'Core Rolling Stock' Vehicle Replacement Program, and Bridge Replacement Program.
- Gallatin County's primary government assets exceeded its liabilities at June 30, 2014 by \$161.2 million (net position), compared with \$158.2 million at June 30, 2013. Of this amount, \$38.4 million (23.8%) is unrestricted and may be used to meet the government's general obligations to citizens and creditors.
- The total net position increased by \$3.0million. The current year increase comes from an increase in Unrestricted net position.
- Revenues from Taxes/Assessment were \$32,028,092 for governmental activities, up \$940,357 from fiscal year 2013. This increase primarily comes from an increase in valuations associated with new construction.
- The County Health Insurance Fund saw continued positive financial position as represented by unreserved cash in FY 2014 of \$1,969,853 (cash \$2,291,586 - Claims Payable \$321,733), compared to unreserved cash in FY 2010 of \$2.4M, FY 2011 of \$2.5M, FY 2012 cash of \$2.5M and FY 2013 at \$2.4M.
- The County's debt (excluding OPEB liability) for Governmental Activity debt decreased by \$2,455,447 to \$54,223,929 with Business-Type Activity debt increasing \$27,870 to \$3,019,458 with total debt decreasing by \$2,427,577 during fiscal year 2014.

OVERVIEW OF THE ANNUAL REPORT:

This discussion and analysis is intended to serve as an introduction to Gallatin County's basic financial statements. 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 other supplementary information in addition to the basic financial statements themselves. These components are described below:

Government-Wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of Gallatin County's finances in a manner similar to a private-sector business. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report help answer this question. These statements include all assets and liabilities, including long-term debt, using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Additionally, certain reductions have occurred as prescribed by the statements regarding interfund activity, payables and receivables.

These two statements report the County's net position and changes therein. The County's net position– the difference between assets and liabilities – is one way to measure the financial position of the County. Over time, increases or decreases in the County's net position are an indicator of whether the financial health is improving or deteriorating. Non-financial factors such as changes in the County's property tax base or the condition of the County roads/bridges also need to be considered in assessing the financial position of the County.

The Statement of Net Position and the Statement of Activities distinguish between the following activities:

- Governmental Activities – most of the County's basic services are reported here, including general government, public safety, public works, public health and other governmental activities. Property taxes, local option vehicle taxes and state and federal grants finance most of these activities.
- Business-type Activities – the County charges a fee to customers to recover the cost of certain services. These activities include Gallatin County Solid Waste District, Gallatin County Rest Home and West Yellowstone/Hebgen Refuse District.
- Component Units (Activity that the County supports and appoints a majority of the board (Airport Authority was previously a Component Unit)) The County does not have any component units for FY 2014.

The government-wide statements can be found on pages 10 and 11 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Some funds are required by State law or by bond covenants. Also, the Board of the County Commissioners establishes funds to control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, fees and other money. Examples include separate grant funds, Local Water Quality District, Rural Improvement District (RID) maintenance and bond funds.

The County maintains two types of funds, governmental and proprietary, which use different account approaches.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds use the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services we provide. Such information may be useful in evaluating a government's near-term financing requirements. 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing 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*.

Gallatin County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the public safety fund, RID maintenance and bond compilation, which are considered major funds. Data from the other 96 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the combining statements elsewhere in this report.

Proprietary Funds maintained by Gallatin County include two different types of funds; Enterprise funds and Internal Services funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the landfill, rest home and refuse district operations. *Internal Service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for motor pool, employee health insurance, facilities, central communications, copiers and liability/property insurance services. Because these services predominantly benefit governmental services rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 and additional information, such as cash flows, for proprietary funds.

Fiduciary Funds are used to account for resources held for the benefit of parties outside County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Gallatin County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – The basic financial statements are followed by the supplementary information section. This section includes other information not included in the previous statements.

THE COUNTY AS A WHOLE

The government-wide financial statements are found in the Basic Financial Statement Section of this report.

Government Activities – Most of Gallatin County's basic services are reported in this category, including:

General Government:

Elected Offices

County Attorney, Auditor, Clerk & Recorder/Surveyor, Commission, Justice of the Peace, Clerk of District Court/Public Administrator, and Treasurer/Assessor.

Departments

County Administrator, Compliance, Court Services, Finance, Geographic Information, Grant/Project Administration, Human Resources, Information Technology, and Community/Development/ Planning.

Public Safety:

Elected Offices

County Sheriff, Coroner.

Departments

Disaster & Emergency Services, Dispatch Services, Fire Marshal, Detention Services (Adult & Juvenile), Hazardous Materials Incident Services, Search & Rescue.

Public Works:

Departments

Airport at Three Forks, Bridge, Facilities/Procurement, Junk Vehicle, Noxious Weed Control, Road, Facilities, Rural Improvement Maintenance, and Refuse/Solid Waste.

Public Health:

Departments/Agencies –

Alcohol Rehabilitation, City/County Health (Administration, Human Services and Environmental Services), Mental Health, Senior Citizens, Cemetery Districts, Mosquito Control, and Water Quality.

Economic Development:

Economic Development, Extension Agents.

Culture and Recreation:

Library, Fair, and Parks.

Conservation and Natural Resources:

Open Lands Board, Open Space Bond, Open Space Bond Repayment.

Debt Service:

General Obligation Bonds, Loans Payable, Lease Purchases, Rural Special Improvement Bonds and Compensated Balances.

Business Type Activities – In this activity, fees charged to users are designed to cover all or most of the cost of the services provided. The County uses fees as the principle revenue source for landfill, refuse and rest home services.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Gallatin County's Net Position (assets exceed liabilities) is \$160,190,325 as of June 30, 2014.

Gallatin County, State of Montana
Statement of Net Position
June 30, 2014

	Primary Government - FY 2014			FY 13 TOTAL	FY 12 TOTAL	FY 11 TOTAL
	Governmental Activities	Business-Type Activities	Total			
ASSETS						
Cash & Cash Equivalents	41,039,370	14,366,834	55,406,204	50,241,239	46,963,976	48,266,136
Other Assets	11,714,143	1,135,802	12,849,945	13,647,397	13,516,414	15,036,019
Capital Assets net	<u>146,484,780</u>	<u>9,827,181</u>	<u>156,311,961</u>	<u>159,282,777</u>	<u>164,863,991</u>	<u>167,235,038</u>
Total assets	199,238,293	25,329,817	\$ 224,568,110	223,171,413	225,344,381	230,537,193
LIABILITIES						
Current Liabilities	7,211,418	924,199	8,135,617	7,784,726	7,811,479	9,876,763
Long-Term Liabilities	<u>51,724,831</u>	<u>3,178,174</u>	<u>54,903,005</u>	<u>57,153,716</u>	<u>58,485,796</u>	<u>63,311,288</u>
Total liabilities	58,936,249	4,102,373	\$ 63,038,622	64,938,442	66,297,275	73,188,051
DEFERRED INFLOWS OR RESOURCES						
Bond Premium	<u>339,163</u>	=	<u>339,163</u>	-	-	-
Total deferred inflows of resources	339,163	-	339,163	-	-	-
NET POSITION						
Invested in capital assets, net of related debt	94,357,167	9,014,681	103,371,848	102,497,673	107,628,968	105,057,164
Restricted	17,260,061	2,114,567	19,374,628	2,114,567	3,729,532	3,729,532
Unrestricted	<u>28,345,653</u>	<u>10,098,196</u>	<u>38,443,849</u>	<u>53,620,731</u>	<u>47,688,606</u>	<u>48,562,445</u>
Total net position	139,962,881	21,227,444	161,190,325	158,232,971	159,047,106	157,349,141

See accompanying notes to the financial statements

The County provided condensed financial information for fiscal years 2010 through 2012. Comparative information is available for years 2013 and 2014 years for Gallatin County. The analysis that follows focuses on the County's net position for governmental and business activities. Net Position– Unrestricted increased by \$2.4M from carry-over of projects.

This indicator requires several years of comparative information to show trends and variances. For Gallatin County, the following table shows the net amount assets exceeded liabilities.

Fiscal Year 2006 (June 30, 2006)	126,812,992
Fiscal Year 2007 (June 30, 2007)	133,386,034
Fiscal Year 2008 (June 30, 2008)	142,083,747
Fiscal Year 2009 (June 30, 2009)	147,149,944
Fiscal Year 2010 (June 30, 2010)	151,075,768
Fiscal Year 2011 (June 30, 2011)	157,349,141
Fiscal Year 2012 (June 30, 2012)	159,047,106
Fiscal Year 2013 (June 30, 2013)	158,232,971
Fiscal Year 2014 (June 30, 2014)	161,190,325

Net Position is separated into Invested in Capital Assets at 63%, Restricted at 1%, and Unrestricted net position at 36%. Unrestricted assets are used to meet the County's ongoing obligations. At the end of the current fiscal year, Gallatin County is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

The County's changes in net assets are shown in the following table. The report shows that primary governmental activities increased net position to \$161,190,325, compared to 2013's \$158,232,971, with 2012's being \$159,047,106, fiscal year 2011's \$157,349,141, and fiscal year 2010's \$151,075,768. The portion Business-Type Activities shows an increase in net position to \$21,227,444, an increase of \$717,416.

Gallatin County, State of Montana
Statement of Activities

Functions/Programs	For the Year Ended June 30, 2014 Net(Expense) Revenue and Changes in Net Position			For the Year Ended June 30, 2013 Net(Expense) Revenue and Changes in Net Position		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Primary government net revenues	\$ (33,183,563)	\$ 139,416	\$ (33,044,147)	\$ (33,488,391)	\$ 334,466	\$ (33,153,925)
General Revenues						
Property Taxes for General Purposes	32,028,092	1,080	32,029,172	31,078,735	29	31,078,764
Grants & entitlements not restricted to specific	2,691,752	-	2,691,752	2,443,734	-	2,443,734
Investment Earnings	627,981	275,968	903,949	(578,794)	(160,578)	(739,372)
Miscellaneous	104,493	-	104,493	568,854	-	568,854
Gain (loss) on sale and disposal of fixed assets	11,204	260,931	272,135	(1,013,621)	(7,569)	(1,021,190)
Transfers - net:	(40,021)	40,021	-	-	-	-
Total general revenues	35,423,501	578,000	36,001,501	32,498,908	(168,118)	32,330,790
Change in net position	2,239,938	717,416	2,957,354	(989,483)	166,348	(823,135)
Net position - beginning	137,722,943	20,510,028	158,232,971	138,703,426	20,343,680	159,047,106
Net position - ending	139,962,881	21,227,444	161,190,325	137,713,943	20,510,028	158,223,971

Government Activities

Gallatin County spent \$53,449,292 for governmental activities in fiscal year 2014. Significant events affecting Governmental activities are as follows:

- Governmental Activity increased due to General Government showing transfers associated with Detention Center replacement reserve and Public Works projects (TIGER, CTEP, road maintenance) and normal growth.
- Total Governmental expenses increased overall by 13.69% or \$6,434,978

The previous statement shows the amount paid by property taxpayers was \$32,028,092 or 59.92% of primary government activity expenses. The following table shows the changes in the percentage taxes are to governmental activity expenses:

Governmental Activities

<u>Year</u>	<u>Taxes</u>	<u>Expenses</u>	<u>Percentage</u>
2014	32,028,092	53,449,292	59.92%
2013	31,087,735	47,014,314	66.12%
2012	30,201,336	43,735,302	69.05%
2011	35,170,629	49,512,015	71.03%
2010	29,436,161	45,205,151	65.12%
2009	24,914,109	37,734,693	67.98%
2008	24,650,399	34,976,300	70.74%
2007	22,671,650	32,326,125	70.13%
2006	21,077,536	32,703,445	64.45%
2005	18,765,212	28,114,640	66.74%
2004	16,482,487	26,270,917	62.77%

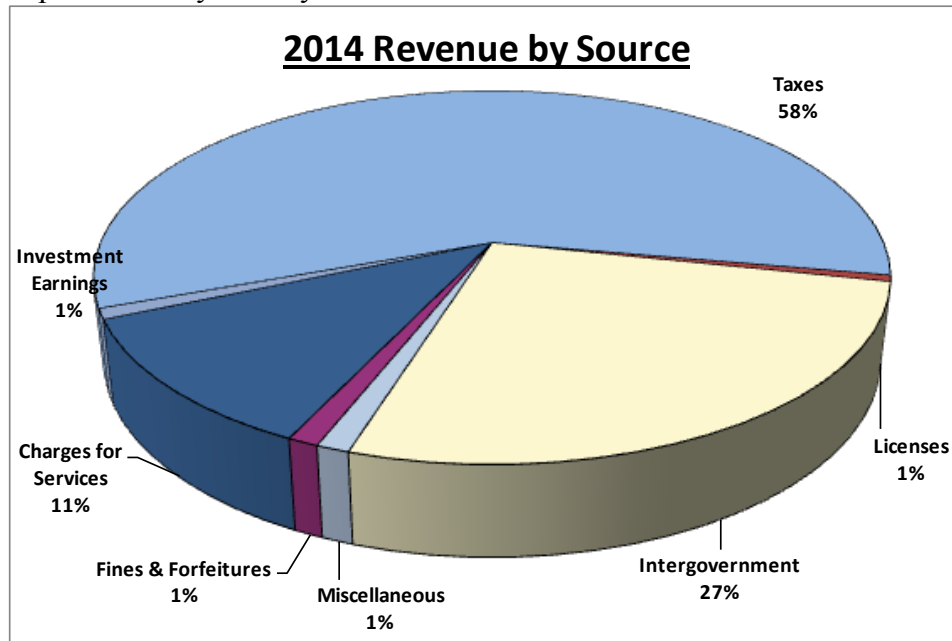
Some costs are paid directly by users of a service (Charges for Services). These revenues accounted for \$8,035,103 (15.03%) of fiscal year 2014 Governmental Activity expenses. Operating Grants & Contributions and Capital Grants and Contributions (Intergovernmental Revenues) generated \$12,230,626, accounting for 22.88% of expenses. Other Revenue sources generated the balance of money needed.

Overall, governmental program revenues, both primary government and business-type activity (revenue generated for services, fines, etc.), generated \$17,947,817 from charges for services, while operating grants and contributions and capital grants and contributions equaled \$12,410,268 accounting for \$30,358,085 or \$33,044,147 less than it cost to provide services (Total primary government expenses \$63,402,232 minus Program revenues \$30,358,085 equals \$33,044,147). The balance is required to be funded from other sources (Taxes). Program revenues do not include taxes, investment earnings, entitlements or sale of fixed assets, but are restricted to revenue generated by the individual departments for services, fees, fines, grants, contributions or other direct revenue sources.

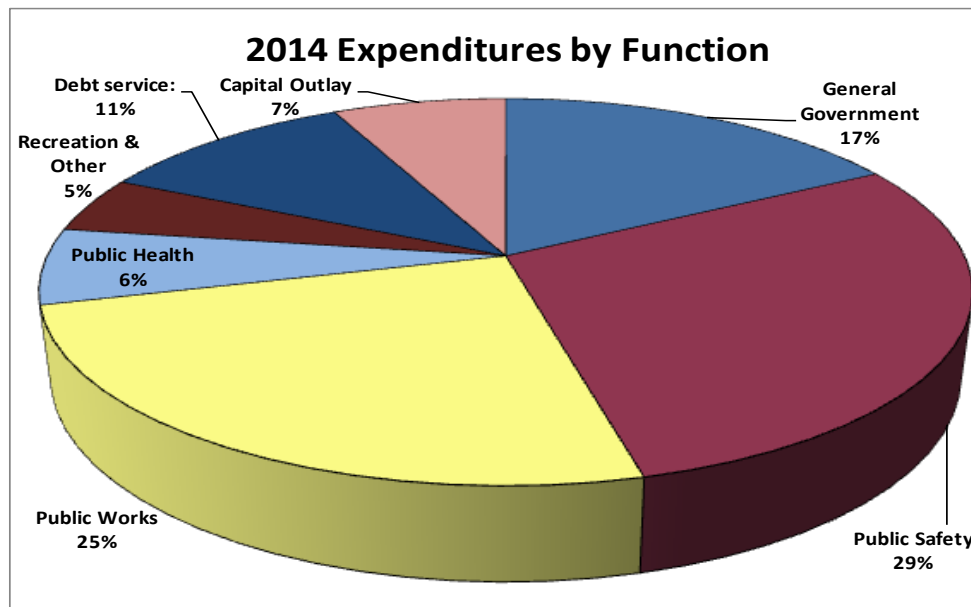
Graph of Revenues by Source – Activities

Gallatin County received \$55,930,883 in revenues to finance governmental operations. Total expenses for governmental activities were \$52,896,835; which resulted in a net position increase of \$3,034,048.

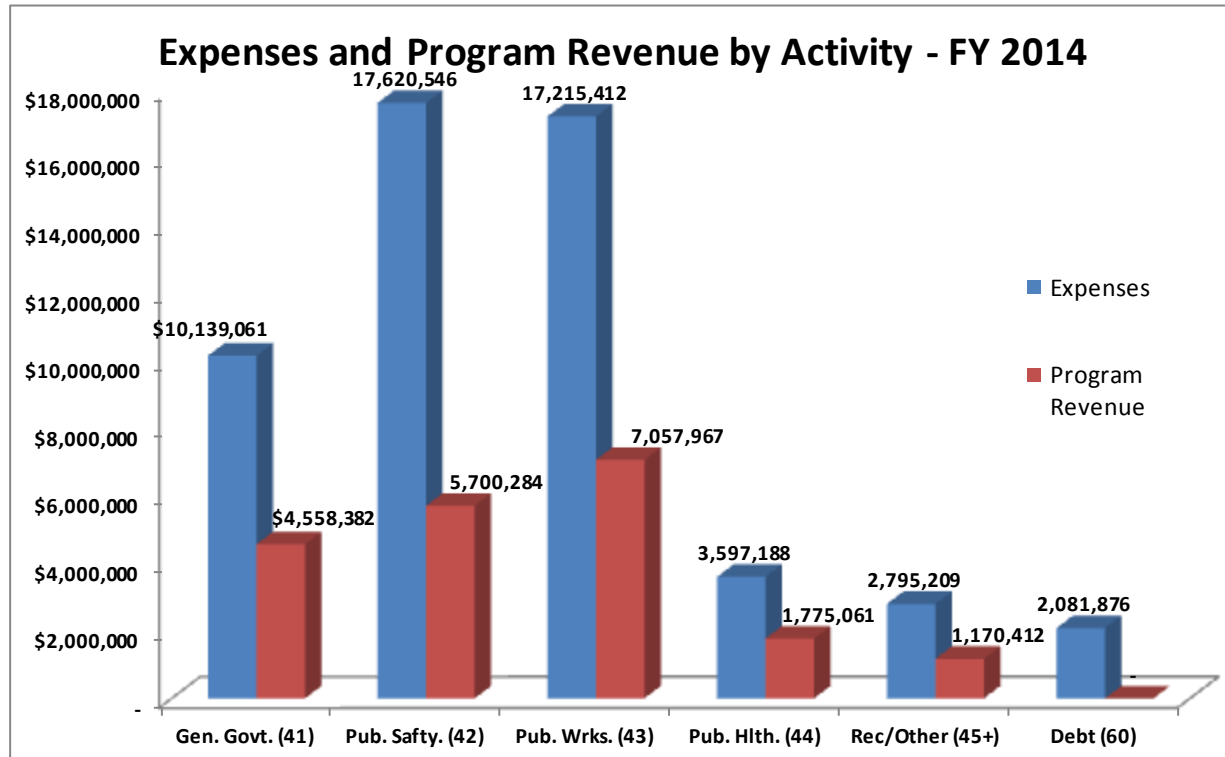
After all activities are considered, net position increased from \$158,232,961 to \$161,190,325 for governmental activities and business type activities. The graphs that follow show revenues by source and expenditures by activity for all activities.



A listing of which departments are included in each function section of the following pie chart can be found on pages 8 and 9 of this document.



The next graph compares expenses to the revenues generated by each activity:



As this graph dramatically shows, the cost of providing services to the residents and visitors of Gallatin County is not supported by the amount the state allows local governments to charge for providing those services.

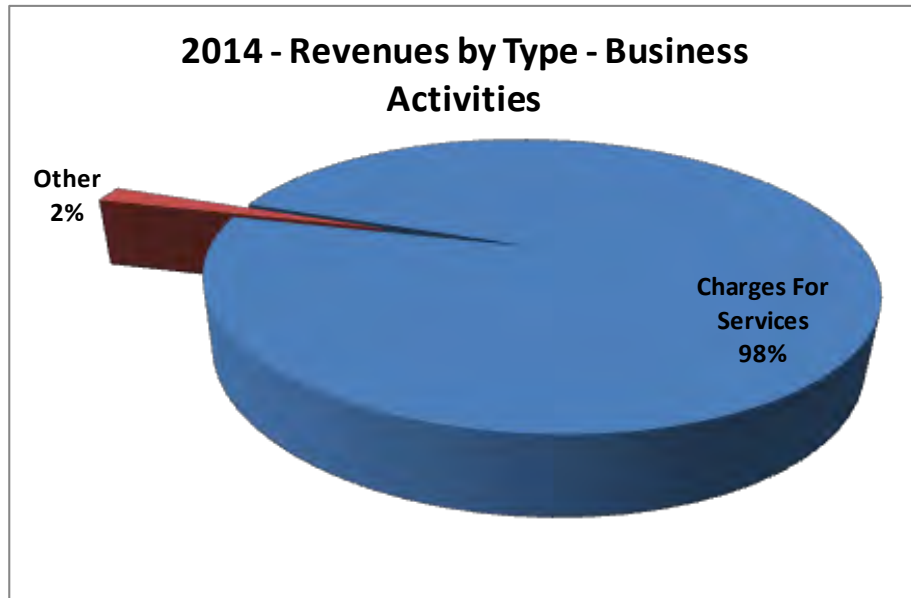
As a local government, Gallatin County uses tax revenues to support mandated services, as is the case with most county governments in Montana. To some extent, the County will need to increase tax levy's from the inflationary mill to maintain and especially if enhancement of service levels occur. In order to increase service levels, the following options are available:

- 1) receive authorization from the state legislature to increase local government's ability to charge the true cost of services, or authorize changes in current methods of funding local government (local option taxes), and/or
- 2) increase taxes - County Commission would need to utilize current taxing authority (inflationary mills / permissive medical levy) or request voter approve for an increase in taxes.

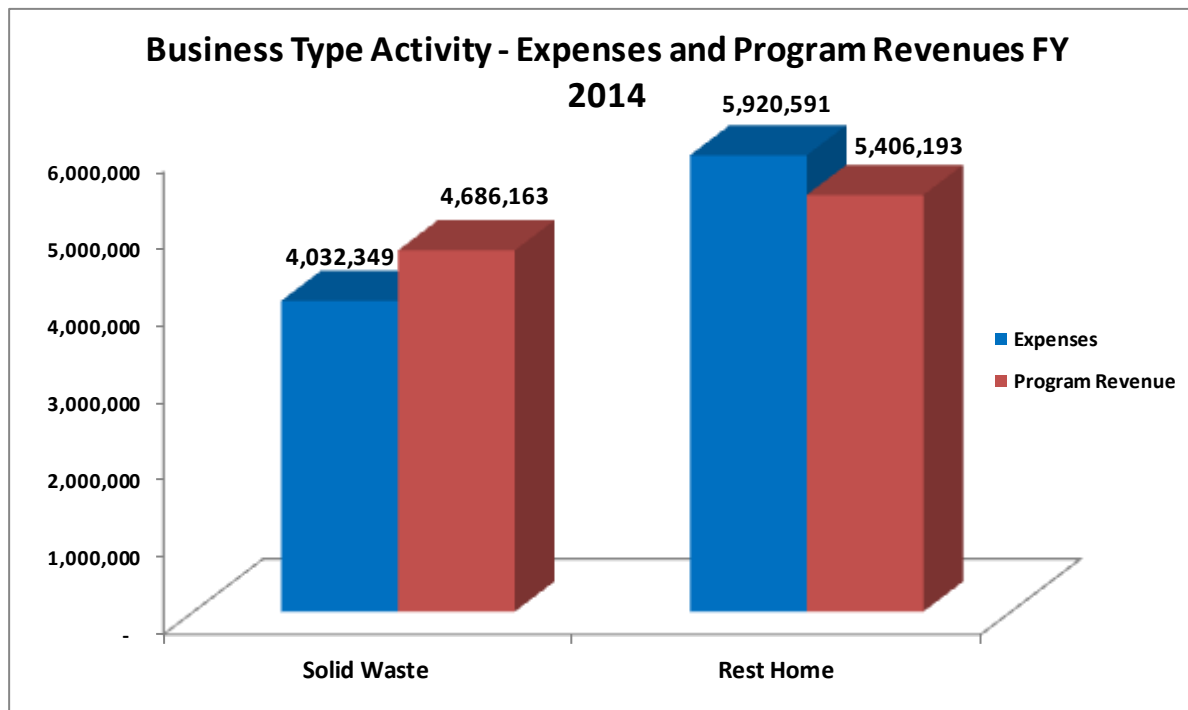
Business Type Activities

The cost of all proprietary (business type) activities this year was \$9,952,940. The amount paid by users of the Rest Home, Landfill and Refuse District was \$9,912,714.

Total resources for fiscal year 2014 to finance proprietary funds (business type) were \$10,092,356 (Charges for Services \$9,912,714 and Grants / Contributions \$179,642).



Total proprietary expenses during the year were \$9,952,940.



Funds of the County

The following is an analysis of balances in the County's major funds. The last column is for comparison purposes only and shows prior year revenues and expenses.

General Major Governmental Functions

The information below compares revenues in FY 2014 to FY 2013:

**Gallatin County, State of Montana
Statement of Activities
For the Year Ended June 30, 2014**

REVENUES	GENERAL	PUBLIC	RID	TIGR GRANT	RID BOND	CAPITAL	Other	Total	FY 2013
	SAFETY FUND	SAFETY FUND	MAINTENANCE		DEBT SERVICE	PROJECTS	Governmental Funds	Governmental Funds	TOTAL
Property Taxes	\$ 6,956,147	\$ 11,796,672	\$ 1,174,515		\$ 977,858	\$ 1,105,709	\$ 10,624,183	\$ 32,635,084	31,789,636
Licenses & Permits	950	36,280	-	-	-	-	262,472	299,702	307,915
Intergovernmental Revenues	1,127,959	733,904	-	6,239,526	-	75,820	6,667,387	14,844,596	9,786,465
Charges for Services	2,324,616	3,168,829	-	-	-	104,903	806,181	6,404,529	4,947,073
Fines & Forfeitures	455,304	59,095	-	-	-	-	83,171	597,570	539,771
Miscellaneous	89,526	41,220	-	-	-	-	406,964	537,710	580,933
Investment Earnings (loss)	269,888	61,966	99,874	2,848	4,784	713	69,391	509,464	(179,263)
Transfers In	553,484	22,981	34,906		-	871,693	1,420,837	2,903,901	2,462,849
Contributions/Donations	-	4,210	-	-	-	-	98,018	102,228	22,137
Total revenues	11,777,874	15,925,157	1,309,295	6,242,374	982,642	2,158,838	20,438,604	58,834,784	50,257,516

The following table shows where the County spent the money received (the activity) for Major Funds as stated above.

EXPENDITURES	GENERAL	PUBLIC	RID	TIGR GRANT	RID BOND	CAPITAL	Other	Total	FY 2013
	SAFETY FUND	SAFETY FUND	MAINTENANCE		DEBT SERVICE	PROJECTS	Governmental Funds	Governmental Funds	TOTAL
General Government	8,088,017	-	-	-	-	76,971	974,154	9,139,142	8,902,375
Public Safety	1,070,694	12,861,395	-	-	-	-	1,565,713	15,497,802	14,735,063
Public Works	827,055	-	823,425	7,560,982	-	-	4,130,375	13,341,837	7,611,621
Public Health	-	-	-	-	-	-	3,410,121	3,410,121	3,439,465
Social & Econ Service	373,326	-	-	-	-	-	73,626	446,952	456,211
Culture & Recreation	-	-	-	-	-	3,277	1,850,785	1,854,062	1,754,674
Housing & Comm Development	-	-	-	-	-	-	73,916	73,916	348,739
Conservation of Nat'l Resources	-	-	-	-	-	-	134,212	134,212	135,526
Principal Retirement	202,100	161,219	-	-	420,000	-	2,909,729	3,693,048	3,584,103
Interest	16,644	12,632	-	16,388	406,064	-	1,630,149	2,081,877	2,157,829
Bonds Issuance Costs	-	-	-	-	-	-	-	-	85,459
Capital Outlay	65,400	460,895	-	-	-	1,507,921	1,189,650	3,223,866	1,901,248
Transfer Out	539,302	1,261,441	-	-	38,135	1,375	2,011,008	3,851,261	3,161,049
Total Expenses	11,182,538	14,757,582	823,425	7,577,370	864,199	1,589,544	19,953,438	56,748,096	48,273,362

The General Fund is always a 'Major Fund'. Public Safety, TIGR Grant and RID Maintenance Funds are 'Major Funds' because liabilities, revenues and expenditures are all greater than 10% of the Special Revenue Funds. RID Bonds are considered a 'Major Fund' because they have greater than 10% assets and it also has greater than 10% of the Assets and Liabilities of debt service funds. Capital Project Fund is considered a 'Major Fund' because they have greater than 10% assets and it also has greater than 10% of the Assets and Liabilities of the Capital Project funds.

Proprietary Funds

The County has four proprietary funds comprised of Internal Service Funds and three major Enterprise Funds: Rest Home, Gallatin County Solid Waste District (Logan Landfill) and Hebgen/West Yellowstone Refuse District. The following statement gives an overview of all business type proprietary funds. Internal Service Funds are part of Governmental Activities.

Gallatin County, State of Montana
Summarized Comparative Schedule of Proprietary Funds
For the Year Ended June 30, 2014

	For the Year Ended June 30, 2014				For the Year Ended June 30, 2013			
	GALLATIN COUNTY REST HOME	GALLATIN COUNTY LANDFILL	WEST YELLOWSTONE REFUSE DISTRICT	Total Proprietary Funds	GALLATIN COUNTY REST HOME	GALLATIN COUNTY LANDFILL	WEST YELLOWSTONE REFUSE DISTRICT	Total Proprietary Funds
Operating revenues:								
Operating revenues:	5,226,551	3,822,815	863,348	9,912,714	5,283,334	3,534,363	785,771	9,603,468
Operating expenses:	5,920,591	3,032,032	991,722	9,944,345	5,812,793	3,003,285	858,651	9,674,729
Operating Income (loss)	(694,040)	790,783	(128,374)	(31,631)	(529,459)	531,078	(72,880)	(71,261)
Nonoperating revenues (expenses):								
Nonoperating revenues (expenses):	265,183	401,404	42,439	709,026	161,208	(103,644)	180,045	237,609
Change in net position	(388,836)	1,192,187	(85,935)	717,416	(368,251)	427,434	107,165	166,348
Total net position – beginning	5,453,704	10,237,675	4,818,649	20,510,028	5,821,955	9,810,241	4,711,484	20,343,680
Total net position – ending	\$ 5,064,868	\$ 11,429,862	\$ 4,732,714	\$ 21,227,444	\$ 5,453,704	\$ 10,237,675	\$ 4,818,649	\$ 20,510,028

Because the focus on business type funds is a cost of service measurement or capital measurement, they have been included in the table below, which shows a comparison of net income to net position.

	----- PRIOR YEARS -----				CURRENT
	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Total Assets	23,155,238	24,220,996	24,406,597	24,384,437	25,329,817
Net Position	17,707,410	19,472,837	20,343,681	20,510,028	21,227,444
TOTAL LIABILITIES	5,447,828	5,748,159	4,062,916	3,874,009	4,102,373
Net Income – Business Activities	1,119,223	1,765,427	519,196	166,348	717,416
(DIVIDED BY)					
Ending Net Position (EQUALS)	17,707,410	19,472,837	20,343,681	20,510,028	21,227,444
Return On Ending Net Position	6.32%	9.06%	2.56%	0.81%	3.38%

Debt Administration

Gallatin County maintained its bond rating from Standard and Poor at AA+, based on the 2014 Limited Tax General Obligation \$1,150,000 bond for Ice Facility and Fairground Improvements, bonds, lease/purchase instruments, and similar obligations of Gallatin County are considered a liability of governmental activities. As a whole, Governmental Activities debt decreased in fiscal year 2014 by \$2,455,447 comes from normal principle payments. The decrease would have been greater but the county financed the Ice Facility/Fairground Bond.

The cost per capita for governmental debt outstanding decreased from \$607.88 to \$574.89 in fiscal year 2014 (\$54,223,807 divided by estimated population of 94,320). Governmental activity debt summary for fiscal year 2014 is presented below.

	----- PRIOR YEARS -----				CURRENT
	FY 10	FY 11	FY 12	FY 13	FY 14
DEBT PAYABLE ON (June 30)					
BEGINNING BALANCE	58,916,157	59,648,747	62,773,975	57,914,983	56,679,376
ADD: Interap Loan / Notes/Bonds	-0-	1,300,000	300,000	-0-	1,150,000
Special Assessment Bonds	1,765,000	4,715,000	-0-	-0-	-0-
G. O Bonds	1,000,000	2,301,000	-0-	7,840,000	
Compensated Absences (INC)	58,649	159,428	109,168	23,378	87,478
Capital Lease Agreements	-0-	1,273,260	-0-	-0-	-0-
LESS: Loan/Lease Payments	795,774	1,954,084	2,774,953	835,133	895,825
Special Assessment Payments	374,000	568,000	602,000	698,000	420,000
Compensated Absence (DEC)	-0-	-0-	5,650	-0-	-0-
G.O. Payment/Refinancing	921,285	4,101,377	1,885,557	7,565,852	2,377,100
DEBT PAYABLE (June 30)	59,648,747	62,773,975	57,914,983	56,679,376	54,223,929
Cost Per Capita	\$656.58	\$690.98	\$635.94	\$607.88	\$574.89

Debt includes compensated absences (amount due to employees for accrued leave, including 1/4 sick leave, all vacation and compensatory time) of \$2,096,316 up \$87K from FY 13. The increase of \$87,478 represents a change of 4.35%, primarily from increased wages for employees. Debt does not include Other Post Employment Benefits (OPEB) of \$1,493,723

The County, by statute, can have debt of 2.50% of Assessed Valuation. For fiscal year 2014 this equals \$221,290,915. County debt of \$47,115,929 (\$54,223,929 less Special Assessment Bonds (RID) \$7,108,000) means the County has used 21.29% of its borrowing capacity through fiscal year 2014, with unused borrowing capacity being \$174,174,986. Special assessment bonds (RID Bonds) are not included when calculating debt limit. Debt from business-type activities does not affect the County's debt limit.

Capital Assets

Capital assets (non-current assets) of the County are those assets used in the performance of the County's functions including infrastructure assets.

Capital Assets

(net of depreciation)

	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	4,527,205	4,527,206	1,657,607	1,657,607	6,184,812	6,184,813
Building	47,867,821	48,698,276	3,926,162	4,339,012	51,793,983	53,037,288
Improvements other than buildings	897,277	931,880	803,861	1,573,574	1,701,137	2,505,454
Machinery and equipment	9,934,483	9,835,500	3,190,351	2,396,963	13,124,834	12,232,463
Intangibles	14,129,564	14,022,557	7,747	14,377	14,137,311	14,036,934
Infrastructure	67,079,235	70,336,479	-	-	67,079,235	70,336,479
Construction in progress	2,049,197	927,414	241,454	21,931	2,290,651	949,345
Total assets	146,484,782	149,279,312	9,827,181	10,003,464	156,311,963	159,282,776

At the end of 2014 the County had invested in a broad range of capital assets, including law enforcement equipment, roads and road equipment, bridges, county facilities, and other infrastructure. Major additions during 2014 included:

	<u>Governmental</u>	<u>Business-Type</u>
▪ Land – Intangibles	\$ -0-	\$ -0-
▪ Building Improvements	104,267	-0-
▪ Improvements not building	61,458	4,371
▪ Intangibles Software	94,525	516
▪ Intangibles Easements	174,720	-0-
▪ Infrastructure	963,247	-0-
▪ Improvements	126,134	-0-
▪ Machinery & Equipment	1,918,614	862,788
▪ Construction in Progress	1,578,278	219,523

As the previous table shows, Gallatin County is committed to the upkeep, maintenance and replacement/expansion of the County's assets.

Budgets and Budgetary Accounting

County General and Public Safety Fund Budget Highlights and Variances

The fiscal year 2014 adopted and final budgets for the General and Public Safety Funds totaled \$28,161,916. These budgets increased by \$2,053,393 during the year. Individual department budgets were amended, throughout the year, without affecting the total budget.

Original Budget + Continuing Appropriations + Encumbrances = Beg. Balance

\$ 26,108,523 + \$ -0- + \$ -0- = \$ 26,108,523

Beg. Balance +/- Supplemental Changes = Final Budget
\$26,108,523 + \$2,053,393 = \$ 28,161,916

The beginning to final budget shows an increase of 7.86% from budget amendments. Changes were caused by receipt of detention center inmate revenues from the state and other county's, land use revenues and changes associated with normal budget amendments for grants and increases in fee revenue.

Budget Changes – FY 14 Compared to FY 2015

The following information is provided to show the changes that have been made in the coming year's budget. The information is provided based on recommendations from the Governmental Accounting Standards Board.

No major changes in operational budgets occurred between fiscal year 2015 and fiscal year 2014 by the County Commission. Changes in staffing were:

Staffing Changes (FTE)

Department / Division	Net Increase (Decrease)
Compliance	0.03
Detention Center	1.50
Dispatch / Records	1.00
Fairgrounds	(1.00)
Human Resources	0.50
Health - City / County	(0.58)
Information Technology Services (ITS)	0.75
Justice Court	1.00
Planning	1.05
Sheriff	5.63
Treasurer	0.54
TOTAL COUNTY TAX SUPPORTED PERSONNEL	10.42
Facilities	0.25
Health - City / County - Grants	2.53
Public Safety Grants	(1.96)
Rest Home	1.00
Other Changes	0.66
TOTAL NON TAX SUPPORTED PERSONNEL	2.48
TOTAL CHANGES IN PERSONNEL	12.90

The following Capital Projects table identifies estimated costs of projects, amount expended through June 30, 2014 and the amount budgeted for FY 2015. The table includes 'Capital Equipment (County accounts)' for capital outlay funded through tax supported funds, 'Capital Equipment (grants/misc.)' which summarizes authorized capital purchases from Grants and misc. funds and 'Capital Equipment (special districts)' for capital items funded from fire districts, etc.

FY 2015 CAPITAL PROJECTS / OUTLAY - FINAL BUDGET

Projects by Department / Project Name

CAPITAL PROJECT AND OUTLAY / RESERVES									Amount Needed
DESCRIPTION	YEAR	CIPC Priority	FY 2015 Budget	Estimated Project	Revenue Sources				
					County	Department	Other	TOTAL	
Core Rolling Stock	2013		1,629,897	7,900,000	1,629,897	123,333	-	1,753,230	6,146,770
Bridge Replacement Program	2014		800,000	23,948,640	800,000	-	-	800,000	23,148,640
Building Reserve (\$0.95/sq. ft.)	2000		906,836	906,836	906,836	-	-	906,836	-
Judicial / Law Enforcement Building	2010	1	181,600	22,500,000	181,600	-	-	181,600	22,318,400
Courthouse Generator	2012		85,000	85,000	85,000	-	-	85,000	-
Pogreba Airport - Upgrades	2014	3	473,069	3,228,400	-	22,889	450,180	473,069	2,755,331
Detention Center (Reserve / Expansion)	2013		1,827,645	9,423,311	-	1,827,645	-	1,827,645	7,595,666
I-90 Interchange	2012		-	37,800,000	-	-	37,800,000	37,800,000	-
CTEP Projects	2015		491,146	491,146	-	-	491,146	491,146	-
Subtotal Budgeted Projects			6,395,193	106,283,333	3,603,333	1,973,867	38,741,326	44,318,526	61,964,807
Capital Reserves	2015		12,043,038						
Machinery & Equipment	2015		7,969,050						
CIP - Long Term					Estimates Only				
Sheriff - Remodel of L & J	2016			250,000					250,000
DES - Storage Facility	2018	2		540,000					540,000
Extension - Office Facility	2016+	6		610,000					610,000
Fair - CTEP Trail & SWMP #3	2014		250,000	250,000	35,000	-	215,000	-	250,000
Fair - Exhibit Building Remodel	2015	5		55,000					55,000
Fair - Remodel Midway Facility	2019	4		62,000					62,000
Fair - Parking North of Office	2014			225,000					225,000
Fair - Sale Pavilion	2015	8		60,000					60,000
Fair - Green Space, Sod, Trees, Shrubs	2019	7		60,000					60,000
Fair - Move RV Pedestals				50,000					50,000
Fair - Signage at Entrances	2015+			60,000					60,000
Fair - Year Round Ice Facility	2015			4,500,000					4,500,000
Fair - New Animal Wash Rack	2015			50,000					50,000
Fair - Indoor Swim Center	2015			7,195,000					7,195,000
Fair - Indoor Arena	2016			1,500,000					1,500,000
Fair - Storm Water Management	2016			60,000					60,000
Fair - Concourse Building	2018+			2,500,000					2,500,000
Fair - Event Center	2018+			4,500,000					4,500,000
Fair - Outdoor Lazy River Water Park	2018+			2,700,000					2,700,000
Fair - Model Train Building	2018+			150,000					150,000
Subtotal CIP - Long Term			20,262,088	25,377,000	35,000	-	215,000	-	25,377,000
TOTAL CAPITAL PROJECTS			26,657,281	131,660,333	3,638,333	1,973,867	38,956,326	44,318,526	87,341,807

Capital Projects increased to \$130.7 million for FY 2015, with \$26.8M funded in FY 2015, including full funding for the Airport Interchange. The previous table shows funding for all capital projects, capital outlay, capital equipment and those projects included in the long-term capital plan but not funded during in the FY 2015 Budget. The Commission authorized \$1,629,897 for Core Rolling Stock, \$800,000 for the Bridge Replacement Program, \$810,236 for repair, remodeling and updating of County Facilities, \$181,600 for the Law Enforcement Building, \$473,069 for improvements on Pogreba Airfield, and \$491,146 in CTEP Projects.

Summary

The fiscal year 2014 budget sees increases in taxes for operations and decreases in taxes for debt service. A comparison of budgeted taxes and mill levies for fiscal year 2010 through fiscal year 2014 shows:

Comparison of Budgeted Taxes

<u>Taxes Budgeted</u>	<u>FY 2010</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>% Change</u>
County Operating Taxes	\$ 16,343,857	\$ 17,122,165	\$ 17,362,033	\$ 18,282,663	\$ 18,808,855	2.88%
Road and Library Taxes	3,153,566	3,373,752	3,563,417	3,686,493	3,762,770	2.07%
Debt Service/Insurance Taxes	3,941,648	5,173,537	4,719,997	4,696,891	5,077,427	8.10%

MILL LEVIES

County Operating Taxes	73.20	72.62	72.50	74.15	74.35	0.27%
Road and Library Taxes	25.23	25.48	26.34	26.44	26.29	-0.57%
Debt Service/Insurance Taxes	17.80	22.08	19.79	19.13	20.15	5.33%

TAXABLE VALUATIONS

County Operating Valuations	223,244	235,791	239,468	246,571	252,964	2.59%
Road and Library Valuations	125,025	132,432	135,307	139,435	143,113	2.64%
Open Land Valuations	217,532	231,290	235,498	242,437	249,047	2.73%

This table shows growth in the valuation of property (primarily new construction) accounted for 2.59% of the increase in taxes, with the balance coming from a small increase associated with inflationary increase. The County Commission did not maximize the number of mills levied for the Permissive Medical levy (premiums and taxes for fiscal year 2015 did increase); however they did increase the mills and taxes for the Medical Levy. The Commission did not maximize taxes for county operating and rural taxes as authorized by state law. This results in the County not assessing taxes of \$2,213,032. The Commission may impose these taxes in future years if they deem it is in the best interest of the County.

Contacting the County Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of Gallatin County's finances and the County's accountability for the money it receives. If you have any questions about this report or want additional information, contact the Finance Department - Accounting Office at 311 West Main Street, Bozeman, MT 59715, phone 406-582-3048 or e-mail jill.therrien@gallatin.mt.gov.

Gallatin County, Montana
Board of County Commissioners



Pierre Martineau, Chairman

BASIC FINANCIAL STATEMENTS

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And Unnumbered

GOVERNMENT-WIDE

FINANCIAL

STATEMENTS

Gallatin County, State of Montana
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash & Investments	\$ 41,039,370	\$ 12,252,267	\$ 53,291,637
Cash & Investments-Restricted	-	2,114,567	2,114,567
Tax and Assessments Receivable, net	9,544,155	1,909	9,546,064
Other Receivables	1,974,353	1,133,893	3,108,246
Inventories	195,635	-	195,635
Capital Assets net	146,484,780	9,827,181	156,311,961
Total assets	<u>\$ 199,238,293</u>	<u>\$ 25,329,817</u>	<u>\$ 224,568,110</u>
LIABILITIES			
Accounts Payable	2,003,915	458,184	2,462,099
Accrued Payroll & Other Liabilities	1,454,705	308,306	1,763,011
Deposits Payable	12,233	-	12,233
Unearned grant revenue	64,168	-	64,168
Current Portion Of Long Term Debt	3,676,397	157,709	3,834,106
Noncurrent Portion Of Long Term Debt	50,547,532	981,885	51,529,417
Landfill Closure/Post Closure Costs	-	1,879,864	1,879,864
OPEB Liability	1,177,299	316,425	1,493,724
Total liabilities	<u>58,936,249</u>	<u>4,102,373</u>	<u>63,038,622</u>
DEFERRED INFLOWS OF RESOURCES			
Bond premium	339,163	-	339,163
Total deferred inflows of resources	<u>339,163</u>	<u>-</u>	<u>339,163</u>
NET POSITION			
Net Investment in Capital Assets	94,357,167	9,014,681	103,371,848
Restricted	17,260,061	2,114,567	19,374,628
Unrestricted	28,345,653	10,098,196	38,443,849
Total net position	<u>\$ 139,962,881</u>	<u>\$ 21,227,444</u>	<u>\$ 161,190,325</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Activities
For the Year Ended June 30, 2014

		Program Revenues			Net(Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 10,139,061	\$ 2,341,780	\$ 1,864,908	\$ 351,694	\$ (5,580,679)	\$ -	\$ (5,580,679)
Public Safety	17,620,546	3,981,227	1,704,057	15,000	(11,920,262)	-	(11,920,262)
Public Works	17,215,412	100,720	666,118	6,291,129	(10,157,445)	-	(10,157,445)
Public Health	3,597,188	440,964	1,334,097	-	(1,822,127)	-	(1,822,127)
Social & Economic Services	492,378	-	-	-	(492,378)	-	(492,378)
Culture & Recreation	2,000,134	588,209	3,623	-	(1,408,302)	-	(1,408,302)
Housing & Community Development	155,998	487,253	-	-	331,255	-	331,255
Conservation of Natural Resources	146,699	94,950	-	-	(51,749)	-	(51,749)
Debt Service-Debt Service Interest	2,081,876	-	-	-	(2,081,876)	-	(2,081,876)
Total governmental activities	53,449,292	8,035,103	5,572,803	6,657,823	(33,183,563)	-	(33,183,563)
Business-type Activities:							
West Yellowstone Refuse District	991,722	863,348	-	-	-	(128,374)	(128,374)
Gallatin County Rest Home	5,920,591	5,226,551	179,642	-	-	(514,398)	(514,398)
Gallatin County Landfill	3,040,627	3,822,815	-	-	-	782,188	782,188
Total business-type activities	9,952,940	9,912,714	179,642	-	-	139,416	139,416
Total primary government	\$ 63,402,232	\$ 17,947,817	\$ 5,752,445	\$ 6,657,823	\$ (33,183,563)	\$ 139,416	\$ (33,044,147)
General Revenues:							
Property Taxes for General Purposes					32,028,092	1,080	32,029,172
Grants & entitlements not restricted					2,691,752	-	2,691,752
Investment Earnings					627,981	275,968	903,949
Miscellaneous					104,493	-	104,493
Gain on sale and disposal of fixed assets					11,204	260,931	272,135
Transfers - net:					(40,021)	40,021	-
Total general revenues and transfers					35,423,501	578,000	36,001,501
Change in net position					2,239,938	717,416	2,957,354
Net position - beginning					137,722,943	20,510,028	158,232,971
Net position - ending					\$ 139,962,881	\$ 21,227,444	\$ 161,190,325

The notes to financial statements are an integral part of this statement.

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STATEMENTS

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Gallatin County, State of Montana
Balance Sheet
Governmental Funds
June 30,2014

	General	Public Safety	RID Maintenance	TIGER Grant	RID Bond Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash & Investments	\$ 4,384,424	\$ 4,589,948	\$ 5,252,607	\$ 291,361	\$ 333,574	\$ 5,718,159	\$ 15,859,171	\$ 36,429,244
Real Estate Taxes Receivable	165,474	319,581	36,539	-	93,942	40,487	331,613	987,636
Personal Property Taxes Receivable	56,142	93,781	-	-	-	11,716	122,217	283,856
Protested Taxes Receivable	162,935	325,910	-	-	-	31,863	306,874	827,582
Special Assessments Receivable	-	-	-	-	7,445,081	-	-	7,445,081
Accounts Receivable-Net	412,391	266,360	-	269,285	-	72,412	729,386	1,749,834
Due from other funds	45,865	28,277	-	-	-	14,499	-	88,641
Inventories	130,905	-	-	-	-	-	64,730	195,635
Total assets:	<u>\$ 5,358,136</u>	<u>\$ 5,623,857</u>	<u>\$ 5,289,146</u>	<u>\$ 560,646</u>	<u>\$ 7,872,597</u>	<u>\$ 5,889,136</u>	<u>\$ 17,413,991</u>	<u>\$ 48,007,509</u>
Liabilities:								
Accounts Payable	\$ 299,917	\$ 382,369	\$ 13,238	\$ 262,459	\$ -	\$ 76,527	\$ 792,139	\$ 1,826,649
Contracts/Loans Payable	-	-	-	-	12,233	-	-	12,233
Other Accrued Payables	408,889	395,507	-	-	4,997	130	302,847	1,112,370
Due To Other Funds	-	-	-	-	-	-	88,641	88,641
Unearned grant revenue	-	-	-	-	-	-	64,168	64,168
Total liabilities:	<u>708,806</u>	<u>777,876</u>	<u>13,238</u>	<u>262,459</u>	<u>17,230</u>	<u>76,657</u>	<u>1,247,795</u>	<u>3,104,061</u>
Deferred Inflows of Resources:								
Unavailable revenue, fines and forfeitures	261,841	-	-	-	-	-	-	261,841
Unavailable revenue, property taxes	384,551	739,272	36,539	-	7,539,023	84,066	760,704	9,544,155
Total deferred inflows of resources	<u>646,392</u>	<u>739,272</u>	<u>36,539</u>	<u>-</u>	<u>7,539,023</u>	<u>84,066</u>	<u>760,704</u>	<u>9,805,996</u>
Fund balances:								
Nonspendable:								
Inventories	130,905	-	-	-	-	-	64,730	195,635
Restricted for:								
Grants	-	-	-	298,187	-	2,126,518	3,715,932	6,140,637
Debt Service Obligations	-	-	-	-	-	-	793,587	793,587
RID Debt Services	-	-	-	-	316,344	-	-	316,344
Construction Projects	-	-	-	-	-	-	1,898,835	1,898,835
General Government	488,370	-	-	-	-	-	19,350	507,720
Public Safety	-	63,915	-	-	-	-	-	63,915
Committed for:								
RID Maintenance	-	-	5,239,369	-	-	-	-	5,239,369
General Government	3,078,080	-	-	-	-	3,601,895	3,781,807	10,461,782
Public Safety	-	4,006,554	-	-	-	-	40,786	4,047,340
Public Works	-	-	-	-	-	-	2,856,278	2,856,278
Public Health	-	-	-	-	-	-	1,178,631	1,178,631
Culture & Recreation	-	-	-	-	-	-	513,105	513,105
Conservation Of Natural Resources	-	-	-	-	-	-	542,451	542,451
Assigned for:								
General Government	305,583	-	-	-	-	-	-	305,583
Public Safety	-	36,240	-	-	-	-	-	36,240
Total fund balances	<u>4,002,938</u>	<u>4,106,709</u>	<u>5,239,369</u>	<u>298,187</u>	<u>316,344</u>	<u>5,728,413</u>	<u>15,405,492</u>	<u>35,097,452</u>
Total liabilities, deferred inflows of resources and fund balances								
	<u>\$ 5,358,136</u>	<u>\$ 5,623,857</u>	<u>\$ 5,289,146</u>	<u>\$ 560,646</u>	<u>\$ 7,872,597</u>	<u>\$ 5,889,136</u>	<u>\$ 17,413,991</u>	<u>\$ 48,007,509</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2014

Amounts reported for *governmental activities* in the statement of net assets are different because:

Total fund balances - governmental funds	\$ 35,097,452
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Capital assets	246,706,605	
Accumulated depreciation	(100,784,627)	
		145,921,978

Property taxes receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred inflows of resources in the funds.	9,544,155
---	-----------

Unamortized bond premium	(339,163)
--------------------------	-----------

Fines and forfeitures receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred inflows of resources in the funds.	261,841
--	---------

An internal service fund is used by management to charge the costs of employees medical insurance. The governmental portion of the internal service fund are included with governmental activities	4,826,581
--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(55,349,963)
--	--------------

Total net position - governmental activities	\$ 139,962,881
---	-----------------------

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Public Safety	RID Maintenance	TIGER Grant	RID Bond Debt Service	Capital Projects	Other Governmental Funds	Total Governmental
REVENUES								
Property Taxes	\$ 6,956,147	\$ 11,796,672	\$ 1,174,515	\$ -	\$ 977,858	\$ 1,105,709	\$ 10,624,183	\$ 32,635,084
Licenses & Permits	950	36,280	-	-	-	-	262,472	299,702
Intergovernmental Revenues	1,127,959	733,904	-	6,239,526	-	75,820	6,667,387	14,844,596
Charges for Services	2,324,616	3,168,829	-	-	-	104,903	806,181	6,404,529
Fines & Forfeitures	455,304	59,095	-	-	-	-	83,171	597,570
Miscellaneous	89,526	41,220	-	-	-	-	406,964	537,710
Investment Earnings (loss)	269,888	61,966	99,874	2,848	4,784	713	69,391	509,464
Contributions/Donations	-	4,210	-	-	-	-	98,018	102,228
Total revenues	<u>11,224,390</u>	<u>15,902,176</u>	<u>1,274,389</u>	<u>6,242,374</u>	<u>982,642</u>	<u>1,287,145</u>	<u>19,017,767</u>	<u>55,930,883</u>
EXPENDITURES								
Current:								
General Government	8,088,017	-	-	-	-	76,971	974,154	9,139,142
Public Safety	1,070,694	12,861,395	-	-	-	-	1,565,713	15,497,802
Public Works	827,055	-	823,425	7,560,982	-	-	4,130,375	13,341,837
Public Health	-	-	-	-	-	-	3,410,121	3,410,121
Social & Econ Service	373,326	-	-	-	-	-	73,626	446,952
Culture & Recreation	-	-	-	-	-	3,277	1,850,785	1,854,062
Housing & Community Development	-	-	-	-	-	-	73,916	73,916
Conservation of Nat'l Resources	-	-	-	-	-	-	134,212	134,212
Debt service:								
Principal Retirement	202,100	161,219	-	-	420,000	-	2,909,729	3,693,048
Interest	16,644	12,632	-	16,388	406,064	-	1,630,149	2,081,877
Capital Outlay	65,400	460,895	-	-	-	1,507,921	1,189,650	3,223,866
	<u>10,643,236</u>	<u>13,496,141</u>	<u>823,425</u>	<u>7,577,370</u>	<u>826,064</u>	<u>1,588,169</u>	<u>17,942,430</u>	<u>52,896,835</u>
Excess (deficiency) of revenues over expenditures	<u>581,154</u>	<u>2,406,035</u>	<u>450,964</u>	<u>(1,334,996)</u>	<u>156,578</u>	<u>(301,024)</u>	<u>1,075,337</u>	<u>3,034,048</u>
OTHER FINANCINGSOURCES (USES)								
Transfers Out	(539,302)	(1,261,441)	-	-	(38,135)	(1,375)	(2,011,008)	(3,851,261)
Sale of Fixed Assets	-	-	-	-	-	11,204	-	11,204
Transfers In	553,484	22,981	34,906	-	-	871,693	1,420,837	2,903,901
Bonds Proceeds	-	-	-	-	-	1,150,000	-	1,150,000
Premium on Bonds Issued	-	-	-	-	-	19,568	-	19,568
Total other financing sources and uses	<u>14,182</u>	<u>(1,238,460)</u>	<u>34,906</u>	<u>-</u>	<u>(38,135)</u>	<u>2,051,090</u>	<u>(590,171)</u>	<u>233,412</u>
Net Change in fund balances	595,336	1,167,575	485,870	(1,334,996)	118,443	1,750,066	485,166	3,267,460
Fund balances -- beginning	3,407,602	2,939,134	4,753,499	1,633,183	197,901	3,978,347	14,920,326	31,829,992
Fund balances -- ending	<u>\$ 4,002,938</u>	<u>\$ 4,106,709</u>	<u>\$ 5,239,369</u>	<u>\$ 298,187</u>	<u>\$ 316,344</u>	<u>\$ 5,728,413</u>	<u>\$ 15,405,492</u>	<u>\$ 35,097,452</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year ended June 30, 2014

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 3,267,460
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Asset acquisition	4,179,634	
Depreciation	<u>(7,129,453)</u>	
		(2,949,819)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(331,353)
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in compensated absences	(80,512)	
Increase in GASB 45 OPEP Obligation	<u>(198,741)</u>	
		(279,253)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Notes Payable and Capital Leasing	(1,150,000)
-----------------------------------	-------------

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,692,921
--	-----------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.	<u>(10,018)</u>
--	-----------------

Change in net position - statement of activities	<u>\$ 2,239,938</u>
--	---------------------

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Net Position
Proprietary Funds
June 30, 2014

Business-type Activities - Enterprise Funds

	Gallatin County Rest Home	Gallatin County Landfill	West Yellowstone Refuse District	Total Proprietary Funds	Governmental Activities: Internal Service Funds
ASSETS					
Cash & Investments	\$ 4,067,184	\$ 6,126,262	\$ 2,058,821	\$ 12,252,267	\$ 4,610,126
Cash & Investments-Restricted	-	2,114,567	-	2,114,567	-
Real Estate Taxes Receivable	1,000	-	612	1,612	-
Personal Taxes Receivable	297	-	-	297	-
Accounts Receivable-Net	413,783	570,580	149,530	1,133,893	224,519
Capital Assets-Net	1,395,372	5,809,507	2,622,302	9,827,181	562,802
Total assets	<u>5,877,636</u>	<u>14,620,916</u>	<u>4,831,265</u>	<u>25,329,817</u>	<u>5,397,447</u>
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts Payable	140,224	262,952	55,008	458,184	177,266
Contracts/Loans Payable	-	125,000	-	125,000	-
Other Accrued Payables	167,156	130,366	10,784	308,306	342,335
Compensated Absences	24,741	5,618	2,350	32,709	32,598
Total Current liabilities	<u>332,121</u>	<u>523,936</u>	<u>68,142</u>	<u>924,199</u>	<u>552,199</u>
Non current liabilities:					
Contracts/Loans Payable	-	687,500	-	687,500	-
GASB 45 OPEB Obligation	257,979	49,190	9,256	316,425	18,667
Closure/Post Closure Costs	-	1,879,864	-	1,879,864	-
Compensated Absences	222,668	50,564	21,153	294,385	-
Total Non Current Liabilities	<u>480,647</u>	<u>2,667,118</u>	<u>30,409</u>	<u>3,178,174</u>	<u>18,667</u>
Total liabilities	<u>812,768</u>	<u>3,191,054</u>	<u>98,551</u>	<u>4,102,373</u>	<u>570,866</u>
Net Position:					
Net Investment in Capital Assets	1,395,372	4,997,007	2,622,302	9,014,681	562,802
Restricted (expendable)	-	2,114,567	-	2,114,567	-
Unrestricted	3,669,496	4,318,288	2,110,412	10,098,196	4,263,779
Total net position	<u>\$ 5,064,868</u>	<u>\$ 11,429,862</u>	<u>\$ 4,732,714</u>	<u>\$ 21,227,444</u>	<u>\$ 4,826,581</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities: Internal Service Funds
	Gallatin County Rest Home	Gallatin County Landfill	West Yellowstone Refuse District	Total Proprietary Funds	
Operating revenues:					
Charges for Services	\$ 5,226,464	\$ 3,819,020	\$ 862,015	\$ 9,907,499	\$ 604,555
Miscellaneous	87	3,795	1,333	5,215	627
Internal Services	-	-	-	-	6,915,445
Total Operating Revenues	<u>5,226,551</u>	<u>3,822,815</u>	<u>863,348</u>	<u>9,912,714</u>	<u>7,520,627</u>
Operating expenses:					
Public Safety Personnel Services	-	1,447	-	1,447	-
Public Works Personnel Services	-	856,152	208,849	1,065,001	-
Public Works Operations	-	1,279,732	570,137	1,849,869	-
Public Works-Depreciation	-	894,701	212,736	1,107,437	-
Public Health Personnel	4,094,219	-	-	4,094,219	-
Public Health Operations	1,693,398	-	-	1,693,398	-
Internal Service-Personnel	-	-	-	-	498,307
Internal Service-Supplies	-	-	-	-	221,640
Internal Service-Purchased Services	-	-	-	-	1,207,803
Internal Service-Fixed Charges	-	-	-	-	863,043
Internal Service-Depreciation	-	-	-	-	64,786
Internal Service-Benefit Payments	-	-	-	-	5,681,109
Public Health Depreciation	132,974	-	-	132,974	-
Total operating expenses	<u>5,920,591</u>	<u>3,032,032</u>	<u>991,722</u>	<u>9,944,345</u>	<u>8,536,688</u>
Operating Income (loss)	<u>(694,040)</u>	<u>790,783</u>	<u>(128,374)</u>	<u>(31,631)</u>	<u>(1,016,061)</u>
Nonoperating revenues (expenses):					
Property Taxes	1,080	-	-	1,080	-
Intergovernmental Revenues	179,642	-	-	179,642	-
Investment Earnings (loss)	85,132	148,397	42,439	275,968	98,949
Gain (loss) on sale of fixed assets	(671)	261,602	-	260,931	(245)
Interest Expense	-	(8,595)	-	(8,595)	-
Total non operating revenue	<u>265,183</u>	<u>401,404</u>	<u>42,439</u>	<u>709,026</u>	<u>98,704</u>
Income (loss) before contributions and transfers	(428,857)	1,192,187	(85,935)	677,395	(917,357)
Transfers In	40,021	-	-	40,021	907,339
Change in net position	<u>(388,836)</u>	<u>1,192,187</u>	<u>(85,935)</u>	<u>717,416</u>	<u>(10,018)</u>
Total net position -- beginning	<u>5,453,704</u>	<u>10,237,675</u>	<u>4,818,649</u>	<u>20,510,028</u>	<u>4,836,599</u>
Total net position -- ending	<u>\$ 5,064,868</u>	<u>\$ 11,429,862</u>	<u>\$ 4,732,714</u>	<u>\$ 21,227,444</u>	<u>\$ 4,826,581</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities: Internal Service Funds
	Gallatin County Rest Home	Gallatin County Landfill	West Yellowstone Refuse District	Total Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash From interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 7,385,724
Other operating cash receipts	87	3,795	1,026,662	1,030,544	-
Cash receipts from customers	5,426,502	3,648,134	-	9,074,636	(121,702)
Other operating cash payments	34,437	124,308	-	158,745	-
Payments to employees	(4,027,073)	(836,928)	(203,001)	(5,067,002)	(440,601)
Payments to interfund services used	(56,700)	-	-	(56,700)	(54,174)
Payments to suppliers	(1,674,655)	(1,118,515)	(592,442)	(3,385,612)	(7,775,247)
Net cash provided (used) by operating activities	(297,402)	1,820,794	231,219	1,754,611	(1,006,000)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental Revenue	179,642	-	-	179,642	-
Subsidy from taxes	58	-	-	58	-
Transfers from Other Funds	40,020	-	-	40,020	907,339
Net cash provided by noncapital financing activities	219,720	-	-	219,720	907,339
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid on Debt	-	(8,595)	-	(8,595)	-
Principal on Debt	-	(125,000)	-	(125,000)	-
Gain on sale of capital assets	-	284,001	-	284,001	2,399
Purchase of capital assets	(73,968)	(851,694)	(161,534)	(1,087,196)	(222,721)
Net cash used by capital and related financing activities	(73,968)	(701,288)	(161,534)	(936,790)	(220,322)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Earnings (loss)	85,132	148,397	42,438	275,967	98,949
Net cash provided (used) by investing activities	85,132	148,397	42,438	275,967	98,949
Net increase (decrease) in cash and investments	(66,518)	1,267,903	112,123	1,313,508	(220,034)
Balances - beginning of year	4,133,702	6,972,926	1,946,698	13,053,326	4,830,160
Balances - end of the year	\$ 4,067,184	\$ 8,240,829	\$ 2,058,821	\$ 14,366,834	\$ 4,610,126
Cash and Investments consists of:					
Cash and investments	\$ 4,067,184	\$ 6,126,262	\$ 2,058,821	\$ 12,252,267	\$ 4,610,126
Restricted cash and investments	-	2,114,567	-	2,114,567	-
Total cash and investments	\$ 4,067,184	\$ 8,240,829	\$ 2,058,821	\$ 14,366,834	\$ 4,610,126
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (694,040)	\$ 790,783	\$ (128,374)	\$ (31,631)	\$ (1,016,061)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation Expense	132,974	894,701	212,736	1,240,411	64,786
Changes in assets and Liabilities:					
Increase in Closure/Post Closure Costs	-	124,307	-	124,307	-
Increase (decrease) in Accounts Payable - Supplier	(894)	161,218	(22,304)	138,020	139,024
Increase (decrease) in Compensated absences	64,520	14,647	5,249	84,416	6,966
(Increase) decrease in Customer Receivables	200,038	(170,886)	163,314	192,466	(200,715)
Increase (decrease) in Salaries & Benefits Payable	-	6,024	598	6,622	-
Net Cash provided (used) by operating activities	\$ (297,402)	\$ 1,820,794	\$ 231,219	\$ 1,754,611	\$ (1,006,000)

Schedule of Noncash Capital and Related Financing Activities

The Rest Home Fund reported a noncash loss on disposal of fixed assets of \$671.

The Gallatin County Landfill fund reported a noncash loss on disposal of fixed assets of \$22,399.

The West Yellowstone Refunse District reported a noncash loss on disposal of fixed assets of \$2,154.

Gallatin County, State of Montana
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 73,553,010	\$ 3,436,881
Tax/assessment receivable (net)	-	8,063,841
Accrued Interest Receivable	66,256	-
Total Assets	<u>73,619,266</u>	<u>11,500,722</u>
 LIABILITIES		
Accounts payable	-	829,130
Protested taxes payable		3,875,806
Due to other governments	-	6,795,786
Total Liabilities	<u>-</u>	<u>11,500,722</u>
 NET POSTION		
Held in trust for investments and other purposes	<u>\$ 73,619,266</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Investment Trust Funds
	<hr/>
ADDITIONS:	
Investment earnings	\$ 656,981
Contributions to investment trust	364,390,039
	<hr/>
Total Additions	365,047,020
	<hr/>
DEDUCTIONS:	
Distribution of investments	364,403,113
	<hr/>
Total Deductions	364,403,113
	<hr/>
Change in net position	643,907
Net position - July 1, 2013	72,975,359
	<hr/>
Net position - June 30, 2014	\$ 73,619,266
	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

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GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gallatin County, State of Montana (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The County is a political subdivision of the State of Montana governed by a three member Board of Commissioners duly elected by the registered voters of the County. The County utilizes the Commission form of government. The accompanying financial statements present the primary government.

Certain activities such as Fair, Library, Weed, and Planning have separate boards but are included in the basic financial statements as special revenue funds because they are not legally separate or fiscally independent from the County and the County is financially accountable. Other activities such as the Soil Conservation District, West Yellowstone TV District, Sewer and Water Districts, Fire Districts, Fire Service Areas, Cemetery Districts, Dyke Districts, Cities, and School Districts are reflected only in the fiduciary statement of net position as agency funds, since the County is responsible, by law, for the collection of taxes and/or maintenance cash funds for those entities. These entities are considered primary governments and are not a part of the County.

B. Fund Accounting

The County uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all financial activities of the general government not recorded in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds include all trust and agency funds which account for assets held by the County as a trustee or as an agent for individuals, other governmental units and/or other funds. The investment trust fund accounts for the external portion of the County's investment pool, which is invested for County school districts, special districts, and the protest tax fund. These districts have all agreed to voluntarily participate in the investment pool. Agency funds generally are used to account for funds being held on an interim basis on behalf of others as their agent. Such funds are custodial in nature since all assets are due to individuals or entities at some future time.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Nonmajor funds are aggregated and presented in a single column. The internal service funds are aggregated in a single column on the face of the proprietary fund statement.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred as under accrual accounting. Principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as fund liabilities when payment is due.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The accrual basis of accounting is utilized by proprietary funds and the investment trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Agency funds are custodial in nature and do not involve measurement of results of operations.

The County reports deferred inflows of resources on its governmental funds' balance sheets. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred inflows of resources is removed from the combined balance sheet and revenue is recognized. The County reports uncollected property tax revenues as deferred inflows of resources for governmental funds.

Those revenues susceptible to accrual are interest revenue, grant revenues, and charges for services. Changes in the fair value of investments are recognized in revenue at the end of each year. Fines and permits are not susceptible to accrual because generally they are not measurable and available until received in cash.

The government reports the following major governmental funds:

General Fund – This is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Special Revenue Fund – This is the fund that accounts for all financial resources of the County's Sheriff Department, Coroner, Disaster & Emergency Services / Hazardous Materials and County Rural Fire.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Tiger Grant Special Revenue Fund - This fund accounts for the financial resources for the grant for the I-90 project.

RID Maintenance Special Revenue Fund- This fund accounts for financial resources for the maintenance costs associated with the rural improvement districts.

Capital Projects Fund-This fund accounts for all of the County's capital improvement activities.

RID Bonds Fund – This is the summary of funds that account for all financial resources for the debt service of all RID Bonds for the County.

The Government reports the following major proprietary funds:

Rest Home Fund – This fund is used to account for the operating and non-operating revenues and expenses of the Rest Home operated by the County. The fund is maintained on the full accrual basis of accounting.

County Landfill Fund – This fund is used to account for the operating and non-operating revenues and expenses of the landfill operated by the County. The fund is maintained on the full accrual basis of accounting.

West Yellowstone Refuse District Fund – This fund is used to account for the operating and non-operating revenues and expenses of the refuse facility operated by the County. The fund is maintained on the full accrual basis of accounting.

Additionally, the government reports the following fund types:

Internal Service Funds – These funds account for services provided by the government to its various departments or agencies or to other governments, on a cost recovery basis.

Fiduciary Funds – These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's agency funds include cash and investments, property tax receivables, and surety bonds and performance deposits for county school districts and other county special districts.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the governments' enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the government's internal service funds are charges to customers for services provided. Operating expenses for enterprise funds and internal service funds include the cost of providing such services and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

A. Assets, Liabilities, and Net Position or Fund Balance

1. Cash and Investments

Except for certain specific bank deposits and investments held separately on behalf of certain fiduciary funds, cash resources, to the extent available, of the individual funds are combined to form an investment pool. The pool is managed by the County Treasurer. The pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pool, which are authorized by state law, consist primarily of repurchase agreements, the State of Montana's Short Term Investment Pool (STIP), U.S. Treasury Bills, and securities of the U. S. Government, its agencies, or government sponsored entities and are carried at quoted market prices. The fair value of investments is determined annually, and is based on quoted market prices. The method used to determine the values of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of withdrawal. Bank deposits include demand deposits and overnight repurchase agreements in County banks. Interest income earned as a result of pooling and changes in the fair value of investments are distributed to the appropriate funds as designated by state law utilizing a formula based on the applicable cash balance participation of each fund. The general fund receives interest revenue from those funds not specifically designated by state law to receive interest. Government sponsored entities include: Fannie Mae, Freddie Mac, Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Company, and Federal Farm Credit Bank.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2014 to support the value of shares in the pool.

The County issues warrants in payment of its obligations. Cash balances are reported net of outstanding warrants.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

For purposes of the statement of cash flows, the County considers all highly liquid debt instruments with an original maturity of three months or less, including restricted cash and demand investments, as cash equivalents.

2. Receivables and Revenue

Activity between funds that are representative of lending or borrowing arrangements outstanding at fiscal year-end are referred to as due from/to other funds.

Accounts receivable represents amounts due from fines and forfeitures, charges for services, and intergovernmental revenues. These amounts are shown net of an allowance for uncollectible accounts. The allowance for bad debts for the Rest Home is 2% of aged accounts receivable. For the County Rest Home the allowance for doubtful accounts at June 30, 2014 was \$8,352.87. The process for determining the allowance for bad debts for Justice Court is 30% of balances that are less than 5 years old and receivables that are 5 years or older are written off. For Justice Court the allowance for doubtful accounts at June 30, 2014 was \$98,190. All other receivables are considered fully collectible.

Property tax levies are set on the later of the first Thursday in September or within thirty calendar days after receiving certified taxable valuation (MCA 7-6-4036) in connection with the budget process. Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent. These taxes attach as an enforceable lien immediately if not paid when due. A lien is placed upon the property and after three years, the County may exercise the lien and take title to the property. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves. The first is due thirty days after billing; the second due November 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges. Personal property taxes attach as an enforceable lien immediately if not paid when due. Only amounts collected in the current year meet the criteria for revenue recognition. The remainder amounts are deferred until collected.

Special assessments are set based on a square foot, per lot or per utilization basis for each district created by the County Commission (RID Bond, RID Maintenance, Local Water Quality, Planning / Zoning, and Lighting Districts) on the later of the first Thursday in September or within thirty calendar days after receiving certified taxable valuation, in connection with the budget process. They are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Only amounts due in the current year meet the criteria for revenue recognition. The remainder amounts are deferred until due.

An allowance for uncollectible accounts was not maintained for real and personal property taxes and special assessments receivable. The direct write off method is used for these accounts. This is an immaterial departure from generally accepted accounting principles.

The tax levies for the fiscal year ended June 30, 2014 were based upon the County wide taxable valuation of \$246,570,928.

3. Inventories

All inventories are valued at cost using the First-In First-Out (FIFO) method. Inventories are recorded as expenditures when purchased. Any material inventory remaining at year-end is included in the balance sheets of each fund at cost. The reported inventory is offset equally by a fund balance reserve which indicates that it does not constitute available spendable resources even though it is included in net current assets.

4. Accounts Payable

The County pays its claims by issuing a warrant ordering the County Treasurer to pay upon presentation. Cash balances in all funds are reported net of outstanding warrants.

5. Restricted Assets

Certain assets of the proprietary funds are restricted for specific use as required by the bond indenture agreement covenants established with the issuance and sale of the revenue bonds. This represents a liability to the proprietary funds. These restricted assets represent cash and investments restricted for use to repay current debt, future debt, landfill closure/post closure liabilities and replacement and depreciation for the purpose of replacing the system in the future. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2014

6. Capital Assets

Capital assets which include: property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, curbs, etc), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year, except for the Rest Home where assets with a value of \$500 or more are capitalized. Such assets are recorded at historical cost or capital estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Building Improvements	10-20
Infrastructure:	
Road	20-60
Bridge	50-75
Vehicles	7
Equipment other than Vehicles	5-20
Office Equipment	5-20
Computer Equipment	5
Intangibles:	
Software	7

7. Compensated Absences

As required by State law, the County allows for employees to accumulate earned but unused vacation and sick leave benefits. Unused vacation leave benefits are 100 percent payable upon separation and 25 percent of unused sick leave benefits are payable upon separation. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation. Annual accumulations greater than this amount can be carried over, but no more than 90 days can be carried into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. The liability associated with governmental fund-type employees is reported in the general long-term debt account group, while the liability associated with proprietary fund-type employees is recorded in each respective fund. Expenditures for unpaid vacation and sick leave benefits are recorded when paid in the governmental funds on the modified accrual basis of accounting and expenses for vacation and sick leave benefits are recorded when accrued in the proprietary funds on the full accrual basis of accounting. The County also allows exempt employees to carry up to 40 hours in compensatory time. Compensatory time is paid at 100 percent upon termination.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond issue using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

9. Fund Balance

The County implemented Governmental Accounting Standard Board (GASB) Statement No. 54 as of June 30, 2011. As a result, the classifications for fund balance now used for governmental funds are reported in two general classifications, nonspendable and spendable.

Nonspendable represents the portion of fund balance that is not in spendable form. Nonspendable fund balance includes items such as inventory or amounts legally or contractually required to remain intact. Spendable fund balance is further categorized as restricted, committed, assigned and unassigned.

Restricted fund balance classification includes amounts that can only be spent or used for specific purposes and the constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws and/or regulations of other governments, imposed by law through constitutional provisions, or imposed by enabling legislation that is legally enforceable by an external party.

Committed fund balance classification includes amounts that can only be used for specific purposes when constraints placed on the resources are either imposed by formal action of the governments highest level of decision making authority or amounts that are contractual obligations to the extent the existing resources in the fund have been specifically committed for uses in satisfying those contractual requirements. Committed fund balances will be authorized by the County Commission in a public meeting by resolution and according to policy.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for a specific purpose and the intent to spend down fund balance to fund the next year's projected deficit spending if this exists or amounts that are neither nonspendable, restricted or committed. Assigned fund balance may be assigned by the County Commission informally after a fund balance review has been completed by the accounting department and reviewed and approved by the F.A.Ac.T. (Finance, Auditor, Accounting, Treasurer) Committee.

Unassigned fund balance represents spendable amounts that have not been Restricted, Committed or Assigned to a specific purpose within the general fund.

Hierarchy of spending

The County has adopted a policy determining whether restricted, committed, assigned and unassigned amounts are considered to have been spent. In the General Fund and the Special Revenue Funds, the policy for assumed order of spending is restricted first, committed second, and assigned last unless there are legal documents/contracts that prohibit this approach.

Minimum General Fund-Fund Balance

The County does not maintain a stabilization fund. The County has a formal minimum fund balance policy that requires maintaining a minimum 10% of expenses in the General Fund as Unrestricted Fund Balance. No specific circumstances in which this balance in the General Fund can be spent exist; it is determined in the budget process which is formally adopted by the County Commission and as circumstances arise and deemed necessary by the County Commission.

10. Interfund Transactions

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as revenue in the fund performing the services. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

11. Net Position

Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position does not include either capitalized assets or the related debt for Rural Special Improvement Districts (RSIDs). Infrastructure improvements built and maintained through RSIDs are the financial responsibility of the benefited property owners and are not the responsibility of the County other than in a fiduciary capacity. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations by other governments.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

12. New Accounting Pronouncements

The County has adopted the provision of the following GASB pronouncement for fiscal year 2014:

Statement No. 65 – Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The County adopts an annual budget for all of its funds in accordance with Title 7, Chapter 6, Part 40 of the Montana Code Annotated. Statute requires the adoption of a preliminary budget, public hearings on the preliminary budget and the final adoption of the budget by the later of the first Thursday in September or within thirty calendar days after receiving certified taxable valuation from the Department of Revenue (County assessor). The County must also submit a copy of the final budget to the Department of Administration by the later of October 1 or 60 days after the receipt of taxable values from the Department of Revenue.

State statute limits the making of expenditures or incurring of obligations to the amount of the final budget as adopted or as amended. Budget transfers and amendments are authorized by law, and in some instances, may require further public hearings. Any budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.

Appropriations are created by fund, function, and activity and may further be detailed by department. Per MCA 7-6-4004 expenditures are limited to appropriations; (1) Local government officials may not make a disbursement or expenditure or incur an obligation in excess of the total appropriations for a fund.

Purchase orders outstanding at year end are reported as expenditures or liabilities because the commitments will not be expropriated or honored during the subsequent fiscal year.

B. Excess of Expenditures over Appropriations

There were no funds with excess of expenditures over appropriations for the fiscal year ended June 30, 2014.

C. Deficit Fund Balances

At June 30, 2014, there were no funds with deficit fund balances in the governmental or proprietary funds.

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County maintains a cash and investment pool for all funds under the control of the County Treasurer. The non-pooled investments represent those investments held for other individuals or districts to be utilized for a specific purpose or capital project. The County's investments are categorized below to give an indication of the level of risk assumed by the County at June 30, 2014. All investments meet collateral requirements specified by State Law. Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's month end cash balance in relation to total pool investments.

Montana statutes require that the County obtain securities for the uninsured portion of the deposits as follows 1) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more or 2) securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio of less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for County deposits at June 30, 2014 equaled or exceeded the amount required by State statutes.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Investments are categorized into these three categories of custodial credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

At June 30, 2014, the County's pooled and non-pooled cash and investment balances were as follows:

Pooled Cash and Investments:	Category			Reported Amount/ Fair Value
	1	2	3	
U.S. Government agencies	\$89,536,771	\$ -	\$ -	\$ 89,536,771
Cash in overnight repurchase agreements	-	-	22,575,690	22,575,690
Cash on hand and demand deposits	<u>6,553</u>	<u>-</u>	<u>1,144,614</u>	<u>1,151,167</u>
Subtotal	<u>\$ 89,543,324</u>	<u>\$ -</u>	<u>\$ 23,720,304</u>	113,263,628
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				<u>4,760,145</u>
Total Pooled Cash and Investments				<u>\$ 118,023,773</u>

Nonpooled Cash and Investments:	Category			Reported Amount/ Fair Value
	1	2	3	
Treasury bills and money market accounts	\$ 3,245,379	\$ -	\$ -	\$ 3,245,379
Certificates of deposit	<u>1,218,796</u>	<u>-</u>	<u>-</u>	<u>1,218,796</u>
Subtotal	<u>\$4,464,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,464,175</u>
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				<u>9,908,147</u>
Total Nonpooled Cash and Investments				<u>\$ 14,372,322</u>
Total cash and investments				<u>\$ 132,396,095</u>

Along with limitations placed on investments by state law, the County minimizes custodial risk by restrictions set forth by County policy. Custodial risk is the risk that in an event of a financial institution failure, the County investments may not be returned or the County will not be able recover the collateral securities in the possession of the outside party. The County maintains a listing of financial institutions which are approved for investment purposes.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

The amounts above are reported in the accompanying financial statements as follows:

Government wide	\$ 55,406,204
Investment Trust Funds	73,553,010
Agency Funds	3,436,881
Total cash and cash equivalents	<u>\$ 132,396,095</u>

Cash and cash equivalents on the government-wide statement of net position is comprised of the following:

Unrestricted	\$ 53,291,637
Restricted - See Note G	2,114,567
	<u>\$ 55,406,204</u>

Cash on hand and demand deposits – Cash on hand represents two types of cash items: petty cash and change funds on hand. Cash in demand deposits represents cash on deposit in local bank accounts.

Cash in overnight repurchase agreements – This represents cash invested on a daily basis by the County’s primary bank. Invested funds represent the nightly balance of collected funds in the County’s main depository bank account. The overnight repurchase agreement has the funds re-deposited into the County’s main bank account the next business day. The invested funds are collateralized by permissible U.S. government securities.

Cash in State Treasurer’s Investment Pool (STIP)

STIP is considered an external investment pool. STIP is also classified as a “2a-7 like” pool. A “2a-7-like” pool is an external investment pool that is not registered with the Securities and Exchange Commission as an investment fund, but has a policy that it will and does operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. The County’s investment position in STIP is determined by the pool’s share price, which is dollar denominated.

The STIP portfolio includes, but is not limited to, “variable rate” and “asset-backed” securities to provide diversification and a competitive rate of return. Because of the pooled funds concept, cash held in STIP cannot be categorized as to custodial risk. These securities are described below:

Asset-backed Securities are debt securities collateralized by a pool of mortgages and non-mortgage assets, such as trade and loan receivables, equipment leases, and credit cards, etc. pledged by the issuer. Asset-backed securities have one or more forms of credit enhancement to raise the quality of the security. Examples of credit enhancement include, but are not limited to, letter of credit, reserve fund, or senior/subordinate arrangements.

Variable Rate (Floating-Rate) Securities provide many advantages of short-term bonds because they are designed to minimize the investor’s interest rate risk. As with variable rate loans issued by banks, the interest rate paid by the issuer of these securities is reset periodically depending on market conditions. The value of these securities will usually remain at or near par because their interest rates are reset to maintain a current market yield.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The County securities have credit risk as measured by major credit rating services. This risk is that the issuer of a County security may default in making timely principal and interest payments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit risk quality per GASB No. 40. The credit ratings presented in the following tables are provided by Standard and Poor’s Corporation (S&P) rating service. If no rating is available from S&P, then a Moody’s Investment Service, Inc. rating will be used. The County does not have policies regarding credit ratings of investments.

**GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2014

Primary Government Investments	Value	Yield	Maturity Date	S&P	Moody's
Fannie Mae	\$ 25,717,835	.80%-1.2%	2017-2018	AA+	AAA
Freddie Mac	3,467,000	1.0%-1.1%	2017-2018	AA+	AAA
Federal National Mortgage Association	7,927,320	.75%-1.25%	2017-2018	AA+	AAA
Federal Home Loan Bank	33,846,261	.92%-1.8%	2017-2019	AA+	AAA
Federal Home Loan Mortgage Company	14,566,109	1.05%-1.4%	2017-2018	AA+	AAA
Federal Farm Credit Bank	3,960,970	.45%-1.5%	2017	AA+	AAA
Unrecognized loss on investments	<u>51,276</u>				
TOTAL	\$ 89,536,771				

B. Interfund Receivables, Payables, and Transfers:

Interfund Transfers

The principal purpose of the County's interfund transfers were indirect costs and administrative and grant fees. The following is an analysis of operating transfers in and out during the fiscal year ended June 30, 2014:

Transfers Out:

Transfer In:	General Fund	Public Safety	RID Bonds	Capital Projects	Nonmajor Governmental	Total Transfers In
Governmental funds:						
General Fund					553,484	553,484
Public Safety	4,981				18,000	22,981
RID Maintenance			34,906			34,906
Capital Projects	8,683	863,010				871,693
Nonmajor Governmental	525,638	266,092	3,229	1,375	624,503	1,420,837
Total governmental funds						<u>2,903,901</u>
Proprietary funds					40,021	40,021
Internal Service		132,339			775,000	907,339
	<u>539,302</u>	<u>1,261,441</u>	<u>38,135</u>	<u>1,375</u>	<u>2,011,008</u>	<u>3,851,261</u>
Total transfers out - governmental funds					<u>3,851,261</u>	
Total transfers out - internal service funds						
Total transfers out						\$ 3,851,261

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Interfund Receivables and Payables

The composition of interfund receivable and payable balances as of June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 45,865
Public Safety	Other Governmental Funds	28,277
Capital Projects	Other Governmental Funds	<u>14,499</u>
		\$ <u><u>88,641</u></u>

C. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,527,205	\$ -	\$ -	\$ 4,527,205
Construction in progress	<u>927,414</u>	<u>1,578,278</u>	<u>(456,495)</u>	<u>2,049,197</u>
Total capital assets, not being depreciated	<u>5,454,619</u>	<u>1,578,278</u>	<u>(456,495)</u>	<u>6,576,402</u>
Capital assets, being depreciated:				
Buildings	57,112,653	104,267	-	57,216,920
Intangibles Software	1,739,703	94,525	(7,625)	1,826,603
Intangibles Easements	13,598,616	174,720	-	13,773,336
Improvements other than buildings	1,450,497	61,458	-	1,511,955
Machinery and equipment	20,069,270	1,918,614	(356,718)	21,631,166
Infrastructure	<u>144,346,699</u>	<u>963,244</u>	<u>(45,270)</u>	<u>145,264,673</u>
Total capital assets being depreciated	<u>238,317,438</u>	<u>3,316,828</u>	<u>(409,613)</u>	<u>241,224,653</u>
Total capital assets	\$ 243,772,057	\$ 4,895,106	\$ (866,108)	\$ 247,801,055
Less accumulated depreciation:	<u>(94,492,745)</u>	<u>(7,194,239)</u>	<u>370,709</u>	<u>(101,316,275)</u>
Governmental activities capital assets, net	<u>\$ 149,279,312</u>	<u>\$ (2,299,133)</u>	<u>\$ (495,399)</u>	<u>\$ 146,484,780</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,657,607	\$ -	\$ -	\$ 1,657,607
Construction in progress	<u>21,931</u>	<u>219,523</u>	<u>-</u>	<u>241,454</u>
Total capital assets, not being depreciated	<u>1,679,538</u>	<u>219,523</u>	<u>-</u>	<u>1,899,061</u>
Capital assets, being depreciated:				
Buildings	7,208,436	-	-	7,208,436
Intangibles	65,152	516	-	65,668
Improvements other than buildings	3,275,402	4,371	-	3,279,773
Machinery and equipment	<u>6,684,975</u>	<u>862,788</u>	<u>(434,052)</u>	<u>7,113,711</u>
Total capital assets being depreciated	<u>17,233,965</u>	<u>867,675</u>	<u>(434,052)</u>	<u>17,667,588</u>
Total capital assets	\$ 18,913,503	\$ 1,087,198	\$ (434,052)	\$ 19,566,649
Less accumulated depreciation	<u>(8,910,040)</u>	<u>(1,240,411)</u>	<u>410,983</u>	<u>(9,739,468)</u>
Business-type activities capital assets, net	<u>\$ 10,003,463</u>	<u>\$ (153,213)</u>	<u>\$ (23,069)</u>	<u>\$ 9,827,181</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental
activities:

General Government	\$494,763
Public Safety	1,765,411
Public Works	4,776,190
Public Health	9,315
Social and Economic Services	1,013
Culture and Recreation	135,909
Housing and Community Development	8,501
Conservation of Natural Resources	<u>3,137</u>

Total depreciation expense - governmental activities	<u><u>\$7,194,239</u></u>
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Business-type
activities:

Rest Home	\$132,974
County Landfill	894,701
West Yellowstone Refuse Dist.	<u>212,736</u>

Total depreciation expense - business-type activities	<u><u>\$1,240,411</u></u>
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D. Other Accrued Payables

Other Accrued Payables reported on the Statement of Net Position include:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Payroll Payable	\$ 946,895	\$ 216,784	\$ 1,163,679
Security Deposits Payable	30,241	88,500	118,741
Accrued Interest Payable	50,559	3,022	53,581
Abandon Property Payable	84,675	-	84,675
Internal Service Payables	<u>342,335</u>	<u>-</u>	<u>342,335</u>
	<u>\$ 1,454,705</u>	<u>\$ 308,306</u>	<u>\$ 1,763,011</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

E. Long-Term Debt

During the fiscal year ended June 30, 2014, the following changes in liabilities were reported in long-term debt:

	Balance 6/30/13	Additions	Deletions	Balance 6/30/14	Due within one year
Governmental Activities:					
General Obligation Bonds	\$ 43,098,800	\$ 1,150,000	\$ (2,377,100)	\$ 41,871,700	\$ 2,462,100
Special Assessment Bonds	7,528,000	-	(420,000)	7,108,000	240,000
Compensated Absences	2,008,838	87,478	-	2,096,316	209,632
Intercap Loans	3,004,431	-	(773,938)	2,230,493	639,385
Capital Leases	1,039,307	-	(121,887)	917,420	125,280
Total	<u>\$ 56,679,376</u>	<u>\$ 1,237,478</u>	<u>\$ (3,692,925)</u>	<u>\$ 54,223,929</u>	<u>\$ 3,676,397</u>
	Balance 6/30/13	Additions	Deletions	Balance 6/30/14	Due within one year
Business-Type Activities					
Revenue Bonds	\$ 937,500	\$ -	\$ (125,000)	\$ 812,500	\$ 125,000
Compensated Absences	298,997	28,097	-	327,094	32,709
Closure/postclosure care costs	1,755,091	124,773	-	1,879,864	-
Total	<u>\$ 2,991,588</u>	<u>\$ 152,870</u>	<u>\$ (125,000)</u>	<u>\$ 3,019,458</u>	<u>\$ 157,709</u>

General Obligation Bonds – The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds outstanding as of June 30, 2014 were as follows:

Purpose	Issue Date	Interest Rate	Term of years	Final maturity	Bonds issued	Outstanding 6/30/14	Annual serial payment
Progreba Field	7/7/2005	2.0	10	2/28/2016	8,500	1,700	850
Open Space	6/28/2006	3.625-4.25	20	2/1/2026	5,000,000	470,000	Varies
Open Space	12/15/2008	4.3	18	7/1/2026	4,000,000	3,220,000	Varies
Progreba Animal Fence	7/29/2008	3.625	10	2/28/2018	12,500	5,000	1,250
Detention Center	2/1/2009	3.5-4.6	18	2/1/2027	32,000,000	27,200,000	Varies
Hope House	7/1/2010	2.0-4.0	20	7/1/2030	1,000,000	850,000	Varies
Open Space	4/12/2011	3.0-3.25	10	7/1/2021	2,300,000	1,695,000	Varies
Open Space	10/23/2013	2	10	7/1/2023	2,450,000	2,175,000	Varies
Open Space	6/9/2013	1.0-3.0	13	7/1/2026	3,390,000	3,355,000	Varies
I-90	12/18/2012	1.0-2.25	11	7/1/2023	2,000,000	1,800,000	Varies
Ice Facility	7/1/2013	.85-4.00	20	7/1/2033	1,150,000	1,100,000	Varies
Total G.O. Bonds					<u>\$57,341,000</u>	<u>\$41,871,700</u>	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Revenue Bonds – The County also issues bonds where the County pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year-end were as follow:

Purpose	Issue Date	Interest Rate	Term of years	Final maturity	Bonds issued	Outstanding 6/30/14	Annual serial payment
Landfill Land	2010	1.95	10	2020	\$1,250,000	\$812,500	Varies
Total Revenue Bonds					<u>\$1,250,000</u>	<u>\$812,500</u>	

Revenue bond resolutions include various restrictive covenants. The more significant covenants 1) require that cash be restricted and reserved for operations, construction, debt service, and replacement and depreciation; 2) specify minimum required operating revenue; and 3) specific and timely reporting of financial information to bond holders and registrar. The County was in compliance with applicable covenants as of June 30, 2014.

Special Assessment Debt – Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within defined special improvement districts. The bonds are issued with specific maturity dates, but must be called and repaid earlier, at par plus accrued interest, if the related special assessments are collected.

Special Assessment Debt outstanding at year-end was as follows:

Purpose	Issue Date	Interest Rate	Term of years	Final maturity	Bonds issued	Outstanding 6/30/14	Annual serial payment
#371	1999	3.0-7.2	20	2020	\$63,000	\$12,000	Varies
#376	2001	3.6-5.5	20	2021	540,000	35,000	Varies
#378	2001	3.6-5.5	20	2021	1,188,000	360,000	Varies
#382	2002	3.0-6.5	15	2017	199,000	35,000	Varies
#383	2002	2.2-5.5	20	2022	200,200	45,000	Varies
#384	2003	2.0-5.0	15	2018	160,000	15,000	Varies
#386	2003	1.75-4.9	15	2018	300,000	80,000	Varies
#387	2005	2.1-5.0	15	2020	180,000	75,000	Varies
#388	2005	2.1-5.0	15	2020	160,000	50,000	Varies
#391	2006	2.0-5.25	20	2026	395,000	220,000	Varies
#392	2006	3.0-7.0	20	2026	60,000	16,000	Varies
#393	2007	4.2-5.5	20	2028	900,000	585,000	Varies
#395	2010	2.0-6.0	20	2030	1,765,000	1,515,000	Varies
#396	2010	2.5-6.0	20	2030	4,715,000	4,065,000	Varies
Total Special Assessment Bonds					<u>\$10,825,200</u>	<u>\$7,108,000</u>	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Loans/Contracted Debt:

Loans and Contracted Debt outstanding as of June 30, 2014 were as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding 06/30/2014</u>	<u>Date of Last Payment</u>
Capital Improvement Libraries (1)	\$999,000	2005	Varies	\$171,146	2016
Re-Entry Facility (1)	800,000	2006	Varies	184,758	2016
Fair Grounds Improvement (1)	500,000	2007	Varies	98,427	2016
Courthouse Annex (1)	999,000	2007	Varies	401,993	2018
9-1-1 Center (1)	1,000,000	2009	Varies	536,054	2019
Road & Bridge Shop Complex (1)	1,300,000	2008	Varies	652,996	2019
Search & Rescue Building (1)	300,000	2012	2.75	185,119	2023
Total	<u><u>\$5,898,000</u></u>			<u><u>\$2,230,493</u></u>	

The interest rate variances are based on an annual adjustment by the Montana Board of Investments.

Compensated Absences Payable

Compensated absences payable as of June 30, 2014, which represents vacation and sick leave earned by employees and is payable upon separation, is as follows:

Enterprise Fund	\$327,094
General Governmental Activities	2,063,718
Internal Service Funds	<u>32,598</u>
	<u><u>\$2,423,410</u></u>

Capital Leases

The County has entered into several leases which meet the criteria of a capital lease as defined by GAAP. GAAP defines a lease generally as a lease which transfers benefits and risks of ownership to the lessee.

Equipment under capital leases in capital assets at June 30, 2014, includes the following:

Equipment	\$1,273,260
Less: accumulated depreciation	<u>(814,877)</u>
Total	<u><u>\$458,383</u></u>

Amortization of equipment under capital assets is included with depreciation expense.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Requirements to Amortize Debt

The annual requirements to amortize all long-term debt outstanding, except compensated absences and closure/post closure care costs, as of June 30, 2014 were as follows:

For Fiscal Year Ended	G. O. Principal	G. O. Interest	Revenue Bond Principal	Revenue Bonds Interest
2015	2,462,100	1,538,400	125,000	7,810
2016	2,557,100	1,461,943	125,000	20,625
2017	2,656,250	1,382,873	125,000	19,688
2018	2,756,250	1,308,184	125,000	17,500
2019	2,860,000	1,225,578	125,000	12,500
2020-2024	14,845,000	4,702,003	187,500	11,562
2025-2029	13,365,000	1,873,569	-	-
2030-2033	370,000	33,400	-	-
Total	<u>\$ 41,871,700</u>	<u>\$ 13,525,950</u>	<u>\$ 812,500</u>	<u>\$ 89,685</u>
	Special Bonds Principal	Special Bonds Interest	Contract Debt Principal	Contract Debt Interest
2015	240,000	407,283	639,385	29,103
2016	355,000	391,085	553,413	35,180
2017	413,000	371,545	394,824	25,477
2018	464,000	349,535	343,593	16,462
2019	454,000	323,640	210,629	7,490
2020-2024	2,282,000	1,223,473	88,649	6,057
2025-2029	2,395,000	575,000	-	-
2030-2033	505,000	30,300	-	-
Total	<u>\$ 7,108,000</u>	<u>\$ 3,671,861</u>	<u>\$ 2,230,493</u>	<u>\$ 119,769</u>
	Capital Lease Principal	Capital Lease Interest	Grand Total - Principle	
2015	125,280	25,549	3,591,765	
2016	792,140	22,062	4,382,653	
2017	-	-	3,589,074	
2018	-	-	3,688,843	
2019	-	-	3,649,629	
2020-2024	-	-	17,403,149	
2025-2029	-	-	15,760,000	
2030-2033	-	-	875,000	
Total	<u>917,419</u>	<u>\$ 47,611</u>	<u>\$ 52,940,113</u>	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

F. State-Wide Retirement Plans

All full-time County employees are covered under one of the following retirement plans: Montana Public Employees Retirement System (PERS), Sheriffs Retirement System (SRS), or Teachers Retirement System (TRS). The plans are established by State law and administered by the State of Montana. The plans are cost-sharing multi-employer defined benefit plans that provide retirement, disability and death benefits to plan members and beneficiaries, with the amount determined by the State. Employees hired after July 1, 2011 are at 7.9% for the employee contribution.

Contribution rates are required and determined by State Law. The contribution rates expressed as a percentage of covered payroll for fiscal year ended June 30, 2014 were:

	<u>PERS</u>	<u>SRS</u>	<u>TRS</u>
Employer	8.070%	10.115%	8.47%
Employee	7.90%	9.245%	8.15%
State	0.10%	0.000%	2.49%

The State contribution qualifies as an on-behalf payment. These amounts have not been recorded in the County's financial statements and were considered immaterial. Publicly available financial reports that include financial statements and required supplementary information may be obtained for the plans by writing or calling:

1. Public Employees Retirement Division & Sheriff Retirement System, P. O. Box 200131, Helena, Montana 59620-0131 Phone: 406-444-3154

2. Teachers Retirement System, P. O. Box 200319, Helena, Montana 59620-0139 Phone: 406-444-3134

The County's contributions for the fiscal years ended June 30, 2014, 2013 and 2012 as listed below were equal to the required contributions for each year.

	<u>2012</u>	<u>2013</u>	<u>2014</u>
PERS			
County	979,411	997,005	1,165,855
Employee	966,958	989,395	1,141,294
State	13,853	14,102	14,447
SRS			
County	484,691	504,099	528,644
Employee	450,332	479,017	483,175
TRS			
County	4,742	4,788	5,430
Employee	4,538	4,584	5,225
State	1,581	1,596	1,596

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

G. Local Retirement Plans

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all County employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

H. Restricted Cash and Investments

The following restricted cash and investments were held by the County as of June 30, 2014. These amounts are reported within the cash and investment account on fund financial statements.

<u>Description</u>	<u>Amount</u>
County Landfill	\$ 2,114,567
	<u>\$ 2,114,567</u>

I. Restricted Fund Balance and Net Position

Restricted Fund Balance shows amounts that are not appropriate for expenditure or are legally restricted for specific uses. The restricted net position in the proprietary funds is for landfill closure and post closure requirements and loan document requirements.

J. Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The County has elected to use the Local Government Financial Test to satisfy its financial responsibility under RCRA Subtitle D. Although closure and post closure care costs will be paid only near or after the date the landfill stops accepting waste, the landfill reports a portion of these closure and post closure care costs as an operating expense each period. The costs expensed during a period are based on landfill capacity used as of each balance sheet date. Independent engineering reports show that there is a \$1,879,864 liability for landfill closure and post closure as of June 30, 2014, which represents the cumulative amount reported to date based on the use of 51.71% of the estimated capacity of the landfill. The remaining estimated cost of closure and post closure care will be recognized as the remaining estimated capacity is filled.

The estimated total current cost of closure and post closure care remaining to be recognized is \$1,755,836. These amounts are based on what it should cost to perform all closure and post closure in 2014. The County expects to close the landfill in the year 2027. Actual costs may be higher due to inflation, changed in technology or changes in regulations. The engineering report estimates 13 years of life remaining from the date of the report – August 2014.

The County is required by State and Federal laws and regulations to demonstrate financial assurance for the costs of closure and post closure care costs. For the fiscal year ended June 30, 2014 the County demonstrated its ability to handle closure and post closure care costs by passing the local government financial test.

K. Services Provided to Other Governments

The County provides various financial services to other governmental entities located within the County. The County serves as the billing agent, cashier and treasurer for tax and assessment collections for various taxing jurisdictions. The County also is a bank for such agencies as school districts, irrigation districts, rural fire districts, and other special purpose districts. The funds collected and held by the County for other entities are accounted for in agency funds. Funds collected for incorporated cities and towns are periodically remitted to those entities by the County Treasurer. The County has not recorded any service charges for the services it provides other governmental entities.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

L. Risk Management

The County faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e. employee injuries, and (f) medical insurance costs of employees. Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employees' torts, and professional liabilities. Employee medical insurance is provided for by purchase of re-insurance, and given the lack of coverage available; the County has minimal coverage for potential losses from environmental damages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County has contracted with Traveler's insurance company for workers' compensation coverage. The County budgets and pays the required premium on a quarterly basis.

Self-Insurance

The County provides medical insurance coverage for its employees via a partially self-insured plan. It provides medical and dental benefits and is operated as an Internal Service Fund. Rates are determined in consultation with the administrator based on past claim experience. Incurred but unreported claims at June 30, 2014, were estimated by the plan administrator. Claims payable as of yearend are:

		<u>2012</u>	<u>2013</u>	<u>2014</u>
Beginning claims payable	\$	286,757	\$ 270,391	\$ 248,793
Claims incurred		4,113,875	4,591,793	5,681,109
Claims paid		<u>(4,130,241)</u>	<u>(4,613,391)</u>	<u>(5,608,169)</u>
Ending claims payable	\$	<u>270,391</u>	<u>\$ 248,793</u>	<u>\$ 321,733</u>

M. Commitments

Primary Government

At June 30, 2014, the County had approximate contractual commitments of the following:

<u>Department</u>	<u>Amount</u>	<u>Project</u>
Facilities	\$ 1,000	Courthouse Temperature Control Automation
Commission	39,500	External Audit
Landfill	102,400	Shop Wash Bay
Sheriff's Office	53,280	Firearms Purchase
Road	1,058,513	Graders
Grants	63,839	CTEP Three Forks Milwaukee Park
Grants	155,200	CTEP City/County Bike Path
Grants	6,420	CTEP West Yellowstone
Grants	129,762	CTEP Anderson School Phase II
Grants	414,568	FAA Taxilane Expansion
Grants	29,134	RRGL DNRC – Riders Court
Grants	<u>154,943</u>	TIGERIV
	\$ 2,208,560	

Future appropriations will fund these commitments as work is performed.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

N. Other Postemployment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 45 Other Postemployment Benefits, the County has calculated and included a post employment benefit liability in 2014.

Plan Description

The County maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses and dependants, included are medical, dental, and vision benefits. Participation is elected by the retiree at the time of retirement. Benefit provisions are set annually by the Board of County Commissioners and may be revoked or altered at any time.

Funding Policy

The County provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees include former fulltime and certain other employees. As of June 2014 there are 36 retirees and/or survivors enrolled for the employer's sponsored health insurance plan.

Annual OPEB Cost Obligation

The County's other postemployment benefit (OPEB) cost (expense) is calculated based on the entry age normal actuarial cost method. Under this method, each individual's present value of benefits is levelly spread over the individual's projected earnings or service from entry age to assumed exit age. Typically, when this method is introduced, it tends to produce lower initial contributions while still keeping contributions level as a percentage of payroll.

Annual required contribution	\$ 464,462
Interest on net OPEB obligation	52,492
Adjustment to annual required contribution	<u>(49,186)</u>
Annual OPEB cost (expense)	467,768
Contributions made	<u>(209,148)</u>
Increase in net OPEB obligation	258,620
Net OPEB obligation - beginning of year	<u>1,235,103</u>
Net OPEB obligation - end of year	<u><u>\$ 1,493,723</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2014, 2013, 2012, and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 190,842	35.6%	\$ 830,429
2012	\$ 201,457	35.6%	\$ 960,268
2013	\$ 444,924	38.2%	\$ 1,234,879
2014	\$ 467,768	44.7%	\$ 1,493,723

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$4,074,470 all of which was unfunded. There are no assets set aside to fund these benefits as the County funds post-retirement health insurance benefits on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the Plan) was \$18,233,687 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.3%.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the note to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

1. Retirement and Disability rates are assumed to follow the RP2000 Healthy Combined Table with mortality improvements by Scale AA on a fully generational basis.
2. Turnover rates were based on specific gender age data assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
3. Amortization factor for a 30-year, level percent of pay amortization on an open basis, using a 4.25 percent discount rate and a 4 percent payroll growth assumption.
4. Healthcare cost trend rate (HCCTR) was based on projections from historical rates of the County. A rate of 5.0% initially in 2014 with variations of 1% to 1.5% in subsequent years.

O. Pending Litigation

The County is involved in numerous lawsuits, which arise out of the normal course of operations. Management intends to vigorously defend each claim, and does not believe any of the outstanding cases have a probable negative outcome. It is reasonably possible that some of the cases may result in future losses, but, based on the complexities of each case, it is not possible to determine or reasonably estimate any losses as of the date of this financial report.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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Gallatin County, State of Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 6,818,268	\$ 6,818,268	\$ 6,956,147	\$ 137,879
General Business Licenses	900	900	950	50
Federal Grants	44,000	44,000	62,169	18,169
Federal Payments in Lieu of Tax	-	-	197	197
State Grants	114,159	114,159	93,379	(20,780)
State Shared Revenue	831,000	831,000	962,408	131,408
Local Grants	25,000	39,227	9,806	(29,421)
Charges for Services	1,831,240	1,831,240	2,324,616	493,376
Fines & Forfeitures	392,500	392,500	455,304	62,804
Miscellaneous	85,356	85,356	89,526	4,170
Investment Earnings	80,000	80,000	269,888	189,888
Total revenues	10,222,423	10,236,650	11,224,390	987,740
EXPENDITURES				
Current:				
General Government-Personnel	6,815,485	6,820,485	6,616,676	203,809
General Government-Operations	1,870,116	1,869,616	1,471,341	398,275
Public Safety-Personnel	605,501	605,501	587,463	18,038
Public Safety-Operations	553,954	562,781	483,231	79,550
Public Works - Personnel	519,545	519,545	505,760	13,785
Public Works-Operations	726,207	726,207	321,295	404,912
Social & Econ Serv-Personnel	49,668	49,668	41,559	8,109
Social & Econ Serv-Operations	340,705	340,705	331,767	8,938
Total current:	11,481,181	11,494,508	10,359,092	1,135,416
Debt service:				
Principal Retirement	209,071	209,071	202,100	6,971
Interest	97,278	97,278	16,644	80,634
Total debt service:	306,349	306,349	218,744	87,605
Capital outlay:				
General Government-Capital Exp	26,522	31,022	16,927	14,095
Public Works-Capital Expend	196,158	196,158	35,948	160,210
Social & Econ Serv-Capital Exp	12,500	17,900	12,525	5,375
Total capital outlay:	235,180	245,080	65,400	179,680
Total expenditures	12,022,710	12,045,937	10,643,236	1,402,701
Excess (deficiency) of revenues over (under) expenditures	(1,800,287)	(1,809,287)	581,154	2,390,441
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers In	400,000	400,000	553,484	153,484
Transfers Out	(130,407)	(130,407)	(539,302)	(408,895)
Total other financing sources and uses and special items	269,593	269,593	14,182	(255,411)
Net change in fund balances	(1,530,694)	(1,539,694)	595,336	2,135,030
Fund balances -- beginning	1,685,251	1,685,204	3,407,602	1,722,398
Fund balances -- ending	\$ 154,557	\$ 145,510	\$ 4,002,938	\$ 3,857,428

Gallatin County, State of Montana
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Safety Fund
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$11,578,467	\$ 11,578,467	\$ 11,796,672	\$ 218,205
Other licenses	25,000	25,000	36,280	11,280
Federal Grants	40,000	49,410	61,551	12,141
State Grants	15,000	15,000	38,436	23,436
State Shared Revenue	468,000	468,000	618,917	150,917
Local Grants	-	-	15,000	15,000
Charges for Services	1,139,583	3,145,047	3,168,829	23,782
Fines & Forfeitures	12,000	12,000	59,095	47,095
Miscellaneous	15,000	15,000	41,220	26,220
Investment Earnings	4,000	4,000	61,966	57,966
Contributions/Donations	-	-	4,210	4,210
Total revenues	<u>13,297,050</u>	<u>15,311,924</u>	<u>15,902,176</u>	<u>590,252</u>
EXPENDITURES				
Current:				
Public Safety-Personnel	9,411,708	9,581,012	9,245,643	335,369
Public Safety-Operations	3,361,251	3,538,718	3,615,752	(77,034)
Total current:	<u>12,772,959</u>	<u>13,119,730</u>	<u>12,861,395</u>	<u>258,335</u>
Debt service:				
Principal Retirement	162,731	162,731	161,219	1,512
Interest	7,000	7,000	12,632	(5,632)
Total debt service:	<u>169,731</u>	<u>169,731</u>	<u>173,851</u>	<u>(4,120)</u>
Capital outlay:				
Public Safety-Capital Expend	313,800	1,153,320	460,895	692,425
Total capital outlay:	<u>313,800</u>	<u>1,153,320</u>	<u>460,895</u>	<u>692,425</u>
Total expenditures	<u>13,256,490</u>	<u>14,442,781</u>	<u>13,496,141</u>	<u>946,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,560</u>	<u>869,143</u>	<u>2,406,035</u>	<u>1,536,892</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers In	-	-	22,981	22,981
Transfers Out	(68,924)	(1,542,790)	(1,261,441)	281,349
Total other financing sources and uses and special items	<u>(68,924)</u>	<u>(1,542,790)</u>	<u>(1,238,460)</u>	<u>304,330</u>
Net change in fund balances	(28,364)	(673,647)	1,167,575	1,841,222
Fund balances -- beginning	780,178	780,178	2,939,134	2,158,956
Fund balances -- ending	<u>\$ 751,814</u>	<u>\$ 106,531</u>	<u>\$ 4,106,709</u>	<u>\$ 4,000,178</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
RID Maintenance
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	\$ 1,185,189	\$ 1,185,189	\$ 1,174,515	\$ (10,674)
Investment Earnings	-	-	99,874	99,874
Total revenues	1,185,189	1,185,189	1,274,389	89,200
EXPENDITURES				
Current:				
Public Works-Operations	6,062,119	6,062,119	823,425	5,238,694
Total expenditures	6,062,119	6,062,119	823,425	5,238,694
Excess (deficiency) of revenues over (under) expenditures	(4,876,930)	(4,876,930)	450,964	5,327,894
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers In	-	-	34,906	34,906
Total other financing sources and uses and special items	-	-	34,906	34,906
Net change in fund balances	(4,876,930)	(4,876,930)	485,870	5,362,800
Fund balances -- beginning	(6,651)	5,041	4,753,499	4,748,458
Fund balances -- ending	(\$ 4,883,581)	(\$ 4,871,889)	\$ 5,239,369	\$ 10,111,258

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
TIGER Grant
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	
REVENUES				
Federal Grants	\$ -	\$ 5,978,040	\$ 6,239,526	\$ 261,486
Local Grants	50,000	50,000	-	(50,000)
Investment Earnings	-	-	2,848	2,848
Total revenues	<u>50,000</u>	<u>6,028,040</u>	<u>6,242,374</u>	<u>214,334</u>
EXPENDITURES				
Current:				
Public Works-Personnel	-	-	6,693	(6,693)
Public Works-Operations	<u>1,599,533</u>	<u>7,577,573</u>	<u>7,554,289</u>	<u>23,284</u>
Total current:	<u>1,599,533</u>	<u>7,577,573</u>	<u>7,560,982</u>	<u>16,591</u>
Debt service:				
Interest	-	-	16,388	(16,388)
Total expenditures	<u>1,599,533</u>	<u>7,577,573</u>	<u>7,577,370</u>	<u>203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,549,533)</u>	<u>(1,549,533)</u>	<u>(1,334,996)</u>	<u>214,537</u>
Total other financing sources and uses and special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,549,533)	(1,549,533)	(1,334,996)	214,537
Fund balances -- beginning	<u>1,633,183</u>	<u>1,633,183</u>	<u>1,633,183</u>	<u>-</u>
Fund balances -- ending	<u>\$ 83,650</u>	<u>\$ 83,650</u>	<u>\$ 298,187</u>	<u>\$ 214,537</u>

The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
EMPLOYEE GROUP BENEFITS PLAN - OTHER POSTEMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTAL SCHEDULES

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio %	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll %
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
June 30, 2009	\$ -	\$ 3,731,698	\$ 3,731,698	0.00%	\$ 17,387,654	21.50%
June 30, 2011	\$ -	\$ 1,477,499	\$ 1,477,499	0.00%	\$ 16,393,964	9.01%
June 30, 2012	\$ -	\$ 1,606,557	\$ 1,606,557	0.00%	\$ 17,049,722	9.40%
June 30, 2013	\$ -	\$ 3,751,564	\$ 3,751,564	0.00%	\$ 17,094,644	22.50%
June 30, 2014	\$ -	\$ 4,007,572	\$ 4,007,572	0.00%	\$ 17,778,430	22.50%

This schedule is based on the actuarial values as of July 1, 2008, and June 1, 2012. Information for prior years is not available.

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**SINGLE
AUDIT
SECTION**

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
U.S. Department of Agriculture					
Passed through the State Department of Public Health and Human Services					
Special Supplemental Food Program (WIC) 7/01/13 - 9/30/13. Award increased from \$207,227 to \$210,727.	10.557	\$210,727.00	\$ 54,628.49	\$ 54,628.49	Special Supplemental Nutrition Program for Women, Infants, and Children 10.557
Special Supplemental Food Program (WIC) BFPC included in total WIC grant for FFY14. 10/1/13 - 6/30/14. Award increased from \$207,029 to \$228,402.	10.557	\$228,402.00	\$ 201,231.73	\$ 201,231.73	
Special Supplemental Food Program (WIC BFPC) 7/1/13 to 9/30/13.	10.557	\$ 15,300.00	\$ 2,855.28	\$ 2,855.28	
Total Passed through the State Department of Public Health and Human Services:		\$ 454,429.00	\$ 258,715.50	\$ 258,715.50	
Passed through the State Department of Agriculture					
Noxious Weed Trust Fund Project - Bridger Weed Management	10.664	\$ 15,000.00	\$ 11,707.74	\$ 11,707.74	
Total Passed through the State Department of Agriculture:		\$ 15,000.00	\$ 11,707.74	\$ 11,707.74	
Total U.S. Department of Agriculture		\$ 469,429.00	\$ 270,423.24	\$ 270,423.24	

Environmental Protection Agency					
<i>Passed through the Montana Department of Environmental Quality:</i>					
Gallatin Ground Water Project (319) (Pass Through MT DEQ)	66.460	\$ 70,000.00	\$ 33,783.10	\$ 33,783.10	
EPA Urban Waters Small Grant	66.440	\$ 60,000.00	\$ 22,080.59	\$ 22,080.59	
<i>Total Passed through the Montana Department of Environmental Quality:</i>		\$ 130,000.00	\$ 55,863.69	\$ 55,863.69	
Total Environmental Protection Agency		\$ 130,000.00	\$ 55,863.69	\$ 55,863.69	

U.S. Department of Health and Human Services					
<i>Passed through the State Department of Public Health and Human Services:</i>					
Immunization Action Plan 1/1/13 to 12/31/13. (Deliverable based)	93.268	\$ 27,516.00	\$ 15,697.00	\$ 15,697.00	Immunization Cooperative
Immunization Action Plan 1/1/14 to 6/30/14. Award ends 12/31/14. (Deliverable based)	93.268	\$ 17,305.50	\$ 1,608.50	\$ 1,608.50	
Immunization Billing Grant 7/1/13 to 6/30/14. Award ends 8/30/14. (Deliverable based)	93.539	\$ 10,600.00	\$ 9,085.68	\$ 9,085.68	Pregnancy Assistance
Pregnant & Parenting Teens (PPT) YR2 7/1/13-8/31/13.	93.500	\$ 117,461.85	\$ 27,059.68	\$ 27,059.68	
Pregnant & Parenting Teens (PPT) (Thrive) YR1 2/28/14 - 6/30/14. Award ends 7/31/14.	93.500	\$ 22,250.50	\$ 7,985.93	\$ 7,985.93	
Public Health Emergency Preparedness (PHEP 7/1/13-6/30/14) (Deliverable Based). Award increased from \$100,304 to \$107,051.	93.069	\$ 107,051.00	\$ 107,051.00	\$ 107,051.00	ACA Maternal, Infant and Early Childhood
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development (MIECHV ID) Project 7/1/13 - 06/30/14. Awarded amended to 9/30/14. (Deliverable based)	93.505	\$ 99,962.04	\$ 43,102.80	\$ 43,102.80	
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development (MIECHV Exp/SD) Project 5/1/14 - 6/30/15.	93.505	\$ 234,237.00	\$ 9,414.58	\$ 9,414.58	
Montana Cancer Control Programs/B&C 07/01/13 - 06/30/14. Award increased from \$140,780 to \$143,780. (Deliverable based)	93.283	\$ 143,780.00	\$ 108,780.00	\$ 108,780.00	
Maternal & Child Health Services Block Grant - MCH 07/01/13 - 06/30/14 (Deliverable Based)	93.994	\$ 108,360.00	\$ 108,360.00	\$ 108,360.00	
<i>Total Passed through the State Department of Public Health and Human Services:</i>		\$ 888,523.89	\$ 438,145.17	\$ 438,145.17	
<i>Passed through MT DPHHS to Yellowstone City/County Health Dept/Riverstone Health to Gallatin County</i>					
HIV Case Management & Support Services Delivery 07/01/13-6/31/14	93.917		\$ 703.00	\$ 703.00	
Ryan White C Outpatient STD/HIV Early Intervention Services 07/01/13 - 06/30/14	93.918	\$ 10,000.00	\$ 6,704.34	\$ 6,704.34	
<i>Total Passed through Yellowstone City/County Health Dept/Riverstone Health:</i>		\$ 10,000.00	\$ 7,407.34	\$ 7,407.34	
Total U.S. Department of Public Health and Human Services		\$ 898,523.89	\$ 445,552.51	\$ 445,552.51	

U.S. Department of Homeland Security					
<i>Passed through the Montana Disaster & Emergency Services</i>					
Emergency Management Performance Grant EMW -2012-EP- 00057-501 7/1/2013 - 9/30/2013	97.042	\$ 62,650.00	\$ 11,902.65	\$ 11,902.65	Homeland Security Grant Program 97.067
Emergency Management Performance Grant EMW-2013-EP-00044-S01 10/1/2013 - 6/30/2014	97.042	\$ 45,000.00	\$ 34,996.86	\$ 34,996.86	
HGSP Mobile Command Sustainment 10/1/13 - 9/30/14	97.067	\$ 39,621.00	\$ 16,358.31	\$ 16,358.31	
HGSP Communications Upgrades 10/1/13 - 9/30/14	97.067	\$ 96,000.00	\$ 90,671.73	\$ 90,671.73	
<i>Passed through the Montana Disaster & Emergency Services:</i>		\$ 243,271.00	\$ 153,929.55	\$ 153,929.55	
Total U.S. Department of Homeland Security		\$ 243,271.00	\$ 153,929.55	\$ 153,929.55	

U.S. Department of Justice					
<i>Direct:</i>					
LLEBG Bulletproof Vest Program	16.607	\$ 3,564.57	\$ 3,359.25	\$ 3,359.25	COPS Hiring 16.710
Gallatin County Treatment Court Program BJA FY 10 Congressionally Selected - Women's Transition	16.753	\$ 185,000.00	\$ 48,254.66	\$ 48,254.66	
COPS I HIRING Grant	16.710	\$ 420,656.00	\$ 85,442.99	\$ 85,442.99	
COPS II HIRING Grant	16.710	\$ 213,437.00	\$ 64,291.14	\$ 64,291.14	
COPS III HIRING Grant	16.710	\$ 125,000.00	\$ 41,569.96	\$ 41,569.96	

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
JAG Grant W/City of Bozeman	16.738	\$ 7,756.00	\$ 7,756.00	\$ 7,756.00	JAG Program Cluster 16.738
<i>Total Direct:</i>		\$ 955,473.57	\$ 250,674.00	\$ 250,674.00	
<i>Passed through the State Department of Justice - Montana Board of Crime Control:</i>					
JAG Byrne Memorial Justice Assistance Grant - Missouri River Drug Task Force	16.738	\$ 232,518.33	\$ 232,518.33	\$ 232,518.33	VAWA 16.588
Victim Witness Program	16.588	\$ 39,175.00	\$ 39,175.00	\$ 39,175.00	
Operation Freedom from Fear 2013 Extended	16.588	\$ 5,501.20	\$ 5,501.20	\$ 5,501.22	
Operation Freedom from Fear	16.588	\$ 49,667.00	\$ 49,667.00	\$ 49,667.00	
<i>Total Passed through the State Department of Justice - Montana Board of Crime Control:</i>		\$ 326,861.53	\$ 326,861.53	\$ 326,861.55	
<i>Passed through the City of Bozeman</i>					
Gallatin Project Consortium: Rural Project to End Violence Against Women	16.589	\$ 117,578.00	\$ 18,838.24	\$ 18,838.24	
<i>Total Passed through the City of Bozeman:</i>		\$ 117,578.00	\$ 18,838.24	\$ 18,838.24	
<i>Passed through the Montana Peace Officer's Association</i>					
VIRGIL II - Continuation of MHI	16.753	\$ 81,364.00	\$ 13,913.84	\$ 13,913.84	
<i>Total Passed through the Montana Peace Officer's Association:</i>		\$ 81,364.00	\$ 13,913.84	\$ 13,913.84	
Total U.S. Department of Justice		\$ 1,481,277.10	\$ 610,287.61	\$ 610,287.63	
U.S. Department of Transportation					
<i>Passed through the State Department of Transportation:</i>					
Montana Department of Transportation - STEP Overtime Grant 10/1/13 - 9/30/14	20.600;20.601	\$ 23,000.00	\$ 13,567.12	\$ 13,567.12	Highway Safety 20.600, 20.601, 20.611
Montana Department of Transportation - STEP Overtime Grant 7/1/2013-9/30/2013	20.600; 20601	\$ 18,000.00	\$ 1,084.35	\$ 1,084.35	
Montana Department of Transportation - Gallatin County LE Equipment	20.611	\$ 26,600.00	\$ 23,989.23	\$ 23,989.23	Highway Planning 20.205
Community Transportation Enhancement Program CTEP Gallatin County Trails Project	20.205	\$ 319,656.00	\$ 203,559.92	\$ 203,559.92	
Community Transportation Enhancement Program CTEP Manhattan Sidewalk Project	20.205	\$ 39,280.00	\$ 37,573.63	\$ 37,573.63	
Community Transportation Enhancement Program CTEP Milwaukee Park Project	20.205	\$ 50,000.00	\$ 5,516.03	\$ 5,516.03	
Community Transportation Enhancement Program CTEP West Yellowstone Landscaping	20.205	\$ 10,000.00	\$ 3,418.77	\$ 3,418.77	
Community Transportation Enhancement Program CTEP Anderson School Trail	20.205	\$ 117,000.00	\$ 4,651.68	\$ 4,651.68	
<i>Total Passed through the State Department of Transportation:</i>		\$ 603,536.00	\$ 293,360.73	\$ 293,360.73	
<i>Direct U. S. Department of Transportation</i>					
TIGER IV I-90 Interchange Project	20.993	\$ 8,976,224.00	\$ 6,239,525.70	\$ 6,239,526.00	
<i>Total Direct - U.S. Department of Transportation</i>		\$ 8,976,224.00	\$ 6,239,525.70	\$ 6,239,526.00	
<i>Direct - Federal Aviation Administration</i>					
FAA - Pogreba Airport Improvements Taxilane	20.106	\$ 427,271.00	\$ 54,139.00	\$ 54,139.00	
<i>Total Direct - Federal Aviation Administration</i>		\$ 427,271.00	\$ 54,139.00	\$ 54,139.00	
Total U.S. Department of Transportation		\$ 10,007,031.00	\$ 6,587,025.43	\$ 6,587,025.73	
Total Federal Assistance		\$ 13,229,531.99	\$ 8,123,082.03	\$ 8,123,082.35	

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
------------------------------	------------------------	-------------------------	-----------------	----------------------	----------

Note 1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Gallatin County under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Gallatin County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Gallatin County.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Governments*.

Note 3. Subrecipients:

Of the federal expenditures presented in the schedule, Gallatin County provided federal awards to subrecipients as follows:

<u>Program Name:</u>	<u>CFDA #:</u>	<u>Subrecipient:</u>	<u>Amt Provided to Subrecipient:</u>
DOJ Byrne Formula Missouri River Drug Task Force	16.738	City of Bozeman	\$ 71,729.73
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Broadwater Co Sheriff	\$ 5,957.76
DOJ Byrne Formula Missouri River Drug Task Force	16.738	City of Helena	\$ 30,325.90
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Lewis & Clark County	\$ 30,669.22
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Park County Sheriff	<u>\$ 30,636.99</u>
		\$ 175,319.60	
U. S. Department of Transportation - CTEP- Manhattan Sidewalk	20.205	Town of Manhattan	\$ 6,734.34
U. S. Department of Transportation - CTEP - West Yellowstone Landscaping	20.205	Town of West Yellowstone	\$ 842.57
U. S. Department of Transportation - CTEP - Milwaukee Park Landscaping	20.205	Town of Three Forks	\$ 1,547.85
U. S. Department of Transportation - CTEP - Gallatin Trails	20.205	City of Bozeman	<u>\$ 2,315.27</u>
			\$11,440.03
DPHHS - Pregnant and Parenting Teens (Year 2) 7/1/2013-8/31/2013	93.505	THRIVE	\$ 6,505.83
DPHHS - Miechv (Year 2) 10/1/2012-6/30/2013	93.505	THRIVE	\$ 357.47
DPHHS - Miechv (Year 2) 10/1/2012-6/30/2013	93.505	G G United Way	<u>\$22,310.01</u>
			\$ 29,173.31
Environmental Protection Agency - Urban Waters 6/22/12 - 5/1/14	66.440	Greater Gallatin Watershed Council	\$ 700.00

Note 4. Equipment Received/Non-Cash Awards:

The Road & Bridge Department received a donation of two road sander units from the Montana Department of Transportation under CFDA 20.205. They are valued at \$59,252.88. The County paid 13.42% of the total or \$7,650.27.

The Health Department purchased a Hearing Machine with grant funds from MIECHV ID, CFDA 63.505, valued at \$3,630.40. The County was reimbursed for the expense since it was for a grant that the Health Department is not fiscally responsible for but, the equipment is housed at the Health Department.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of County Commissioners
Gallatin County, State of Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallatin County, State of Montana (the County), as of and for the year ended June 30, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon December 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent (or detect and correct) misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented (or detected and corrected) on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Zur Muehlen & Co., P.C.

Bozeman, Montana
December 30, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of County Commissioners
Gallatin County, State of Montana

Report on Compliance on Major Federal Program

We have audited Gallatin County, State of Montana's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance on each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements (referred to above), which could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent (or detect and correct) noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency (or combination of deficiencies) in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented (or detected and corrected) on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency (or a combination of deficiencies) in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson Zur Muehlen & Co., P.C.

Bozeman, Montana
December 30, 2014

GALLATIN COUNTY, STATE OF MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

GALLATIN COUNTY, STATE OF MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Identification of major programs:

20.993 TIGER IV I-90 Interchange Project
20.205 Community Transportation Enhancement Program Gallatin County Trails Project
20.205 Community Transportation Enhancement Program Manhattan Sidewalk Project
20.205 Community Transportation Enhancement Program Milwaukee Park Project
20.205 Community Transportation Enhancement Program West Yellowstone Landscaping
20.205 Community Transportation Enhancement Program Anderson School Trail

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Prior year findings:

2013-01 Financial Statement Finding – Internal Control over Financial Reporting
Status- Implemented

STATISTICAL

SECTION

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And Unnumbered

STATISTICAL SECTION

The Statistical Section of Gallatin County's annual financial report presents detailed information as a context for understanding what is in the financial statements, note disclosure and required statements in the annual report says about the county's overall financial health.

Sections:

Financial Trends

Schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

Schedules contain information to help the reader assess the County's most significant local revenue sources.

Debt Capacity

Schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt, along with the County's ability to issue additional debt in the future.

Demographic and Economic Information

Schedules offer demographic and economic indicators to help the reader understand how the external environment, affects the County's financial activities.

Operating Information

Schedules contain service and infrastructure data to help the reader understand how the information in the county's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant years.

GALLATIN COUNTY, MONTANA
NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Investment in capital assets, net of related debt	7,105	87,116	89,823	95,672	69,632	89,086	96,440	98,593	94,609	94,357
Restricted	678	678	678	1,004	1,588	815	1,391	1,391	-	-
Unrestricted	29,170	32,799	34,380	30,945	59,486	43,467	40,045	38,720	43,114	45,344
Total governmental activities net assets	36,953	120,593	124,882	127,621	130,706	133,368	137,876	138,704	137,723	139,701
Business-type activities										
Investment in capital assets, net of related debt	1,198	944	1,401	5,859	8,130	8,646	9,016	9,036	7,889	7,713
Restricted	511	511	511	2,115	2,189	2,339	2,339	2,339	2,115	2,115
Unrestricted	2,835	4,765	6,592	6,489	6,126	6,723	8,118	8,969	10,507	11,822
Total business-type activities net assets	4,543	6,220	8,504	14,463	16,444	17,707	19,473	20,344	20,510	21,649
Primary government										
Investment in capital assets, net of related debt	8,303	88,060	91,225	101,531	77,762	97,732	105,457	107,629	102,498	102,070
Restricted	1,189	1,189	1,189	3,119	3,777	3,154	3,730	3,730	2,115	2,115
Unrestricted	32,005	37,564	40,973	37,433	65,612	50,190	48,163	47,689	53,621	57,166
Total primary government net assets	41,497	126,813	133,386	142,084	147,150	151,076	157,349	159,048	158,233	161,350

GALLATIN COUNTY, MONTANA

CHANGE IN NET POSITION

(accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	8,345	8,780	8,511	9,253	9,916	10,046	10,718	9,473	9,838	13,222
Public safety	8,567	9,625	10,336	12,764	12,400	14,183	17,456	16,489	16,934	17,066
Public works	4,976	8,613	7,077	6,841	8,236	8,735	9,312	9,496	11,043	13,540
Public health	2,694	2,734	3,029	2,970	3,224	3,315	3,241	3,392	3,606	3,432
Social and economic	377	429	490	498	439	536	523	486	495	459
Culture and recreation	2,120	1,583	1,607	1,559	1,683	2,763	1,822	1,823	1,899	2,316
Housing & Comm. Dev.	227	153	165	86	73	3,316	3,842	90	414	316
Conservation of Nat. Res.	104	179	160	97	81	118	139	111	146	318
Miscellaneous / Unallocated	167	78	103	51	63	8	35	-	-	-
Interest on long-term debt	538	531	848	857	1,620	2,185	2,424	2,376	2,638	2,082
Total governmental activities	28,115	32,704	32,326	34,976	37,735	45,205	49,512	43,735	47,014	52,751
Business-type activities:										
Gallatin county landfill	839	2,340	2,019	1,856	2,646	2,941	3,165	3,159	3,019	3,041
Rest home	4,140	4,701	4,518	4,717	5,169	5,426	5,676	5,736	5,813	5,921
West Yellowstone Refuse	1,004	935	904	918	823	756	760	829	859	992
Total business-type activities	5,983	7,976	7,441	7,492	8,638	9,122	9,601	9,724	9,691	9,953
Total primary government expenses	34,097	40,680	39,767	42,468	46,373	54,327	59,113	53,459	56,705	62,704
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,595	2,170	2,662	1,955	1,806	2,043	2,073	2,001	2,032	1,947
Public safety	1,722	1,899	2,228	2,291	2,525	1,639	1,506	1,763	2,708	3,981
Public works	357	576	912	316	587	329	169	157	83	101
Public health	500	505	331	270	270	303	310	342	357	441
Social and economic	12	29	39	75	64	68	78	30	-	-
Culture and recreation	347	506	523	502	475	612	510	503	560	588
Housing & Comm. Dev.	491	484	505	339	226	193	311	180	231	487
Conservation of Nat. Res.	177	184	138	149	125	87	149	117	106	95
Operating Grants and contributions	4,162	4,877	3,311	3,516	5,369	5,232	6,584	5,597	7,205	5,573
Capital grants and contributions	598	365	1,469	57	804	4,414	4,209	479	244	6,658
Total governmental activity revenue	9,959	11,596	12,117	9,471	12,251	14,921	15,898	11,170	13,526	19,871
Business-type activities										
Charges for services:										
Gallatin county landfill	1,581	3,315	3,973	4,072	4,014	3,637	4,374	3,976	3,536	3,827
Rest home	4,659	4,808	4,202	4,300	5,352	5,725	5,788	5,324	5,283	5,684
West Yellowstone Refuse	881	1,178	1,130	994	874	789	839	886	786	863
Operating Grants and contributions	272	107	82	3,838	75	91	206	295	420	180
Total business-type activity revenue	7,394	9,408	9,388	13,205	10,315	10,241	11,207	10,480	10,025	10,554
Total primary government revenue	17,353	21,004	21,505	22,675	22,565	25,162	27,105	21,650	23,551	30,425
Net (expense) revenue										
Governmental activities:	(18,155)	(21,108)	(20,209)	(25,506)	(25,484)	(30,285)	(33,614)	(32,565)	(33,488)	(32,879)
Business-type activities	1,411	1,432	1,947	5,713	1,676	1,119	1,605	757	334	601
Total primary government (expense) revenue	(16,744)	(19,676)	(18,262)	(19,793)	(23,808)	(29,166)	(32,008)	(31,809)	(33,154)	(32,278)

GALLATIN COUNTY, MONTANA
CHANGE IN NET POSITION (Continued)

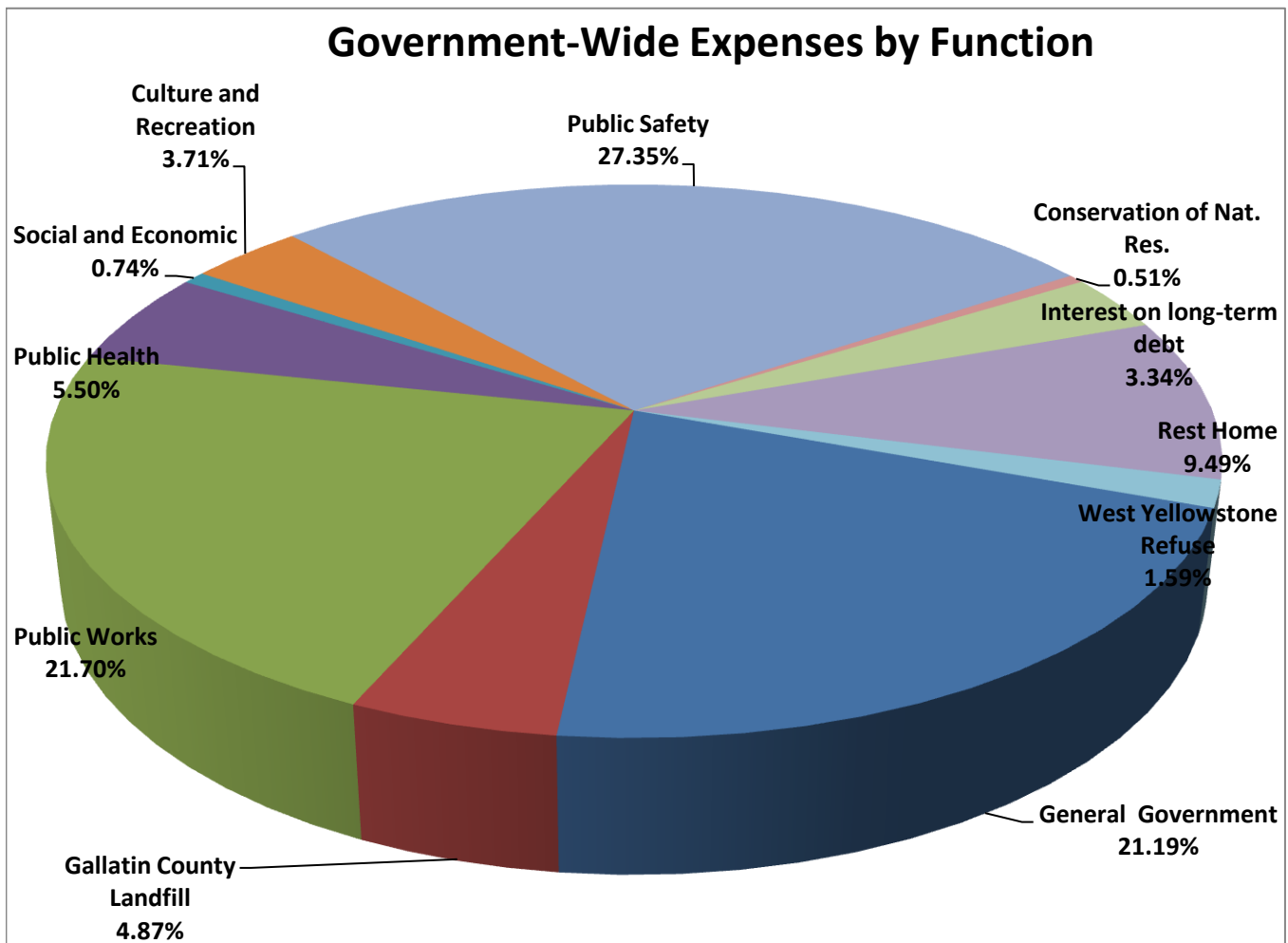
(accrual basis of accounting)

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets											
Governmental activities:											
Taxes											
Property Taxes	16,482	18,765	21,078	22,672	24,650	24,914	29,436	35,171	30,201	31,088	32,028
Local option tax	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-
Unrestricted grants/contributions	1,672	172	785	242	2,043	2,072	2,148	2,144	2,346	2,444	2,692
Investment earnings	350	646	983	1,567	1,491	975	837	559	316	(579)	70
Miscellaneous	(50)	(5)	0	-	49	600	262	85	543	569	104
Sale/disposal of Fixed assets	-	2,707	-	17	12	7	6	163	(15)	(1,014)	(37)
Other	-	-	-	-	-	-	-	-	-	-	-
Total governmental activities	18,454	22,286	22,846	24,498	28,245	28,569	32,689	38,121	33,392	32,508	34,857
Business-type activities:											
Taxes	1	108	111	65	61	65	0	0	0	0	1
Investment earnings	24	49	133	273	324	240	157	157	115	(161)	276
Sale/disposal of Fixed assets	50	5	-	-	(140)	-	(13)	3	(1)	(8)	261
Total business-type activities	75	162	245	338	245	305	144	160	114	(168)	538
Total primary government expenses	18,529	22,447	23,091	24,835	28,491	28,874	32,834	38,282	33,505	32,340	35,395
Change in Net Assets											
Governmental activities:	1,504	4,130	1,738	4,288	2,739	3,085	2,405	4,508	826	(980)	1,978
Business-type activities	405	1,573	1,677	2,285	5,958	1,981	1,263	1,765	871	166	1,139
Total primary government	1,910	5,704	3,414	6,573	8,698	5,066	3,668	6,273	1,697	(814)	3,117

Government-Wide Expenses by Function

	2012	2013	2014
General Government	9,473	9,838	13,222
Gallatin County Landfill	3,159	3,019	3,041
Public Works	9,496	11,043	13,540
Public Health	3,392	3,606	3,432
Social and Economic	486	495	459
Culture and Recreation	1,823	1,899	2,316
Public Safety	16,489	16,934	17,066
Conservation of Nat. Res.	201	146	318
Interest on long-term debt	2,376	2,638	2,082
Rest Home	5,736	5,813	5,921
West Yellowstone Refuse	829	859	992
	53,549	56,705	62,704



GALLATIN COUNTY, MONTANA
FUND BALANCES OF GOVERNMENTAL FUNDS

(accrual basis of accounting)

(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	-	-	-	-	-	-	154	149	142	131
Restricted	-	-	-	-	-	-	-	383	409	488
Unrestricted										
Committed	2,649	3,469	3,637	2,832	1,112	1,106	3,128	2,733	2,529	3,078
Assigned	-	-	-	-	-	-	7	372	328	306
Unassigned	-	-	-	-	-	-	-	-		
Total general fund	2,649	3,469	3,637	2,832	1,112	1,106	3,289	3,637	3,408	4,003
All other governmental funds										
Nonspendable	166	154	171	161	181	217	43	55	68	65
Restricted	1,462	1,123	1,411	1,004	1,588	815	10,078	8,429	8,341	9,233
Unrestricted										
Committed							15,858	15,539	19,912	21,760
Assigned	6,310	9,090	8,769	6,224	33,569	15,482	-	33	101	36
Unassigned	13,779	14,506	14,940	13,359	16,938	17,618	-	-	-	-
Total all other governmental funds	21,717	24,874	25,291	20,749	52,276	34,132	25,979	24,056	28,422	31,094
Total all governmental funds	24,366	28,343	28,928	23,581	53,388	35,238	29,268	27,693	31,830	35,097

GALLATIN COUNTY, MONTANA
FUND BLANCES OF GOVERNMENTAL FUNDS

(accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes/assessments	17,921	19,212	20,933	23,052	25,730	27,226	30,973	31,312	31,790	32,635
Licenses and permits	355	385	309	280	274	244	281	291	308	300
Intergovernmental	6,630	7,589	6,010	5,713	7,982	11,280	11,527	8,217	9,786	14,845
Charges for services	3,429	4,320	4,742	3,998	3,626	3,800	3,797	3,779	4,947	6,405
Fines and forfeitures	749	876	978	843	1,271	409	609	634	540	598
Miscellaneous	826	1,083	1,553	696	997	1,548	492	1,121	581	538
Interest earnings	599	924	1,475	1,382	878	762	492	276	(179)	509
Contributions/donations	-	-	-	23	773	38	1,430	4	22	102
Total revenues	30,508	34,390	36,001	35,987	41,531	45,306	49,602	45,635	47,795	55,931
Expenditures:										
General government	7,756	8,110	7,942	8,447	8,965	8,778	9,681	8,574	8,902	9,139
Public safety	7,746	8,644	9,427	12,068	11,663	12,717	16,735	14,342	14,735	15,498
Public works	4,748	5,398	4,914	5,204	4,457	5,667	6,281	6,237	7,612	13,342
Public health	2,472	2,460	2,726	2,903	3,209	3,059	3,157	3,264	3,439	3,410
Social and economic	321	360	412	484	442	473	504	456	456	447
Culture and recreation	2,069	1,520	1,542	1,435	1,571	2,629	1,688	1,680	1,755	1,854
Housing & Comm. Dev.	(189)	39	37	37	77	3,211	3,812	41	349	74
Conservation of Nat. Res.	93	164	144	93	81	102	132	102	136	134
Miscellaneous	158	78	104	51	63	8	35	-	-	-
Debt Service									85	
Principal	945	1,811	1,358	2,031	2,169	2,091	5,397	5,263	3,584	3,693
Interest	-	-	-	857	1,620	2,185	2,424	2,376	2,158	2,082
Capital outlay	5,694	6,489	6,744	10,107	15,509	24,784	13,469	4,339	1,901	3,224
Total expenditures	31,813	35,073	35,348	43,719	49,826	65,704	63,314	46,674	45,112	52,897
Excess of revenues over (under) expenditures	(1,305)	(684)	653	(7,732)	(8,294)	(20,399)	(13,712)	(1,039)	2,683	3,034
Other financing source (uses)										
Transfers in	3,880	1,115	2,120	2,131	894	1,165	3,449	2,713	2,463	2,904
Transfers out	(5,203)	(2,742)	(4,174)	(2,962)	(1,712)	(1,946)	(4,233)	(3,552)	(3,161)	(3,851)
Proceeds from long-term debt	853	6,286	1,954	3,199	38,504	2,765	8,315	300	2,140	1,150
Proceeds from sale of capital assets	2,711	1	17	18	8	6	212	2	12	11
Gain (Loss) on sale of investments					407	1	-	-	-	20
Total other financing sources (uses)	2,241	4,660	(84)	2,386	38,101	1,990	7,743	(537)	1,454	233
Net Change in fund balances	936	3,976	569	(5,346)	29,807	(18,408)	(5,969)	(1,575)	4,137	3,267
Debt service as a percentage of noncapital expenditures	3.62%	6.34%	4.75%	8.59%	11.04%	10.45%	15.69%	18.04%	13.29%	11.63%

GALLATIN COUNTY, MONTANA
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY

(amounts expressed in thousands)

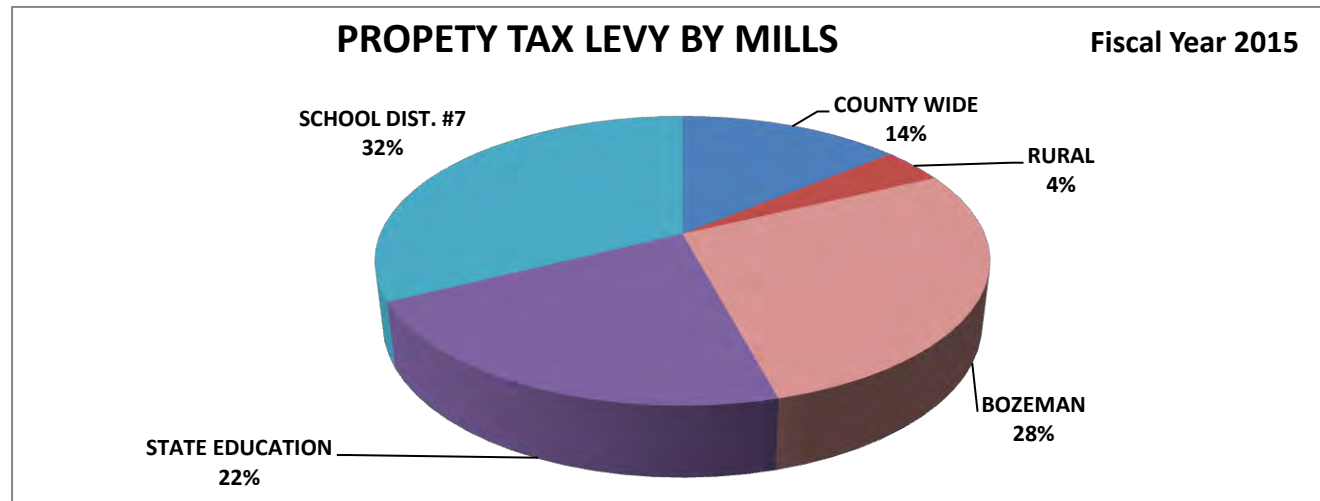
FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	MOBILE HOMES	CENTRALLY ASSESSED	TAX INCREMENT DISTRICT	TOTAL TAXABLE ASSESSED VALUE
2004	104,354	5,888	1,258	12,971	-	124,471
2005	114,535	6,291	1,263	11,927	(429)	133,588
2006	145,197	6,977	1,361	15,380	(854)	168,061
2007	155,176	7,635	1,383	18,000	(884)	181,310
2008	167,823	8,627	1,380	20,308	(1,035)	197,103
2009	179,273	9,314	1,340	20,557	(1,223)	209,262
2010	194,498	9,661	1,216	19,991	(2,870)	222,497
2011	200,807	8,990	1,138	23,104	(3,120)	230,919
2012	205,442	8,279	1,048	23,139	(3,283)	234,625
2013	211,386	6,533	973	24,302	(3,708)	239,486
2014	218,776	6,533	973	24,302	(4,013)	246,571
2015	224,256	6,729	983	25,031	(4,035)	252,964
estimated						

Note: Property in the County is assessed at actual value; therefore the taxable assessed value is equal to actual value. Tax rates are per \$1,000 of taxable assessed value.

Source: Department of Revenue biennial report to the Legislature, except FY 2014 and 2015.

GALLATIN COUNTY, MONTANA
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
DIRECT AND OVERLAPPING GOVERNMENTS

FISCAL YEAR	GALLATIN COUNTY							OVERLAPPING LEVIES			TOTAL DIRECT & OVERLAPPING LEVIES
	GENERAL FUND	DEBT SERVICE	PUBLIC SAFETY	OTHER LEVIES	SUBTOTAL COUNTY WIDE LEVIES	RURAL Road/Library Levies	TOTAL DIRECT	CITY OF BOZEMAN	STATE EDUCATION LEVIES	SCHOOL DISTRICT NO. 7	
2004	5.04	5.21	24.22	37.19	71.66	23.47	95.13	161.31	151.46	145.71	553.61
2005	12.43	4.60	28.54	27.54	73.11	23.68	96.79	169.99	143.36	167.32	577.46
2006	11.63	4.31	29.37	30.26	75.57	24.68	100.25	166.26	142.49	169.06	578.06
2007	10.49	6.59	27.20	32.75	77.03	24.68	101.71	161.42	141.64	182.74	587.51
2008	12.26	4.71	36.87	32.25	86.09	24.68	110.77	154.18	143.05	183.85	591.85
2009	11.06	5.15	40.51	27.69	84.41	25.47	109.88	169.16	183.85	212.53	675.42
2010	14.07	5.81	34.94	36.18	91.00	25.23	116.23	168.19	140.02	199.54	623.98
2011	15.92	11.45	39.07	23.50	89.94	25.39	115.33	166.75	141.74	223.05	646.87
2012	19.62	11.09	41.76	16.22	88.69	25.48	114.17	164.75	141.61	196.89	617.42
2013	20.56	14.89	41.01	15.83	92.29	26.34	118.63	164.75	142.47	203.26	629.11
2014	21.53	14.12	41.08	16.55	93.28	26.44	119.72	171.08	147.28	218.41	656.49
2015	21.03	14.09	40.01	18.37	93.50	26.29	119.79	186.76	145.94	216.67	669.16



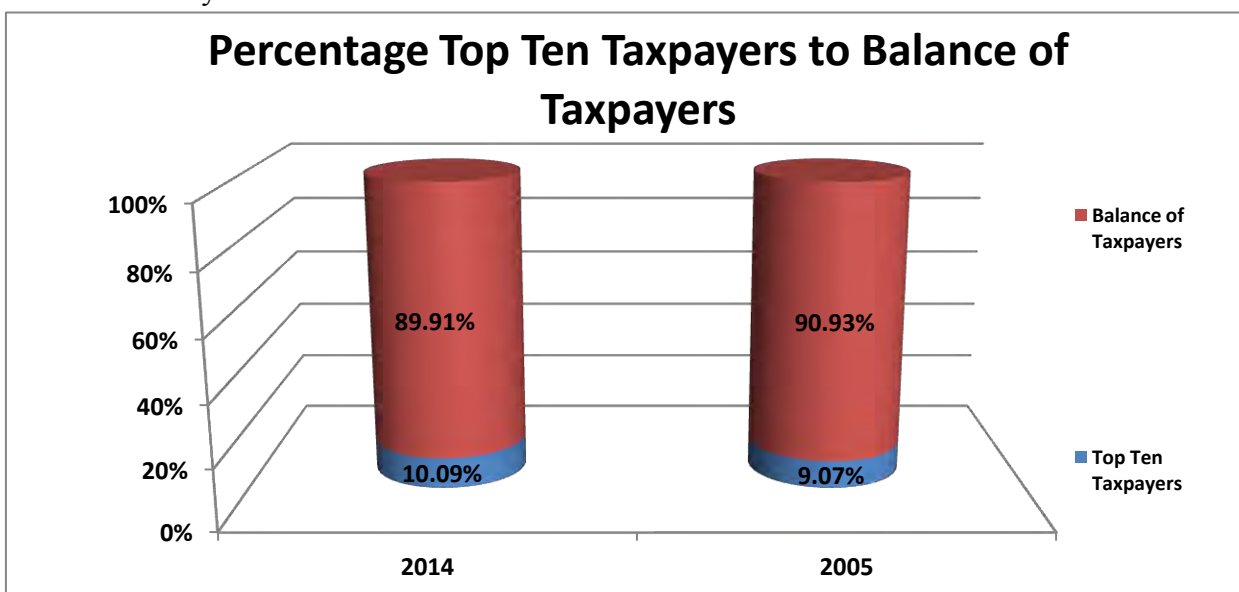
**GALLATIN COUNTY, MONTANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT TAX YEAR AND EIGHT YEARS PREVIOUS**

TAX YEAR ----->		2014			2005		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF COUNTY TAXABLE ASSESSED VALUE		RANK	PERCENTAG E OF COUNTY TAXABLE ASSESSED VALUE	
Northwestern Energy	16,512	1	6.53%		11,362	1	5.74%
Qwest Corporation	1,577	2	0.62%		1,921	2	0.97%
Montana Rail Link	1,457	3	0.58%		1,067	3	0.54%
Charter Communicati	1,008	4	0.40%		-		-
Holcim, Inc.	871	5	0.34%		718	5	0.36%
Verizon Wireless/Cell	915	6	0.36%		-		-
PPL Montana	1,149	7	0.45%		-		-
Black Bull Run	722	8	0.29%		-		-
Luzenac America, Inc.	755	9	0.30%		800	4	0.40%
Worldmark, The Club	570	10	0.23%				
Zoot Properties, LLC	-		-		479	7	0.24%
Sky West Airlines	-		-		375	9	0.19%
Harry Daum	-		-		502	6	0.25%
WalMart	-		-		403	5	0.20%
Bridger Peaks, LLC	-		-		322	10	0.16%
	<u>25,536</u>		<u>10.09%</u>		<u>17,950</u>		<u>9.07%</u>

County Taxable Value 252,964

197,902

Source: Gallatin County Treasurer



**GALLATIN COUNTY, MONTANA
REAL PROPERTY TAXES AND COLLECTIONS
GOVERNMENTAL FUND TYPES**

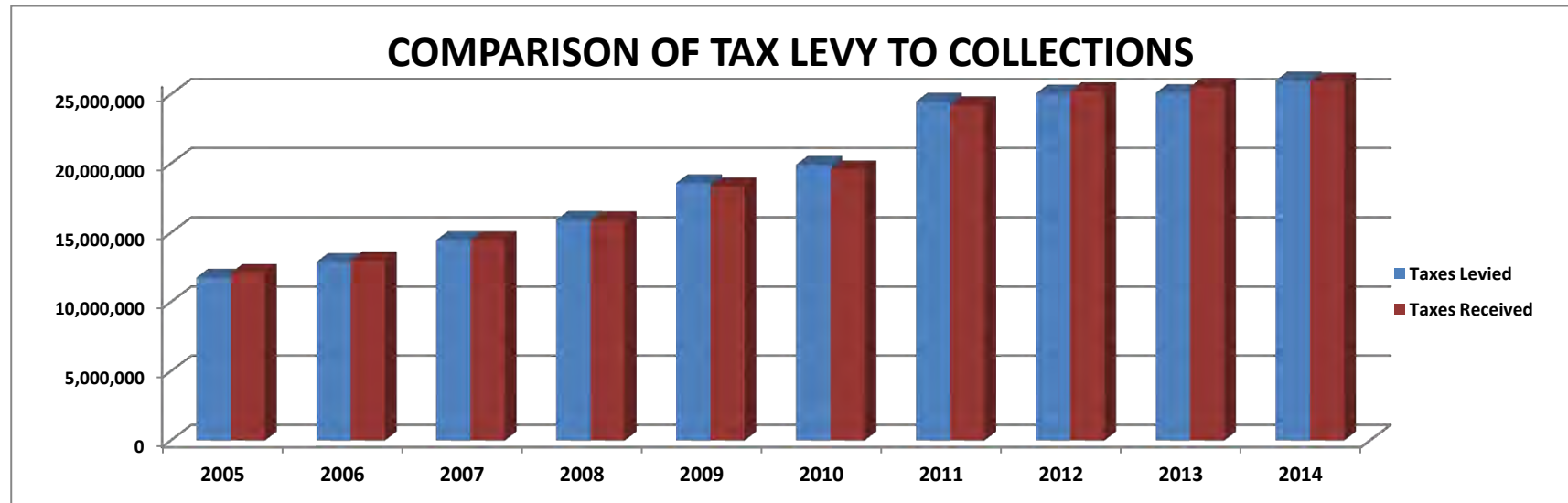
LAST TEN FISCAL YEARS

**COLLECTION WITHIN
THE FISCAL YEAR OF THE**

TOTAL COLLECTIONS FOR YEAR

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR (1)	AMOUNT	PERCENTAGE OF LEVY	DELINQUENT TAX COLLECTIONS	TOTAL TAXES RECEIVED	PERCENTAGE OF LEVY (1)
2005	11,766,610	11,274,147	95.81%	824,533	12,098,680	102.82%
2006	12,881,447	12,463,947	96.76%	541,201	13,005,148	100.96%
2007	14,467,128	13,955,859	96.47%	509,107	14,464,966	99.99%
2008	15,920,029	15,429,097	96.92%	484,729	15,913,826	99.96%
2009	18,587,687	17,884,756	96.22%	476,783	18,361,539	98.78%
2010	19,915,058	18,904,174	94.92%	671,601	19,575,775	98.30%
2011	24,479,020	23,112,451	94.42%	1,104,396	24,216,847	98.93%
2012	25,058,721	23,822,021	95.06%	1,417,728	25,239,749	100.72%
2013	25,103,215	24,357,848	97.03%	1,191,274	25,549,122	101.78%
2014	25,997,048	25,163,044	96.79%	760,631	25,923,675	99.72%

SOURCE: Gallatin County Finance Department



GALLATIN COUNTY, MONTANA
RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	% of Personal Income (1)	% / Capita (1)
	General Obligation Bonds	Special Assessment Debt	Contracts / Loans	Capital Leases	Revenue Bonds	Contracts / Loans			
2004	7,895	4,461	1,207	1,200	4,005	1,146	19,914	0.011%	\$ 26
2005	7,505	4,223	1,905	1,038	3,930	1,013	19,614	0.009%	\$ 24
2006	12,100	3,520	2,650	875	3,775	2,254	25,176	0.010%	\$ 30
2007	11,628	3,576	3,835	710	4,089	1,954	25,792	0.009%	\$ 30
2008	11,027	3,600	5,745	545	2,342	2,327	25,586	0.009%	\$ 28
2009	46,432	3,290	6,210	1,320	1,612	2,123	60,987	0.022%	\$ 68
2010	46,511	4,681	5,508	1,226	2,422	1,982	62,331	0.022%	\$ 70
2011	44,710	8,828	6,081	1,273	1,904	1,800	64,595	0.021%	\$ 71
2012	42,825	8,226	3,721	1,158	1,306	1,728	58,963	0.020%	\$ 64
2013	43,099	7,528	3,004	1,039	938	1,755	57,363	0.019%	\$ 61
2014	41,872	7,108	2,230	917	813	1,880	54,820	0.018%	\$ 58

(1) See the Schedule for Demographic Statistics for personal income and population data. Personal income equals estimated population multiplied by per capita income.

GALLATIN COUNTY, MONTANA
RATIO OF DEBT TO TAXABLE VALUE AND PER CAPITA
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Funds	Total	% of Taxable Value ¹	Per Capita ²
2004	7,895	54	7,841	5.87%	\$ 10.12
2005	7,505	75	7,430	4.42%	\$ 9.20
2006	12,100	110	11,990	6.61%	\$ 14.19
2007	11,628	217	11,411	5.79%	\$ 13.06
2008	11,027	44	10,983	5.25%	\$ 12.23
2009	46,432	467	45,965	20.66%	\$ 50.88
2010	46,511	35	46,475	20.13%	\$ 51.92
2011	44,710	129	44,581	19.00%	\$ 48.79
2012	42,825	417	42,408	17.71%	\$ 45.75
2013	43,099	495	42,604	17.28%	\$ 45.43
2014	41,872	344	41,528	16.42%	\$ 44.03

NOTE: Details regarding the County's outstanding debt are in the notes to the financial statements.

¹ See Schedule "Assessed Value and Actual Value of Taxable Property for data.

² Populations data can be found in schedule, "Demographic Statistics".

GALLATIN COUNTY, MONTANA
LEGAL DEBT MARGIN CALCULATIONS
Last Ten Fiscal Years
(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Calculation of Legal Debt Margins											
Assessed Value	4,257,927	4,539,777	5,004,202	5,526,324	6,104,449	6,641,798	7,303,040	8,217,172	8,712,241	8,851,637	9,834,392
Allowed debt percentage	1.40%	1.40%	1.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Debt Limit	59,611	63,557	70,059	138,158	152,611	166,045	182,576	205,429	217,806	221,291	245,860
Outstanding debt applicable to limit	11,381	11,640	17,043	17,551	18,772	55,626	54,968	53,946	49,689	49,151	47,114
Legal Debt margin	48,230	51,917	53,016	120,607	133,839	110,419	127,608	151,483	168,117	172,140	198,746
Outstanding debt applicable to limit											
as a percentag	19.09%	18.31%	24.33%	12.70%	12.30%	33.50%	30.11%	26.26%	22.81%	22.21%	19.16%

(1) The statutes of the State of Montana prescribe a debt limit of 2.5% of the assessed valuation for general obligation debt.
The debt limit increased to 2.50% from 1.40% in 2007.

GALLATIN COUNTY, MONTANA
RURAL IMPROVEMENT DISTRICT DEBT
Last Ten Fiscal Years

FISCAL YEAR	SPECIAL ASSESSMENT	DEBT SERVICE REQUIREMENTS		
		PRINCIPAL	INTEREST	COVERAGE
2005	698,911	238,000	237,111	147.10%
2006	722,248	1,043,000	239	69.23%
2007	662,371	399,000	198,468	110.86%
2008	669,554	876,000	217,659	61.22%
2009	652,218	310,000	185,680	131.58%
2010	556,753	374,000	168,319	102.66%
2011	956,736	568,000	452,558	93.75%
2012	1,012,389	602,000	457,475	95.56%
2013	904,910	503,000	466,065	93.38%
2014	977,858	420,000	406,064	118.38%

(1) Special Assessment Collections includes debt service charges collected and interest.

GALLATIN COUNTY, MONTANA
RURAL IMPROVEMENT DISTRICT DEBT AND REVOLVING FUND
Last Ten Fiscal Years

FISCAL YEAR	RURAL IMPROVEMENT DEBT	AMOUNT NEEDED FOR 5%	REVOLVING FUND CASH	REVOLVING FUND %
2005	4,223,000	211,150	591,743	14.01%
2006	3,520,000	176,000	603,405	17.14%
2007	3,576,000	178,800	638,110	17.84%
2008	3,600,000	180,000	686,430	19.07%
2009	3,290,000	164,500	762,158	23.17%
2010	4,681,000	234,050	766,111	16.37%
2011	8,828,000	441,400	854,654	9.68%
2012	8,226,000	411,300	1,054,047	12.81%
2013	7,528,000	376,400	1,071,284	14.23%
2014	7,108,000	355,400	1,077,706	15.16%

Note: The Amount Needed For 5% references state statute that requires the County to maintain between 5% and 10% in the RID Revolving Fund

GALLATIN COUNTY, MONTANA

DEMOGRAPHIC ACTIVITY

Last Ten Fiscal Years

FISCAL YEAR	ESTIMATED POPULATION (a)	BIRTHS (b)	DEATHS (b)	ESTIMATED PER	
				CAPITA PERSONAL INCOME (e)	PERSONAL INCOME (e) (in thousands)
2005	80,748			33,023	2,652
2006	84,489			35,475	2,979
2007	87,359			36,844	3,191
2008	89,824			37,004	3,291
2009	90,343			34,113	3,042
2010	89,513			35,174	3,152
2011	91,377			36,735	3,357
2012	92,701			35,293	3,225
2013	93,785			35,356	3,231
2014	94,320			35,500	3,244

Business Activity

Last Ten Fiscal Years

FISCAL YEAR	YELLOWSTONE PARK - WEST ENTRANCE	BUILDING PERMITS (in thousands)	AIRLINE PASSENGERS (arrivals & departures)	ELECTRICAL CONNECTIONS	NATURAL GAS CONNECTIONS
2005	1,195,656	243,751	672,482	1,901	1,078
2006	1,208,814	192,677	633,762	1,639	1,030
2007	1,293,755	243,751	670,874	1,337	870
2008	1,273,046	135,833	702,560	914	514
2009	1,335,702	100,639	702,495	702	380
2010	1,477,833	78,227	683,277	617	341
2011	1,394,106	142,675	796,110	530	259
2012	1,407,762	121,045	867,117	747	464
2013	1,260,424	191,305	884,660	994	678

SCHOOLS

EMPLOYMENT STATISTICS

FISCAL YEAR	PUBLIC SCHOOL ENROLLMENT	PRIVATE SCHOOL ENROLLMENT	UNIVERSITY ENROLLMENT	EMPLOYED	UNEMPLOYMENT RATE
2005	10,157	1,343	10,528	45,785	2.70%
2006	10,377	1,330	10,643	48,129	2.30%
2007	10,533	1,402	10,556	47,928	2.60%
2008	10,657	1,402	10,467	49,090	4.60%
2009	10,742	1,412	10,519	45,363	6.20%
2010	10,885	1,410	10,840	45,317	6.70%
2011	11,212	1,368	11,579	46,478	6.10%
2012	11,296	1,398	12,188	47,331	4.90%
2013	11,667	1,417	12,772	50,462	4.70%
2014	12,021	1,435	13,371	52,924	3.60%

GALLATIN COUNTY, MONTANA
FULL-TIME EQUIVALENT COUNT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

FUNCTION / PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT											
Legislative services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Judicial services	39.00	33.67	25.31	24.90	23.12	34.57	33.90	33.98	33.87	33.90	34.90
Administrative services	22.02	21.90	23.67	24.48	23.25	21.75	21.00	20.90	21.59	21.90	23.15
Financial services	24.21	23.71	23.21	23.92	24.46	24.96	24.96	24.61	25.81	25.63	26.17
Election & record services	16.00	16.00	16.67	17.21	17.25	13.75	13.75	12.75	12.75	12.75	12.75
Planning services	9.00	9.00	10.00	10.00	10.50	7.75	7.25	6.90	6.90	7.10	8.15
Legal services	18.38	18.80	19.00	20.00	20.75	21.00	21.00	21.00	21.00	21.00	21.00
Other general government	0.51	10.63	12.67	8.39	6.77	2.57	4.26	0.14	0.44	0.19	-
PUBLIC SAFETY											
Law enforcement services	50.14	51.23	55.50	56.40	55.00	59.41	56.59	60.65	58.26	59.84	63.51
Detention services	34.50	36.00	32.92	33.00	32.00	30.43	44.00	53.00	52.00	52.00	53.50
Animal control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dispatch & Law records	28.50	28.00	28.00	28.63	29.00	30.00	29.50	29.50	30.50	31.75	32.75
Other public safety services	0.51	10.28	12.57	8.29	6.67	2.57	4.26	0.14	0.44	0.19	-
PUBLIC WORKS											
Bridge maintenance	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.41	7.41
Road and street maintenance	24.85	26.60	26.11	26.11	26.11	25.11	25.11	25.39	26.14	26.14	26.14
Facilities administration	3.65	3.65	3.65	3.62	3.62	3.12	5.54	6.74	6.74	6.49	6.74
Solid waste	8.50	10.50	13.50	16.50	20.50	20.50	18.00	18.00	19.00	18.00	18.00
Weed spraying services	2.00	2.00	2.50	3.40	3.00	2.25	3.00	3.00	2.88	2.75	2.75
PUBLIC HEALTH											
Health administration	2.00	2.00	3.00	2.00	3.00	3.83	3.83	3.00	3.00	3.00	3.00
Health environmental services	11.00	11.50	11.06	12.06	11.34	10.17	10.00	9.75	10.00	10.00	10.00
Health human services	18.68	18.93	15.06	18.37	17.47	16.80	18.02	19.22	20.56	19.45	21.40
Nursing home	80.50	90.30	89.80	91.70	97.90	102.90	102.90	104.67	105.58	105.58	107.68
RECREATION AND OTHER											
Extension	3.50	3.75	4.00	4.50	4.00	4.00	4.00	3.50	3.00	3.00	3.00
Fair	8.00	8.00	9.34	9.25	10.50	10.00	10.00	10.00	10.25	10.00	9.00
Parks	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.06
TOTAL	<u>419.91</u>	<u>450.90</u>	<u>452.00</u>	<u>457.19</u>	<u>460.66</u>	<u>461.89</u>	<u>475.33</u>	<u>480.30</u>	<u>484.18</u>	<u>484.16</u>	<u>497.06</u>

Source: Gallatin County Finance Office

GALLATIN COUNTY, MONTANA
OPERATING INDICATORS BY FUNCTION / PROGRAM

FUNCTION / PROGRAM		Last Ten Fiscal Years											
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
GENERAL GOVERNMENT													
	Registered Voters		34,325	34,325	47,413	67,073					65,109		71,021
	Property Transactions												
		Filings with Clerk & Recorder	41,638	37,819	40,209	37,923	30,178	26,562	31,939	30,013	30,562	34,604	30,662
		Deeds Recorded	7,080	7,579	7,759	6,143	4,463	3,222	4,275	4,176	4,525	5,620	5,704
	Property Tax Information												
		Real Taxes Billed	71,000,000	77,787,774	86,787,701	95,360,325	104,896,357	108,500,000	129,786,736	125,791,776	128,575,814	133,107,370	135,247,080
		Real Taxes Collected - w/Delinquency	76,135,170	79,071,460	87,555,718	95,415,269	102,785,269	106,330,000	121,585,614	125,950,881	130,006,433	135,875,106	136,205,906
		Real Taxes Protested								1,014,368	1,700,155	1,482,659	705,924
		Total Outstanding								9,297,141	7,222,725	5,110,757	10,162,915
		Number of Bills Sent								47,697	48,149	48,112	
		Redemption & Tax Deeds								655,478	1,129,632	2,112,487	
	Motor Vehicle - Titles Processed		33,349	32,868	27,810	21,168	25,000	25,000	26,000	26,840	26,788	28,465	29,790
		Registrations Processed	104,666	83,998	87,026	78,886	76,000	76,000	72,000	72,342	62,694	69,534	84,608
	Justice Court												
		Cases Filed	10,030	11,414	11,194	10,060	10,971	10,553	9,917	8,888	8,092	7,356	7,894
		Fines & Forfeitures	504,762	641,289	699,320	700,976	748,253	765,469	520,873	483,912	400,184	430,756	455,303
		Charges Filed						9,415	8,951	8,128	7,785	6,835	7,642
	County Attorney												
		Felonies	418	439	408	341	341		355	364	385	437	437
		Involuntary Commitments	39	54	48	42	42		64	65	50	69	69
		Juvenile Cases	52	77	83	117	117		149	172	189	150	150
PUBLIC SAFETY													
	Sheriff												
		Arrests											
		Prisoner Days	23,998	24,000	26,000	27,500	30,000	28,105	29,200	30,000	41,978	45,625	72,273
		Average Daily Population -DC	66	61	63	65	69	77	80	82	115	125	163
		Calls Dispatched	21,265	23,013	29,271	27,051	27,036	28,003	27,805	28,116	25,366	32,286	33,749
		Traffic Violations											
	Dispatch / Fire												
		Events Processed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95,263	102,910	110,254	110,254
		Fire Dispatches	N/A	N/A	5,704	2,752	1,809	5,810	5,970	5,970	5,941	6,775	6,775
		9-1-1 Calls Answered	N/A	77,950	N/A	86,836	91,138	94,064	94,256	25,445	29,521	31,712	31,712
PUBLIC WORKS													
	Refuse Disposal												
		Refuse disposed of		42,548	89,339	116,260	113,182	117,000	109,000	115,389	105,665	103,474	108,213
		Recycling - (tons diverted)		901	1,274	1,000	800	800	500	3,034	2,479	3,301	3,126
		Other Materials Diverted								10,413	4,019	5,081	5,074
	Road / Bridge												
		Road Resurfaced (miles)											8
		Bridge Repairs / Replaced (hours)								1,210	1,434	1,896	1,870
		Junk Vehicle Hauled		877	956	875	650	336	253	171	96	75	30
	Noxious Weed spray (acres)		9,503	9,563	8,600	9,500	9,500			4,560	4,560	4,560	4,560
PUBLIC HEALTH													
	Septic System Permits Issued		615	562	543	465	315	265	208	154	200	226	271
	Licensed Establishment Inspections		729	984	88	1,010	1,238	1,429	1,657	1,646	1,723	1,617	1,743
	Communicable Disease Cases							820	1,677	881	998	1,398	1,107
	Immunizations Administered		6,405	7,319	8,357	10,207	10,960	9,125	7,233	10,619	10,313	8,712	9,533
RECREATION AND OTHER													
	County Fair Attendees		48,653	41,470	40,183	39,981	40,122	44,425	39,492	38,033	49,000	49,300	51,875
	Winterfest Attendees		9,595	9,000	8,065	7,918	9,138	8,873	10,149	9,366	8,900	9,500	8,923
	4-H Participants		502	500	540	502	500	479	503	508	509	537	575

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And Unnumbered