

# **GALLATIN COUNTY, MONTANA**

Fiscal Year Ended June 30, 2013

## **AUDIT REPORT**

**GALLATIN COUNTY, MONTANA**  
**AUDIT REPORT**  
Fiscal Year Ended June 30, 2013

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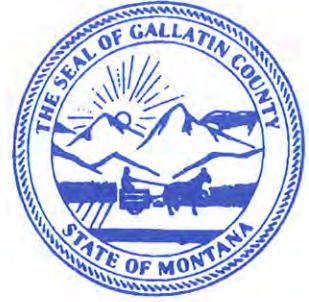
# **INTRODUCTORY**

# **SECTION**

State of Montana

# County of Gallatin

Bozeman



GALLATIN COUNTY CLERK AND RECORDER

December 31, 2013

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, 2013, 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, 2013 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

Charlotte Mills  
Gallatin County Clerk and Recorder

GALLATIN COUNTY, MONTANA

**ORGANIZATION**

Fiscal Year Ended June 30, 2013

**BOARD OF TRUSTEES**

JOSEPH SKINNER  
R. STEPHEN WHITE  
PIERRE MARTINEAU

Commissioner (Chairperson)  
Commissioner  
Commissioner

**OFFICIALS**

MARTY LAMBERT  
JENNIFER BLOSSOM  
KIMBERLY BUCHANAN  
CHARLOTTE MILLS  
JENNIFER BRANDON

Attorney  
Auditor  
Treasurer / Assessor  
Clerk and Recorder / Surveyor  
Clerk of District Court / Public  
Administrator

RICK WEST  
BRYAN ADAMS  
MARY ELLEN FITZGERALD  
BRIAN GOOTKIN  
MICHAEL SALVAGNI  
HOLLY BROWN  
JOHN C. BROWN

Justice of the Peace  
Justice of the Peace  
School Superintendent  
Sheriff / Coroner  
District Court Judge  
District Court Judge  
District Court Judge

**FINANCIAL**

**SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Gallatin County, 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, Montana (the County), as of and for the year ended June 30, 2013, 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 Gallatin County, Montana, as of June 30, 2013, 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 Gallatin 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 are the responsibility of management and were derived from and relate 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 are 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 23, 2013, on our consideration of Gallatin 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 Gallatin County's internal control over financial reporting and compliance.

*Anderson Zur Muehlen & Co., P.C.*

Bozeman, Montana  
December 23, 2013

**MANAGEMENT'S**

**DISCUSSION**

**AND**

**ANALYSIS**

**Gallatin County, Montana**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2013**

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, 2013. 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, 2013, Gallatin County's governmental funds reported combined ending fund balances of \$31,829,992 million, compared with \$27,692,947 million at June 30, 2012. The fund balance for the General Fund was \$3,407,602 – down \$229,241 from June 30, 2012. The decrease is associated with planned use of working capital to fund Transfers associated with Grants and Noxious Weed;
- The County faces a number of fiscal challenges in the future. Gallatin County continues to maintain a good financial standing because of positive growth in taxable values, completion of the Detention Center, 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, 2013 by \$158.2 million (net position), compared with \$159.0 million at June 30, 2012. Of this amount, \$52.4 million (33.1%) is unrestricted and may be used to meet the government's general obligations to citizens and creditors.
- The total net position decreased by \$0.81 million. The current year decrease comes primarily from a decrease in Capital Assets (net).
- Revenues from Taxes/Assessment were \$31,087,735 for governmental activities, up \$886,399 from fiscal year 2012. This is a result of receivables decreasing for FY 2013.
- The County Health Insurance Fund saw continued positive financial position as represented by unreserved cash in FY 2013 of \$2,414,130 (cash \$2,662,922 - Claims Payable \$248,792), compared to unreserved cash in FY 2010 of \$2.4M, FY 2011 of \$2.5M and FY 2012 cash of \$2.5M.
- The County's debt (excluding OPEB liability) for Governmental Activity debt decreased by \$1,235,607 to \$56,679,376 with Business-Type Activity debt decreasing \$323,880 to \$2,991,588 with total debt decreasing by \$1,559,487 during fiscal year 2013.

## OVERVIEW OF THE ANNUAL REPORT:

This discussion and analysis are 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 Statement of Activities report information about the County as a whole and about its activities in a way that helps 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 the County does not have any component units.

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 assets exceeded liabilities by \$158,232,971 at June 30, 2013.

**Gallatin County, State of Montana**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government - FY 2013			FY 12 TOTALS	FY 11 TOTALS	FY 10 TOTALS
	Governmental Activities	Business-type Activities	Total			
<b>ASSETS</b>						
Cash & Cash Equivalents	37,187,913	13,053,326	50,241,239	46,963,976	48,266,136	52,976,227
Other Assets	12,320,151	1,327,246	13,647,397	13,516,414	15,036,019	10,598,711
Capital Assets (net)	149,279,312	10,003,465	159,282,777	164,863,991	167,235,038	158,647,384
Total assets	\$ 198,787,376	\$ 24,384,037	\$ 223,171,413	\$225,344,381	\$230,537,193	\$222,222,322
<b>LIABILITIES</b>						
Current Liabilities	7,007,511	777,215	7,784,726	7,811,479	9,876,763	-
Long-Term Liabilities	54,056,922	3,096,794	57,153,716	58,485,796	63,311,288	61,241,836
Total liabilities	61,064,433	3,874,009	64,938,442	66,297,275	73,188,051	61,241,836
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	94,608,775	7,888,898	102,497,673	107,628,968	105,057,164	97,732,177
Restricted	-	2,114,567	2,114,567	3,729,532	3,729,532	3,153,573
Unrestricted	43,114,168	10,506,563	53,620,731	47,688,606	48,562,445	50,190,018
Total net position	\$ 137,722,943	\$ 20,510,028	\$ 158,232,971	\$ 159,047,106	\$ 157,349,141	\$ 151,075,768

See accompanying notes to the financial statements.

The County is providing condensed financial information for fiscal years 2010 through 2012. The comparative information is being provided for four years of GASB 34 for Gallatin County. The analysis that follows focuses on the County's net position for governmental and business activities. Net Position— Invested in capital assets increased for payoff of debt in FY 2013.

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

Net Position is separated into Invested in Capital Assets at 65%, Restricted at 1%, and Unrestricted net position at 34%. 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 decreased net position to \$158,232,971, compared to 2012's \$159,047,106, fiscal year 2011's \$157,349,141, fiscal year 2010's \$151,075,768 and fiscal year 2009's \$147,149,944. The portion Business-Type Activities are of this number shows an increase in net position to \$20,510,028, an increase of \$166,348.

Functions/Programs	Gallatin County, State of Montana					
	Summarized Comparative Schedule of Activities					
	For the Year Ended June 30, 2013			For the Year Ended June 30, 2012		
	Net(Expense) Revenue and Changes in Net Assets			Net(Expense) Revenue and Changes in Net Assets		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Primary government net revenues	\$ (33,488,391)	\$ 334,466	\$ (33,153,925)	\$ (32,564,492)	\$ 757,392	\$ (31,807,100)
General Revenues						
Property Taxes for General Purposes	31,087,735	29	31,087,764	30,201,336	(210)	30,201,126
Grants & entitlements not restricted to specific	2,443,734	-	2,443,734	2,345,984	-	2,345,984
Investment Earnings (loss)	(578,794)	(160,578)	(739,372)	315,656	114,833	430,489
Miscellaneous	568,854	-	568,854	543,174	-	543,174
Gain (loss) on sale and disposal of fixed assets	(1,013,621)	(7,569)	(1,021,190)	(14,536)	(1,172)	(15,708)
	32,507,908	(168,118)	32,339,790	33,391,614	113,451	33,505,065
Change in net position	(980,483)	166,348	(814,135)	827,122	870,843	1,697,965
Net position - beginning	138,703,426	20,343,680	159,047,106	137,876,304	19,472,837	157,349,141
Net position - ending	\$ 137,722,943	\$ 20,510,028	\$ 158,232,971	\$ 138,703,426	\$ 20,343,680	\$ 159,047,106

See accompanying notes to the financial statements.

## **Government Activities**

Gallatin County spent \$47,014,314 for governmental activities in fiscal year 2013. Significant events affecting Governmental activities are as follows:

- Governmental Activity increased due to Public Works projects occurring (RID, road maintenance) and normal growth.
- Total expenses increased overall by 5.73% or \$3,246,650

The previous statement shows the amount paid by property taxpayers was \$31,087,764 or 54.82% of primary government activity expenses. The following table shows the changes in the percentage taxes are to governmental activity expenses:

### **Governmental Activities**

<b><u>Year</u></b>	<b><u>Taxes</u></b>	<b><u>Expenses</u></b>	<b><u>Percentage</u></b>
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%

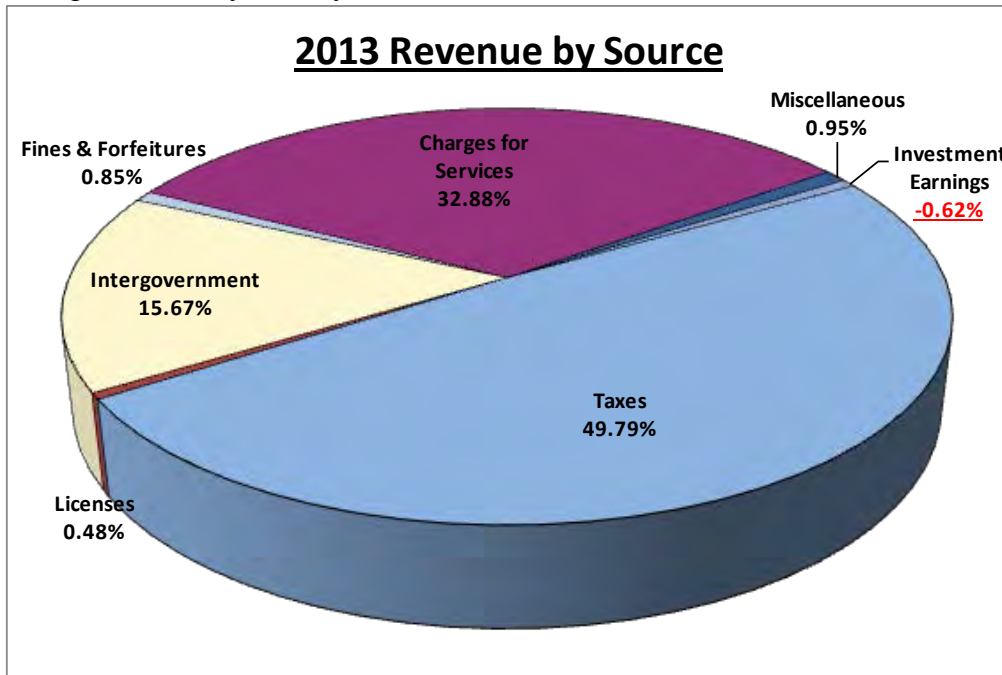
Some costs, as shown on the schedule at the top of page 11, were paid directly by users of a service (Charges for Services). These revenues accounted for \$6,076,927 (12.93%) of fiscal year 2013 Governmental Activity expenses. Operating Grants & Contributions and Capital Grants and Contributions (Intergovernmental Revenues) generated \$7,448,996, accounting for 15.85% 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 \$15,681,850 from charges for services, while operating grants and contributions and capital grants and contributions equaled \$7,869,245 accounting for \$23,551,095 or \$33,153,925 less than it cost to provide services (Total primary government expenses \$56,705,020 minus Program revenues \$23,551,095 equals \$33,153,925 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.

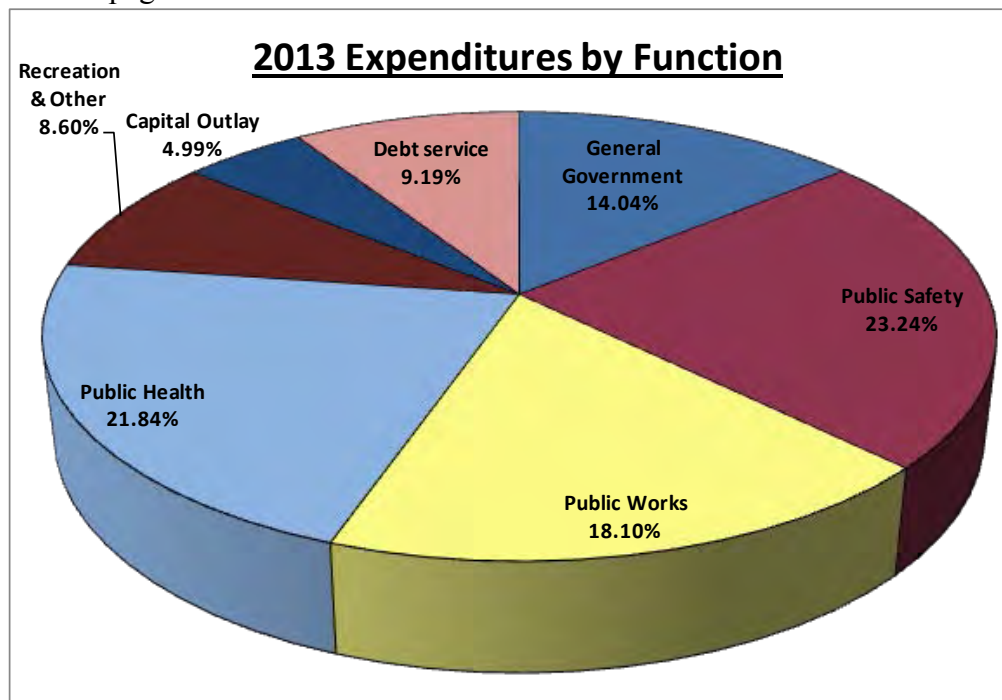
### **Graph of Revenues by Source – Activities**

Gallatin County received \$46,033,831 in revenues to finance governmental operations. Total expenses for governmental activities were \$47,014,314; which resulted in a net position decrease of \$980,483.

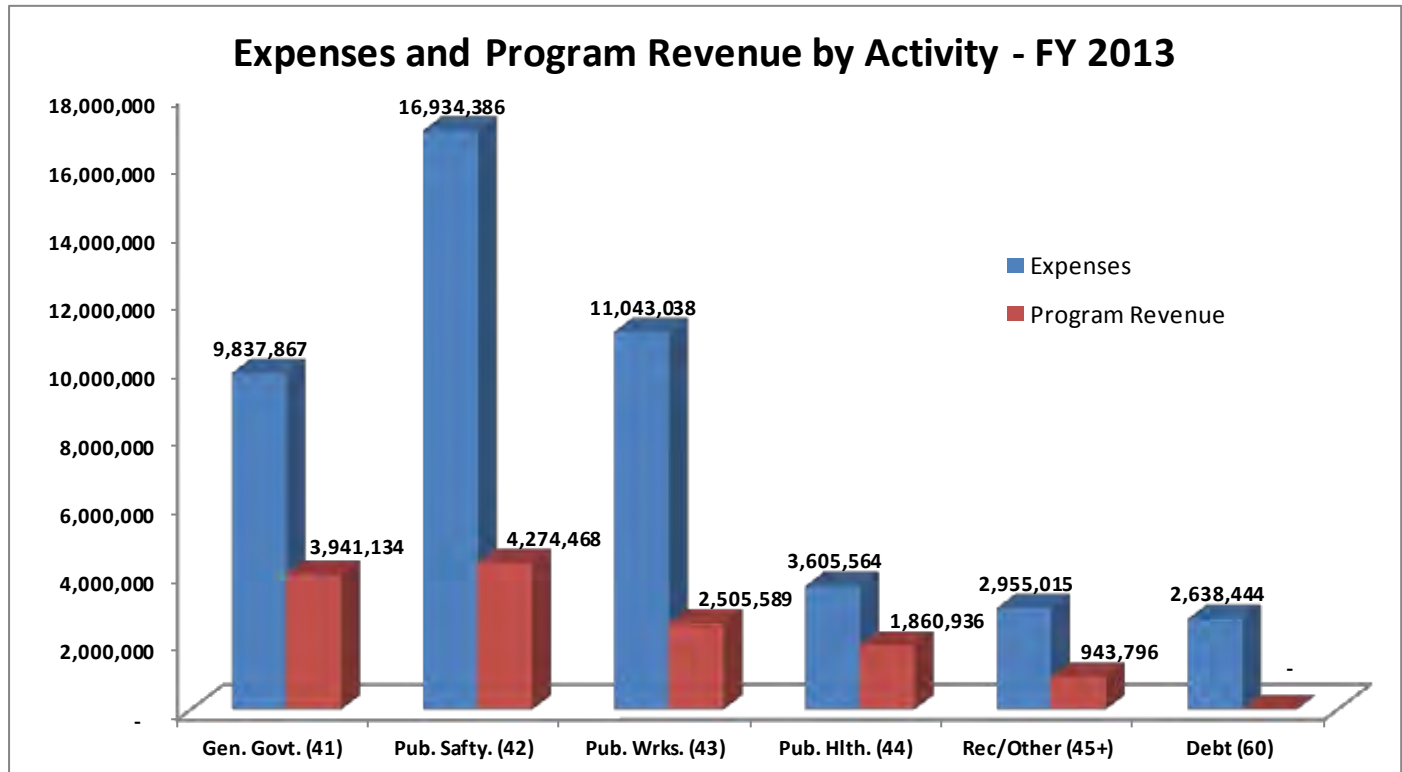
After all activities are considered, net position decreased from \$159,047,106 to \$158,232,971 for governmental activities and business type activities. The graphs that follow show revenues by source and expenditures by activity for all activities.



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.

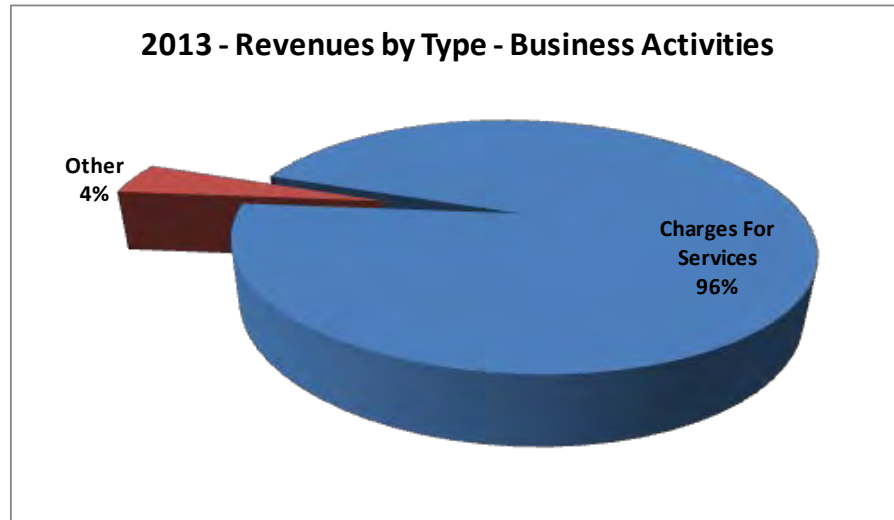
As a local government, Gallatin County uses tax revenues to support mandated services, as is the case with most county governments in Montana. To some extent, the County will need to increase tax levy's from the inflationary mill to enhance service levels. In order to increase service levels, the following 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) the County Commission would need to utilize current taxing authority or request voters approve more taxes.

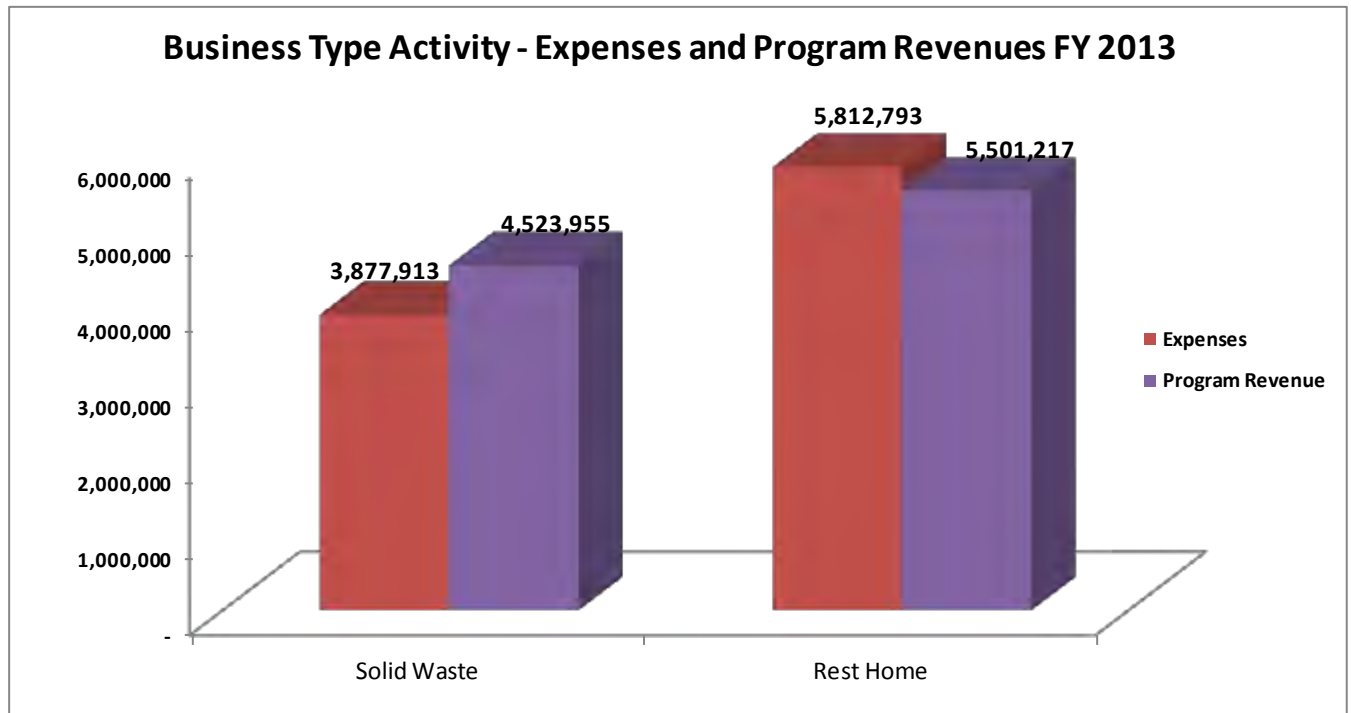
### **Business Type Activities**

The cost of all proprietary (business type) activities this year was \$9,690,706. The amount paid by users of the Rest Home, Landfill and Refuse District was \$10,025,172.

Total resources for fiscal year 2013 to finance proprietary funds (business type) were \$10,025,172 (Charges for Services \$9,604,923 and Grants / Contributions \$420,249).



Total proprietary expenses during the year were \$9,690,706.



## 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 2013 to FY 2012:

**Gallatin County, State of Montana**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	Other Governmental Funds	Total Governmental Funds	FY 2012 TOTALS
<b>REVENUES</b>							
Property Taxes	\$ 6,536,212	\$ 11,545,197	\$ 1,072,693	\$ 958,786	\$ 11,676,748	\$ 31,789,636	31,312,365
Licenses & Permits	925	52,565	-	-	254,425	307,915	291,483
Intergovernmental Revenues	1,024,457	664,156	-	-	8,097,852	9,786,465	8,216,523
Charges for Services	2,071,286	1,967,444	-	-	908,343	4,947,073	3,778,767
Fines & Forfeitures	430,756	30,260	-	-	78,755	539,771	634,011
Miscellaneous	109,636	38,854	-	-	432,443	580,933	1,121,167
Investment Earnings	(175,758)	(50,144)	(61,919)	1,034	107,524	(179,263)	276,451
Transfers In	565,017	38,563	-	82,450	1,776,819	2,462,849	2,712,705
Contributions/Donations	-	20	-	-	22,117	22,137	4,440
<b>Total revenues</b>	<b>10,562,531</b>	<b>14,286,915</b>	<b>1,010,774</b>	<b>1,042,270</b>	<b>23,355,026</b>	<b>50,257,516</b>	<b>48,347,912</b>

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

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	Other Governmental Funds	Total Governmental Funds	FY 2012 TOTALS
<b>EXPENDITURES</b>							
General Government	7,880,027	-	-	-	1,022,348	8,902,375	8,574,215
Public Safety	986,058	12,017,556	-	-	1,731,449	14,735,063	14,341,793
Public Works	879,509	-	552,897	-	6,179,215	7,611,621	6,237,061
Public Health	-	-	-	-	3,439,465	3,439,465	3,264,437
Social & Econ Service	373,781	-	-	-	82,430	456,211	455,528
Culture & Recreation	-	-	-	-	1,754,674	1,754,674	1,680,016
Housing & Comm Dev	-	-	-	-	348,739	348,739	40,930
Cons Nat'l Resources	-	-	-	-	135,526	135,526	102,060
Debt service:							
Principal Retirement	5,970	127,494	-	698,000	2,752,639	3,584,103	5,262,509
Interest	328	15,288	-	431,827	1,710,386	2,157,829	2,376,239
Bonds Issuance Costs	-	-	-	-	85,459	85,459	-
Capital Outlay	159,861	128,926	-	-	1,612,461	1,901,248	4,339,161
Transfer Out	506,238	744,519	-	-	1,910,292	3,161,049	3,551,742
<b>Total Expenses</b>	<b>10,791,772</b>	<b>13,033,783</b>	<b>552,897</b>	<b>1,129,827</b>	<b>22,765,083</b>	<b>48,273,362</b>	<b>50,225,691</b>

The General Fund is always a 'Major Fund'. Public Safety 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.

### **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 proprietary funds.

Gallatin County, State of Montana								
Summarized Comparative Schedule of Proprietary Funds								
For the Year Ended June 30, 2013					For the Year Ended June 30, 2012			
	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	\$ 5,283,334	\$ 3,534,363	\$ 785,771	\$ 9,603,468	\$ 5,324,435	\$ 3,973,156	\$ 884,166	\$10,181,757
Operating expenses:	5,812,793	3,003,285	858,651	9,674,729	5,735,565	3,112,561	814,435	9,662,561
Operating Income (loss)	(529,459)	531,078	(72,880)	(71,261)	(411,130)	860,595	69,731	519,196
Nonoperating revenues (expenses):	161,208	(103,644)	180,045	237,609	289,397	11,849	50,402	351,648
Change in net position	(368,251)	427,434	107,165	166,348	(121,733)	872,444	120,133	870,844
Total net position -- beginning	5,821,955	9,810,241	4,711,484	20,343,680	5,943,688	8,937,797	4,591,351	19,472,836
Total net position -- ending	\$ 5,453,704	\$ 10,237,675	\$ 4,818,649	\$ 20,510,028	\$ 5,821,955	\$ 9,810,241	\$ 4,711,484	\$ 20,343,680

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
	FY 09	FY 10	FY 11	FY 12	FY 13
Total Assets	21,292,464	23,155,238	24,220,996	24,406,597	24,384,437
Net Position	16,444,115	17,707,410	19,472,837	20,343,681	20,510,028
<b>TOTAL LIABILITIES</b>	4,848,349	5,447,828	5,748,159	4,062,916	3,874,009
Net Income – Business Activities	1,783,866	1,119,223	1,765,427	519,196	166,348
(DIVIDED BY)					
Ending Net Position (EQUALS)	16,444,115	17,707,410	19,472,837	20,343,681	20,510,028
<b>Return On Ending Net Position</b>	<b>10.85%</b>	<b>6.32%</b>	<b>9.06%</b>	<b>2.56%</b>	<b>0.81%</b>



## **Debt Administration**

Gallatin County improved its bond rating from Standard and Poor from AA- to AA, based on the 2013 General Obligation \$3,200,000 refunding bond for Open Space, plus the Limited Tax General Obligation Bond of \$1.15M for improvements at the Fairgrounds. Loans, 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 2013 by \$1,235,607. This came from normal principle payments. The decrease would have been greater but the county refinanced 2 Open Bond Issues during the year.

The cost per capita for governmental debt outstanding decreased from \$635.94 to \$607.88 in fiscal year 2013 (\$56,679,376 divided by estimated population of 93,241). Governmental activity debt summary for fiscal year 2013 is presented below.

	----- PRIOR YEARS -----				CURRENT
	FY 09	FY 10	FY 11	FY 12	FY 13
<b>DEBT PAYABLE ON (June 30)</b>					
<b>BEGINNING BALANCE</b>	<b>22,371,830</b>	<b>58,916,157</b>	<b>59,648,747</b>	<b>62,773,975</b>	<b>57,914,983</b>
<b>ADD:</b> Intercap Loan / Notes	1,000,000	-0-	1,300,000	300,000	-0-
Special Assessment Bonds	-0-	1,765,000	4,715,000	-0-	-0-
G. O Bonds	36,031,152	1,000,000	2,301,000	-0-	7,840,000
Compensated Absences (INC)	224,565	58,649	159,428	109,168	23,378
Capital Lease Agreements	1,473,182	-0-	1,273,260	-0-	-0-
<b>LESS:</b> Loan/Lease Payments	1,232,933	795,774	1,954,084	2,774,953	835,133
Special Assessment Payments	310,000	374,000	568,000	602,000	698,000
Compensated Absence (DEC)	15,558	-0-	-0-	5,650	-0-
G.O. Payment/Refinancing	626,081	921,285	4,101,377	1,885,557	7,565,852
<b>DEBT PAYABLE (June 30)</b>	<b>58,916,157</b>	<b>59,648,747</b>	<b>62,773,975</b>	<b>57,914,983</b>	<b>56,679,376</b>
<b>Cost Per Capita</b>	<b>\$655.91</b>	<b>\$656.58</b>	<b>\$690.98</b>	<b>\$635.94</b>	<b>\$607.88</b>

Debt includes compensated absences (amount due to employees for accrued leave, including 1/4 sick leave, all vacation and compensatory time) of \$2,008,838 up \$23K from FY 12. The increase of \$23,378 represents a change of 1.12%, primarily from increased deputy sheriff liability costs. Debt does not include Other Post Employment Benefits (OPEB) of \$974,773 for Governmental Activities and \$260,106 for Business Type Activities.

The County, by statute, can have debt of 2.50% of Assessed Valuation. For fiscal year 2013 this equals \$217,806,019. County debt of \$49,151,376 (\$56,679,376 less Special Assessment Bonds (RID) \$7,528,000) means the County has used 22.57% of its borrowing capacity through fiscal year 2012, with unused borrowing capacity being \$168,654,643. 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)

	<b>Governmental Activities</b>		<b>Business - Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Land</b>	4,527,206	4,446,080	1,657,607	1,657,607	6,184,813	6,103,687
<b>Building</b>	48,698,276	51,634,060	4,339,012	4,339,012	53,037,288	55,973,072
<b>Improvements other than buildings</b>	931,880	893,818	1,573,574	1,573,574	2,505,454	2,467,392
<b>Machinery and equipment</b>	9,835,500	10,503,376	2,396,963	2,396,961	12,232,463	12,900,337
<b>Intangibles</b>	14,022,557	13,514,642	14,377	14,377	14,036,934	13,529,019
<b>Infrastructure</b>	70,336,479	72,187,239	-	-	70,336,479	72,187,239
<b>Construction in progress</b>	927,414	1,343,037	21,931	131,815	949,345	1,474,852
<b>Total assets</b>	<b>149,279,312</b>	<b>154,522,252</b>	<b>10,003,465</b>	<b>10,113,346</b>	<b>159,282,777</b>	<b>164,635,598</b>

At the end of 2013 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 2013 included:

	<u>Governmental</u>	<u>Business-Type</u>
▪ Land – Intangibles	\$ 81,125	\$ -0-
▪ Building Improvements	186,740	439,285
▪ Intangibles Software	53,464	-0-
▪ Intangibles Easements	658,880	-0-
▪ Infrastructure	1,821,156	-0-
▪ Improvements	126,134	243,203
▪ Machinery & Equipment	662,450	208,428
▪ Construction in Progress	(415,623)	21,931

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 2013 adopted and final budgets for the General and Public Safety Funds totaled \$24,666,797. The budgets increased by \$4,338,602 during the year. Individual department budgets were amended, throughout the year, without affecting the total budget.

Original Budget + Continuing Appropriations + Encumbrances = Beg. Balance

\$ 23,045,535 + \$ -0- + \$ -0- = \$ 23,045,535

Beg. Balance +/- Supplemental Changes = Final Budget  
\$23,045,535 + \$270,389 = \$ 23,315,924

The beginning to final budget shows an increase of 1.17% from budget amendments. Changes were caused by a receipt of detention center and changes associated with normal budget amendments for grants and increases in fee revenue.

### **Budget Changes – FY 13 Compared to FY 2014**

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 2014 and fiscal year 2013 by the County Commission. Changes in staffing were:

#### **Staffing Changes (FTE)**

<b>DEPARTMENT/DIVISION</b>	<b>Net Increase (Decrease)</b>
BRIDGE	0.05
DISPATCH - Records	1.25
FAIR	(0.25)
FINANCE - Accounting	(0.50)
HEALTH - HUMAN SERVICES	1.24
ITS	0.06
JUSTICE COURT	0.03
NOXIOUS WEED	(0.13)
PLANNING	(0.50)
SHERIFF	2.66
TREASURER	0.32
<b>TOTAL COUNTY TAX SUPPORTED PERSONNEL</b>	<b>4.23</b>
FACILITIES	(0.25)
HEALTH - CITY/COUNTY GRANTS	(2.35)
PUBLIC SAFETY GRANTS	(0.33)
SOLID WASTE SYSTEM	(1.00)
OTHER CHANGES	(1.14)
<b>TOTAL NON TAX SUPPORTED PERSONNEL</b>	<b>(5.07)</b>
<b>TOTAL CHANGES IN PERSONNEL</b>	<b>(0.84)</b>

The following Capital Projects table identifies estimated costs of projects, amount expended through June 30, 2013 and the amount budgeted for FY 2014. 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.

CAPITAL PROJECTS AND OUTLAY/RESERVES								
DESCRIPTION	YEAR	CIPC Priority	FY 2014 BUDGET	ESTIMATED PROJECT	REVENUE SOURCES			
					County	Department	Other	TOTAL
Core Rolling Stock	2014		1,080,464	7,900,000	5,400,000	2,500,000	-	7,900,000
Bridge Replacement Program	2014		500,000	23,948,640	21,448,640	2,500,000	-	23,948,640
Building Reserve (\$.95/sq. ft.)	2014		793,000	793,000	-	793,000	-	793,000
Judicial / Law Enforcement Building	2014	1	81,600	28,086,630	28,086,630	-	-	28,086,630
Courthouse Generator	2014		60,000	60,000	60,000	-	-	60,000
Guenther Elevator (carryover)	2014		83,000	83,000	83,000	-	-	83,000
Detention Center (Reserve/Expansion)	2014		689,460	2,000,000	-	2,000,000	-	2,000,000
Airport Interchange	2014		250,000	37,800,000	2,000,000	-	35,800,000	37,800,000
CTEP PROJECTS	2014		110,167	535,255	-	-	535,255	535,255
<b>subtotal Budgeted Projects</b>			<b>3,647,691</b>	<b>101,206,525</b>	<b>57,078,270</b>	<b>7,793,000</b>	<b>36,335,255</b>	<b>101,206,525</b>
Capital Reserves	2014		2,222,577	2,222,577	632,097	1,590,480	-	2,222,577
Machinery & Equipment	2014		991,840	991,840	-	989,104	-	989,104
<b>CIP - Long Term</b>					<b>ESTIMATES ONLY</b>			
Sheriff - Remodel of L & J	2016	2	-	250,000	-	-	-	-
DES - Storage Facility	2018	3	-	400,000	-	-	-	-
Fair - CTEP Trail & SWMP #3	2014	4	250,000	250,000	32,500	-	217,500	250,000
Fair - Exhibit Bldg Remodel	2015	5	-	55,000	-	-	-	-
Fair - Remodel Midway Facility	2019	6	-	62,000	-	-	-	-
Fair - Parking North of Office	2014	7	225,000	225,000	68,000	-	157,000	225,000
Fair - Sale Pavilion	2015	8	-	60,000	-	-	-	-
Fair - Green Space, Sod, Trees, Shru	2019	9	-	60,000	-	-	-	-
Fair - Move RV Pedestals	2014		50,000	50,000	50,000	-	-	50,000
Fair - Signage at Entrances	2014+		68,000	60,000	68,000	-	-	68,000
Fair - Year Round Ice Facility	2015		925,000	4,500,000	875,000	-	3,625,000	4,500,000
Fair - New Animal Wash Rack	2015		-	50,000	-	-	-	-
Fair - Indoor Swim Center	2015		-	7,195,000	-	-	7,195,000	7,195,000
Fair - Indoor Arena	2016		-	1,500,000	-	-	1,500,000	1,500,000
Fair - Storm Water Management	2016		-	60,000	-	-	-	-
Fair - Concourse Building	2018+		-	2,500,000	-	-	-	-
Fair - Event Center	2018+		-	4,500,000	-	-	-	-
Fair - Outdoor Lazy River Water Park	2018+		-	270,000	-	-	-	-
Fair - Model Train Building	2018+		-	150,000	-	-	-	-
<b>subtotal CIP Long - Term</b>			<b>1,518,000</b>	<b>22,197,000</b>	<b>1,093,500</b>	<b>-</b>	<b>12,694,500</b>	<b>13,788,000</b>
<b>TOTAL CAPITAL PROJECTS</b>			<b>8,380,108</b>	<b>126,617,942</b>	<b>58,803,867</b>	<b>10,372,584</b>	<b>49,029,755</b>	<b>118,206,206</b>

Capital Projects decreased to \$126.6 million for FY 2014, with \$8,380,108 funded in FY 2014, plus full funding for the Airport Interchange from other sources. 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 2014 Budget. The Commission authorized \$1,080,464 for the Core Rolling Stock, \$500,000 for the Bridge Replacement Program, \$750,800 for repair, remodeling and updating of County Facilities, \$81,600 for the Law Enforcement Building, \$250,224 for the East Belgrade (Airport) I-90 Interchange, \$110,167 in CTEP Projects and \$1,400,000 for Fair 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 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>% Change</u>
County Operating Taxes	\$ 16,343,857	\$ 16,901,437	\$ 17,122,165	\$ 17,362,033	\$ 18,282,663	5.30%
Road and Library Taxes	3,153,566	3,294,337	3,373,752	3,563,417	3,686,493	3.45%
Debt Service/Insurance Taxes	3,941,648	5,250,549	5,173,537	4,719,997	4,696,891	-0.49%

#### MILL LEVIES:

County Operating Taxes	73.20	73.20	72.62	72.50	74.15	2.28%
Road and Library Taxes	25.23	25.39	25.48	26.34	26.44	0.38%
Debt Service/Insurance Taxes	17.80	22.88	22.08	19.79	19.13	-3.34%

#### TAXABLE VALUATIONS:

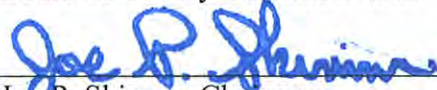
County Wide Valuations	223,244	230,919	235,791	239,468	246,571	2.97%
Road and Library Valuations	125,025	129,779	132,432	135,307	139,435	3.05%
Open Land Valuations	217,532	225,562	231,290	235,498	242,437	2.95%

The previous table shows growth in the valuation of property (primarily new construction) accounted for 1.85% of the increase in taxes, with the balance coming from a small increase associated with reappraisal. The County Commission did not maximize the number of mills levied for the Permissive Medical levy (premiums and taxes for fiscal year 2014 did increase). 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 \$2,143,210. 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](mailto:jill.therrien@gallatin.mt.gov).

Gallatin County, Montana  
Board of County Commissioners

  
Joe P. Skinner, Chairman

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE**

**FINANCIAL**

**STATEMENTS**

**Gallatin County, State of Montana**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash & Investments	37,187,913	10,938,759	48,126,672
Cash & Investments-Restricted	-	2,114,567	2,114,567
Tax and Assessments Receivable, net	10,151,146	887	10,152,033
Other Receivables	1,959,220	1,326,359	3,285,579
Inventories	209,785	-	209,785
Capital Assets, net	149,279,312	10,003,465	159,282,777
Total assets	<u>\$ 198,787,376</u>	<u>\$ 24,384,037</u>	<u>\$ 223,171,413</u>
<b>LIABILITIES</b>			
Accounts Payable	1,441,662	323,737	1,765,399
Accrued Payroll & Other Liabilities	1,336,974	298,578	1,635,552
Deferred Revenue	619,415	-	619,415
Deposits Payable	12,233	-	12,233
Current Portion Of Long Term Debt	3,597,227	154,900	3,752,127
Noncurrent portion of long term debt	53,082,149	1,081,597	54,163,746
Landfill Closure/Post Closure Costs	-	1,755,091	1,755,091
OPEB Liability	974,773	260,106	1,234,879
Total liabilities	<u>61,064,433</u>	<u>3,874,009</u>	<u>64,938,442</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	94,608,774	9,065,965	103,674,739
Restricted	-	2,114,567	2,114,567
Unrestricted	\$ 43,114,169	\$ 9,329,496	\$ 52,443,665
Total net position	<u>\$ 137,722,943</u>	<u>\$ 20,510,028</u>	<u>\$ 158,232,971</u>

See accompanying notes to the financial statements.



**Gallatin County, State of Montana**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	Functions/Programs	Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
						Governmental Activities	Business-type Activities	Total
B2	Primary government:							
	Governmental activities:							
	General Government	\$ 9,837,867	\$ 2,032,136	\$ 1,706,945	\$ 202,053	\$ (5,896,733)	\$ -	\$ (5,896,733)
	Public Safety	16,934,386	2,708,167	1,566,301	-	(12,659,918)	-	(12,659,918)
	Public Works	11,043,038	82,675	2,422,914	-	(8,537,449)	-	(8,537,449)
	Public Health	3,605,564	357,275	1,503,661	-	(1,744,628)	-	(1,744,628)
	Social & Economic Services	495,261	-	-	-	(495,261)	-	(495,261)
	Culture & Recreation	1,899,385	559,621	4,729	-	(1,335,035)	-	(1,335,035)
	Housing & Community Development	413,948	230,593	-	42,393	(140,962)	-	(140,962)
	Conservation of Natural Resources	146,421	106,460	-	-	(39,961)	-	(39,961)
	Debt Service-Debt Serv Interest	2,638,444	-	-	-	(2,638,444)	-	(2,638,444)
	Total governmental activities	47,014,314	6,076,927	7,204,550	244,446	(33,488,391)	-	(33,488,391)
	Business-type Activities:							
	West Yellowstone Refuse District	858,651	785,771	202,421	-	-	129,541	129,541
	Gallatin County Rest Home	5,812,793	5,283,389	217,828	-	-	(311,576)	(311,576)
	Gallatin County Landfill	3,019,262	3,535,763	-	-	-	516,501	516,501
	Total business-type activities	9,690,706	9,604,923	420,249	-	-	334,466	334,466
	Total primary government	\$ 56,705,020	\$ 15,681,850	\$ 7,624,799	\$ 244,446	\$ (33,488,391)	\$ 334,466	\$ (33,153,925)
			Property Taxes for General Purposes			31,087,735	29	31,087,764
			Grants & entitlements not restricted			2,443,734	-	2,443,734
		Investment Earnings (loss)			(578,794)	(160,578)	(739,372)	
		Miscellaneous			568,854	-	568,854	
		Gain (loss) on sale and disposal of fixed assets			(1,013,621)	(7,569)	(1,021,190)	
		Total general revenues			32,507,908	(168,118)	32,339,790	
		Change in net position			(980,483)	166,348	(814,135)	
		Net position - beginning			138,703,426	20,343,680	159,047,106	
		Net position - ending			\$ 137,722,943	\$ 20,510,028	\$ 158,232,971	

See accompanying notes to the financial statements.

**FUND**

**FINANCIAL**

**STATEMENTS**

## Gallatin County, State of Montana

## Balance Sheet

## Governmental Funds

For the Year Ended June 30, 2013

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash & Investments	\$3,248,383	\$ 3,096,080	\$ 4,763,781	\$ 220,388	\$ 21,029,121	\$ 32,357,753
Real Estate Taxes Receivable	176,876	350,487	60,124	157,988	437,486	1,182,961
Personal Property Taxes Receivable	69,523	111,430	-	-	159,751	340,704
Protested Taxes Receivable	135,412	275,412	-	-	295,141	705,965
Special Assessments Receivable	-	-	-	7,921,516	-	7,921,516
Accounts Receivable-Net	840,865	330,908	-	-	752,062	1,923,835
Notes Receivable	-	-	-	-	11,581	11,581
Due from other funds	-	62,856	-	-	107,851	170,707
Inventories	141,826	-	-	-	67,959	209,785
Total assets	<u>\$4,612,885</u>	<u>\$ 4,227,173</u>	<u>\$ 4,823,905</u>	<u>\$ 8,299,892</u>	<u>\$ 22,860,952</u>	<u>\$ 44,824,807</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts Payable	208,111	184,131	10,282	-	923,274	1,325,798
Contracts/Loans Payable	-	-	-	12,233	-	12,233
Other Accrued Payables	386,213	366,579	-	4,998	310,688	1,068,478
Due To Other Funds	-	-	-	5,256	165,450	170,706
Deferred Revenue	610,959	737,329	60,124	8,079,504	929,684	10,417,600
Total liabilities	<u>1,205,283</u>	<u>1,288,039</u>	<u>70,406</u>	<u>8,101,991</u>	<u>2,329,096</u>	<u>12,994,815</u>
Fund balances:						
Nonspendable:						
Inventories	141,826				67,959	209,785
Restricted for:						
Grants	408,948				5,046,038	5,454,986
Debt Service Obligations					935,283	935,283
RID Debt Services				197,901		197,901
Construction Projects					2,091,023	2,091,023
General Government					21,741	21,741
Public Safety		47,878				47,878
Committed for:						
RID Maintenance			4,753,499			4,753,499
General Government	2,529,215				7,341,366	9,870,581
Public Safety		2,828,321			56,121	2,884,442
Public Works					2,522,843	2,522,843
Public Health					1,287,422	1,287,422
Culture & Recreation					566,707	566,707
Conservation Of Natural Resources					557,527	557,527
Assigned for:						
General Government	327,613					327,613
Public Safety		62,935				62,935
Public Works					37,826	37,826
Total fund balances	<u>3,407,602</u>	<u>2,939,134</u>	<u>4,753,499</u>	<u>197,901</u>	<u>20,531,856</u>	<u>31,829,992</u>
Total liabilities and fund balances	<u>\$ 4,612,885</u>	<u>\$ 4,227,173</u>	<u>\$ 4,823,905</u>	<u>\$ 8,299,892</u>	<u>\$ 22,860,952</u>	<u>\$ 44,824,807</u>

See accompanying notes to the financial statements.

**Gallatin County, Montana**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2013**

<b>Total fund balances - governmental funds</b>	\$	31,829,992
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

Capital assets		242,877,255	
Accumulated depreciation		(94,005,454)	
			148,871,801

Property taxes receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		10,151,146
--	--	------------

Unamortized Debt Issuance Costs		(352,962)
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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		4,836,599
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds		(57,613,633)
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<b>Total net position - governmental activities</b>	\$	137,722,943
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See accompanying notes to the financial statements.

**Gallatin County, State of Montana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2013**

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 6,536,212	\$ 11,545,197	\$ 1,072,693	\$ 958,786	\$ 11,676,748	\$ 31,789,636
Licenses & Permits	925	52,565	-	-	254,425	307,915
Intergovernmental Revenues	1,024,457	664,156	-	-	8,097,852	9,786,465
Charges for Services	2,071,286	1,967,444	-	-	908,343	4,947,073
Fines & Forfeitures	430,756	30,260	-	-	78,755	539,771
Miscellaneous	109,636	38,854	-	-	432,444	580,934
Investment Earnings (loss)	(175,758)	(50,144)	(61,919)	1,034	107,524	(179,263)
Contributions/Donations	-	20	-	-	22,117	22,137
Total revenues	<u>9,997,514</u>	<u>14,248,352</u>	<u>1,010,774</u>	<u>959,820</u>	<u>21,578,208</u>	<u>47,794,668</u>
<b>EXPENDITURES</b>						
Current:						
General Government	7,880,027	-	-	-	1,022,348	8,902,375
Public Safety	986,058	12,017,556	-	-	1,731,449	14,735,063
Public Works	879,509	-	552,897	-	6,179,215	7,611,621
Public Health	-	-	-	-	3,439,465	3,439,465
Social & Econ Service	373,781	-	-	-	82,430	456,211
Culture & Recreation	-	-	-	-	1,754,674	1,754,674
Housing & Comm Development	-	-	-	-	348,739	348,739
Conservation of Nat'l Resources	-	-	-	-	135,526	135,526
Debt service:	-	-	-	-	-	-
Principal Retirement	5,970	127,494	-	698,000	2,752,639	3,584,103
Interest	328	15,288	-	431,827	1,710,386	2,157,829
Bonds Issuance Costs	-	-	-	-	85,459	85,459
Capital Outlay	159,861	128,926	-	-	1,612,461	1,901,248
	<u>10,285,534</u>	<u>12,289,264</u>	<u>552,897</u>	<u>1,129,827</u>	<u>20,854,791</u>	<u>45,112,313</u>
Excess (deficiency) of revenues over expenditures	<u>(288,020)</u>	<u>1,959,088</u>	<u>457,877</u>	<u>(170,007)</u>	<u>723,417</u>	<u>2,682,355</u>
<b>OTHER FINANCINGSOURCES (USES)</b>						
Transfers Out	(506,238)	(744,519)	-	-	(1,910,292)	(3,161,049)
Proceeds of Notes/Loans/Intercap.	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	12,750	12,750
Transfers In	565,017	38,563	-	82,450	1,776,818	2,462,848
Bonds Proceeds	-	-	-	-	2,000,000	2,000,000
Premium on Bonds Issued	-	-	-	-	210,296	210,296
Advanced refunding Bonds Issued	-	-	-	-	5,840,000	5,840,000
Payments to escrow agent-Principal	-	-	-	-	(5,515,000)	(5,515,000)
Payments escrow agent-interest	-	-	-	-	(395,155)	(395,155)
Total other financing sources and uses	<u>58,779</u>	<u>(705,956)</u>	<u>-</u>	<u>82,450</u>	<u>2,019,417</u>	<u>1,454,690</u>
Net Change in fund balances	(229,241)	1,253,132	457,877	(87,557)	2,742,834	4,137,045
Fund balances -- beginning	3,636,843	1,686,002	4,295,622	285,458	17,789,022	27,692,947
Fund balances -- ending	<u>\$ 3,407,602</u>	<u>\$ 2,939,134</u>	<u>\$ 4,753,499</u>	<u>\$ 197,901</u>	<u>\$ 20,531,856</u>	<u>\$ 31,829,992</u>

See accompanying notes to the financial statements.

**Gallatin County, Montana**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$	4,137,044
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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	\$	1,943,387	
Depreciation		(7,147,504)	
			(5,204,117)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(688,325)
--	--	-----------

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		(19,116)	
Increase in GASB 45 OPEB Obligation	\$	(210,670)	
			(229,786)

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	\$	(7,840,000)	
Bond and RID Issues		(113)	
			(7,840,113)

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.		9,099,103
--	--	-----------

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.		(254,289)
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Change in net position - statement of activities	\$	(980,483)
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See accompanying notes to the financial statements.

**Gallatin County, State of Montana**  
**Statement of Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

Business-type Activities - Enterprise Funds

	GALLATIN COUNTY REST HOME	GALLATIN COUNTY LANDFILL	WEST YELLOWSTONE REFUSE DISTRICT	Total Proprietary Funds	Gov. Activities Internal Service Funds
<b>ASSETS</b>					
Cash & Investments	\$ 4,133,702	\$ 4,858,359	\$ 1,946,698	\$ 10,938,759	\$ 4,830,160
Cash & Investments-Restricted	-	2,114,567	-	2,114,567	-
Real Estate Taxes Receivable	102	-	612	714	-
Personal Taxes Receivable	173	-	-	173	-
Accounts Receivable-Net	613,821	399,694	312,844	1,326,359	23,804
Capital Assets-Net of Accum.	1,455,048	5,874,914	2,673,503	10,003,465	407,511
<b>Total assets</b>	<b>6,202,846</b>	<b>13,247,534</b>	<b>4,933,657</b>	<b>24,384,037</b>	<b>5,261,475</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Current liabilities:					
Accounts Payable	142,690	103,735	77,312	323,739	115,864
Contracts/Loans Payable	-	125,000	-	125,000	-
Other Accrued Payables	165,584	122,808	10,186	298,578	268,496
Compensated Absences	22,926	4,989	1,985	29,900	25,632
Unallocated	-	-	-	-	-
<b>Total Current liabilities:</b>	<b>331,202</b>	<b>356,532</b>	<b>89,484</b>	<b>777,217</b>	<b>409,992</b>
Non current liabilities:					
Contracts/Loans Payable		812,500		812,500	
GASB 45 OPEB Obligation	211,612	40,832	7,662	260,106	14,884
Closure/Post Closure Costs	-	1,755,091	-	1,755,091	-
Compensated Absences	206,330	44,904	17,863	269,097	-
<b>Total Non Current Liabilities</b>	<b>417,942</b>	<b>2,653,327</b>	<b>25,525</b>	<b>3,096,794</b>	<b>14,884</b>
<b>Total liabilities</b>	<b>749,144</b>	<b>3,009,858</b>	<b>115,009</b>	<b>3,874,011</b>	<b>424,876</b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	1,455,048	3,760,347	2,673,503	7,888,898	-
Restricted (expendable)	-	2,114,567	-	2,114,567	-
Unrestricted	3,998,656	4,362,761	2,145,146	10,506,563	4,836,599
<b>Total net position</b>	<b>\$ 5,453,704</b>	<b>\$ 10,237,675</b>	<b>\$ 4,818,649</b>	<b>\$ 20,510,028</b>	<b>\$ 4,836,599</b>

See accompanying notes to the financial statements.

**Gallatin County, State of Montana**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Business-type Activities - Enterprise Funds				
	GALLATIN COUNTY REST HOME	GALLATIN COUNTY LANDFILL	WEST YELLOWSTONE REFUSE DISTRICT	Total Proprietary Funds	Gov. Activities Internal Service Funds
Operating revenues:					
Charges for Services	\$ 5,282,797	\$ 3,534,352	\$ 759,771	\$ 9,576,920	\$ 589,624
Miscellaneous	537	11	26,000	26,548	30
Internal Services	-	-	-	-	5,876,650
Total Operating Revenues	5,283,334	3,534,363	785,771	9,603,468	6,466,304
Operating expenses:					
Public Safety Personnel Services	-	1,004	-	1,004	-
Public Works Personnel Services	-	854,285	199,396	1,053,681	-
Public Works Operations	-	1,255,641	507,309	1,762,950	-
Public Works-Depreciation	-	892,355	151,946	1,044,301	-
Public Health Personnel	3,924,375	-	-	3,924,375	-
Public Health Operations	1,751,149	-	-	1,751,149	-
Internal Service-Personnel	-	-	-	-	452,734
Internal Service-Supplies	-	-	-	-	189,863
Internal Service-Purchased Services	-	-	-	-	1,190,350
Internal Service-Fixed Charges	-	-	-	-	846,029
Internal Service-Depreciation	-	-	-	-	75,134
Internal Service-Benefit Payments	-	-	-	-	4,591,793
Public Health Depreciation	137,269	-	-	137,269	-
Total operating expenses	5,812,793	3,003,285	858,651	9,674,729	7,345,903
Operating Income (loss)	(529,459)	531,078	(72,880)	(71,261)	(879,599)
Nonoperating revenues (expenses):					
Property Taxes	29	-	-	29	-
Intergovernmental Revenues	217,828	-	-	217,828	-
State Grants	-	-	202,421	202,421	-
Miscellaneous	55	1,400	-	1,455	-
Investment Earnings (loss)	(49,135)	(89,066)	(22,376)	(160,577)	(58,891)
Gain (loss on sale of fixed assets)	(7,569)	-	-	(7,569)	(14,000)
Transfers Out	-	-	-	-	-
Interest Expense	-	(15,978)	-	(15,978)	-
Total non operating revenue (expenses)	161,208	(103,644)	180,045	237,609	(72,891)
				-	
Income (loss) before contributions and transfers	(368,251)	427,434	107,165	166,348	(952,490)
Transfers In	-	-	-	-	698,201
Change in net position	(368,251)	427,434	107,165	166,348	(254,289)
Total net position -- beginning	5,821,955	9,810,241	4,711,484	20,343,680	5,090,888
Total net position -- ending	\$ 5,453,704	\$ 10,237,675	\$ 4,818,649	\$ 20,510,028	\$ 4,836,599

See accompanying notes to the financial statements.



## Gallatin County, State of Montana

## Statement of Cash Flows

## Proprietary Funds

For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				GOV
	GALLATIN COUNTY REST HOME	GALLATIN COUNTY LANDFILL	WEST YELLOWSTONE REFUSE DISTRICT	TOTAL PROPRIETARY FUNDS	ACTIVITIES INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash From interfund	\$ -	\$ -	\$ -	\$ -	6,329,464
Cash Other	537	11	26,000	26,548	-
Cash receipts from customer	4,913,721	3,537,557	665,782	9,117,060	168,005
Other Payments	(32,738)	25,424	-	(7,314)	-
Payments to employees	(3,832,498)	(860,208)	(191,065)	(4,883,771)	(467,569)
Payments to interfund	(56,700)	-	-	(56,700)	(18,501)
Payments to suppliers	(1,598,789)	(1,260,982)	(513,997)	(3,373,768)	(6,898,092)
Net cash provided used by operating activities	(606,467)	1,441,802	(13,280)	822,055	(886,693)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental Revenue	217,828	-	202,421	420,249	-
Subsidy from taxes	70	-	-	70	-
Transfers from Other Funds	-	-	-	-	698,201
Net cash provided by Noncapital financing	217,898	-	202,421	420,319	698,201
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest Paid on Debt	-	(15,978)	-	(15,978)	-
Principal on Debt	-	(368,000)	-	(368,000)	-
Purchases/acquisition/const. of Capital Assets	(5,995)	(377,985)	(459,316)	(843,296)	(20,302)
Net cash used by capital and related financing	(5,995)	(761,963)	(459,316)	(1,227,274)	(20,302)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Earnings (loss)	(49,135)	(87,666)	(22,376)	(159,177)	(58,892)
Net cash provided by investing activities	(49,135)	(87,666)	(22,376)	(159,177)	(58,892)
Net Increase in cash and investments	(443,699)	592,173	(292,551)	(144,077)	(267,686)
Balances - beginning of year	4,577,401	6,380,753	2,239,248	13,197,402	5,097,845
Balances - end of the year	\$ 4,133,702	\$ 6,972,926	\$ 1,946,697	\$ 13,053,325	\$ 4,830,159
Cash and Equivalents consists of:					
Cash and investments	\$ 4,133,702	\$ 4,858,359	\$ 1,946,697	\$ 10,938,759	\$ 5,749,012
Restricted cash and investments	-	2,114,567	-	2,114,567	-
Total cash and cash equivalents	\$ 4,133,702	\$ 6,972,926	\$ 1,946,697	\$ 13,053,326	\$ 5,749,012
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (529,459)	\$ 531,078	\$ (72,880)	\$ (71,261)	\$ (879,599)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation Expense	129,781	892,355	151,946	1,174,082	59,127
Gain on sale of fixed assets	-	-	-	-	(14,000)
Changes in assets and Liabilities:					
Increase in Accounts Payable - Other	18,294	24,550	-	42,844	-
Increase (decrease) in Accounts Payable -	120,763	(1,887)	(6,688)	112,188	(66,966)
Increase (decrease) in Compensated	23,229	3,205	6,552	32,986	-
(Increase) decrease in Customer Receivables	(369,075)	(7,499)	(93,989)	(470,563)	31,165
Increase (decrease) in Salaries & Benefits	-	-	1,779	1,779	(16,420)
Net Cash provided by operating activities	\$ (606,467)	\$ 1,441,802	\$ (13,280)	\$ 822,055	\$ (886,693)

See accompanying notes to the financial statements

**GALLATIN COUNTY, MONTANA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2013**

	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
Cash and investments	\$ 72,908,453	\$ 2,427,088
Tax/assessment receivable (net)	-	7,789,465
Accrued Interest Receivable	66,906	-
<b>Total Assets</b>	<hr/> 72,975,359 <hr/>	<hr/> 10,216,553 <hr/>
<b>LIABILITIES</b>		
Accounts payable	-	507,057
Protested taxes payable	-	3,197,311
Due to other governments	-	6,512,185
<b>Total Liabilities</b>	<hr/> - <hr/>	<hr/> \$ 10,216,553 <hr/>
<b>NET POSITION</b>		
Held in trust for investments and other purposes	\$ <hr/> 72,975,359 <hr/>	

See accompanying notes to the financial statements.

**COUNTY OF GALLATIN**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Investment Trust Funds</b>
	<hr/>
<b>ADDITIONS:</b>	
Investment earnings	\$ (581,702)
Contributions to investment trust	371,894,378
	<hr/>
<b>Total Additions</b>	<b>371,312,676</b>
	<hr/>
<b>DEDUCTIONS:</b>	
Distribution of investments	\$360,961,517
	<hr/>
<b>Total Deductions</b>	<b>360,961,517</b>
	<hr/>
Change in net position	10,351,159
Net position - July 1, 2012, as previously reported	55,140,000
Correction of error	7,484,200
	<hr/>
Net position - July 1, 2012, as corrected	62,624,200
	<hr/>
Net position- June 30, 2013	\$ <b>72,975,359</b>
	<hr/>

See accompanying notes to the financial statements.

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**And Unnumbered**

**NOTES**

**TO THE**

**FINANCIAL**

**STATEMENTS**

**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Gallatin County (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 of Gallatin 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 and its component units. 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, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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 revenue on its governmental funds' balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues 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 revenue is removed from the combined balance sheet and revenue is recognized. The County reports uncollected property tax revenues as deferred revenue 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 Gallatin County's Sheriff Department, Coroner, Disaster & Emergency Services / Hazardous Materials and County Rural Fire.

**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

RID Bonds Fund – This is the summary of funds that account for all financial resources for the debt service of all RID Bonds for Gallatin 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 Gallatin County. The fund is maintained on the full accrual basis of accounting.

Gallatin County Landfill Fund – This fund is used to account for the operating and non-operating revenues and expenses of the landfill operated by Gallatin 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 Gallatin 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 Equity**

**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, 2013 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.

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.



**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 1.5% of the average annual sales. For the County Rest Home the allowance for doubtful accounts at June 30, 2013 was \$64,685. 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, 2013 was \$85,931. 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, 2013 were based upon the County wide taxable valuation of \$239,468,240.

**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, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**9. Fund Balance**

Gallatin 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 the difference between assets and liabilities. Net position invested in capital assets, net of related debt, 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 position invested in capital assets, net of related debt, 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, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. New Accounting Pronouncements**

The County has adopted the provisions of the following GASB pronouncements for fiscal year 2013:

Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement clarifies the applicability of certain FASB and AICPA pronouncements for business-type activities.

Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amends the definitions of certain assets and liabilities, provides guidance for the reporting of deferred inflows and outflows, and redefines the residual measure as net position.

**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 excess of expenditures over appropriations for fiscal year ended 2013.

**C. Deficit Fund Balances**

In fiscal year 2013, there were no funds with deficit fund balances.

**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, 2013. 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.

**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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, 2013 equaled or exceeded the amount required by State statutes.

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 year end, the County's pooled and non-pooled cash and investment balances were as follows:

	Category			Reported Amount/ Fair Value
	1	2	3	
U.S. Government agencies	\$97,647,198	\$ -	\$ -	\$ 7,647,198
Cash in overnight repurchase agreements	-	-	3,486,104	3,486,104
Cash on hand and demand deposits	<u>352,234</u>	<u>-</u>	<u>336,350</u>	<u>688,584</u>
Subtotal	<u>\$ 999,432</u>	<u>\$ -</u>	<u>\$ 3,822,454</u>	<u>101,821,886</u>
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				<u>398,052</u>
Total Pooled Cash and Investments				<u>\$ 102,219,938</u>

	Category			Reported Amount/ Fair Value
	1	2	3	
Treasury bills and money market accounts	\$ 950,327	\$ -	\$ -	\$ 950,327
Certificates of deposit	849,228	-	-	849,228
Cash on hand and demand deposits	<u>1,919</u>	<u>-</u>	<u>-</u>	<u>1,919</u>
Subtotal	<u>\$ 1,801,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,801,474</u>
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				<u>21,555,368</u>
Total Nonpooled Cash and Investments				<u>\$ 23,356,842</u>
Total cash and investments				<u>\$ 125,576,780</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, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Government wide	\$ 50,241,239
Investment Trust Funds	\$ 72,908,453
Agency Funds	<u>\$ 2,427,088</u>
Total cash and cash equivalents	<u>\$ 125,576,780</u>

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

Unrestricted	\$ 48,126,672
Restricted - See Note G	<u>\$ 2,114,567</u>
	<u>\$ 50,241,239</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 – 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, MONTANA**  
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Primary Government Investments		Value	Yield	Maturity Date	S&P	Moody's
Fannie Mae	\$	26,358,960	.45%-1.5%	2016-2018	AA+	AAA
Freddie Mac		3,413,580	.45%-1.5%	2017-2018	AA+	AAA
Federal National Mortgage Association		14,297,070	.45%-1.5%	2016-2018	AA+	AAA
Federal Home Loan Bank		30,282,337	.45%-1.5%	2017-2018	AA+	AAA
Federal Home Loan Mortgage Company		12,732,010	.45%-1.5%	2018	AA+	AAA
Federal Farm Credit Bank		10,287,095	.45%-1.5%	2017	AA+	AAA
Unrecognized loss on investments		<u>276,146</u>				
TOTAL	\$	97,647,198				

**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 fiscal year 2013:

**Transfers Out:**

Transfer In:	General Fund	Public Safety	RID Bonds	Nonmajor Governmental	Internal Service	Total Transfers In
Governmental funds:						
General Fund				565,017		565,017
Public Safety	4,910			33,653		38,563
RID Maintenance						
RID Bonds				82,450		82,450
Nonmajor Governmental	501,328	744,519		530,971		1,776,818
Total governmental funds						<u>2,462,848</u>
Proprietary funds						
Internal Service				698,201		698,201
	<u>506,238</u>	<u>744,519</u>		<u>1,910,292</u>		3,161,049
Total transfers out - governmental funds				<u>3,161,049</u>		
Total transfers out - internal service funds					<u>0</u>	
Total transfers out						\$ 3,161,049

**GALLATIN COUNTY, MONTANA**  
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**Interfund Receivables and Payables**

The composition of interfund receivable and payable balances as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	Other Governmental Funds	\$ 102,594
Public Safety	Other Governmental Funds	62,856
Other Governmental Funds	RID Bond Debt Service Fund	<u>5,257</u>
		\$ <u><u>170,707</u></u>

**C. Capital Assets**

A summary of changes in capital assets is as follows:

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
<b>Governmental activities:</b>					
Land	\$ 4,446,080	\$ 81,125	\$ -	\$ -	\$ 4,527,205
Buildings	60,112,766	186,740	3,186,853	-	57,112,653
Intangibles Software	1,595,359	144,344	-	-	1,739,703
Intangibles Easements	13,030,616	568,000	-	-	13,598,616
Improvements other than buildings	1,324,363	126,134	-	-	1,450,497
Machinery and equipment	19,835,981	718,376	485,087	-	20,069,270
Infrastructure	142,562,448	1,821,156	36,908	3,361,877	144,346,696
Total capital assets being depreciated	238,461,535	3,564,750	3,708,848		238,317,438
Construction in progress	1,343,037	815,861	-	1,231,484	927,414
Total capital assets	\$ 244,250,651	\$ 4,461,736	\$ 3,708,848	\$ 1,231,484	\$ 239,244,852
Less accumulated depreciation:	89,728,400	7,222,678	2,458,333	-	94,492,745
Governmental activities capital assets, net	\$ <u>154,522,252</u>	\$ <u>(2,760,942)</u>	\$ <u>1,250,515</u>	\$ <u>1,231,484</u>	\$ <u>149,279,312</u>
<b>Business-type activities:</b>					
Land	\$ 1,657,607	\$ -	\$ -	\$ -	\$ 1,657,607
Buildings	6,769,292	439,144	-	-	7,208,436
Intangibles	65,152	-	-	-	65,152
Improvements other than buildings	3,039,099	243,205	-	(6,900)	3,275,402
Machinery and equipment	6,519,327	201,527	42,779	6,900	6,684,975
Total capital assets being depreciated	16,392,870	883,874	42,779	-	17,233,965
Construction in progress	54,942	21,931	-	54,942	131,815
Total capital assets	\$ 18,105,419	\$ 905,805	\$ 42,779	\$ 54,942	\$ 19,023,387
Less accumulated depreciation:	7,763,681	1,181,570	35,211	-	8,910,040
Business-type activities capital assets, net	\$ <u>10,341,738</u>	\$ <u>(275,765)</u>	\$ <u>7,568</u>	\$ <u>54,942</u>	\$ <u>10,003,465</u>



**GALLATIN COUNTY, MONTANA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$	525,398
Public Safety		1,885,134
Public Works		4,663,376
Public Health		9,809
Culture and Recreation		135,775
Housing and Community Development		512
Conservation of Natural Resources		<u>2,674</u>

Total depreciation expense - governmental activities	\$	<u><u>7,222,678</u></u>
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Business-type activities:

Rest Home	137,269
Gallatin County Landfill	892,355
West Yellowstone Refuse Dist.	<u>151,946</u>

Total depreciation expense - business-type activities	\$	<u><u>1,181,570</u></u>
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**D. Other Accrued Payables**

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

	Governmental Activities	Business- type Activities	<u>Total</u>
Payroll Payable	\$ 927,960	\$ 208,591	\$ 1,136,551
Security Deposits Payable	30,241	86,500	116,741
Accrued Interest Payable	38,363	3,487	41,850
Abandon Property Payable	71,914	-	71,914
Internal Service Payables	<u>268,496</u>	<u>-</u>	<u>268,496</u>
	<u>\$ 1,336,974</u>	<u>\$ 298,578</u>	<u>\$ 1,635,552</u>

**GALLATIN COUNTY, MONTANA**  
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**E. Long-Term Debt**

During year ended June 30, 2013, the following changes in liabilities were reported in long-term debt:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13	Due within one year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 42,824,652	\$ 7,840,000	\$ 7,565,852	\$ 43,098,800	\$ 2,327,100
Special Assessment Bonds	8,226,000	-	698,000	7,528,000	235,000
Compensated Absences	1,985,460	23,378	-	2,008,838	200,884
Intercap Loans	3,720,981	-	716,500	3,004,431	712,357
Capital Leases	1,157,890	-	118,583	1,039,307	121,886
Total	<u>\$ 57,914,983</u>	<u>\$ 7,863,378</u>	<u>\$ 9,098,985</u>	<u>\$ 56,679,376</u>	<u>\$ 3,597,227</u>
<b>Business-Type Activities</b>					
Revenue Bonds	\$ 1,305,500	\$ -	\$ 368,000	\$ 937,500	\$ 125,000
Compensated Absences	281,768	28,159	10,930	298,997	29,900
Closure/postclosure care costs	1,728,200	26,891	-	1,755,091	-
Total	<u>\$ 3,315,468</u>	<u>\$ 55,050</u>	<u>\$ 378,930</u>	<u>\$ 2,991,588</u>	<u>\$ 154,900</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, 2013 were as follows:

Purpose	Issue Date	Interest Rate	Term of years	Final maturity	Bonds issued	Outstanding 6/30/13	Annual serial payment
Pogreba Field	07/07/2005	2.00	10	02/28/2016	\$ 8,500	\$ 2,250	\$ 850
Open Space	06/28/2005	3.625-4.25	20	02/01/2026	5,000,000	695,000	Varies
Open Space	12/15/2008	4.3	18	07/01/2026	4,000,000	3,415,000	Varies
Pogreba Animal Fence	07/29/2008	3.625	10	02/28/2018	12,500	6,250	1,250
Detention Center	02/01/2009	3.5-4.6	18	02/01/2027	32,000,000	28,400,000	Varies
Hope House	07/01/2010	2.0-4.0	20	07/01/2030	1,000,000	890,000	Varies
Open Space	04/12/2011	3.0-3.25	10	07/01/2021	2,300,000	1,910,000	Varies
Open Space	10/23/2013	2.0	10	07/01/2023	2,450,000	2,390,000	Varies
Open Space	6/19/2013	1.0-3.0	13	07/01/2026	3,390,000	3,390,000	Varies
I-90	12/18/2012	1.0-2.25	11	07/01/2023	2,000,000	2,000,000	Varies
<b>Total G.O. Bonds</b>					<u>\$ 56,191,000</u>	<u>\$ 43,098,800</u>	

**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*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:

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Term of years</u>	<u>Final maturity</u>	<u>Bonds issued</u>	<u>Outstanding 30-Jun-13</u>	<u>Annual serial payment</u>
Landfill Land	2010	1.95	10	2020	\$ 1,250,000	\$ 937,500	Varies
<b>Total Revenue Bonds</b>					<u>\$ 3,492,000</u>	<u>\$ 937,500</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, 2013.

*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:

<u>Purpose</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Term of years</u>	<u>Final maturity</u>	<u>Bonds issued</u>	<u>Outstanding 6/30/13</u>	<u>Annual serial payment</u>
#371	1999	3.0-7.2	20	2020	63,000	12,000	Varies
#376	2001	3.6-5.5	20	2021	540,000	60,000	Varies
#378	2001	3.6-5.5	20	2021	1,188,000	390,000	Varies
#382	2002	3.0-6.5	15	2017	199,000	50,000	Varies
#383	2002	2.2-5.5	20	2022	200,200	55,000	Varies
#384	2003	2.0-5.0	15	2018	160,000	20,000	Varies
#386	2003	1.75-4.9	15	2018	300,000	90,000	Varies
#387	2005	2.1-5.0	15	2020	180,000	85,000	Varies
#388	2005	2.1-5.0	15	2020	160,000	65,000	Varies
#391	2006	2.0-5.25	20	2026	395,000	240,000	Varies
#392	2006	3.0-7.0	20	2026	60,000	21,000	Varies
#393	2007	4.2-5.5	20	2028	900,000	625,000	Varies
#395	2010	2.0-6.0	20	2030	1,765,000	1,580,000	Varies
#396	2010	2.5-6.0	20	2030	4,715,000	4,235,000	Varies
<b>Total Special Assessment Bonds</b>					<u>\$ 11,223,700</u>	<u>\$ 7,528,000</u>	

**GALLATIN COUNTY, MONTANA**  
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**Loans/Contracted Debt:**

Loans and Contracted Debt outstanding as of June 30, 2013 were as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding 06/30/2013</u>	<u>Date of Last Payment</u>
Guenther Building Purchase (1)	999,000	2004	Varies	111,695	2014
Capital Improvement Libraries (1)	999,000	2005	Varies	284,461	2016
Re-Entry Facility (1)	800,000	2006	Varies	274,220	2016
Fair Grounds Improvement (1)	500,000	2007	Varies	163,775	2016
Courthouse Annex (1)	999,000	2007	Varies	505,972	2018
9-1-1 Center (1)	1,000,000	2009	Varies	634,174	2019
Road & Bridge Shop Complex (1)	1,300,000	2008	Varies	782,061	2019
Search & Rescue Building (1)	300,000	2012	2.75	248,094	2026
<b>Total</b>	<u>\$ 6,897,000</u>			<u>\$ 3,004,432</u>	

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

**Compensated Absences Payable**

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

Enterprise Fund	\$ 298,997
General Governmental Activities	1,983,207
Internal Service Funds	<u>25,631</u>
	<u>\$ 2,307,835</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, 2013, include the following:

Equipment	\$ 1,273,260
Less: Accumulated depreciation	<u>(592,638)</u>
Total	<u>\$ 680,862</u>

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

**GALLATIN COUNTY, MONTANA**  
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**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, 2013 were as follows:

For Fiscal Year Ended	G. O. Principal	G. O. Interest	Revenue Bond Principal	Revenue Bonds Interest
2014	2,327,100	1,681,915	125,000	23,887
2015	2,417,100	1,609,279	125,000	23,437
2016	2,512,100	1,539,278	125,000	20,312
2017	2,611,250	1,460,593	125,000	20,625
2018-2022	14,411,250	5,929,203	437,500	61,250
2023-2027	13,750,000	3,062,663	-	-
2028-2032	5,070,000	366,038	-	-
Total	<u>\$ 43,098,800</u>	<u>\$ 15,648,969</u>	<u>\$ 937,500</u>	<u>\$ 149,512</u>
	Special Bonds Principal	Special Bonds Interest	Contract Debt Principal	Contract Debt Interest
2014	235,000	420,396	712,357	85,748
2015	290,000	407,683	642,810	74,152
2016	395,000	391,112	551,797	57,980
2017	463,000	371,545	393,180	39,243
2018-2022	2,365,000	1,482,135	613,116	49,709
2023-2027	2,350,000	844,913	91,171	6,350
2028-2032	1,430,000	174,900	-	-
Total	<u>\$ 7,528,000</u>	<u>\$ 4,092,684</u>	<u>\$ 3,004,431</u>	<u>\$ 313,182</u>
	Capital Lease Principal	Capital Lease Interest		Grand Total
2014	121,886	28,944		5,611,403
2015	125,280	25,550		5,740,291
2016	792,140	22,062		5,743,410
2017	-	-		6,298,637
2018-2022	-	-		25,349,163
2023-2027	-	-		20,105,097
2028-2032	-	-		7,040,938
Total	<u>1,039,307</u>	<u>\$ 76,555</u>		<u>\$ 75,888,940</u>

**GALLATIN COUNTY, MONTANA**  
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**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, 2013 were:

	<u>PERS</u>	<u>SRS</u>	<u>TRS</u>
Employer	7.070%	10.115%	7.47%
Employee – hired pre July 1, 2011	6.90%	9.245%	7.15%
Employee– hired post July 1, 2011	7.90%	9.245%	7.15%
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 years ended June 30, 2013, 2012 and 2011 as listed below were equal to the required contributions for each year.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
PERS			
County	957,167	979,411	997,005
Employee	934,148	966,958	989,395
State	13,417	13,853	14,102
SRS			
County	636,784	484,691	504,099
Employee	582,015	450,332	479,017
TRS			
County	4,742	4,742	4,788
Employee	4,538	4,538	4,584
State	64	1,581	1,596

**GALLATIN COUNTY, MONTANA**  
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**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, 2013. These amounts are reported within the cash and investment account on fund financial statements.

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

**I. Fund Equity**

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The restriction in the proprietary funds are 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 Gallatin 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. Gallatin 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 \$1,755,091 liability for landfill closure and post closure as of June 30, 2013, which represents the cumulative amount reported to date based on the use of 48.27% 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 \$1,880,609. These amounts are based on what it should cost to perform all closure and post closure in 2013. The County expects to close the landfill in the year 2029. Actual costs may be higher due to inflation, changed in technology or changes in regulations.

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, 2013 Gallatin 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**

Gallatin 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, MONTANA**  
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**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. Gallatin 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, 2013, were estimated by the plan administrator. Claims payable as of yearend are:

	<u>2011</u>		<u>2012</u>		<u>2013</u>
Beginning claims payable	\$ 617,888	\$	286,757	\$	270,391
Claims incurred	3,964,831		4,113,875		4,591,793
Claims paid	<u>(4,295,962)</u>		<u>(4,130,241)</u>		<u>(4,613,391)</u>
Ending claims payable	\$ <u>286,757</u>	\$	<u>270,391</u>	\$	<u>248,793</u>

**M. Commitments**

**Primary Government**

At June 30, 2013, Gallatin County had approximate contractual commitments of the following:

<u>Department</u>	<u>Amount</u>	<u>Project</u>
Facilities	\$ 42,000	Courthouse Temperature Control Automation
Facilities	59,410	Guenther Building Elevator
Facilities	13,309	Guenther Building Keyless Access
Commission	42,500	External Audit
Landfill	13,070	Cell 4 Expansion
Road	1,058,513	Graders
Grants	42,679	CTEP Manhattan Sidewalk
Grants	2,191	CTEP Threek Forks (Milwaukee Park)
Grants	16,248	CTEP City/County Bike Path
Grants	1,209	CTEP West Yellowstone
Grants	<u>1,105,217</u>	TIGER
	\$ 2,396,346	

Future appropriations will fund these commitments as work is performed.



**GALLATIN COUNTY, MONTANA**  
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**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 2013.

**Plan Description**

Gallatin 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 2013 there are 38 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	\$ 442,354
Interest on net OPEB obligation	40,811
Adjustment to annual required contribution	<u>(38,241)</u>
Annual OPEB cost (expense)	444,924
Contributions made	<u>(170,313)</u>
Increase in net OPEB obligation	274,611
Net OPEB obligation - beginning of year	<u>960,268</u>
Net OPEB obligation - end of year	<u>\$ 1,234,879</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, 2013, 2012, 2011, and 2010 are as follows:

Fiscal Year Ended	% of Annual		
	Annual	OPEB Cost	Net OPEB
	OPEB Cost	Contributed	Obligation
2010	\$ 433,469	16.7%	\$ 707,461
2011	\$ 190,842	35.6%	\$ 830,429
2012	\$ 201,457	35.6%	\$ 960,268
2013	\$ 444,924	38.2%	\$ 1,234,879

**Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$4,007,572, 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 \$17,778,430 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.5%.

**GALLATIN COUNTY, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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.

**P. Restatement**

During the current year, it was determined that fiduciary fund cash and investments were incorrectly allocated among the investment trust fund and the agency fund. This restatement had a corresponding effect on the change in net position of the investment trust fund and on the liabilities of the agency funds.

	Investment Trust Fund	Agency Fund
Net position, as previously reported	\$55,140,000	
Cash and investments restatement	7,414,181	(7,414,181)
Accrued interest receivable restatement	70,020	(70,020)
Due to other governments restatement	<u>          -</u>	<u>7,484,200</u>
Net position, as restated	\$ 62,624,200	

**Q. Subsequent Event**

Revenue bonds were issued in July 2013 for the fairgrounds parking, entrance and year round ice facility.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

## Gallatin County, State of Montana

## 1000 GENERAL

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property Taxes	6,299,296	6,299,296	6,536,212	236,916
General Business Licenses	1,000	1,000	925	(75)
Federal Grants	119,627	119,627	72,407	(47,220)
Federal Payments in Lieu of Tax	-	-	311	311
State Grants	77,500	77,500	98,326	20,826
State Shared Revenue	827,000	827,000	833,413	6,413
Local Grants	20,000	20,000	20,000	-
Charges for Services	1,652,650	1,652,650	2,071,286	418,636
Fines & Forfeitures	373,500	373,500	430,756	57,256
Miscellaneous	90,000	90,000	109,636	19,636
Investment Earnings (loss)	100,000	100,000	(175,758)	(275,758)
Total revenues	9,560,573	9,560,573	9,997,514	436,941
EXPENDITURES				
Current:				
General Government-Personnel	6,717,325	6,701,473	6,457,255	(244,218)
General Government-Operations	1,435,218	1,435,218	1,422,772	(12,446)
Public Safety-Personnel	603,518	603,518	551,255	(52,263)
Public Safety-Operations	529,806	516,806	434,803	(82,003)
Public Works - Personnel	505,564	505,564	491,698	(13,866)
Public Works-Operations	744,804	734,883	387,811	(347,072)
Social & Econ Service-Personnel	48,381	48,381	48,082	(299)
Social & Econ Service-Operations	333,531	328,531	325,699	(2,832)
Conservation of Nat'l Rec-Debt Principal	-	-		-
Total current:	10,918,147	10,874,374	10,119,375	(754,999)
Debt service:				
Principal Retirement	122,859	122,859	5,970	(116,889)
Interest	29,045	29,045	328	(28,717)
Total debt service:	151,904	151,904	6,298	(145,606)
Capital outlay:				
General Government-Capital Expenditures	73,632	89,484	94,920	5,436
Public Safety-Capital Expenditures	-	13,000	13,000	-
Public Works-Capital Expenditures	260,234	270,155	51,941	(218,214)
Social & Econ Serv-Capital Expenditures	2,500	7,500	-	(7,500)
Total capital outlay:	336,366	380,139	159,861	(220,278)
Total expenditures	11,406,417	11,406,417	10,285,534	(1,120,883)
Excess (deficiency) of revenues over (under) expenditures	(1,845,844)	(1,845,844)	(288,020)	1,557,824
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers In	294,138	294,138	565,017	270,879
Transfers Out	(347,182)	(347,323)	(506,238)	(158,915)
Total other financing sources and uses and special items	(53,044)	(53,185)	58,779	111,964
Net change in fund balances	(1,898,888)	(1,899,029)	(229,241)	1,669,788
Fund balances -- beginning	1,685,251	1,685,204	3,636,843	1,951,639
Fund balances -- ending	(\$ 213,637)	(\$ 213,825)	\$ 3,407,602	\$ 3,621,427
See accompanying notes to the financial statements.				

**Gallatin County, State of Montana**  
**2300 PUBLIC SAFETY FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Property Taxes	11,320,160	11,320,160	11,545,197	225,037
Other licenses	25,000	30,000	52,565	22,565
Federal Grants	43,000	73,380	90,382	17,002
State Grants	20,000	20,000	19,885	(115)
State Shared Revenue	494,000	494,000	545,139	51,139
Charges for Services	850,729	1,082,129	1,967,444	885,315
Fines & Forfeitures	8,000	8,000	30,260	22,260
Miscellaneous	15,000	15,000	38,854	23,854
Investment Earnings (loss)	4,000	4,000	(50,144)	(54,144)
Contributions/Donations	15,000	15,000	20	(14,980)
Total revenues	<u>12,794,889</u>	<u>13,061,669</u>	<u>14,239,602</u>	<u>1,177,933</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety-Personnel	8,960,189	8,960,189	8,679,186	(281,003)
Public Safety-Operations	3,165,462	3,295,605	3,338,370	42,765
Total current:	<u>12,125,651</u>	<u>12,255,794</u>	<u>12,017,556</u>	<u>(238,238)</u>
Debt service:				
Principal Retirement	142,731	142,731	127,494	(15,237)
Interest	7,000	7,000	15,288	8,288
Total debt service:	<u>149,731</u>	<u>149,731</u>	<u>142,782</u>	<u>(6,949)</u>
Capital outlay:				
Public Safety-Capital Expenditures	174,367	314,754	128,926	185,829
Public Safety-Debt Serv Principal				-
Total capital outlay:	<u>174,367</u>	<u>314,754</u>	<u>128,926</u>	<u>(185,828)</u>
Total expenditures	<u>12,449,749</u>	<u>12,720,279</u>	<u>12,289,264</u>	<u>(431,015)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>345,140</u>	<u>341,390</u>	<u>1,950,338</u>	<u>1,608,948</u>
<b>OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS</b>				
Local Option Taxes	9,000	9,000	5,000	(4,000)
Miscellaneous	-	3,750	3,750	-
Transfers In	25,000	25,000	38,563	13,563
Transfers Out	(463,449)	(463,449)	(744,519)	(281,070)
Total other financing sources and uses and special items	<u>(429,449)</u>	<u>(425,699)</u>	<u>(697,206)</u>	<u>(271,507)</u>
Net change in fund balances	(84,309)	(84,309)	1,253,132	1,337,441
Fund balances -- beginning	780,178	780,178	1,686,002	905,824
Fund balances -- ending	<u>\$ 695,869</u>	<u>\$ 695,869</u>	<u>\$ 2,939,134</u>	<u>\$ 2,243,265</u>

See accompanying notes to the financial statements.

**Gallatin County, State of Montana**  
**2500 RID MAINTENANCE**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>	1,154,651	1,154,651	1,072,693	(81,958)
Property Taxes	-	-	35,706	35,706
Investment Earnings (loss)			(97,625)	(97,625)
Total revenues	<u>1,154,651</u>	<u>1,154,651</u>	<u>1,010,774</u>	<u>(143,877)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works-Operations	<u>5,509,147</u>	<u>5,509,147</u>	<u>552,897</u>	<u>(4,956,250)</u>
Total current:	<u>5,509,147</u>	<u>5,509,147</u>	<u>552,897</u>	<u>(4,956,250)</u>
Capital outlay:				
Total capital outlay:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,509,147</u>	<u>5,509,147</u>	<u>552,897</u>	<u>(4,956,250)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,354,496)</u>	<u>(4,354,496)</u>	<u>457,877</u>	<u>4,812,373</u>
Total other financing sources and uses and special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,354,496)	(4,354,496)	457,877	4,812,373
Fund balances -- beginning	(6,651)	5,041	4,295,622	4,290,581
Fund balances -- ending	<u>(\$ 4,361,147)</u>	<u>(\$ 4,349,455)</u>	<u>\$ 4,753,499</u>	<u>\$ 9,102,954</u>

See accompanying notes to the financial statements.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Annual Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll % (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	\$ -	\$ 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.

**SINGLE**

**AUDIT**

**SECTION**



**GALLATIN COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
<b>U.S. Department of Agriculture</b>					
<i>Passed through the State Department of Public Health and Human Services</i>					
Special Supplemental Food Program (WIC) 10/1/11 to 6/30/12. Amended to 9/30/12. Award increased from \$145,000 to \$232,049.	10.557	\$232,049.00	\$ 83,021.00	\$ 83,021.00	Special Supplemental Nutrition Program for Women, Infants, and Children 10.557
Special Supplemental Food Program (WIC) 10/1/12 to 6/30/13. Amended to 9/30/13. Award increased from \$192,927 to \$207,227.	10.557	\$207,227.00	\$ 156,020.00	\$ 156,020.00	
Special Supplemental Food Program (WIC BFPC) 10/1/11 to 6/30/12. Amended to 9/30/12. Award increased from \$10,500 to \$14,000	10.557	\$ 14,000.00	\$ 3,500.00	\$ 3,500.00	
Special Supplemental Food Program (WIC BFPC) 10/1/12 to 6/30/13. Amended to 9/30/13.	10.557	\$ 15,300.00	\$ 12,360.83	\$ 12,360.83	
<i>Total Passed through the State Department of Pulic Health and Human Services:</i>		\$468,576.00	\$254,901.83	\$254,901.83	
<i>Passed through the State Department of Agriculture</i>					
Noxious Weed Trust Fund Project-Mule Creek Cooperative	10.664	\$ 9,700.00	\$ 8,098.50	\$ 8,098.50	COOP FORESTRY 10.664
Noxious Weed Trust Fund Project-Bridger Weed Management	10.664	\$ 15,000.00	\$ 3,030.54	\$ 3,030.54	
<i>Total Passed through the State Department of Agriculture:</i>		\$ 24,700.00	\$ 11,129.04	\$ 11,129.04	
<i>Direct:</i>					
Gallatin County Comprehensive Travel Map USDA -Cooperative Agreement	10.665	\$ 15,000.00	\$ 4,606.22	\$ 4,606.22	
<i>Total Direct:</i>		\$ 15,000.00	\$ 4,606.22	\$ 4,606.22	
<b>Total U.S. Department of Agriculture</b>		<b>\$508,276.00</b>	<b>\$270,637.09</b>	<b>\$270,637.09</b>	
<b>U.S. Department of Commerce</b>					
<i>Direct:</i>					
Economic Development Administration -Comprehensive Economic Development Strategy	11.302	\$ 50,000.00	\$ 28,892.73	\$ 28,892.73	
<b>Total U.S. Department of Commerce</b>		<b>\$ 50,000.00</b>	<b>\$ 28,892.73</b>	<b>\$ 28,892.73</b>	
<b>U.S. Department of Energy</b>					
<i>Direct</i>					
ARRA EECBG - Energy Efficiency & Conservation Block Grant	81.128	\$ 198,700.00	\$ 21,176.07	\$ 21,176.07	
<b>Total U.S. Department of Energy</b>		<b>\$ 198,700.00</b>	<b>\$ 21,176.07</b>	<b>\$ 21,176.07</b>	
<b>Environmental Protection Agency</b>					
<i>Passed through the Montana Department of Environmental Quality:</i>					
Gallatin Ground Water Project (319) (See notee 6)	66.460	\$ 70,000.00	\$ 28,662.46	\$ 28,662.46	
EPA Urban Waters Small Grant	66.440	\$ 60,000.00	\$ 36,108.98	\$ 36,108.98	
<i>Total Direct:</i>		\$ 130,000.00	\$ 64,771.44	\$ 64,771.44	
<b>Total Environmental Protection Agency</b>		<b>\$ 130,000.00</b>	<b>\$ 64,771.44</b>	<b>\$ 64,771.44</b>	
<b>U.S. Department of Health and Human Services</b>					
<i>Passed through the State Department of Public Health and Human Services:</i>					
Immunization Action Plan 7/1/12 to 12/31/12	93.268	\$ 15,697.00	\$ 15,697.00	\$ 15,697.00	Immunization Cooperative Agreements 93.268
Immunization Action Plan 1/1/13 to 12/31/13	93.268	\$ 27,516.00	\$ 12,039.00	\$ 12,039.00	
Crisis Intervention Team Development and Training CIT. Grant award was of \$15,000 was amended to extend the contract time to 6/30/13 & increased by \$6,000 to \$21,000.	93.912	\$ 21,000.00	\$ 15,403.53	\$ 15,403.53	Rural Health and Small Health 93.912
Crisis Intervention Team CIT - International Conference	93.912	\$ 5,000.00	\$ 4,630.25	\$ 4,630.25	

**GALLATIN COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
TB Vaccination Program 1/1/13 to 12/31/13. No set award amount <b>see Note #5.</b>	93.116	N/A	\$ 1,881.19	\$ 1,881.19	Tuberculosis Control Programs 93.116
TB Vaccination Program 1/1/12 to 12/31/12. No set award amount <b>see Note #5.</b>	93.116	N/A	\$ 1,441.67	\$ 1,441.67	
Pregnant & Parenting Teens (PPT) YR 1 8/15/11-8/31/12 . Grant award of \$89,931 was increased by \$57,833 to \$140,764.	93.500	\$ 140,764.00	\$ 3,648.48	\$ 3,648.48	Pregnancy Assistance Fund Program (ARRA) 93.500
Pregnant & Parenting Teens (PPT) YR2 8/15/11-8/31/13. Grant award of \$77,462 was increased by \$39,999.85 to \$117,461.85.	93.500	\$ 117,461.85	\$ 90,019.44	\$ 90,019.44	
Public Health Emergency Preparedness (PHEP 7/1/12-6/30/13) ( <i>Deliverable Based</i> )	93.069	\$ 128,624.00	\$ 128,624.00	\$ 128,624.00	Public Health Emergency Preparedness 93.069
Public Health Emergency Preparedness (Mid Year Perf Report) (Deliverable Based)	93.069	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development (MIECHV ID) Project 04/01/12 - 09/30/12	93.505	\$ 99,029.20	\$ 70,747.94	\$ 70,747.94	ACA Maternal, Infant and Early Childhood Home Visiting Program 93.505
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development (MIECHV ID) Project 10/11/12 - 09/30/13	93.505	\$ 99,962.04	\$ 45,468.03	\$ 45,468.03	
Montana Cancer Control Programs/B&C 07/01/12 - 06/30/13	93.283	\$ 105,780.00	\$ 104,333.00	\$ 104,333.00	CDC PREV 93.283
NAPA Grant 7/1/12 - 6/30/13	93.283	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	
NACCHO Accreditation 12/1/12 - 5/31/13 (Deliverable Based)	93.283	\$ 24,200.00	\$ 24,200.00	\$ 24,200.00	
Maternal & Child Health Services Block Grant - MCH 07/01/12 - 06/30/13 (Deliverable Based)	93.994	\$ 108,063.00	\$ 108,063.00	\$ 108,063.00	
<i>Total Passed through the State Department of Public Health and Human Services:</i>		\$ 909,597.09	\$ 642,696.53	\$ 642,696.53	
<i>Passed through MT DPHHS to Yellowstone City/County Health Dept/Riverstone Health to Gallatin County</i>					
HIV Case Management & Support Services Delivery 07/01/12-06/30/13	93.917	\$ 195.00	\$ 195.00	\$ 195.00	
Ryan White C Outpatient STD/HIV Early Intervention Services 07/01/12 - 06/30/13	93.918	\$ 15,000.00	\$ 6,509.26	\$ 6,509.26	
<i>Total Passed through Yellowstone City/County Health Dept/Riverstone Health:</i>		\$ 15,195.00	\$ 6,704.26	\$ 6,704.26	
<i>Passed through the National Association of County and City Health Officials</i>					
NACCHO Medical Reserve Corps Units MRC 1/5/13 to 7/31/13 (Deliverable Based)	93.008	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	
<i>Total Passed through the National Association of County and City Health Officials:</i>		\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	
<b>Total U.S. Department of Public Health and Human Services</b>		<b>\$ 928,792.09</b>	<b>\$ 653,400.79</b>	<b>\$ 653,400.79</b>	
<b>U.S. Department of Homeland Security</b>					
<i>Passed through the Montana Disaster &amp; Emergency Services</i>					
Homeland Security Grant Program (Equipment for Command Vehicle)	97.067	\$ 157,865.00	\$ 23,001.39	\$ 23,001.39	
Emergency Management Performance Grant	97.042	\$ 48,650.00	\$ 48,326.15	\$ 48,326.15	
<i>Passed through the Montana Disaster &amp; Emergency Services:</i>		\$ 206,515.00	\$ 71,327.54	\$ 71,327.54	
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 206,515.00</b>	<b>\$ 71,327.54</b>	<b>\$ 71,327.54</b>	
<b>U.S. Department of Justice</b>					
<i>Direct:</i>					
LLEBG Bulletproof Vest Program	16.607	\$ 3,750.65	\$ 3,718.92	\$ 3,718.92	
JAG Grant W/City of Bozeman	16.738	\$ 7,749.00	\$ 7,749.00	\$ 7,749.00	
Gallatin County Treatment Court Program BJA FY 10 Congressionally Selected - Women's Transition	16.753	\$ 185,000.00	\$ 24,663.32	\$ 24,663.32	
COPS I HIRING Grant	16.710	\$ 420,656.00	\$ 127,209.77	\$ 127,209.77	COPS HIRING 16.710
COPS II HIRING Grant	16.710	\$ 213,473.00	\$ 65,064.10	\$ 65,064.10	
COPS III HIRING Grant	16.710	\$ 125,000.00	\$ 41,666.67	\$ 41,666.67	
JAG Byrne Memorial Justice Assistance Grant -Interoperable Communications & Terrorism Prevention	16.738	\$ 12,402.00	\$ 6,445.18	\$ 6,445.18	JAG PROGRAM CLUSTER 16.738
<i>Total Direct:</i>		\$ 968,030.65	\$ 276,516.96	\$ 276,516.96	

**GALLATIN COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
<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	\$ 40,373.00	\$ 40,373.00	\$ 40,373.00	
Operation Freedom from Fear	16.588	\$ 53,358.94	\$ 53,358.94	\$ 53,358.94	
<i>Total Passed through the State Department of Justice - Montana Board of Crime Control:</i>		\$ 326,250.27	\$ 326,250.27	\$ 326,250.27	
<i>Passed through the City of Bozeman</i>					
Gallatin Project Consortium: Rural Project to End Violence Against Women	16.589	\$ 117,578.00	\$ 43,423.99	\$ 43,423.99	
<i>Total Passed through the City of Bozeman:</i>		\$ 117,578.00	\$ 43,423.99	\$ 43,423.99	
<i>Passed through the Office of Court Administrator:</i>					
GPS Monitoring and Active Alcohol Monitoring <b>Note #5</b>	16.541	N/A	\$ 4,255.03	\$ 4,255.03	
<i>Total Passed through the Office of Court Administrator:</i>		\$ -	\$ 4,255.03	\$ 4,255.03	
<i>Passed through the Montana Peace Officer's Association</i>					
VIRGIL II - Continuation of MHI	16.753	\$ 84,440.00	\$ 48,768.69	\$ 48,768.69	
<i>Total Passed through the Montana Peace Officer's Association:</i>		\$ 84,440.00	\$ 48,768.69	\$ 48,768.69	
<b>Total U.S. Department of Justice</b>		<b>\$ 1,496,298.92</b>	<b>\$ 694,959.91</b>	<b>\$ 694,959.91</b>	
<b>U.S. Department of Transportation</b>					
<i>Passed through the State Department of Transportation:</i>					
Montana Department of Transportation - STEP Overtime Grant 10/1/2012-6/30/2013	20.600;20.601	\$ 18,000.00	\$ 16,844.11	\$ 16,844.11	State Highway Safety 20.600;20.601
Montana Department of Transportation - STEP Overtime Grant 7/1/2012-9/30/2012	20.600;20.601	\$ 18,000.00	\$ 3,941.39	\$ 3,941.39	
Community Transportation Enhancement Prgm CTEP Churchill Sidewalk Project	20.205	\$ 104,806.00	\$ 104,912.78	\$ 104,912.78	HWY PLANNING 20.205
Community Transportation Enhancement Prgm CTEP Gallatin County Trails Project	20.205	\$ 319,656.00	\$ 42,370.95	\$ 42,370.95	
Community Transportation Enhancement Prgm CTEP Manhattan Sidewalk Project	20.205	\$ 39,280.00	\$ 6,734.34	\$ 6,734.34	
Community Transportation Enhancement Prgm CTEP Milwaukee Park Project	20.205	\$ 50,000.00	\$ 1,547.85	\$ 1,547.85	
Community Transportation Enhancement Prgm CTEP West Yellowstone Landscaping	20.205	\$ 10,000.00	\$ 842.57	\$ 842.57	
<i>Total Passed through the State Department of Transportation:</i>		\$ 559,742.00	\$ 177,193.99	\$ 177,193.99	
<i>Direct - Federal Aviation Administration</i>					
FAA - Pogreba Aiport Improvements	20.106	\$ 266,351.00	\$ 2,353.00	\$ 2,353.00	
<i>Total Direct - Federal Aviation Administration</i>		\$ 266,351.00	\$ 2,353.00	\$ 2,353.00	
<b>Total U.S. Department of Transportation</b>		<b>\$ 826,093.00</b>	<b>\$ 179,546.99</b>	<b>\$ 179,546.99</b>	
<b>Total Federal Assistance</b>		<b>\$4,344,675.01</b>	<b>\$1,984,712.56</b>	<b>\$1,984,712.56</b>	

**GALLATIN COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-Through	Federal CFDA Number	Program or Award Amount	Federal Revenue	Federal Expenditures	Clusters
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**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, 2012. 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	\$ 52,083.50
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Broadwater Co Sheriff	\$ 7,812.00
DOJ Byrne Formula Missouri River Drug Task Force	16.738	City of Helena	\$ 21,275.52
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Lewis & Clark County	\$ 45,900.00
DOJ Byrne Formula Missouri River Drug Task Force	16.738	Park County Sheriff	\$ 24,833.20
			\$ 151,904.22
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	\$ 2,315.27
			\$11,440.03
U. S. Department of Commerce - CEDS	11.302	Northern Rocky Mountain EDD	\$ 28,892.75
DPHHS - Pregnant and Parenting Teens (Year 1) 7/1/2012-8/31/2012	93.505	THRIVE	\$ 8,188.77
DPHHS - Pregnant and Parenting Teens (Year 2) 9/1/2012-6/30/2013	93.505	THRIVE	\$ 31,243.17
DPHHS- Miechv (Year 1) 7/1/2012-9/30/2012	93.305	G G United Way	\$ 2,105.88
DPHHS - Miechv (Year 2) 10/1/2012-6/30/2013	93.505	THRIVE	\$14,720.99
DPHHS - Miechv (Year 2) 10/1/2012-6/30/2013	93.505	G G United Way	\$ 778.88
			\$ 57,037.69
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:**

None in FY 13

**Note 5.** These grants are paid only as funds are available. The award amount reported is the amount Gallatin County earned and received in FY 13.

**Note 6.** Gallatin Ground Water Project (319) overreported during FY12 in the amount of \$2,127.73. We received and reported that amount in FY12, but it was earned in FY13. The FY13 EDEN report shows \$26,534.73, with the \$2,127.73 the total reported is actually \$28,662.46.

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, 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, Montana (the County), as of and for the year ended June 30, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon December 23, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gallatin 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 Gallatin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Gallatin County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified a deficiency in internal controls that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2013-01 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gallatin 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*.

**Gallatin County's Response to Findings**

Gallatin County's response to the finding identified in our audit are described in the accompanying schedule. Gallatin County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 23, 2013

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, Montana

**Report on Compliance on Major Federal Program**

We have audited Gallatin County's 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 Gallatin County's major federal programs for the year ended June 30, 2013. Gallatin 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 Gallatin 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 Gallatin 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 Gallatin County's compliance.

***Opinion on Major Federal Program***

In our opinion, Gallatin 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Gallatin 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 Gallatin 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 Gallatin 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 23, 2013



GALLATIN COUNTY, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2013

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
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, MONTANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

**Identification of major programs:**

10.557 Special Supplemental Food Program  
93.069 Public Health Emergency Preparedness  
16.738 JAG Byrne Memorial Justice Assistance Grant  
16.710 COPS  
20.205 Community Transportation Enhancement

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

Auditee qualified as low-risk auditee?      No

**Financial Statement Findings:**

See finding 2013-01

**Prior year findings:**      None

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

**Section II – Financial Statement Finding**  
**2013-01**

*Criteria:*

Controls should be in place and operating effectively to ensure the financial statements are complete and accurate.

*Condition:*

As a result of our audit procedures, we documented and proposed seven adjustments to the County's records.

*Context:*

Two of the refunding bonds were not recorded correctly and as a result, six adjustments were proposed and booked to properly report these transactions in the financial statements. Additionally the fiduciary statements did not accurately report the breakout of the investment trust funds and agency funds resulting in an adjustment to restate the beginning net assets held in trust and properly allocate amounts between the investment trust and agency.

*Effect:*

Exclusion of these entries would result in a material misstatement to the financial statements that may affect the users of the financial information of the County.

*Cause:*

The County does not have a process in place to review financial information for completeness and accuracy and to ensure reporting in conformity with U.S. Generally Accepted Accounting Principles.

*Recommendation:*

We recommend management implement a process to review financial reports and underlying data for completeness and accuracy. The process should include key control activities and methodologies to ensure proper financial reporting.



## GALLATIN COUNTY

311 West Main, Rm. 306 • Bozeman, MT 59715  
commission@gallatin.mt.gov

County Commission

Joe P. Skinner  
Steve White  
Pierre Martineau

Phone (406) 582-3000  
FAX (406) 582-3003

January 13, 2014

AZ & Company  
Attn: Kyla Q. Stafford, CPA  
1019 East Main Street Suite 201  
Bozeman, Mt. 59715

RE: Official Responses to Findings:

Dear Kyla Stafford:

We are submitting our official response to the Finding listed in your report. The Finance and Treasurers offices will implement procedures necessary to correct the findings in your report.

Gallatin County is committed to correcting the problems in our control activities and methodologies to ensure proper financial reporting. The following are our responses to the conditions.

### **Section II – Financial Statement Finding 2013-01**

#### ***Condition:***

As a result of our audit procedures, we documented and proposed seven adjustments to the County's records.

#### ***Recommendation:***

We recommend management implement a process to review financial reports and underlying data for completeness and accuracy. The process should include key control activities and methodologies to ensure proper financial reporting.

#### ***Response:***

The County recorded bonds as refunding bonds when they should have been recorded as advance refunding bonds. Future bond refunding will be reviewed so that they are properly recorded and reported. For the fiduciary statements, the County will use the template approved this year for future years, which will accurately reflect trust and agency funds. The Treasurer will prepare the Trust and Agency report and review the Fiduciary Statements and Cash statements prior to submittal to the External Auditor. Overall processes will be improved so that management reviews financial reports prior to the submittal of the reports to the external auditors.

**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. The county implemented GASB 34 in fiscal year \_\_\_\_\_, therefore schedules presenting government-wide information include information beginning with fiscal year \_\_\_\_\_.

# GALLATIN COUNTY, MONTANA

## NET POSITION BY COMPONENT

### Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Investment in capital assets, net of related debt	3,492	7,105	87,116	89,823	95,672	69,632	89,086	96,440	98,593	94,609
Restricted	642	678	678	678	1,004	1,588	815	1,391	1,391	-
Unrestricted	28,689	29,170	32,799	34,380	30,945	59,486	43,467	40,045	38,720	43,114
<b>Total governmental activities net assets</b>	<b>32,823</b>	<b>36,953</b>	<b>120,593</b>	<b>124,882</b>	<b>127,621</b>	<b>130,706</b>	<b>133,368</b>	<b>137,876</b>	<b>138,704</b>	<b>137,723</b>
<b>Business-type activities</b>										
Investment in capital assets, net of related debt	2,041	1,198	944	1,401	5,859	8,130	8,646	9,016	9,036	7,889
Restricted	-	511	511	511	2,115	2,189	2,339	2,339	2,339	2,115
Unrestricted	929	2,835	4,765	6,592	6,489	6,126	6,723	8,118	8,969	10,507
<b>Total business-type activities net assets</b>	<b>2,970</b>	<b>4,543</b>	<b>6,220</b>	<b>8,504</b>	<b>14,463</b>	<b>16,444</b>	<b>17,707</b>	<b>19,473</b>	<b>20,344</b>	<b>20,510</b>
<b>Primary government</b>										
Investment in capital assets, net of related debt	5,533	8,303	88,060	91,225	101,531	77,762	97,732	105,457	107,629	102,498
Restricted	642	1,189	1,189	1,189	3,119	3,777	3,154	3,730	3,730	2,115
Unrestricted	29,618	32,005	37,564	40,973	37,433	65,612	50,190	48,163	47,689	53,621
<b>Total primary government net assets</b>	<b>35,793</b>	<b>41,497</b>	<b>126,813</b>	<b>133,386</b>	<b>142,084</b>	<b>147,150</b>	<b>151,076</b>	<b>157,349</b>	<b>159,048</b>	<b>158,233</b>



# GALLATIN COUNTY, MONTANA

## CHANGE IN NET POSITION

(accrual basis of accounting)

(amounts expressed in thousands)

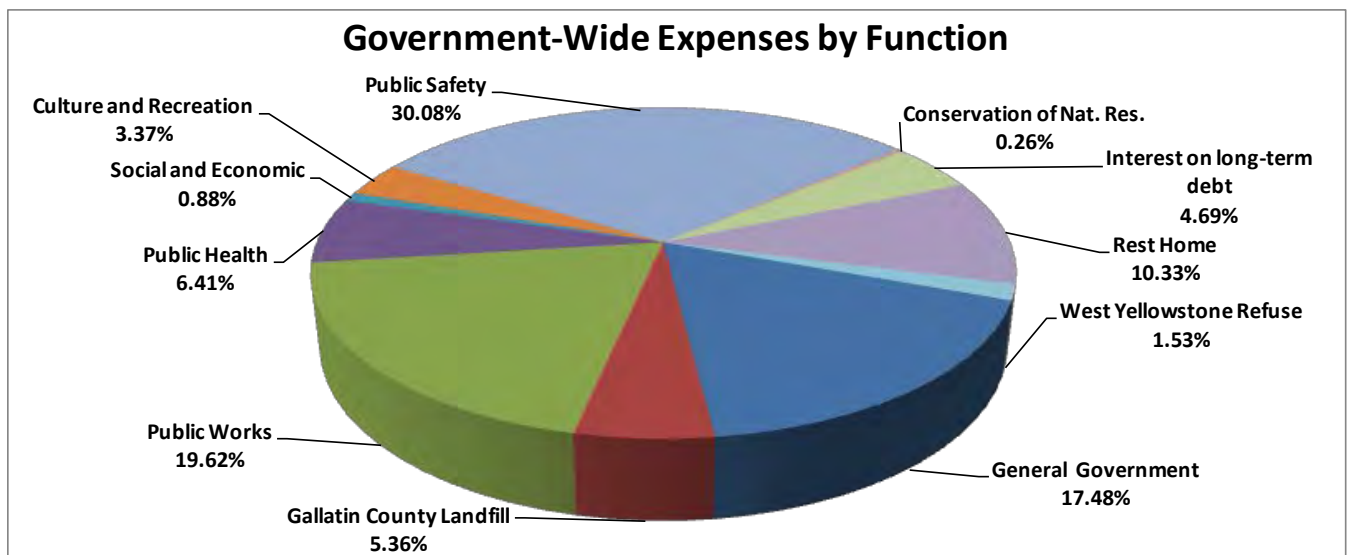
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	7,046	8,345	8,780	8,511	9,253	9,916	10,046	10,718	9,473	9,838
Public safety	7,015	8,567	9,625	10,336	12,764	12,400	14,183	17,456	16,489	16,934
Public works	4,190	4,976	8,613	7,077	6,841	8,236	8,735	9,312	9,496	11,043
Public health	2,190	2,694	2,734	3,029	2,970	3,224	3,315	3,241	3,392	3,606
Social and economic	786	377	429	490	498	439	536	523	486	495
Culture and recreation	1,286	2,120	1,583	1,607	1,559	1,683	2,763	1,822	1,823	1,899
Housing & Comm. Dev.	82	227	153	165	86	73	3,316	3,842	90	414
Conservation of Nat. Res.	186	104	179	160	97	81	118	139	111	146
Miscellaneous / Unallocated	2,869	167	78	103	51	63	8	35	-	-
Interest on long-term debt	621	538	531	848	857	1,620	2,185	2,424	2,376	2,638
Total governmental activities	26,271	28,115	32,704	32,326	34,976	37,735	45,205	49,512	43,735	47,014
Business-type activities:										
Gallatin county landfill	1,000	839	2,340	2,019	1,856	2,646	2,941	3,165	3,159	3,019
Rest home	3,974	4,140	4,701	4,518	4,717	5,169	5,426	5,676	5,736	5,813
West Yellowstone Refuse	788	1,004	935	904	918	823	756	760	829	859
Total business-type activities	5,761	5,983	7,976	7,441	7,492	8,638	9,122	9,601	9,724	9,691
<b>Total primary government expenses</b>	<b>32,032</b>	<b>34,097</b>	<b>40,680</b>	<b>39,767</b>	<b>42,468</b>	<b>46,373</b>	<b>54,327</b>	<b>59,113</b>	<b>53,459</b>	<b>56,705</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	3,793	1,595	2,170	2,662	1,955	1,806	2,043	2,073	2,001	2,032
Public safety	2,839	1,722	1,899	2,228	2,291	2,525	1,639	1,506	1,763	2,708
Public works	786	357	576	912	316	587	329	169	157	83
Public health	1,058	500	505	331	270	270	303	310	342	357
Social and economic	8	12	29	39	75	64	68	78	30	-
Culture and recreation	162	347	506	523	502	475	612	510	503	560
Housing & Comm. Dev.	515	491	484	505	339	226	193	311	180	231
Conservation of Nat. Res.	160	177	184	138	149	125	87	149	117	106
Operating Grants and contributions	-	4,162	4,877	3,311	3,516	5,369	5,232	6,584	5,597	7,205
Capital grants and contributions	-	598	365	1,469	57	804	4,414	4,209	479	244
Total governmental activity revenue	9,321	9,959	11,596	12,117	9,471	12,251	14,921	15,898	11,170	13,526
Business-type activities:										
Charges for services:										
Gallatin county landfill	1,129	1,581	3,315	3,973	4,072	4,014	3,637	4,374	3,976	3,536
Rest home	3,866	4,659	4,808	4,202	4,300	5,352	5,725	5,788	5,324	5,283
West Yellowstone Refuse	840	881	1,178	1,130	994	874	789	839	886	786
Operating Grants and contributions	256	272	107	82	3,838	75	91	206	295	420
Total business-type activity revenue	6,092	7,394	9,408	9,388	13,205	10,315	10,241	11,207	10,480	10,025
<b>Total primary government revenue</b>	<b>15,413</b>	<b>17,353</b>	<b>21,004</b>	<b>21,505</b>	<b>22,675</b>	<b>22,565</b>	<b>25,162</b>	<b>27,105</b>	<b>21,650</b>	<b>23,551</b>
<b>Net (expense) revenue</b>										
Governmental activities:	(16,950)	(18,155)	(21,108)	(20,209)	(25,506)	(25,484)	(30,285)	(33,614)	(32,565)	(33,488)
Business-type activities	330	1,411	1,432	1,947	5,713	1,676	1,119	1,605	757	334
<b>Total primary government (expense) revenue</b>	<b>(16,620)</b>	<b>(16,744)</b>	<b>(19,676)</b>	<b>(18,262)</b>	<b>(19,793)</b>	<b>(23,808)</b>	<b>(29,166)</b>	<b>(32,008)</b>	<b>(31,809)</b>	<b>(33,154)</b>

**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
<b>General Revenues and Other Changes in Net Assets</b>										
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
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
Investment earnings	350	646	983	1,567	1,491	975	837	559	316	(579)
Miscellaneous	(50)	(5)	0	-	49	600	262	85	543	569
Sale/disposal of Fixed assets	-	2,707	-	17	12	7	6	163	(15)	(1,014)
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities	18,454	22,286	22,846	24,498	28,245	28,569	32,689	38,121	33,392	32,508
Business-type activities:										
Taxes	1	108	111	65	61	65	0	0	0	0
Investment earnings	24	49	133	273	324	240	157	157	115	(161)
Sale/disposal of Fixed assets	50	5	-	-	(140)	-	(13)	3	(1)	(8)
Total business-type activities	75	162	245	338	245	305	144	160	114	(168)
<b>Total primary government expenses</b>	<b>18,529</b>	<b>22,447</b>	<b>23,091</b>	<b>24,835</b>	<b>28,491</b>	<b>28,874</b>	<b>32,834</b>	<b>38,282</b>	<b>33,505</b>	<b>32,340</b>
<b>Change in Net Assets</b>										
Governmental activities:	1,504	4,130	1,738	4,288	2,739	3,085	2,405	4,508	826	(980)
Business-type activities	405	1,573	1,677	2,285	5,958	1,981	1,263	1,765	871	166
<b>Total primary government</b>	<b>1,910</b>	<b>5,704</b>	<b>3,414</b>	<b>6,573</b>	<b>8,698</b>	<b>5,066</b>	<b>3,668</b>	<b>6,273</b>	<b>1,697</b>	<b>(814)</b>



**GALLATIN COUNTY, MONTANA**  
**FUND BLANCES OF GOVERNMENTAL FUNDS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General fund</b>										
Nonspendable	-	-	-	-	-	-	-	154	149	142
Restricted	-	-	-	-	-	-	-	-	383	409
Unrestricted										
Committed	2,536	2,649	3,469	3,637	2,832	1,112	1,106	3,128	2,733	2,529
Assigned	-	-	-	-	-	-	-	7	372	328
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>2,536</b>	<b>2,649</b>	<b>3,469</b>	<b>3,637</b>	<b>2,832</b>	<b>1,112</b>	<b>1,106</b>	<b>3,289</b>	<b>3,637</b>	<b>3,408</b>
<b>All other governmental funds</b>										
Nonspendable	117	166	154	171	161	181	217	43	55	68
Restricted	525	1,462	1,123	1,411	1,004	1,588	815	10,078	8,429	8,341
Unrestricted										
Committed								15,858	15,539	19,912
Assigned	6,820	6,310	9,090	8,769	6,224	33,569	15,482	-	33	101
Unassigned	13,382	13,779	14,506	14,940	13,359	16,938	17,618	-	-	-
<b>Total all other governmental funds</b>	<b>20,845</b>	<b>21,717</b>	<b>24,874</b>	<b>25,291</b>	<b>20,749</b>	<b>52,276</b>	<b>34,132</b>	<b>25,979</b>	<b>24,056</b>	<b>28,422</b>
<b>Total all governmental funds</b>	<b>23,381</b>	<b>24,366</b>	<b>28,343</b>	<b>28,928</b>	<b>23,581</b>	<b>53,388</b>	<b>35,238</b>	<b>29,268</b>	<b>27,693</b>	<b>31,830</b>

**GALLATIN COUNTY, MONTANA**  
**FUND BLANCES OF GOVERNMENTAL FUNDS**

(accrual basis of accounting)

(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Taxes/assessments	17,348	17,921	19,212	20,933	23,052	25,730	27,226	30,973	31,312	31,790
Licenses and permits	375	355	385	309	280	274	244	281	291	308
Intergovernmental	5,633	6,630	7,589	6,010	5,713	7,982	11,280	11,527	8,217	9,786
Charges for services	3,114	3,429	4,320	4,742	3,998	3,626	3,800	3,797	3,779	4,947
Fines and forfeitures	574	749	876	978	843	1,271	409	609	634	540
Miscellaneous	1,297	826	1,083	1,553	696	997	1,548	492	1,121	581
Interest earnings	334	599	924	1,475	1,382	878	762	492	276	(179)
Contributions/donations	-	-	-	-	23	773	38	1,430	4	22
<b>Total revenues</b>	<b>28,675</b>	<b>30,508</b>	<b>34,390</b>	<b>36,001</b>	<b>35,987</b>	<b>41,531</b>	<b>45,306</b>	<b>49,602</b>	<b>45,635</b>	<b>47,795</b>
<b>Expenditures:</b>										
General government	6,732	7,756	8,110	7,942	8,447	8,965	8,778	9,681	8,574	8,902
Public safety	6,532	7,746	8,644	9,427	12,068	11,663	12,717	16,735	14,342	14,735
Public works	3,879	4,748	5,398	4,914	5,204	4,457	5,667	6,281	6,237	7,612
Public health	2,044	2,472	2,460	2,726	2,903	3,209	3,059	3,157	3,264	3,439
Social and economic	749	321	360	412	484	442	473	504	456	456
Culture and recreation	1,275	2,069	1,520	1,542	1,435	1,571	2,629	1,688	1,680	1,755
Housing & Comm. Dev.	17	(189)	39	37	37	77	3,211	3,812	41	349
Conservation of Nat. Res.	179	93	164	144	93	81	102	132	102	136
Miscellaneous	540	158	78	104	51	63	8	35	-	-
Debt Service										85
Principal	1,287	945	1,811	1,358	2,031	2,169	2,091	5,397	5,263	3,584
Interest	-	-	-	-	857	1,620	2,185	2,424	2,376	2,158
Capital outlay	7,609	5,694	6,489	6,744	10,107	15,509	24,784	13,469	4,339	1,901
<b>Total expenditures</b>	<b>30,843</b>	<b>31,813</b>	<b>35,073</b>	<b>35,348</b>	<b>43,719</b>	<b>49,826</b>	<b>65,704</b>	<b>63,314</b>	<b>46,674</b>	<b>45,112</b>
<b>Excess of revenues</b>										
<b>over (under) expenditures</b>	<b>(2,168)</b>	<b>(1,305)</b>	<b>(684)</b>	<b>653</b>	<b>(7,732)</b>	<b>(8,294)</b>	<b>(20,399)</b>	<b>(13,712)</b>	<b>(1,039)</b>	<b>2,683</b>
<b>Other financing source (uses)</b>										
Transfers in	2,806	3,880	1,115	2,120	2,131	894	1,165	3,449	2,713	2,463
Transfers out	(3,859)	(5,203)	(2,742)	(4,174)	(2,962)	(1,712)	(1,946)	(4,233)	(3,552)	(3,161)
Proceeds from long-term debt	2,737	853	6,286	1,954	3,199	38,504	2,765	8,315	300	2,140
Proceeds from sale of capital assets		2,711	1	17	18	8	6	212	2	12
Gain (Loss) on sale of investments						407	1	-	-	
<b>Total other financing sources (uses)</b>	<b>1,684</b>	<b>2,241</b>	<b>4,660</b>	<b>(84)</b>	<b>2,386</b>	<b>38,101</b>	<b>1,990</b>	<b>7,743</b>	<b>(537)</b>	<b>1,454</b>
<b>Net Change in fund balances</b>	<b>(484)</b>	<b>936</b>	<b>3,976</b>	<b>569</b>	<b>(5,346)</b>	<b>29,807</b>	<b>(18,408)</b>	<b>(5,969)</b>	<b>(1,575)</b>	<b>4,137</b>
<b>Debt service as a percentage of</b>										

# GALLATIN COUNTY, MONTANA

## ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY

(amounts expressed in thousands)

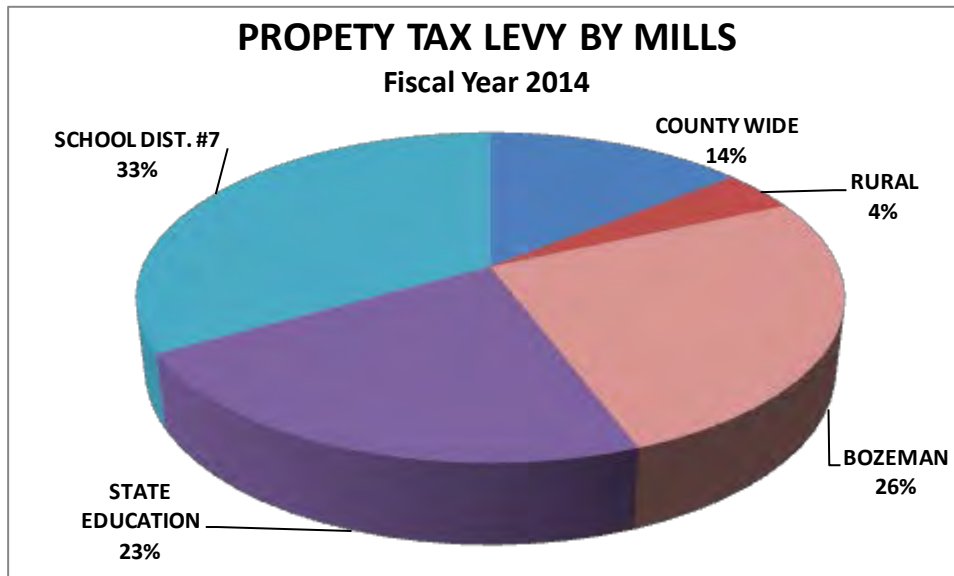
FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	MOBILE HOMES	CENTRALLY ASSESSED	TAX INCREMENT DISTRICT	TOTAL TAXABLE ASSESSED VALUE
2004	104,354	5,888	1,258	12,971	-	124,471
2005	114,535	6,291	1,263	11,927	(429)	133,588
2006	145,197	6,977	1,361	15,380	(854)	168,061
2007	155,176	7,635	1,383	18,000	(884)	181,310
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	<b>6,533</b>	<b>973</b>	<b>24,302</b>	(4,013)	246,571
<b>estimated</b>						

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.

**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



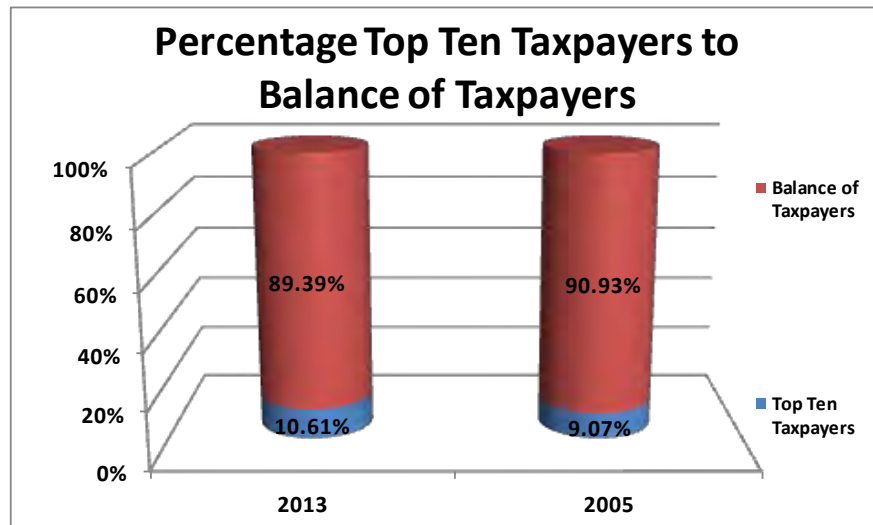
**NOTE:** Overlapping rates are those that apply to property owners within Gallatin County, City of Bozeman and School District Number 7 (Bozeman Elementary and High School). The stated overlapping rates do not apply to the other city's and school districts. Special Districts (Fire, Water & Sewer, Lighting etc.) are not shown because they only apply to those property's within the special districts boundaries.

**Source:** County Finance approved mill levies.

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

TAXPAYER	TAX YEAR -----> 2013			2005		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF COUNTY TAXABLE ASSESSED VALUE
Northwestern Energy	15,822	1	6.42%	11,362	1	5.74%
Qwest Corporation	1,994	2	0.81%	1,921	2	0.97%
Montana Rail Link	1,401	3	0.57%	1,067	3	0.54%
Charter Communications	1,261	4	0.51%	-		-
Holcim, Inc.	1,252	5	0.51%	718	5	0.36%
Verizon Wireless/Cellco	1,247	6	0.51%	-		-
PPL Montana	1,099	7	0.45%	-		-
Black Bull Run	767	8	0.31%	-		-
Luzenac America, Inc.	718	9	0.29%	800	4	0.40%
Zoot Properties, LLC	588	10	0.24%	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>26,150</u>		<u>10.61%</u>	<u>17,950</u>		<u>9.07%</u>
County Taxable Value	246,571			197,902		

Source: Gallatin County Treasurer

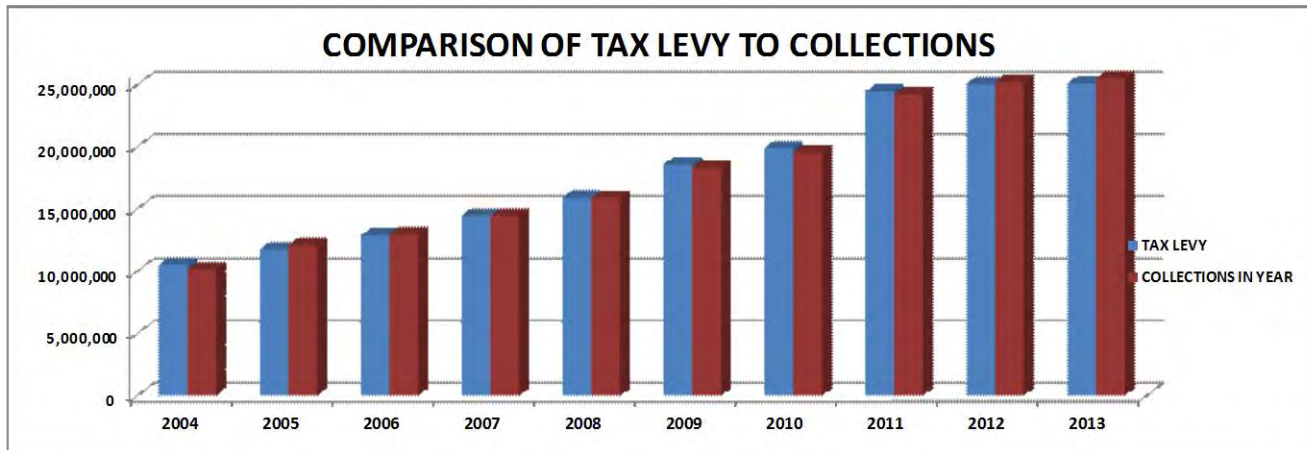


**GALLATIN COUNTY, MONTANA  
REAL PROPERTY TAXES AND COLLECTIONS  
GOVERNMENTAL FUND TYPES**

LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30	TOTAL TAX LEVY FOR FISCAL YEAR (1)	COLLECTION WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS FOR YEAR	
		AMOUNT	PERCENTAGE OF LEVY	DELINQUENT TAX COLLECTIONS	TOTAL TAXES RECEIVED	PERCENTAGE OF LEVY (1)
2004	10,562,563	9,768,600	92.48%	373,069	10,141,669	96.02%
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%

SOURCE: Gallatin County Finance Department



NOTE: Total Collections for Year may be more or less than Total Tax Levy, due to recalculation of tax bills and collection of delinquent taxes from previous years.



**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 <sup>(1)</sup>	% / Capita <sup>(1)</sup>
	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	N/A	\$ 63
2013	43,099	7,528	3,004	1,039	938	1,755	57,363	N/A	\$ 60

(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**  
**LEGAL DEBT MARGIN CALCULATIONS**

Last Ten Fiscal Years  
(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Calculation of Legal Debt Margins</b>										
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
Allowed debt percentage	1.40%	1.40%	1.40%	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
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
Legal Debt margin	48,230	51,917	53,016	120,607	133,839	110,419	127,608	151,483	168,117	172,140
Outstanding debt applicable to limit as a percentag of debt limit	19.09%	18.31%	24.33%	12.70%	12.30%	33.50%	30.11%	26.26%	22.81%	22.21%

(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 COLLECTIONS <sup>(1)</sup>	DEBT SERVICE REQUIREMENTS		
		PRINCIPAL	INTEREST	COVERAGE
2004	713,643	243,000	92,381	212.79%
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%

(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 %
2004	4,461,000	223,050	564,755	12.66%
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%

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

## RURAL IMPROVEMENT DISTRICT DEBT

Last Ten Fiscal Years

FISCAL YEAR	ESTIMATED POPULATION (a)	BIRTHS (b)	DEATHS (b)	ESTIMATED PER CAPITA PERSONAL INCOME (e)	PERSONAL INCOME (e) (in thousands)
2004	77,472			30,963	2,388
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	93,241			N/A	N/A
2013	95,105			N/A	N/A

FISCAL YEAR	YELLOWSTONE PARK - WEST ENTRANCE	BUILDING PERMITS (in thousands)	AIRLINE PASSENGERS (arrivals & departures)	ELECTRICAL CONNECTIONS	NATURAL GAS CONNECTIONS
2004	1,181,822	143,919	619,543	N/A	N/A
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	N/A	N/A	N/A	N/A	N/A

FISCAL YEAR	SCHOOLS			EMPLOYMENT STATISTICS	
	PUBLIC SCHOOL ENROLLMENT	PRIVATE SCHOOL ENROLLMENT	UNIVERSITY ENROLLMENT	EMPLOYED	UNEMPLOYMENT RATE
2004	9,867	1,228	10,489	43,167	3.10%
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	N/A	N/A

**GALLATIN COUNTY, MONTANA**  
**TOP TWENTY PRIVATE EMPLOYERS**  
Year Ended June, 2011

**Gallatin** Top 20 Private Employers in Gallatin County based on 4<sup>th</sup> quarter 2012 data:  
(in alphabetical order)

Business Name	Product or Service
Albertson's	Retail
Bozeman Deaconess Hospital	Health Services
Bridger Bowl	Entertainment
Community Food Co-Op	Retail
Costco	Wholesale
First Security Bank	Financial
First Student	Education
Gibson Guitar	Manufacturer
Kenyon Noble Lumber & Hardware	Retail
Martel Construction	Construction
McDonalds	Food Service
Murdoch's Ranch & Home Supply	Retail
Oracle	Technology
Ressler Motor	Auto Services
Rosauers	Retail
Target	Retail
Town & Country Foods	Retail
Town Pump Convenience Stores	Auto Services
Wal Mart	Retail
Zoot Enterprises	Technology

**NOTE:** Due to confidentiality laws, top employer lists are provided in alphabetical order only.  
Data is derived from the most current information available.

Source: Montana Department of Labor and Industry

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

Last Ten Fiscal Years

<b>FUNCTION / PROGRAM</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GENERAL GOVERNMENT</b>										
Legislative services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
Judicial services	18.32	29.00	33.67	25.31	24.90	23.12	23.57	22.90	22.98	22.90
Administrative services	21.02	22.02	21.90	23.67	24.48	23.25	22.25	21.00	20.90	20.94
Financial services	24.26	24.21	23.71	23.21	23.92	24.46	24.96	26.96	26.61	27.81
Election & record services	16.00	16.00	16.00	16.67	17.21	17.25	13.75	13.75	12.75	12.75
Planning services	9.00	9.00	9.00	10.00	10.00	10.50	7.75	7.25	6.90	6.90
Legal services	15.00	18.38	18.80	19.00	20.00	20.75	21.00	21.00	21.00	21.00
Other general government	13.78	7.96	10.63	12.67	8.39	6.77	10.62	7.32	4.14	4.77
<b>PUBLIC SAFETY</b>										
Law enforcement services	50.05	47.14	51.23	55.50	56.40	55.00	53.91	57.59	60.65	58.26
Detention services	27.40	33.50	36.00	32.92	33.00	32.00	30.43	44.00	53.00	52.00
Animal control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dispatch & Law records	28.58	28.50	28.00	28.00	28.63	29.00	30.00	29.50	29.50	30.50
Other public safety services	13.18	7.06	10.28	12.57	8.29	6.67	10.52	7.22	4.04	4.64
<b>PUBLIC WORKS</b>										
Bridge maintenance	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.36	7.36
Road and street maintenance	24.85	24.85	26.60	26.11	26.11	26.11	25.11	25.11	25.39	26.14
Facilities administration	3.00	3.65	3.65	3.65	3.62	3.62	3.12	5.54	6.74	6.74
Solid waste	1.50	8.50	10.50	13.50	16.50	20.50	20.50	18.00	18.00	19.00
Weed spraying services	2.00	2.00	2.00	2.50	3.40	3.00	2.25	3.00	3.00	2.88
<b>PUBLIC HEALTH</b>										
Health administration	1.69	2.00	2.00	3.00	2.00	3.00	3.83	3.00	3.00	3.00
Health environmental services	11.31	11.00	11.50	11.06	12.06	11.34	10.17	10.00	9.75	10.00
Health human services	17.81	18.68	18.93	15.06	18.37	17.47	16.80	18.02	19.22	20.56
Nursing home	76.21	80.50	90.30	89.80	91.70	97.90	102.90	105.70	105.77	106.68
<b>RECREATION AND OTHER</b>										
Extension	3.50	3.50	3.75	4.00	4.50	4.00	4.00	4.00	3.50	3.00
Fair	7.00	8.00	8.00	9.34	9.25	10.50	10.00	10.00	10.00	10.25
Parks	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
<b>TOTAL</b>	<b><u>399.92</u></b>	<b><u>419.91</u></b>	<b><u>450.90</u></b>	<b><u>452.00</u></b>	<b><u>457.19</u></b>	<b><u>460.66</u></b>	<b><u>461.89</u></b>	<b><u>475.33</u></b>	<b><u>480.30</u></b>	<b><u>484.18</u></b>

Source: Gallatin County Finance Office

**GALLATIN COUNTY, MONTANA**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**

Last Ten Fiscal Years

FUNCTION / PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
Registered Voters		34,325	34,325	47,413	67,073				65,109	
Property Transactions										
Filings with Clerk & Recorder	41,638	37,819	40,209	37,923	30,178	26,562	31,939	30,013	30,562	36,848
Deeds Recorded	7,080	7,579	7,759	6,143	4,463	3,222	4,275	4,176	4,525	5,488
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
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
Real Taxes Protested								1,014,368	1,700,155	1,482,659
Total Outstanding								9,297,141	7,222,725	5,110,757
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
Registrations Processed	104,666	83,998	87,026	78,886	76,000	76,000	72,000	72,342	62,694	69,534
Justice Court										
Cases Filed	10,030	11,414	11,194	10,060	10,971	10,553	9,917	8,888	8,092	7,356
Fines & Forfeitures	504,762	641,289	699,320	700,976	748,253	765,469	520,873	483,912	400,184	430,756
Charges Filed						9,415	8,951	8,128	7,785	6,835
County Attorney										
Felonies	418	439	408	341	341		355	364	385	437
Involuntary Commitments	39	54	48	42	42		64	65	50	69
Juvenile Cases	52	77	83	117	117		149	172	189	150
<b>PUBLIC SAFETY</b>										
Sheriff										
Arrests										
Prisoner Days	23,998	24,000	26,000	27,500	30,000	28,105	29,200	30,000	41,978	45,625
Average Daily Population - DC	66	61	63	65	69	77	80	82	115	125
Calls Dispatched	21,265	23,013	29,271	27,051	27,036	28,003	27,805	28,116	25,366	32,286
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
Fire Dispatches	N/A	N/A	5,704	2,752	1,809	5,810	5,970	5,970	5,941	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
<b>PUBLIC WORKS</b>										
Refuse Disposal										
Refuse disposed of		42,548	89,339	116,260	113,182	117,000	109,000	115,389	105,665	103,474
Recycling - (tons diverted)		901	1,274	1,000	800	800	500	3,034	2,479	3,301
Other Materials Diverted								10,413	4,019	5,081
Road / Bridge										
Road Resurfaced (miles)										
Bridge Repairs / Replaced (hours)								1,210	1,434	1,896
Junk Vehicle Hauled		877	956	875	650	336	253	171	96	75
Noxious Weed spray (acres)	9,503	9,563	8,600	9,500	9,500			4,560	4,560	4,560
<b>PUBLIC HEALTH</b>										
Septic System Site Evaluations	615	558	257	456	315	265	200	160	200	185
Licensed Establishment Inspections	729	746	667	827	977	1,170	1,200	1,211	1,093	1,200
Communicable Disease Cases						820	1,677	881	998	1,398
Immunizations Administered	6,405	7,319	8,357	10,207	10,960	9,125	7,233	10,619	10,313	8,712
<b>RECREATION AND OTHER</b>										
County Fair Attendees	48,653	41,470	40,183	39,981	40,122	44,425	39,492	38,033	49,000	49,300

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**And Unnumbered**