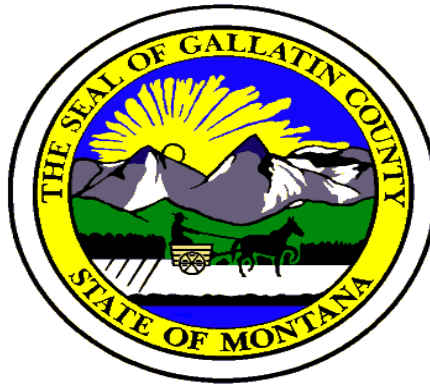


MONTANA DEPARTMENT OF ADMINISTRATION
State Financial Services Division
Local Government Services Bureau
Mitchell Building, Room 270, PO Box 200547, Helena, Montana 59620-0547

ENTITY # 11601

MONTANA
GALLATIN COUNTY
311 WEST MAIN STREET
BOZEMAN, MONTANA 59715

**ANNUAL FINANCIAL
REPORT**



FISCAL YEAR ENDING JUNE 30, 2017

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INTRODUCTORY SECTION

GALLATIN COUNTY, STATE OF MONTANA
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2017

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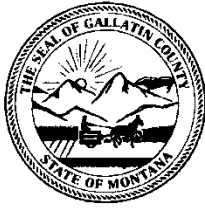
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County of Gallatin

311 W. Main, Courthouse • Bozeman, Montana 59715

December 31, 2017

To the Board of County Commissioners and the Citizens of Gallatin County, Montana:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report (AFR) of Gallatin County (hereafter referred to as County) for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse, to compile sufficient reliable information for the preparation of the County's financial statements and comply with laws and regulations in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the County designed our comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the County have been audited by Anderson ZurMuehlen and Company P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions over the County's basic financial statement opinion units, as listed in the accompanying table of contents for the fiscal year ended June 30, 2017. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also an opinion on the audited government's internal controls with legal requirements, with special emphasis on internal controls, and render an opinion on compliance involving the administration of major federal awards.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996, and Title 2 of the United States Code of Federal Regulations part 200 (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards (SEFA) and the auditor's reports on internal control over financial reporting and compliance with other matters under Government Auditing Standards and in accordance with Title 2 are included in the single audit section of this report.

Management is required to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Gallatin County

The County, established as a commission form of government in 1863, is located in the southwestern part of the State of Montana. The County government is comprised of a three-member Commission. Commissioners are elected at-large. Commissioners serve staggered six-year terms. There are twelve other elected officials, with nine serving four-year terms and three district court judges serving six-year terms. The County seat is located in Bozeman.

The County has a land area of approximately 2,632 square miles and an estimated population of 103,545. The population of the County is predominantly urban, with the majority of the residents living within a twenty-mile radius of Bozeman. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

Government

Gallatin County government provides a full range of services to its residents and visitors. General governmental functions include judicial and legal services, public records administration, election services, financial services, planning services and public and home school support. Public safety activities include law enforcement (Sheriff), fire protection, coroner, search and rescue, emergency services and detention services. The County provides public works functions associated with transportation (road and bridge) maintenance, lighting districts, weed control, building maintenance, solid waste services and cemetery services. The public health activity supports the rest home, environmental health, human services, mental health, water quality, mosquito control and predatory animal control. Finally, the County supports recreational and other functions through agriculture extension agents (4-H), fair, senior programs, open space, parks, library and conservation services.

The annual budget serves as the foundation for the County's financial planning and control. The County begins the budget process by developing a 'Start-Up' budget that takes into consideration available resources and decisions made in prior years that obligate this year. The 'Start-Up' budget is sent to all agencies. Then Elected Officials, Department Heads and Managers of the County are required to submit requests for appropriation to the Finance Office before June 10th of each year, or on a date designated by the County Commission. The Finance Office for the County uses these requests to identify changes requiring additional funding above the 'Start-Up' Budget. The County Commission holds all-day work sessions in mid-June to approve, amend, table, or deny department requests. The Commission adopts, by resolution, the Preliminary Budget in early July and holds public hearings on the Preliminary Budget through July and into August. Upon receipt of the Certified Taxable Valuation and actual cash available, the Commission makes decisions on any requests received during the public hearings as well as on any items tabled during the work sessions. On the last Tuesday of August, the Final Operating and Capital Budget is adopted, along with the approval of the mills needed to fund the budget by resolution. Appropriated budget's are prepared by fund (General Fund), function (General Government) and department (Commission). The Commission approves any increase or decrease in the budget or a transfer of appropriation between personnel, operations, debt, and capital outlay.

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Commission. Activities of the general fund, all special revenue funds, debt service funds, capital project funds, enterprise and interdepartmental funds and trust and agency funds have budgets adopted annually. These budgets delineate the total amount of expenditures budgeted by fund total with the exception of the general, public health and public safety funds which include department totals. Budgetary comparisons are presented in fund and activity detail.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment in which the County operates.

The County experienced the effects of the national recession, which began locally in FY 2009 with a significant slowdown in residential and commercial construction throughout the County. This corresponded with a decrease in values for both commercial and residential property of up to 35 percent. In addition, the County saw reductions in document recordings, septic permit applications, addressing, applications for subdivision / zoning / variances and tonnage at the landfill. In the last six years, the County saw steady growth, with FY 2016-2017 construction permits similar to the highest years prior to the recession. In FY 2016-2017 construction and building values have continued to rebound and are estimated to be at pre-recession levels.

Property tax revenues have grown at an average of 5 percent per year since 2008. The largest growth in property taxes occurred in FY 2010 with the beginning of the Detention Center bond, and the lowest change being -0.11 percent in FY 2013. The tax increase for FY 2017 is 6.71 percent compared to 4.36 percent the previous year.

The County has seen unemployment go from the low in 2006 of 2.0 percent to a high in 2009 of 6.0 percent and to 2.5 percent as of June 2017. The County's unemployment rate is significantly below the State's rate of 3.9 percent, and the national rate of 4.4 percent. Bozeman's economy is expanding due to growth at Montana State University, becoming a regional retail center, recognition of the area as a technology hub, increased visitation to Yellowstone National Park, along with the recreational opportunities throughout the year for the area.

Strategic Process

The County continues to use planning processes (long-term, mid-term and short-term) to help guide the government and ensure decisions are made in the best interest of the organization as a whole and with an eye toward the future. Efforts are made to ensure each planning component process is in alignment with one another. This creates a 'Linkage' that assures short-term decisions are consistent with the values of the County as identified in the mid-term and long-term plan adopted by the County.

The elements of the County's planning process have unique purposes and timeframes. The County's Mission, Vision Statements and Growth Policy are the most far reaching in nature (20 to 25 years). The Capital Improvement Program, Core Rolling Stock and Bridge Replacement programs along with the Five-Year Financial Forecast are mid-term in nature (5 to 10 years). The Annual Budget and Capital Budget have short-term (1 to 2 year) timeframe. The most important requisite is that each of these processes continue to be coordinated.

The three mid-term programs started with the creation of the Capital Improvement Plan (CIP). The Capital Improvement Plan Committee (CIPC) asks each department to identify and prioritize future needs along with identifying any potential funding for the request. The CIPC reviews, analyzes and rates the requests over a two-month period, and then presents their recommendation to the Commission in March of each year as part of the budget process. The CIP provides an essential tool for managing future capital improvements and replacements. Since the CIP is designed to deal with large capital expenditures valued greater than \$50,000 and a useful life of 5 years or greater, staff identified several other major areas that needed to be considered. The first was the identification and funding of 'Core' rolling stock sheriff vehicles, fire engines, road and bridge rolling stock, etc. The County approved the 'Core Rolling Stock' program in 2010. The program identified vehicles that were needed to maintain County operations on an ongoing basis with a minimum value of \$25,000 inclusive of equipment and had a useful life of 5 years or greater. The plan currently funds up to \$671,500 per year from Newly Taxable Property (NTP). The next program, approved in 2012, was the Bridge Replacement Plan. This plan currently funds up to \$400,000 from NTP to replace bridges with a span of greater than 30 feet, or to support the Bridge Departments need to replace bridges in an emergency. The next need identified and funded with \$500,000 from two years newly taxable property was a facilities account to support the upkeep, expansion or replacement of county buildings.

Finance / Budget

Financial policies are guidelines for operational and strategic decision making related to financial matters, as they identify acceptable and unacceptable courses of action, establish parameters within which the government can operate and provide a standard against which the government's fiscal performance can be judged. The County's annual budget is developed in accordance with the policies and priorities set forth in the Commission's goals, identified needs of the County, and state and federal laws. Program/project priorities and service levels are established during the budget preparation and approval process.

In FY 2015, the County adopted a resolution approving a 'Sustainable and Resilient' budget policy. The County seeks to maintain a diversified and stable revenue base to protect itself from short-term fluctuations in any one revenue source. In addition, the Commission sets a goal of maintaining operating reserves at the same percentage as previous years for tax supported funds and encourage other funds to establish operating reserves.

The County aggressively collects real and personal property taxes throughout the year. The delinquent real property taxes for the 2016 tax year (collected in FY 2017) were 2.32 percent. The total of all delinquent real property taxes was 2.45 percent of the taxes billed in FY 2016. The County will aggressively pursue opportunities for private, federal and state grants for all activities, which assures citizens that the County is striving to obtain all funds. These grants may reduce the reliance on the local taxpayer in the short-term for the support of needed public services.

The County makes current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues or rolling over short-term debt. The County sets fees and rates at levels which fully recover the total direct and indirect costs, including personnel, operations, capital outlay and debt, within allowances of law. The County recognizes that accounting principles generally accepted for local governments discourage the "earmarking" of General Fund revenues, and accordingly, the practice of designating General Fund revenues for specific programs is minimized in the County's management of its fiscal affairs. This concept has been extended to the Public Safety fund as well.

Revenues are estimated in a conservative, but realistic manner based on historic changes and current department experiences. These revenue estimates serve to minimize the adverse impact of revenue shortfalls and also reduce the need for mid-year spending reductions.

The County prioritizes one-time revenues to fund capital assets or other one-time expenditures. In this context, one-time revenues include the appropriation of cash balances from the previous fiscal year, excluding Operating Reserves. Using one-time revenues to fund on-going expenditures may result in incurring future year expenditure obligations, which may be unfunded. Using one-time revenues to fund capital assets or other non-recurring expenditures adheres to the Commission's goal and better enables future administrations and Commissions to cope with the financial problems when these revenue sources are discontinued, since these expenditures can more easily be delayed or eliminated.

The County operates an investment pool for idle cash belonging to the County, all school districts, all fire districts and other small local agencies. County investments are managed by the County Treasurer, with investment committee support. The County has formally adopted an investment policy established by the Treasurer and Committee, which outlines investment goals and strategies. It has been the intent of the County to add additional stability for the overall portfolio by creating a "laddering strategy" using repurchase agreements, State Investment Pool, treasury bills, agency notes and certificates of deposit.

Although the County has an expanding economic base, the increased demand for government services that accompanies development has exceeded the growth in revenues. The State increased this shortfall for Gallatin County with the approval of House Bill 124, which was to provide major tax reform for local governments. This bill replaced the funding structure dependent on motor vehicle, gaming revenues and banking license tax, with an entitlement from the State. A separate bill, Senate Bill 176, in conjunction with HB 124 transferred the responsibility for District Court, Public Assistance, Youth Probation and Public Defenders to the State. For Gallatin County, which has seen significant growth in all areas, the effect has been a reduction in available revenues from what would have been received before House Bill 124. This is because the entitlement share has been frozen in the

past and only grows based on the legislature's approval of a population and consumer price index adjustment. The legislature recognized that the cost of health insurance for local governments was prohibitive in light of restrictions associated with 15-10-420 Montana Code Annotated (MCA) and authorized increasing mills to cover premium increases.

Debt Service

The Commission submitted two Open Space Bond issues and the Detention Center Bond issue to voters. The first Open Space Bond of \$10 Million was approved in November, 2000 with the second Open Space Bond of \$10 Million approved in November, 2004. The Open Space program allowed the County to purchase 100 acres for a regional park and authorized conservation easements throughout the County through the ability to leverage private and federal funds.

The Detention Center \$32 Million Bond was approved in November, 2008. This bond allowed the County to replace an aging facility with occupancy of 45-60, with a facility constructed with 160 beds and a capacity of 200 before additional construction is necessary. In addition, the voters approved an increase from 1.5 to 5 mills, plus growth allowed by state law, for the County libraries. This allows the County to adequately support the five city/town libraries in the County. The voters also approved the levying of 9 mills, plus growth allowed by state law, for Enhanced Dispatch activities. This allowed for ongoing funding from a reliable revenue source for dispatch operations, as well as funding for the dispatch center.

In November of 2016 the Commission submitted a bond issue of \$68.3 million for the construction of a new Law Enforcement Building and a new Justice Building for use by both the City of Bozeman and Gallatin County. Unfortunately, voters rejected the bond issue, and the City and County are looking at all options to meet the needs of the Law and Justice community.


Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the finance accountant and staff. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Special thanks to Jill Therrien for her dedication towards the completion of this report. Credit must also be given to the Board of County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Gallatin County's finances.

Respectfully submitted:


Charlotte Mills
Clerk and Recorder


James G. Doar
County Administrator


Edward G. Blackman
Finance Director

COUNTY OF GALLATIN

ELECTED OFFICIALS/OFFICERS

OFFICE	NAME OF COUNTY OFFICIALS/OFFICERS	DATE TERM EXPIRES
COMMISSIONER	R.STEPHEN WHITE	Dec. 2018
COMMISSIONER	JOE P. SKINNER	Dec. 2020
COMMISSIONER (CHAIRPERSON)	DON SEIFERT	Dec. 2022
ATTORNEY	MARTY LAMBERT	Dec. 2018
AUDITOR	JENNIFER BLOSSOM	Dec. 2018
TREASURER/ASSESSOR	KIMBERLY BUCHANAN	Dec. 2018
CLERK AND RECORDER/SURVEYOR	CHARLOTTE MILLS	Dec. 2018
CLERK OF DISTRICT COURT/PUBLIC ADMINISTRATOR	JENNIFER BRANDON	Dec. 2020
JUSTICE OF THE PEACE COURT 1	RICK WEST	Dec. 2018
JUSTICE OF THE PEACE COURT 2	BRYAN ADAMS	Dec. 2018
SUPERINTENDENT OF SCHOOLS	LAURA AXTMAN	Dec. 2018
SHERIFF/CORONER	BRIAN GOOTKIN	Dec. 2018
DISTRICT COURT JUDGE DEPT. 1	HOLLY BROWN	Dec. 2018
DISTRICT COURT JUDGE DEPT. 2	MICHAEL SALVAGNI/ RIENNE H. MCELYEA	Dec. 2018
DISTRICT COURT JUDGE DEPT. 3	JOHN C. BROWN	Dec. 2018

In accordance with State law, I hereby transmit the County of GALLATIN
Annual Financial Report for the fiscal year ended June 30, 2017.

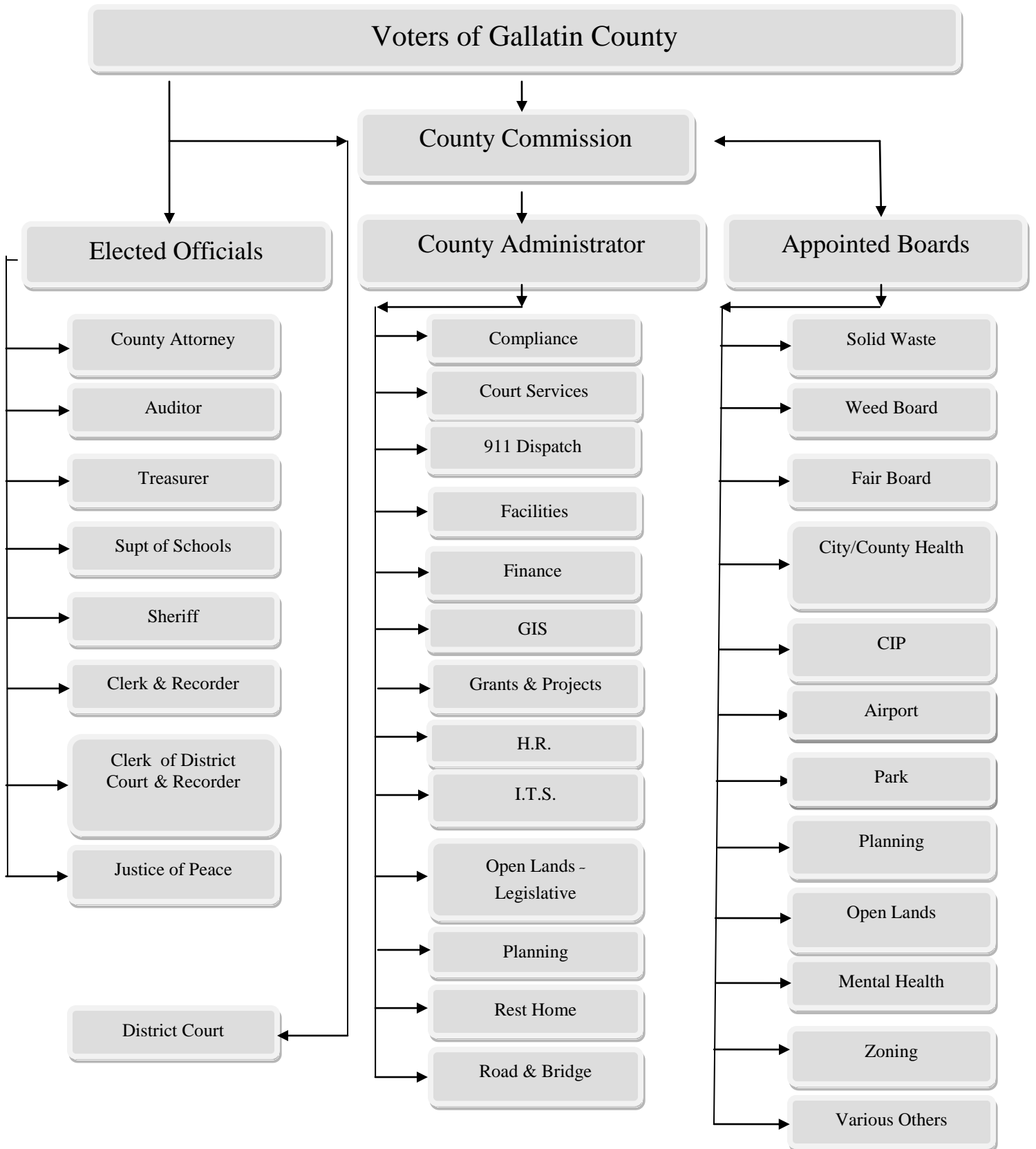


Respectfully submitte;

Charlotte Mills
County Clerk and Recorder

11/3/17
Dated

ORGANIZATIONAL CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallatin County, State of Montana (the County), as of and for the year ended June 30, 2017, and related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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, Schedule of Funding Progress- Other Postemployment Benefits (OPEB), Schedule of Proportionate Net Pension Liability, and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, other supplemental information, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section, other supplemental information, including combining fund statements, 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 22, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Andersen Zuercher + Co, P.C.

Bozeman, Montana
December 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gallatin County, State of Montana
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

The Board of County Commissioners, with assistance from County Elected Officials, the County Administrator and their staffs, 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, 2017. 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, 2017, Gallatin County's governmental funds reported combined ending fund balances of \$48,858,336, compared with \$48,284,875 at June 30, 2016. The fund balance for the General Fund is \$5,790,896, up \$38,734 from June 30, 2016. The increase is attributed to revenue increases associated with land use and planned use of working capital.
- Gallatin County continues to maintain a good financial standing because of positive growth in the property tax base, adoption of Growth Policy, setting aside most Newly Taxable Property for capital projects, adoption and full funding of 'Core Rolling Stock' Vehicle Replacement Program and Bridge Replacement Program and setting aside \$500,000 for the Law and Justice Center.
- Gallatin County's primary government assets exceeded its liabilities at June 30, 2017 by \$150.2 million (net position), compared with \$149.0 million at June 30, 2016. Of this amount, \$30.2 million (20.1%) is unrestricted and may be used to meet the government's general obligations to citizens and creditors.
- The total net position increased by \$1.2 million. The current year increase comes from Cash and Cash Equivalents for Governmental Activities.
- Revenues from Taxes/Assessment were \$35,674,108 for governmental activities, up \$1,655,949 from fiscal year 2016. This increase primarily comes from an increase in valuations associated with new construction and increases in mill levies as allowed by law.
- The County Health Insurance Fund saw continued positive financial position as represented by unreserved cash in FY 2017 of \$3,410,199 (Cash \$3,644,499 less Accounts Payable \$234,300), compared to unreserved cash in FY 2010 of \$2.4M, FY 2011 of \$2.5M, FY 2012 cash of \$2.5M, FY 2013 at \$2.4M, FY 2014 of \$2.0M, \$2.4M for FY 2015 and \$3.6M in FY 2016.
- The County's debt (excluding OPEB and Pension liability) for Governmental Activity decreased by \$2,776,334 to \$52,218,388 with Business-Type Activity debt decreasing \$4,012 to \$3,048,734 and total debt decreasing by \$2,780,346 during FY 2017, excluding changes in OPEB or Pension Liability.

OVERVIEW OF THE ANNUAL REPORT:

This discussion and analysis is intended to serve as an introduction to Gallatin County's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These components are described below:

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

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

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

- Governmental Activities – most of the County's basic services are reported here, including general government, public safety, public works, public health and other governmental activities. Property taxes, local option vehicle taxes and state, federal grants finance most of these activities and also includes internal services activities.
- Business-type Activities – the County charges a fee to customers to recover the cost of certain services. These activities include Gallatin County Solid Waste District, Gallatin County Rest Home and West Yellowstone/Hebgen Refuse District.
- Component Units - activity that the County supports and appoints a majority of the board (Airport Authority was previously a Component Unit). The County does not have any component units for FY 2017.

The government-wide statements are on pages 14 and 15 of this report (Annual Financial Report for Gallatin County).

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 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 and Rural Improvement District (RID) maintenance and bond funds.

The County maintains two types of funds, governmental and proprietary, which use different accounting 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 provided. 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 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information follows the basic financial statements. This is 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, Human Resources, Information Technology, and Community/Development/ Planning.

Public Safety:

Elected Offices

County Sheriff, Coroner.

Departments

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

Public Works:

Departments

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

Public Health:

Departments/Agencies –

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

Economic Development:

Economic Development, Extension Agents.

Culture and Recreation:

Library, Fair, and Parks.

Conservation and Natural Resources:

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

Debt Service:

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Gallatin County's Net Position (assets exceed liabilities) is \$150,208,351 as of June 30, 2017.

Gallatin County, State of Montana						
Statement of Net Position						
June 30, 2017						
	Primary Government - FY 2017			Prior Years		
	Governmental Activities	Business - Type Activities	TOTAL	FY 16 TOTAL	FY 15 TOTAL	FY 14 TOTAL
ASSETS						
Cash & Cash Equivalents	57,227,378	16,666,398	73,893,776	72,611,912	61,896,054	55,406,204
Other Assets	10,712,439	2,008,345	12,720,784	12,246,909	11,067,936	12,849,945
Capital Assets (net)	139,191,941	9,965,270	149,157,211	150,390,249	152,455,201	156,311,961
Total Assets	207,131,758	28,640,013	235,771,771	235,249,070	225,419,191	224,568,110
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources	12,773,663	628,186	13,401,849	7,551,015	1,737,013	
LIABILITIES						
Current Liabilities	7,208,074	1,029,303	8,237,377	9,164,057	7,057,314	8,135,617
Long-Term Liabilities	48,233,503	2,885,679	51,119,182	53,643,614	50,434,880	54,903,005
OPEB and Pension Liabilities	32,012,639	4,160,674	36,173,313	25,884,535	19,604,031	-
Total Liabilities	87,454,216	8,075,656	95,529,872	88,692,206	77,096,225	63,038,622
DEFERRED INFLOWS OF RESOURCES						
Pension Deferrals	2,412,117	12,281	2,424,398	5,077,905	8,684,144	-
Rec in adv of payments	1,010,999	-	1,010,999	-	325,364	339,163
Total Deferred Inflows of Resources	3,423,116	12,281	3,435,397	5,077,905	9,009,508	339,163
NET POSITION						
Net Investment in Capital Assets	91,771,343	9,527,770	101,299,113	99,706,755	103,509,035	103,371,848
Restricted	16,210,856	2,502,599	18,713,455	29,219,740	18,987,171	19,374,628
Unrestricted	21,045,890	9,149,893	30,195,783	20,103,478	18,554,265	38,443,849
Total Net Position	129,028,089	21,180,262	150,208,351	149,029,973	141,050,471	161,190,325

The County provided condensed financial information for fiscal years 2014 through 2016. Comparative information is available for years 2014, 2015 and 2016 for Gallatin County. The analysis that follows focuses on the County's Net Position for governmental and business activities. Net Position— Unrestricted increased by \$1.2M from carry-over of projects. This indicator requires several years of comparative information to show trends and variances. For Gallatin County, the following table shows the net amount assets exceeded liabilities.

Fiscal Year 2010 (June 30, 2010)	\$151,075,768
Fiscal Year 2011 (June 30, 2011)	157,349,141
Fiscal Year 2012 (June 30, 2012)	159,047,106
Fiscal Year 2013 (June 30, 2013)	158,232,971
Fiscal Year 2014 (June 30, 2014)	161,190,325
Fiscal Year 2015 (June 30, 2015)	141,050,471
Fiscal Year 2016 (June 30, 2016)	149,029,973
Fiscal Year 2017 (June 30, 2017)	150,208,351

Net Position is separated 67% Invested in Capital Assets, 12% Restricted, and 21% Unrestricted Net Position. Unrestricted assets are used to meet the County's ongoing obligations. At the end of the current fiscal year Gallatin County is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

The County's changes in net assets are shown in the following table. The report shows that primary governmental activities increased net position to \$150,208,351. The Business-Type Activities portion shows an increase in net position to \$21,180,262, an increase of \$1,279,797. A table comparing the County's Net Position from FY 2010-2016 follows.

**Gallatin County, State of Montana
Statement of Activities**

	For the Year Ended June 30, 2017 Net (Expenses) Revenues and Changes in Net Position			For the Year Ended June 30, 2016 Net (Expenses) Revenues and Changes in Net Position		
	Primary Government - FY 2017			Primary Government - FY 2016		
	Governmental Activities	Business - Type Activities	TOTAL	Governmental Activities	Business - Type Activities	TOTAL
Primary government net revenues	(42,187,354)	1,087,175	(41,100,179)	(34,019,474)	961,427	(33,058,047)
General revenues						
Property taxes for general purpose: \$	35,674,108	93	35,674,201	34,018,159	2,098	34,020,257
Unrestricted grants and contributions	3,189,215	241,733	3,430,948	3,185,361	213,577	3,398,938
Investment Earnings	262,349	58,515	320,864	627,769	189,821	817,590
Miscellaneous	3,002,004	85,595	3,087,599	2,531,285	-	2,531,285
Gain (loss) on sale/disposal of fixed assets	(18,466)	(216,589)	(235,055)	152,665	116,814	269,479
Transfer - net:	(23,275)	23,275	-	(100,000)	100,000	-
Total general revenues	42,085,935	192,622	42,278,557	40,415,239	622,310	41,037,549
Change in net position	(101,419)	1,279,797	1,178,378	6,395,765	1,583,737	7,979,502
Net position - beginning	129,129,508	19,900,465	149,029,973	122,733,743	18,316,728	141,050,471
Net position - ending	129,028,089	21,180,262	150,208,351	129,129,508	19,900,465	149,029,973

Fiscal Year	Net Position
2017	\$150,208,351
2016	149,029,973
2015	141,050,471
2014	161,190,325
2013	158,232,971
2012	159,047,106
2011	157,349,141
2010	151,075,768

Government Activities

Gallatin County spent \$57,660,805 for governmental activities in fiscal year 2017. Significant events affecting Governmental activities are as follows:

- Governmental Activity increased due to costs associated with normal wage adjustments, changes associated with Public Safety medical costs, Public Works completing renovation to a number of road surfaces, expansion of Public Health services and Housing and Community Development with completion of grant.
- Total Governmental expenses increased overall by 16.01% or \$7,955,585.

The previous statement shows the amount paid by property taxpayers was \$35,674,108 or 61.86% of primary government activity expenses. The following table shows the changes in the percentage taxes are to governmental activity expenses:

Governmental Activities

<u>Year</u>	<u>Taxes</u>	<u>Expenses</u>	<u>Percentage</u>
2017	\$35,674,108	\$57,660,805	61.86%
2016	34,020,257	49,705,220	68.44%
2015	33,424,693	48,884,521	68.37%
2014	32,028,092	53,449,292	59.92%
2013	31,087,735	47,014,314	66.12%
2012	30,201,336	43,735,302	69.05%
2011	35,170,629	49,512,015	71.03%
2010	29,436,161	45,205,151	65.12%
2009	24,914,109	37,734,693	67.98%
2008	24,650,399	34,976,300	70.74%
2007	22,671,650	32,326,125	70.13%
2006	21,077,536	32,703,445	64.45%
2005	18,765,212	28,114,640	66.74%
2004	16,482,487	26,270,917	62.77%

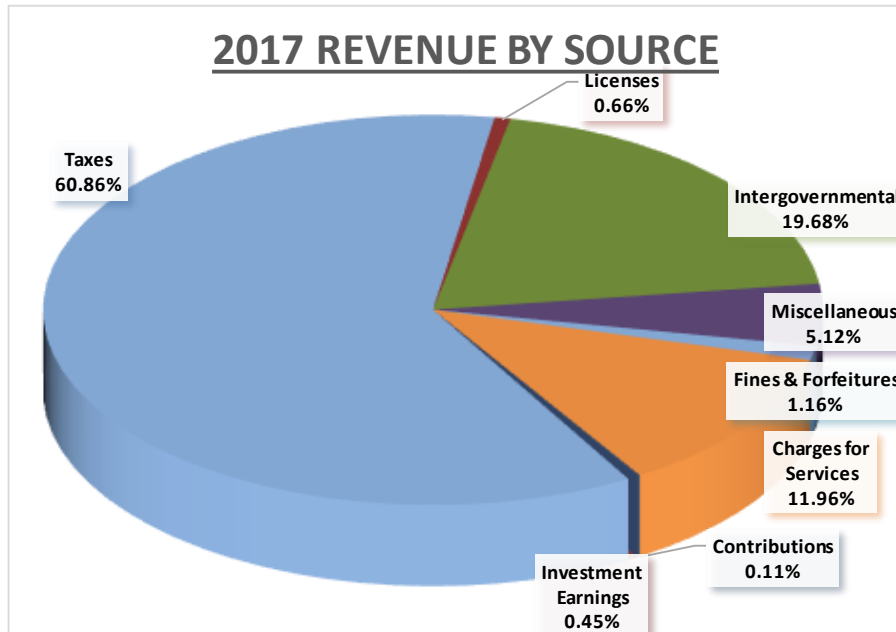
Charges for Services accounted for \$8,831,804 (15.32%) of fiscal year 2017 Governmental Activity expenses. Operating Grants & Contributions and Capital Grants and Contributions (Intergovernmental Revenues) generated \$6,641,647, accounting for 11.52% of expenses. Other Revenue sources generated the balance of money needed.

Overall, governmental program revenues, both primary government and business-type activity, generated \$19,756,055 from charges for services, while operating grants and contributions and capital grants and contributions equaled \$6,673,562 accounting for \$26,429,617 of revenue. Because total primary government expenses were \$67,720,001, Program Revenues were \$41,209,384 less than it cost to provide services. The balance is required to be funded from other sources (Taxes). Program revenues do not include taxes, investment earnings, entitlements or sale of fixed assets, but are restricted to revenue generated by the individual departments for services, fees, fines, grants, contributions or other direct revenue sources.

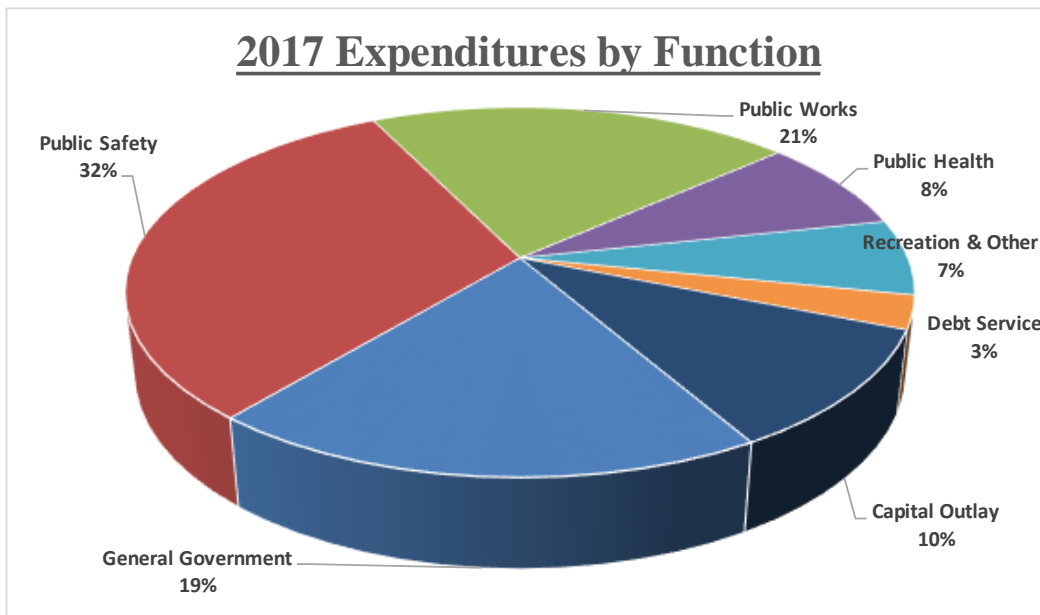
Graph of Revenues by Source – Activities

Gallatin County received \$57,601,127 in revenues to finance governmental operations. Total expenses for governmental activities were \$57,660,805, which resulted in a net position decrease of (\$101,419).

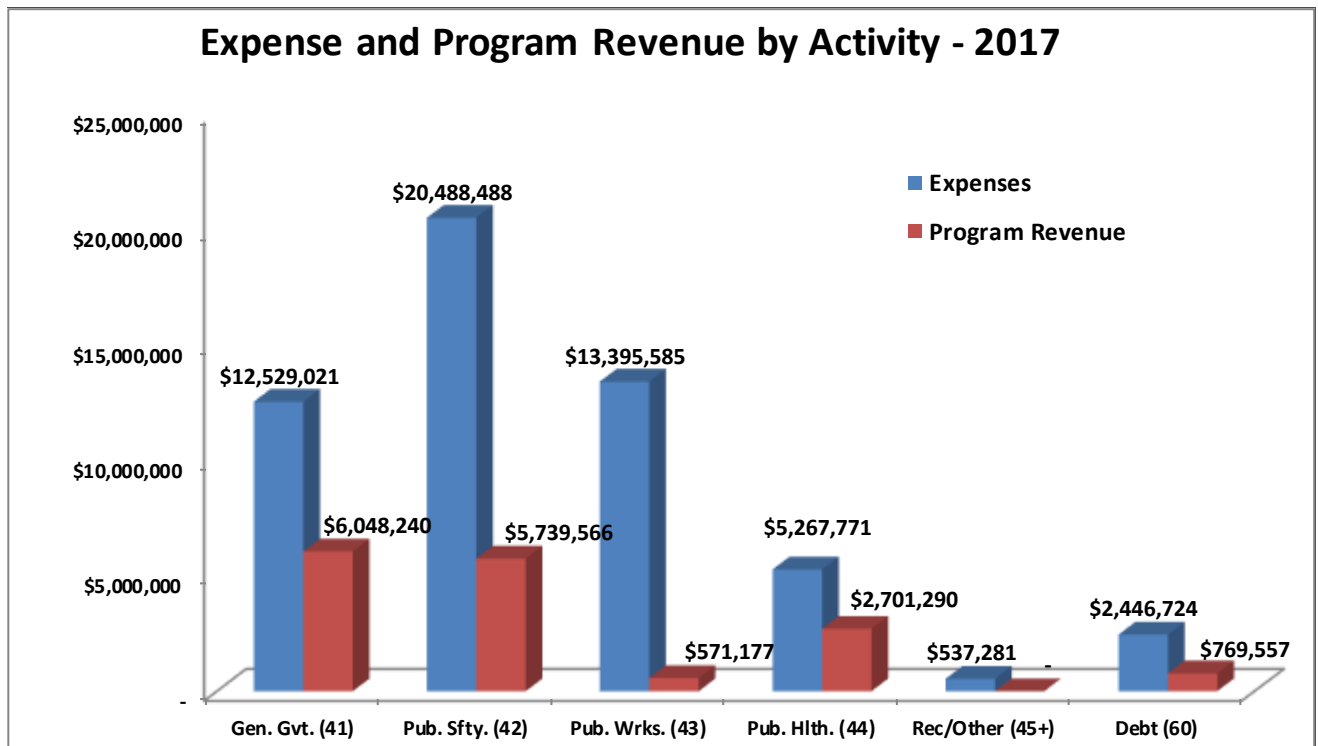
After all activities are considered, net position increased from \$149,029,973 to \$151,219,350 for governmental activities and business type activities. The graphs that follow show revenues by source and expenditures by activity for all activities.



A list of departments included in each function section of the following pie chart is on page 135 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 residents and visitors of Gallatin County is not supported by the amount the state allows local governments to charge for providing services.

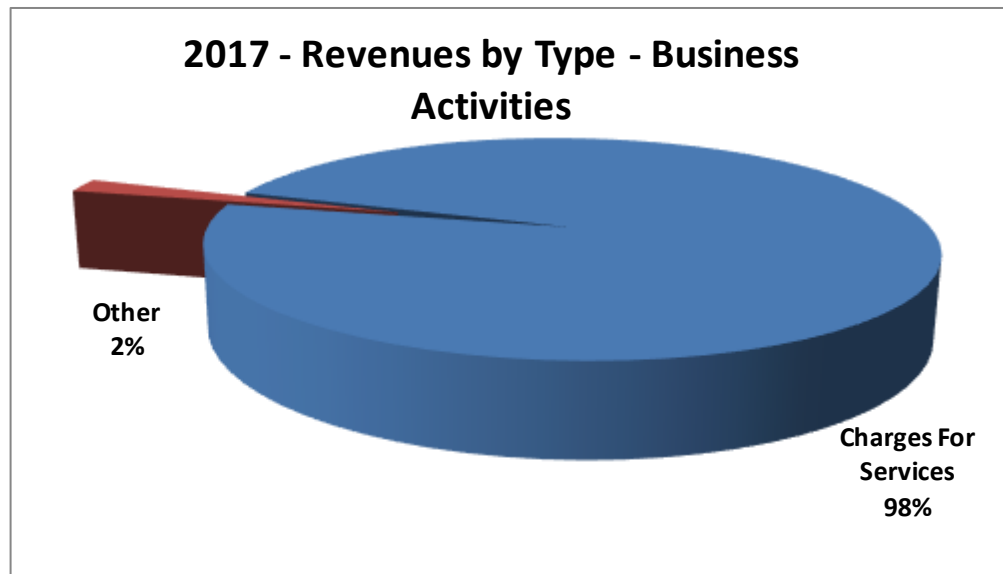
As a local government, Gallatin County uses tax revenues to support mandated services, as is the case with all county governments in Montana. To some extent, the County will need to increase tax levies from the inflationary mill to maintain service levels. To increase service levels, the following options 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).
- 2) Increase taxes - County Commission would need to use current taxing authority (inflationary mills / permissive medical levy), or request voter approval for an increase in taxes.
- 3) Or use a combination of these options.

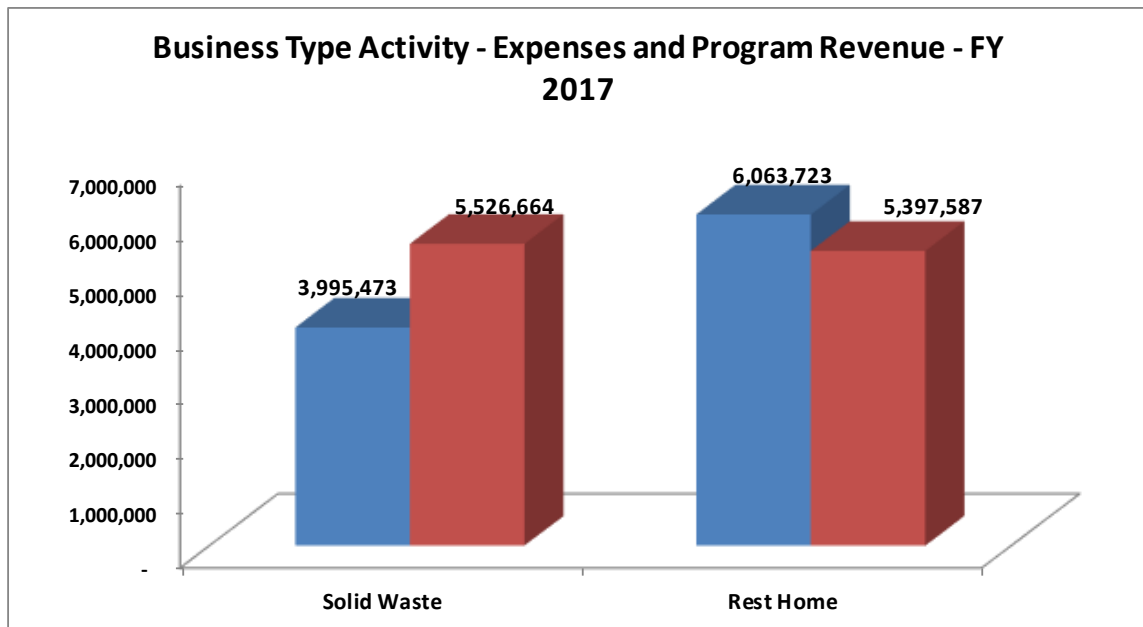
Business Type Activities

The cost (expenses) for all proprietary (business type) activities for FY 2017 was \$10,057,196. The amount paid by users of the Rest Home, Landfill and Refuse District was \$10,924,251.

Total resources for fiscal year 2017 to finance proprietary funds (business type) were \$11,146,371 (Charges for Services \$10,924,251 and Grants / Contributions \$222,120).



Total proprietary expenses during the year were \$10,059,196.



Funds of the County

The following is an analysis of balances in the County's major funds. The FY 2016 column is for comparison purposes only and shows prior year revenues and expenses.

General Major Governmental Functions

The information below compares revenues in FY 2017 to FY 2016:

**Gallatin County, State of Montana
Statement of Activities
For the Year Ended June 30, 2017**

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	CAPITAL PROJECTS	Total Non Major Funds	Total Governmental Funds	FY 2016 TOTAL
REVENUES								
Property Taxes	\$ 7,502,135	\$ 13,327,768	\$ -	\$ -	\$ 2,795,849	\$ 12,249,958	\$ 35,875,710	\$ 33,774,774
Licenses & Permits	775	57,145	-	-	-	326,100	384,020	390,201
Intergovernmental Revenues	1,247,538	871,299	-	-	66,073	8,037,007	10,221,917	9,636,675
Charges for Services	2,790,546	1,851,093	-	-	552,371	1,816,165	7,010,175	7,328,743
Fines & Forfeitures	568,259	31,314	-	-	-	69,255	668,828	727,942
Miscellaneous	86,661	53,521	1,504,240	894,311	16,226	447,045	3,002,004	2,922,808
Investment Earnings (loss)	44,084	16,565	19,130	6,625	33,781	117,359	237,544	558,157
Transfer In	896,420	111,993	9,148	-	1,332,599	1,591,440	3,941,600	2,335,995
Contributions/Donations	-	1,122	-	-	-	64,159	65,281	90,041
Total revenues	13,136,418	16,321,820	1,532,518	900,936	4,796,899	24,718,488	61,407,079	57,765,336

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	CAPITAL PROJECTS	Total Non Major Funds	Total Governmental Funds	FY 2016 TOTAL
EXPENDITURES								
General Government	9,215,215	-	-	4,199	119,023	1,197,575	10,536,012	10,067,015
Public Safety	1,167,591	14,963,321	-	-	2,939	1,824,932	17,958,783	17,294,404
Public Works	830,862	-	1,510,919	-	300	5,435,026	7,777,107	5,592,921
Public Health	-	-	-	-	-	4,745,101	4,745,101	4,178,535
Social & Economic Services	462,371	-	-	-	-	66,950	529,321	472,291
Culture & Recreation	-	-	-	-	22,046	2,239,087	2,261,133	1,976,124
Housing & Community Development	-	-	-	-	-	1,128,177	1,128,177	490,269
Conservation of Natural Resources	-	-	-	-	-	110,398	110,398	133,772
Principal retirement	210,965	181,868	-	812,845	-	3,191,179	4,396,857	3,559,176
Interest	39,679	6,992	-	389,274	-	1,438,427	1,874,372	4,061,565
Capital Outlay	145,702	1,815,321	-	-	1,485,967	3,374,747	6,821,737	4,676,686
Transfers Out	1,025,299	831,691	-	9,148	-	2,884,087	4,750,225	3,383,993
Total expenditures	13,097,684	17,799,193	1,510,919	1,215,466	1,630,275	27,635,686	62,889,223	55,886,751

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. The RID Bonds Fund is considered a 'Major Fund' because it has greater than 10% assets and also has greater than 10% of the Assets and Liabilities of debt service funds. The Capital Project Fund is considered a 'Major Fund' because it has greater than 10% assets and also has greater than 10% of the Assets and Liabilities of the Capital Project funds.

Proprietary Funds

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

Gallatin County, State of Montana Summarized Comparative Schedule of Proprietary Funds

	For the Year Ended June 30, 2017				For the Year Ended June 30, 2016			
	Gallatin County Rest Home	Gallatin County Landfill	West Yellowston e Refuse District	Total Proprietary Funds	Gallatin County Rest Home	Gallatin County Landfill	West Yellowston e Refuse District	Total Proprietary Funds
Operating Revenues								
Operating Revenues	\$ 5,423,707	\$ 4,796,206	\$ 789,933	\$ 11,009,846	\$ 5,211,148	\$ 4,443,750	\$ 770,073	\$ 10,424,971
Operating Expenses	6,063,723	2,804,508	1,181,917	10,050,148	6,111,792	2,572,402	979,444	9,663,638
Operating Income (loss)	(640,016)	1,991,698	(391,984)	959,698	(900,644)	1,871,348	(209,371)	761,333
Nonoperating revenues (expenses)								
Nonoperating revenues (expenses)	228,687	(28,911)	97,048	296,824	241,562	256,502	224,340	722,404
Change in net position	(411,329)	1,962,787	(294,936)	1,256,522	(659,082)	2,127,850	14,969	1,483,737
Transfer in		23,275		23,275	100,000			
Total net position - beginning	934,547	14,540,937	4,424,981	19,900,465	1,493,629	12,413,087	4,410,012	18,316,728
Total net position - ending	\$ 523,218	\$ 16,526,999	\$ 4,130,045	\$ 21,180,262	\$ 934,547	\$ 14,540,937	\$ 4,424,981	\$ 19,800,465

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

	----- PRIOR YEARS -----				CURRENT
	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>
Total Assets	24,384,437	25,329,817	25,746,723	27,654,597	28,640,013
Net Position	<u>20,510,028</u>	<u>21,227,444</u>	<u>18,316,728</u>	<u>19,900,465</u>	<u>21,180,262</u>
TOTAL					
LIABILITIES/DEFERS	3,874,009	4,102,373	7,429,995	7,754,132	7,459,751
Change in Net Position – Business Activities	166,348	717,416	675,716	1,583,737	1,279,797
(DIVIDED BY)					
Ending Net Position	20,510,028	21,227,444	18,316,728	19,900,465	21,180,262
(EQUALS)					
Return On Ending Net Position	0.81%	3.38%	3.69%	7.96%	6.04%

Debt Administration

Gallatin County maintained its bond rating from Standard and Poor at AA+, based on the 2016 General Obligation Bond, bonds, lease/purchase instruments and similar obligations of Gallatin County that are considered a liability of governmental activities. As a whole, Governmental Activities debt decreased in fiscal year 2017 by \$2,776,334 because of regular payments on bonds, capital leases; and RID bonds.

The cost per capita for governmental debt outstanding increased from \$545.91 to \$504.60 in fiscal year 2017 (\$52,218,388 divided by estimated population of 103,485). Governmental activity debt summary for fiscal year 2017 is presented below.

	----- PRIOR YEARS -----				CURRENT
	FY 13	FY 14	FY 15	FY 16	FY 17
DEBT PAYABLE ON (June 30)					
BEGINNING BALANCE	57,914,983	56,679,376	54,223,929	51,626,876	54,994,722
ADD: Intercap Loan / Notes/Bonds	-0-	1,150,000	-0-	-0-	-0-
Special Assessment Bonds	-0-	-0-	765,000	107,000	363,000
G. O Bonds	7,840,000		-0-	24,960,000	-0-
Bond Premiums	-0-	-0-	603,471	3,727,204	-0-
Compensated Absences (INC)	23,378	87,478	-0-	70,155	132,946
Capital Lease Agreements	-0-	-0-	-0-	1,789,056	1,499,999
LESS: Loan/Lease Payments	835,133	895,825	985,227	1,448,357	792,762
Special Assessment Payments	698,000	420,000	499,000	299,375	812,845
Compensated Absence (DEC)	-0-	-0-	19,449	-0-	-0-
G.O. Payment/Refinancing	7,565,852	2,377,100	2,462,100	25,417,100	2,791,250
Bond Premiums	-0-	-0-	-0-	120,737	375,421
DEBT PAYABLE (June 30)	56,679,376	54,223,929	51,626,876	54,994,722	52,218,388
Cost Per Capita	\$607.88	\$574.89	\$530.38	\$545.91	\$504.60

Debt includes compensated absences (amount due to employees for accrued leave, including 1/4 sick leave, all vacation and compensatory time) of \$2,280,094 up \$132,946 from FY 16. The increase of \$132,946 represents a change of 6.19%, primarily from wage adjustments. Debt does not include Governmental Activities Other Post-Employment Benefits (OPEB) of \$2,177,114 or a retirement shortfall of \$33,996,199.

The County, by statute, can have debt of 2.50% of Assessed Valuation. For fiscal year 2017 this equals \$453,428,837. County debt of \$45,486,608 (\$52,218,388 less Special Assessment Bonds (RID) \$6,731,780) means the County has used 10.03% of its borrowing capacity through fiscal year 2017, with unused borrowing capacity being \$407,942,229. Special assessment bonds (RID Bonds) are not included when calculating debt limit. Debt from business-type activities does not affect the County's debt limit.

Capital Assets

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

Capital Assets

(net of depreciation)

	Governmental Activities		Business - Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	4,253,101	4,414,707	1,657,687	1,657,687	5,910,788	6,072,314
Buildings	44,294,364	45,090,473	3,913,409	3,722,500	48,207,773	48,812,973
Improvements other than buildings	1,962,837	1,844,866	598,595	490,081	2,561,432	2,334,947
Machinery and equipment	12,053,468	10,768,716	3,241,709	3,455,646	15,295,177	14,224,362
Intangibles	16,913,511	14,627,112	80,138	2,807	16,993,649	14,629,919
Infrastructure	56,255,707	60,770,118	-	-	56,255,707	60,770,118
Construction in progress	3,458,953	2,830,006	473,731	715,507	3,932,684	3,545,514
Total assets	139,191,941	140,346,000	9,965,270	10,044,247	149,157,211	150,390,147

At the end of 2017 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 2017 included:

	<u>Governmental</u>	<u>Business-Type</u>
▪ Land	\$ -0-	\$ -0-
▪ Building Improvements	591,069	408,907
▪ Improvements Not Buildings	298,612	160,358
▪ Intangibles - Software	112,000	79,800
▪ Intangibles - Easements	2,319,108	-0-
▪ Infrastructure	47,370	-0-
▪ Machinery & Equipment	3,059,367	483,695
▪ Construction in Progress	888,815	222,223

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 2017 adopted and final budgets for the General and Public Safety Funds totaled \$27,981,014. These budgets increased by \$179,387 during the year. Individual department budgets were amended throughout the year without affecting the total budget.

Original Budget	+	Continuing Appropriations	+	Encumbrances	=	Beg. Balance
<u>\$ 32,521,344</u>	+	<u>\$ -0-</u>	+	<u>\$ -0-</u>	=	<u>\$ 32,521,344</u>

Beg. Balance	+/-	Supplemental Changes	=	Final Budget
<u>\$32,521,344</u>	+	<u>\$179,387</u>	=	<u>\$ 32,700,731</u>

The beginning to final budget shows an increase of 0.55% from budget amendments. Changes were caused by receipt of detention center inmate revenues from the state and other counties, land use revenues and changes associated with normal budget amendments for grants and increases in fee revenue.

Budget Changes – FY 2017 Compared to FY 2018

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 2017 and fiscal year 2018 by the County Commission. Changes in staffing were:

Staffing Changes (FTE)	
Department / Division	Net Increase (Decrease)
Attorney	0.36
Auditor	0.25
Clerk of District Court	0.10
Commission	(0.02)
Court Services	0.88
Detention Center	9.75
Dispatch / Law Enforcement Records	1.75
Fairgrounds	(0.40)
Finance - Accounting	0.50
Health - Administration	0.25
Health - Human Services	(0.25)
Health - Environmental Services	1.00
Miscellaneous - Temporary	0.88
Planning	0.25
Road Maintenance	0.50
Sheriff - Sworn	0.07
Treasurer - Motor Vehicle	0.25
Other	-
TOTAL COUNTY TAX SUPPORTED PERSONNEL	16.12
Health - City / County - Grants	1.97
Public Safety Grants	2.08
Rest Home	(12.19)
Facility	0.26
Sheriff - Grant Sworn	0.43
Other Changes	(0.47)
TOTAL NON TAX SUPPORTED PERSONNEL	(7.92)

The following Capital Projects table identifies estimated costs of projects, amount expended through June 30, 2017 and the amount budgeted for FY 2018. 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 OUTLAY / CAPITAL PROJECTS									
FY 2018 FINAL CAPITAL PROJECTS / OUTLAY - BUDGET									
Projects by Department / Project Name									
CAPITAL PROJECT AND OUTLAY / RESERVES									Amount Needed
DESCRIPTION	YEAR	CIPC Priority	FY 2018 Budget	Estimated Project	Revenue Sources				
					County	Department	Other	TOTAL	
Core Rolling Stock	2011		2,239,888	27,578,000	2,239,888	315,639	-	2,555,527	25,022,473
Bridge Replacement Program	2013		2,000,000	23,948,640	2,000,000	-	-	2,000,000	21,948,640
Building Reserve (\$0.95/sq. ft.)	1994		594,704	594,704	594,704	-	-	594,704	-
Judicial / Law Enforcement Building	2010	1 and 2	500,000	65,000,000	500,000	-	-	500,000	64,500,000
9 1 1 Radio Project	2019	3	419,213	27,500,000	419,213	-	-	419,213	27,080,787
Sheriff - Radio Replacement	2019	4	-	1,000,000	-	-	-	-	1,000,000
Storage Facility	2018		1,500,000	1,500,000	1,500,000	-	-	1,500,000	-
L. E. Records / CAD System	2017	6	941,598	941,598	941,598	-	-	941,598	-
Financial Software Replacement	2018	9	709,569	750,000	709,569	-	40,431	750,000	-
Detention Center (Reserve / Expansion)	2013		2,796,577	9,423,311	-	2,796,577	-	2,796,577	6,626,734
			27,000	27,000	-	-	27,000	27,000	-
Subtotal Budgeted Projects			11,728,549	158,263,253	8,904,972	3,112,216	67,431	12,084,619	146,178,634
Capital Reserves	2017		18,039,047						
Machinery & Equipment	2017		13,210,750						
CIP - Long Term					Estimates Only				
DES - Storage Facility	prior year		-	540,000					540,000
Fair - Event Center	2018+	10	-	3,000,000					3,000,000
Subtotal CIP - Long Term	2019+		-	3,540,000	-	-	-	-	3,540,000
TOTAL CAPITAL PROJECTS			42,978,346	161,803,253	8,904,972	3,112,216	67,431	12,084,619	149,718,634

Capital Projects increased to \$161.8 million for FY 2018 including full funding for the Law and Justice Building, with \$42.9M funded in FY 2018. 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 in the FY 2018 Budget. The Commission authorized \$2,239,888 for Core Rolling Stock, \$2,000,000 for the Bridge Replacement Program, \$1,094,704 for repair, remodeling and updating of County Facilities \$419,213 for 9-1-1 Radio Project, \$1,500,000 for Storage Facility, \$941,598 for Law Enforcement Records / CAD System and \$2,796,577 reserved for Detention Center remodel and expansion.

Summary

The fiscal year 2018 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 2018 shows:

Comparison of Budgeted Taxes

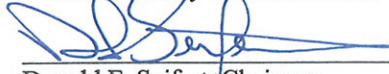
Taxes Budgeted	FY 2010	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
County Operating Taxes	\$ 16,343,857	\$ 18,282,663	\$ 18,808,855	\$ 19,702,783	\$ 20,957,110	\$ 21,761,399
Road and Library Taxes	3,153,566	3,686,493	3,762,770	3,944,991	4,224,927	4,437,478
Debt Service / Insurance Taxes	3,941,648	4,696,891	5,077,427	5,206,857	5,597,857	5,867,951
Mill Levies						
County Operating Taxes	73.20	74.15	74.35	82.84	83.79	75.84
Road and Library Taxes	25.23	26.44	76.29	30.04	30.31	27.30
Debt Service / Insurance Taxes	17.80	19.13	20.15	21.96	22.47	20.52
Taxable Valuations						
County Operating Valuations	223,244	246,571	252,964	237,836	248,031	286,963
Road and Library Valuations	125,025	139,435	143,113	131,332	137,851	162,547

This table shows increase in the taxable valuation of property for FY 2018 of 15.70% due to growth and reappraisal. Taxes generated by newly taxable property (new construction) accounted for \$1,009,747, a 3.28% increase in taxes. The balance of the increase in taxes of \$284,194 funded Victim Witness, Sheriff, Court Security and County Attorney. The County Commission did not maximize the number of mills levied for the Permissive Medical levy. However, they did increase the mills and taxes levied for this Levy. In addition, 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 \$3,023,827. 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 citizens, taxpayers, customers, investors, and creditors with a general overview of Gallatin County's finances and the County's accountability for the money it receives. If you have any questions about this report or want additional information, contact the Finance Department - Accounting Office at 311 West Main Street, Bozeman, MT 59715, phone 406-582-3048 or e-mail jill.therrien@gallatin.mt.gov.

Gallatin County, Montana
Board of County Commissioners


Donald F. Seifert, Chairman

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL
STATEMENTS**

Gallatin County, State of Montana
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 57,227,378	\$ 14,163,799	\$ 71,391,177
Cash & Investments-Restricted	-	2,502,599	2,502,599
Tax/Assessments Receivable (Net)	8,306,028	3,154	8,309,182
Other Receivables	3,029,979	1,205,191	4,235,170
Prepaid Expenses	4,278	-	4,278
Due from/(to) other Funds	(800,000)	800,000	-
Inventories	172,154	-	172,154
Capital Assets (net)	139,191,941	9,965,270	149,157,211
Total assets	<u>\$ 207,131,758</u>	<u>\$ 28,640,013</u>	<u>\$ 235,771,771</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contribution to pension plan(s) in current fiscal year	10,255,965	628,186	10,884,151
Excess reacquisition costs due to bond refunding	2,517,698	-	2,517,698
Total deferred outflows of resources	<u>12,773,663</u>	<u>628,186</u>	<u>13,401,849</u>
LIABILITIES			
Accounts Payable	1,481,854	571,649	2,053,503
Accrued Payroll & Other Liabilities	1,589,521	294,599	1,884,120
Deposits Payable	12,233	-	12,233
Unearned grant revenue	139,581	-	139,581
Current Portion Of Long Term Debt	3,984,885	163,055	4,147,940
Noncurrent Portion Of Long Term Debt	48,233,503	655,138	48,888,641
Landfill Closure/Post Closure Costs	-	2,230,541	2,230,541
OPEB Liability	1,726,821	450,293	2,177,114
Net pension liability	30,285,818	3,710,381	33,996,199
Total liabilities	<u>87,454,216</u>	<u>8,075,656</u>	<u>95,529,872</u>
Deferred Inflows of Resources			
Receivable in advance of payment requirement	1,010,999	-	1,010,999
Pension deferrals	2,412,117	12,281	2,424,398
Total deferred inflows of resources	<u>3,423,116</u>	<u>12,281</u>	<u>3,435,397</u>
NET POSITION			
Net investment in capital assets	91,771,343	9,527,770	101,299,113
Restricted	16,210,856	2,502,599	18,713,455
Unrestricted	21,045,890	9,149,893	30,195,783
Total net position	<u>\$ 129,028,089</u>	<u>\$ 21,180,262</u>	<u>\$ 150,208,351</u>

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

Gallatin County, State of Montana
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General Government	\$ 12,529,021	\$ 3,611,423	\$ 2,287,762	\$ 149,055	\$ (6,480,781)	\$ -
Public Safety	20,488,488	3,127,967	1,600,600	-	(15,759,921)	-
Public Works	13,393,585	73,643	456,384	41,150	(12,824,408)	-
Public Health	5,267,771	612,380	2,088,910	-	(2,566,481)	-
Social & Economic Services	537,281	-	-	-	(537,281)	-
Culture & Recreation	2,446,724	751,771	17,786	-	(1,677,167)	-
Housing & Community Development	1,160,737	591,503	-	-	(569,234)	-
Conservation of Natural Resources	127,365	63,117	-	-	(64,248)	-
Debt Service Interest	1,707,833	-	-	-	(1,707,833)	-
Total governmental activities	57,660,805	8,831,804	6,451,442	190,205	(42,187,354)	-
Business-type activities:						
West Yellowstone Refuse District	1,181,917	788,881	-	-	(393,036)	(393,036)
Gallatin County Rest Home	6,063,723	5,397,587	222,120	-	(444,016)	(444,016)
Gallatin County Landfill	2,813,556	4,737,783	-	-	1,924,227	1,924,227
Total business-type activities	10,059,196	10,924,251	222,120	-	1,087,175	1,087,175
Total primary government	\$ 67,720,001	\$ 19,756,055	\$ 6,673,562	\$ 190,205	\$ (42,187,354)	\$ (41,100,179)
General revenues:						
Property Taxes for General Purposes					35,674,108	93
Unrestricted grants and contributions					3,189,215	241,733
Investment Earnings					262,349	58,515
Miscellaneous					3,002,004	85,595
Gain (loss) on Sale/Disposal of Fixed Assets					(18,466)	(216,589)
Transfer In/Out					(23,275)	23,275
Total general revenues, special items, and transfers					42,085,935	192,622
Change in net position					(101,419)	1,279,797
Net position - beginning					129,129,508	19,900,465
Net position - ending					\$ 129,028,089	\$ 21,180,262
						\$ 150,208,351

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

FUND

FINANCIAL STATEMENTS

Gallatin County, State of Montana
Balance Sheet
Governmental Funds
June 30, 2017

	General	Public Safety Fund	RID Maintenance	RID Bond Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash & Investments	\$ 6,352,241	\$ 5,293,149	\$ 6,830,576	\$ 287,697	\$ 12,738,757	\$ 19,067,266	\$ 50,569,686
Real Estate Taxes Receivable	124,554	245,120	58,065	114,882	59,015	279,092	880,728
Personal Property Taxes Receivable	37,913	66,730	-	-	14,206	97,064	215,913
Protested Taxes Receivable	2,894	5,774	-	-	1,581	7,515	17,764
Special Assessments Receivable	-	-	-	7,191,623	-	-	7,191,623
Accounts Receivable-Net	199,451	1,323,501	1,010	-	207,203	1,225,949	2,957,114
Prepaid Expense	4,278	-	-	-	-	-	4,278
Due from other funds	25,096	292,699	-	-	-	173,716	491,511
Inventories	107,589	-	-	-	-	64,565	172,154
Total assets	<u>\$ 6,854,016</u>	<u>\$ 7,226,973</u>	<u>\$ 6,889,651</u>	<u>\$ 7,594,202</u>	<u>\$ 13,020,762</u>	<u>\$ 20,915,167</u>	<u>\$ 62,500,771</u>
LIABILITIES							
Accounts Payable	\$ 230,802	\$ 363,084	\$ 61,046	\$ -	\$ 109,137	\$ 639,662	\$ 1,403,731
Contracts/Loans Payable	-	-	12,233	-	-	-	12,233
Other Accrued Payables	520,986	491,467	4,998	-	-	314,931	1,332,382
Due To Other Funds	-	-	-	-	800,000	491,511	1,291,511
Unearned Grant Revenue	-	-	-	-	-	139,581	139,581
Total liabilities	<u>751,788</u>	<u>854,551</u>	<u>78,277</u>	<u>-</u>	<u>909,137</u>	<u>1,585,685</u>	<u>4,179,438</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue, Fines and Forfeitures, Fees	145,971	-	-	-	-	-	145,971
Unavailable Revenue, Property Taxes Receivable in advance of payment requirement	165,361	317,624	58,065	7,306,504	74,802	383,671	8,306,027
	<u>-</u>	<u>1,010,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,999</u>
Total deferred inflows of resources	<u>311,332</u>	<u>1,328,623</u>	<u>58,065</u>	<u>7,306,504</u>	<u>74,802</u>	<u>383,671</u>	<u>9,462,997</u>
FUND BALANCES:							
Nonspendable:							
Inventories	107,589	-	-	-	-	64,565	172,154
Prepaid Expense	4,278	-	-	-	-	-	4,278
Restricted for:							
Grants	-	-	-	-	164,731	3,912,252	4,076,983
Debt Service Obligations	-	-	-	-	-	1,266,917	1,266,917
RID Debt Services	-	-	-	287,698	-	-	287,698
Construction Projects	-	-	-	-	-	2,452,204	2,452,204
General Government	710,647	-	-	-	-	6,347	716,994
Public Safety	-	103,915	-	-	-	-	103,915
Committed for:							
Contractual Obligations	-	-	-	-	11,794,803	-	11,794,803
RID Maintenance	-	-	6,753,309	-	-	-	6,753,309
General Government	4,419,997	-	-	-	-	4,666,737	9,086,734
Public Safety	-	4,933,671	-	-	-	63,195	4,996,866
Public Works	-	-	-	-	-	3,535,252	3,535,252
Public Health	-	-	-	-	-	1,682,765	1,682,765
Culture & Recreation	-	-	-	-	-	878,108	878,108
Conservation Of Natural Resources	-	-	-	-	-	417,469	417,469
Assigned for:							
General Government	548,385	-	-	-	77,289	-	625,674
Public Safety	-	6,213	-	-	-	-	6,213
Total fund balances	<u>5,790,896</u>	<u>5,043,799</u>	<u>6,753,309</u>	<u>287,698</u>	<u>12,036,823</u>	<u>18,945,811</u>	<u>48,858,336</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,854,016</u>	<u>\$ 7,226,973</u>	<u>\$ 6,889,651</u>	<u>\$ 7,594,202</u>	<u>\$ 13,020,762</u>	<u>\$ 20,915,167</u>	<u>\$ 62,500,771</u>

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

Gallatin County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2017

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

Total fund balances - governmental funds	\$ 48,858,336
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Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

The cost of the assets is \$258,860,224 and the accumulated depreciation is \$120,388,979.	138,471,245
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Deferred inflows of resources (unavailable property taxes and unavailable fines and forfeitures and fees) are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.

8,451,998

Net other post employment benefit obligation reported in the statement of net position do not require the use of current financial resources and are not reported as liabilities in government funds until actually due.

(1,698,807)

The net pension liability and related deferred inflows and outflows are not accounted for in the governmental funds. Excess reacquisition costs related to bond refunding are accounted for as deferred inflows of resources in the government-wide statements. The following number reports the net result of the current and long-term effect of these resources.

(19,924,272)

Long-term liabilities, including bonds payable, compensated absences, capital leases and notes payable are not due and payable in the current period and therefore are not reported in the funds.

(52,171,987)

Internal service funds are used by the County to charge the costs of employee health insurance. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

7,041,576

Total net position - governmental activities	\$ <u>129,028,089</u>
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The notes to financial statements are an integral part of this statement.

Gallatin County, State of Montana
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	GENERAL	PUBLIC SAFETY FUND	RID MAINTENANCE	RID BOND DEBT SERVICE	CAPITAL PROJECTS	Total Non Major Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 7,502,135	\$ 13,327,768	\$ -	\$ -	\$ 2,795,849	\$ 12,249,958	\$ 35,875,710
Licenses & Permits	775	57,145	-	-	-	326,100	384,020
Intergovernmental Revenues	1,247,538	871,299	-	-	66,073	8,037,007	10,221,917
Charges for Services	2,790,546	1,851,093	-	-	552,371	1,816,165	7,010,175
Fines & Forfeitures	568,259	31,314	-	-	-	69,255	668,828
Miscellaneous	86,661	53,521	1,504,240	894,311	16,226	447,045	3,002,004
Investment Earnings (loss)	44,084	16,565	19,130	6,625	33,781	117,359	237,544
Contributions/Donations	-	1,122	-	-	-	64,159	65,281
Total revenues	12,239,998	16,209,827	1,523,370	900,936	3,464,300	23,127,048	57,465,479
EXPENDITURES							
Current:							
General Government	9,215,215	-	-	4,199	119,023	1,197,575	10,536,012
Public Safety	1,167,591	14,963,321	-	-	2,939	1,824,932	17,958,783
Public Works	830,862	-	1,510,919	-	300	5,435,026	7,777,107
Public Health	-	-	-	-	-	4,745,101	4,745,101
Social & Economic Services	462,371	-	-	-	-	66,950	529,321
Culture & Recreation	-	-	-	-	22,046	2,239,087	2,261,133
Housing & Community Development	-	-	-	-	-	1,128,177	1,128,177
Conservation of Natural Resources	-	-	-	-	-	110,398	110,398
Debt service:							
Principal retirement	210,965	181,868	-	812,845	-	3,191,179	4,396,857
Interest	39,679	6,992	-	389,274	-	1,438,427	1,874,372
Capital Outlay	145,702	1,815,321	-	-	1,485,967	3,374,747	6,821,737
Total expenditures	12,072,385	16,967,502	1,510,919	1,206,318	1,630,275	24,751,599	58,138,998
Excess (deficiency) of revenues over expenditures	167,613	(757,675)	12,451	(305,382)	1,834,025	(1,624,551)	(673,519)
OTHER FINANCING SOURCES (USES)							
Transfers Out	(1,025,299)	(831,691)	-	(9,148)	-	(2,884,087)	(4,750,225)
Sale of Fixed Assets	-	-	-	-	31,000	161,606	192,606
Transfers In	896,420	111,993	9,148	-	1,332,599	1,591,440	3,941,600
Lease/Bond Proceeds	-	1,499,999	-	-	-	363,000	1,862,999
Total other financing sources (uses)	(128,879)	780,301	9,148	(9,148)	1,363,599	(768,041)	1,246,980
Net change in fund balances	38,734	22,626	21,599	(314,530)	3,197,624	(2,392,592)	573,461
Fund balances - beginning	5,752,162	5,021,173	6,731,710	602,228	8,839,199	21,338,403	48,284,875
Fund balances - ending	\$ 5,790,896	\$ 5,043,799	\$ 6,753,309	\$ 287,698	\$ 12,036,823	\$ 18,945,811	\$ 48,858,336

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

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 Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ 573,461
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 (\$6,887,991) depreciation (\$7,816,254) in the current period (exclusive of internal service funds).	(928,263)
In the statement of activities, the loss or gain on the sale or disposal of capital assets is recognized. The governmental funds recognize only the proceeds from the sale of these assets.	(206,694)
Deferred inflows of resources in the governmental funds are reported on the full accrual method in the government-wide financial statements.	(191,988)
The current period net increase in compensated absences and Other Post Employment Benefits require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	(422,499)
The net pension liability and related pension deferred inflows and outflows of the County are reported on the full accrual method and solely in the government-wide financial statements.	(1,487,966)
The issuance of long-term debt provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized as a component of interest and fiscal charges in the statement of activities. If debt is refunded at a cost more than the carrying amount of the old debt, this excess acquisition cost is also amortized as a component of interest and fiscal charges in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	2,700,398
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.	<u>(137,868)</u>
Change in net position of governmental activities	<u>\$ (101,419)</u>

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

Gallatin County, State of Montana
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities-Enterprise Funds				Governmental Activities
			West		
	Gallatin County Rest Home	Gallatin County Landfill	Yellowstone Refuse District	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash & Investments	\$ 1,792,534	\$ 10,252,972	\$ 2,118,293	\$ 14,163,799	\$ 6,657,692
Cash & Investments-Restricted	-	2,502,599	-	2,502,599	-
Noncurrent assets:					
Real Estate Taxes Receivable	851	-	2,177	3,028	-
Personal Taxes Receivable	126	-	-	126	-
Accounts Receivable-Net	398,127	605,425	201,639	1,205,191	72,865
Due from Other Funds	-	800,000	-	800,000	-
Capital Assets-Net	1,635,274	6,246,237	2,083,759	9,965,270	720,696
Total assets	<u>3,826,912</u>	<u>20,407,233</u>	<u>4,405,868</u>	<u>28,640,013</u>	<u>7,451,253</u>
DEFERRED OUTFLOWS OF RESOURCES					
Contribution to pension plan(s) in current fiscal year	446,921	150,551	30,714	628,186	-
Total deferred outflows of resources	<u>446,921</u>	<u>150,551</u>	<u>30,714</u>	<u>628,186</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	327,741	178,733	65,175	571,649	78,123
Contracts/Loans Payable	-	125,000	-	125,000	-
Other Accrued Payables	144,568	138,268	11,763	294,599	257,139
Compensated Absences	26,450	8,176	3,429	38,055	4,640
Total current liabilities	<u>498,759</u>	<u>450,177</u>	<u>80,367</u>	<u>1,029,303</u>	<u>339,902</u>
Noncurrent liabilities:					
Contracts/Loans Payable	-	312,500	-	312,500	-
GASB 45 OPEB Obligation	365,331	71,498	13,464	450,293	28,014
Net pension liability	2,639,738	889,229	181,414	3,710,381	-
Closure/Post Closure Costs	-	2,230,541	-	2,230,541	-
Compensated Absences	238,049	73,897	30,692	342,638	41,761
Total noncurrent liabilities	<u>3,243,118</u>	<u>3,577,665</u>	<u>225,570</u>	<u>7,046,353</u>	<u>69,775</u>
Total liabilities	<u>3,741,877</u>	<u>4,027,842</u>	<u>305,937</u>	<u>8,075,656</u>	<u>409,677</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	8,738	2,943	600	12,281	-
Total deferred inflows of resources	<u>8,738</u>	<u>2,943</u>	<u>600</u>	<u>12,281</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	1,635,274	6,246,237	2,083,759	9,965,270	720,696
Restricted (expendable)	-	2,502,599	-	2,502,599	-
Unrestricted	(1,112,056)	7,778,163	2,046,286	8,712,393	6,320,880
Total net position	<u>\$ 523,218</u>	<u>\$ 16,526,999</u>	<u>\$ 4,130,045</u>	<u>\$ 21,180,262</u>	<u>\$ 7,041,576</u>

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

Gallatin County, State of Montana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Gallatin County Rest Home	Gallatin County Landfill	West Yellowstone Refuse District	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 5,397,587	\$ 4,737,783	\$ 788,881	\$ 10,924,251	\$ 603,935
Miscellaneous	26,120	58,423	1,052	85,595	118
Internal Services	-	-	-	-	7,794,146
Total operating revenues	<u>5,423,707</u>	<u>4,796,206</u>	<u>789,933</u>	<u>11,009,846</u>	<u>8,398,199</u>
OPERATING EXPENSES					
Public Works Personnel Services	-	1,071,300	224,902	1,296,202	-
Public Works Operations	-	1,380,935	732,698	2,113,633	-
Public Works Depreciation	-	352,273	224,317	576,590	-
Public Health Personnel	2,302,659	-	-	2,302,659	-
Public Health Operations	3,659,281	-	-	3,659,281	-
Internal Service Personnel	-	-	-	-	544,217
Internal Service Supplies	-	-	-	-	144,314
Internal Service Purchased Services	-	-	-	-	1,371,969
Internal Service Fixed Charges	-	-	-	-	835,387
Internal Service Depreciation	-	-	-	-	142,034
Internal Service Benefit Payments	-	-	-	-	6,303,923
Public Health Depreciation	101,783	-	-	101,783	-
Total operating expenses	<u>6,063,723</u>	<u>2,804,508</u>	<u>1,181,917</u>	<u>10,050,148</u>	<u>9,341,844</u>
Operating income (loss)	<u>(640,016)</u>	<u>1,991,698</u>	<u>(391,984)</u>	<u>959,698</u>	<u>(943,645)</u>
NONOPERATING REVENUES (EXPENSES)					
Property Taxes	32	-	61	93	-
Intergovernmental Revenues	222,120	16,490	225,243	463,853	-
Investment Earnings (Loss)	6,672	43,380	8,463	58,515	24,805
Gain (Loss) on Sale of Fixed Assets	(137)	(79,733)	(136,719)	(216,589)	(4,378)
Interest Expense	-	(9,048)	-	(9,048)	-
Total nonoperating revenues (expenses)	<u>228,687</u>	<u>(28,911)</u>	<u>97,048</u>	<u>296,824</u>	<u>20,427</u>
Income (loss) before contributions and transfers	(411,329)	1,962,787	(294,936)	1,256,522	(923,218)
Transfers In	-	23,275	-	23,275	905,350
Transfers Out	-	-	-	-	(120,000)
Change in net position	(411,329)	1,986,062	(294,936)	1,279,797	(137,868)
Total net position - beginning	934,547	14,540,937	4,424,981	19,900,465	7,179,444
Total net position - ending	<u>\$ 523,218</u>	<u>\$ 16,526,999</u>	<u>\$ 4,130,045</u>	<u>\$ 21,180,262</u>	<u>\$ 7,041,576</u>

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

Gallatin County, State of Montana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Gallatin County Rest Home	Gallatin County Landfill	West Yellowstone Refuse District	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash from interfund	\$ -	\$ -	\$ -	\$ -	\$ 8,398,199
Cash - other	26,120	258,423	-	284,543	-
Cash receipts from customer	5,515,271	4,820,263	919,933	11,255,467	(47,192)
Other payments	(35,404)	109,660	-	74,256	-
Payments to employees	(3,934,820)	(1,013,177)	(220,421)	(5,168,418)	(534,142)
Payments to interfund	(61,900)	-	-	(61,900)	(37,415)
Payments to suppliers	(2,094,271)	(1,408,580)	(882,247)	(4,385,098)	(8,633,074)
Net cash provided (used) by operating activities	(585,004)	2,766,589	(182,735)	1,998,850	(853,624)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental Revenue	222,120	16,490	225,243	463,853	-
Subsidy from taxes	16	-	1	17	-
Transfers from (to) Other Funds	-	23,275	-	23,275	785,350
Net cash provided (used) by noncapital financing activities	222,136	39,765	225,244	487,145	785,350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on debt	-	(9,048)	-	(9,048)	-
Principal on debt	-	(125,000)	-	(125,000)	-
Proceeds from sale of capital assets	-	75,000	-	75,000	2,750
Purchases/acquisition/const. of capital assets	(262,325)	(544,067)	(84,590)	(890,982)	(130,058)
Net cash provided (used) by capital and related financing activities	(262,325)	(603,115)	(84,590)	(950,030)	(127,308)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	6,672	43,380	8,463	58,515	24,805
Net cash provided (used) by investing activities	6,672	43,380	8,463	58,515	24,805
Net increase (decrease) in cash and cash equivalents	(618,521)	2,246,619	(33,618)	1,594,480	(170,777)
Balances - beginning of year	2,411,055	10,508,952	2,151,911	15,071,918	6,828,469
Balances - end of the year	\$ 1,792,534	\$ 12,755,571	\$ 2,118,293	\$ 16,666,398	\$ 6,657,692
Cash and investments consist of:					
Cash and investments	\$ 1,792,534	\$ 10,252,972	\$ 2,118,293	\$ 14,163,799	\$ 6,657,692
Restricted cash and investments	-	2,502,599	-	2,502,599	-
Total cash and investments	\$ 1,792,534	\$ 12,755,571	\$ 2,118,293	\$ 16,666,398	\$ 6,657,692
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income	\$ (640,016)	\$ 1,991,698	\$ (391,984)	\$ 959,698	\$ (943,645)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation Expense	101,783	352,273	224,317	678,373	142,033
Pension Adjustments	(301,411)	26,969	(5,096)	(279,538)	-
Changes in assets and liabilities:					
Accounts Receivable	117,684	282,479	130,000	530,163	(47,191)
Accounts Payable	111,410	(28,644)	(149,547)	(66,781)	(14,811)
Other Accrued Payables	(18,414)	4,385	1,468	(12,561)	929
Closure/Post Closure Costs	-	108,844	-	108,844	-
Compensated absences	(10,130)	16,444	5,830	12,144	4,215
GASB 45 OPEB Obligation	54,090	12,141	2,277	68,508	4,846
Net cash provided (used) by operating activities	\$ (585,004)	\$ 2,766,589	\$ (182,735)	\$ 1,998,850	\$ (853,624)
SCHEDULE OF NONCASH TRANSACTIONS					
Noncash change in deferred outflows	\$ 36,711	\$ (125,217)	\$ (14,224)	\$ -	\$ -
Noncash change in net pension liability	211,143	188,664	29,388	-	-
Noncash change in deferred inflows	(247,854)	(63,447)	(15,164)	-	-
	\$ -	\$ -	\$ -	-	-

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

Gallatin County, Montana
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 128,963,808	\$ 3,725,269
Tax/assessment receivable (net)	-	4,123,478
Accrued interest receivable	149,866	-
Total Assets	<u>129,113,674</u>	<u>7,848,747</u>
LIABILITIES		
Accounts payable	-	520,215
Protested taxes payable	-	83,682
Due to other governments	-	7,244,850
Total Liabilities	<u>-</u>	<u>7,848,747</u>
NET ASSETS		
Held in trust for investments and other purposes	<u>\$ 129,113,674</u>	<u>\$ -</u>

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

Gallatin County, Montana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Investment Trust Funds
ADDITIONS	
Investment earnings (loss)	\$ 1,384,475
Contributions to investment trust	<u>534,555,978</u>
Total Additions	<u>535,940,453</u>
 DEDUCTIONS	
Distribution from investment trust fund	<u>514,136,127</u>
Total Deductions	<u>514,136,127</u>
 Change in net position	21,804,326
Net position - beginning of year	<u>107,309,348</u>
Net position - end of year	<u><u>\$ 129,113,674</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Gallatin County, State of Montana (the “County”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the financial position of the County and the various funds and fund types, the results of operations of the County and various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2017, and for the year then ended. The significant policies of the County are described below.

New Accounting Pronouncements

The County implemented the provisions of the following GASB pronouncements for the year ended June 30, 2017:

- Statement No. 77, *Tax Abatement Disclosures*. This Statement addresses the disclosure of tax abatements within the notes to the financial statements. The Statement provides guidance for the reporting of (1) the total tax abated in the current fiscal year, (2) the general description of each tax abatement program, and (3) any obligations the County incurred with respect to the approved abatement program. This Statement is effective for fiscal years beginning after December 15, 2015.

Reporting Entity

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

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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.

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.

Government-Wide and Fund Financial Statements

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, which provide a more detailed level of financial information.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements – The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government utilizing a full accrual basis of accounting. 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 net position presents the financial condition of the governmental activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities (and ultimately presents changes in net position). Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient of the goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead of general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Fund financial statements are designed to present financial information of the County at a more detailed level (and to demonstrate legal compliance). The focus of governmental fund financial statements is on major funds. Major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of proprietary fund statements. The fiduciary funds are reported by type.

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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The Government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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. Investments, with limited exceptions, are reported at fair market value. Investments in nonparticipating certificates of deposit are reported at cost. Money market investments, including U.S. Treasury and Agency obligations that mature within one year of acquisition are reported at amortized cost. Bank deposits include demand deposits and overnight purchase agreements in County banks and are also reported at cost. Fair value is defined as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined annually, and requires the use of valuation techniques, a specific method or combination of methods using one more of three approaches: market, cost, or income approach.

The County maintains an investment pool consisting of funds belonging to the County and also of funds held by the County Treasurer belonging to legally separate entities such as school districts and special purpose districts. These districts can elect to participate in the County's investment pool, or can self-direct the investment of their funds in individual investment accounts. The portion of the investment pool belonging to the legally separate entities and any self-directed individual investment accounts are reported in the investment trust fund in the fiduciary fund financial statements. The investment pool is managed by the County Treasurer in accordance with the County's stated investment policies as prescribed by the MCA. There is no external regulatory oversight for the investment pool, and the County has not provided or obtained any legally binding guarantees to support the value of the investments.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

The method used to determine the values of the participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of the withdrawal. 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 by 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 issues warrants in payment of its obligations. Cash balances are reported net of outstanding warrants.

For purposes of the statement of cash flows for the Enterprise and Internal Service Funds, the County considers all highly liquid debt instruments with an original maturity of three months or less, including restricted cash and demand investments, to be cash equivalents.

Restricted Cash and Investments

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.

Receivables and Payables

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

Accounts receivable represents amounts due from fines and forfeitures, charges for services, and intergovernmental revenues. These amounts are shown net of an allowance for uncollectible accounts. The allowance for bad debts for the Rest Home is 2% of aged accounts receivable. For the County Rest Home, the allowance for doubtful accounts at June 30, 2017 was \$2,355. 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, 2017 was \$54,739. 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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (Continued)

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, 2017 were based upon the County wide taxable valuation of \$248,041,610.

All payables are reported in the government-wide financial statements with the proprietary funds payables also being presented on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds. However, compensated absences and other voluntary termination benefits are reported as a liability in the fund financial statements only to the extent that there are unpaid reimbursable balances for terminated employees at year end.

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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (or fund balance) that applies to a future period(s) so will not be recognized as an outflow of resources (expenses/expenditures) until then. The County has some pension related deferred outflows of resources in the current fiscal year and a deferred outflow of the excess reacquisition costs due to bond refunding.

In addition to liabilities, the statement of net position and governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the County's governmental fund balance sheet, there are three items that qualify as a deferred inflow of resources. These items are comprised of unavailable revenue for property taxes and fines, forfeitures and unavailable revenue as of June 30, 2017. These amounts are (and were) reported as revenue in the government-wide financial statements in the period in which they were earned/levied and thus no deferred inflows of resources were reported. The government-wide and proprietary Statements of Net Position did report some deferred inflows of resources for pension related activities.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

The government-wide statement also reported a deferred inflow for a receivable owed by the city of Bozeman for the purchase of equipment in a joint venture.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable

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 20 hours in compensatory time. Only non-exempt employees are paid compensatory time at 100% upon termination.

Net Pension Liability (NPL)

The County must report its proportionate share of the collective net pension liability, pension expense, deferred inflows, and deferred outflows of resources associated with pension plans that its employees are eligible to participate in.

Other Postemployment Benefits

The County allows retirees that have just finished employment with the County to remain on the County health insurance plan. Another postemployment benefit arises from the difference in the County health insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan. This benefit is reflected in the financials as a long term liability following the guidance of GASB Statement No. 45.

Long-Term Obligations

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

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

Fund Balance

The classifications for fund balance used for governmental funds are reported in two general classifications, nonspendable and spendable.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

Excess of Expenditures over Appropriations

There were no funds with excess of expenditures over appropriations for the fiscal year ended June 30, 2017.

Deficit Fund Balances

At June 30, 2017, deficit fund balances were reported in fund 2927, Homeland Security Grant Fund, for \$100,087.

NOTE 3. 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. 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, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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, 2017 equaled or exceeded the amount required by State statutes.

Along with limitations placed on investments by State law, the County minimizes interest rate risk and 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. Interest rate risk is defined as the risk that the fair value of investments could decrease in a rising interest rate environment. The County maintains a listing of financial institutions which are approved for investment purposes.

At June 30, 2017, the County's pooled and non-pooled cash and investment balances were as follows:

<u>Pooled Cash and Investments</u>	<u>Maturities</u>	<u>Credit Risk Rating</u>	<u>Amount</u>	<u>Valuation Inputs</u>
Cash on hand and demand deposits	N/A	N/A	\$ 1,617,701	
Money market	N/A	N/A	-	
Cash in overnight repurchase agreements	N/A	N/A	29,587,056	
Certificates of deposit	2020-2022	N/A	2,268,648	Level 2
U.S. Government bonds	2017-2022	S&P AA+ Moody's AAA	90,140,285	Level 1
State of Montana Short-Term Investment Pool (STIP)	N/A	N/A	<u>15,422,632</u>	
Total pooled cash and investments			<u>139,036,322</u>	
<u>Nonpooled Cash and Investments</u>				
Cash on hand and demand deposits	N/A	N/A	276,762	
Money market	N/A	N/A	881,794	
Certificates of deposit	2018	N/A	3,077,500	Level 2
State of Montana Short-Term Investment Pool (STIP)	N/A	N/A	<u>63,310,475</u>	
Total nonpooled cash and investments			<u>67,546,531</u>	
Total cash and investments			<u>\$ 206,582,853</u>	

The County recognizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets (these assets are valued using matrix pricing); Level 2 inputs are significant other observable inputs (these investments are valued using matrix pricing); Level 3 inputs are significant observable inputs (these investments are valued using consensus pricing).

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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

	Unrestricted	Restricted	Total
Governmental activities	\$ 57,227,378	\$ -	\$ 57,227,378
Business-type activities	14,163,799	2,502,599	16,666,398
Fiduciary activities	132,689,077	-	132,689,077
Total cash and cash equivalents	<u>\$ 204,080,254</u>	<u>\$ 2,502,599</u>	<u>\$ 206,582,853</u>

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

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

Cash in State Treasurer’s Investment Pool (STIP) – The County voluntarily participates in the STIP (Short-Term Investment Pool) administered by the Montana Board of Investments (MBOI). A local government’s STIP ownership is represented by shares, the prices of which are fixed at \$1.00 per share, and participants may buy or sell shares with one business days’ notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission (SEC). STIP is not FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Montana Board of Investments, or any other entity against investment losses, and there is no guaranteed rate of return on funds invested in STIP shares. The Montana Board of Investments maintains a reserve fund to offset possible losses and limit fluctuations in STIP’s valuation. The STIP investment portfolio consists of securities with maximum maturities of 2 years. Information on investments held in STIP can be found in the Annual Report on the Montana Board of Investments website at <http://investment.com/AnnualReportsAudits>.

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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The principal purpose of the County's interfund transfers were indirect costs and administrative and grant fees. The following is an analysis of operating transfers in and out during the fiscal year ended June 30, 2017:

		Transfers From					Proprietary Fund	Total
		Governmental Funds				Other Governmental Funds		
Transfers To		General Fund	Public Safety	RID Bond Debt Service	Capital Projects		Internal Service Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 896,420	\$ -	\$ 896,420
Public Safety	8,389	-	-	-	-	103,604	-	111,993
RID Bond Debt Service	-	-	9,148	-	-	-	-	9,148
Capital Projects	507,375	500,000	-	-	-	205,224	120,000	1,332,599
Other Governmental Funds	509,535	331,691	-	-	-	750,214	-	1,591,440
Gallatin County Landfill	-	-	-	-	-	23,275	-	23,275
Internal Service	-	-	-	-	-	905,350	-	905,350
	<u>\$ 1,025,299</u>	<u>\$ 831,691</u>	<u>\$ 9,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,884,087</u>	<u>\$ 120,000</u>	<u>\$ 4,870,225</u>

Interfund Receivables and Payables

The composition of interfund receivable and payable balances as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 25,095
Public Safety	Other Governmental Funds	292,700
Other Governmental Funds	Other Governmental Funds	173,715
Gallatin County Landfill	Capital Projects Fund	800,000
		<u>\$ 1,291,510</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017, is as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,414,707	\$ -	\$ (161,606.00)	\$ 4,253,101
Construction in progress	2,830,006	888,815	(259,868)	3,458,953
Total capital assets, not being depreciated	<u>7,244,713</u>	<u>888,815</u>	<u>(421,474)</u>	<u>7,712,054</u>
Capital assets, being depreciated:				
Buildings	57,275,312	591,069	-	57,866,381
Intangibles: Software	2,130,876	112,000	-	2,242,876
Intangibles: Easements	14,201,356	2,319,108	-	16,520,464
Improvements other than buildings	2,711,302	298,612	-	3,009,914
Machinery and equipment	23,206,707	3,059,367	(939,125)	25,326,949
Infrastructure	147,674,929	47,370	(37,986)	147,684,313
Total capital assets, being depreciated	<u>247,200,482</u>	<u>6,427,526</u>	<u>(977,111)</u>	<u>252,650,897</u>
Total capital assets	254,445,195	7,316,341	(1,398,585)	260,362,951
Less accumulated depreciation:	<u>(114,099,195)</u>	<u>(7,958,285)</u>	<u>886,470</u>	<u>(121,171,010)</u>
Governmental activities capital assets, net	<u>\$ 140,346,000</u>	<u>\$ (641,944)</u>	<u>\$ (512,115)</u>	<u>\$ 139,191,941</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,657,687	\$ -	\$ -	\$ 1,657,687
Construction in progress	715,507	222,223	(464,000)	473,730
Total capital assets, not being depreciated	<u>2,373,194</u>	<u>222,223</u>	<u>(464,000)</u>	<u>2,131,417</u>
Capital assets, being depreciated:				
Buildings	7,473,812	408,907	-	7,882,719
Intangibles	65,668	79,800	-	145,468
Improvements other than buildings	3,275,406	160,358	-	3,435,764
Machinery and equipment	6,947,104	483,695	(710,269)	6,720,530
Total capital assets, being depreciated	<u>17,761,990</u>	<u>1,132,760</u>	<u>(710,269)</u>	<u>18,184,481</u>
Total capital assets	20,135,184	1,354,983	(1,174,269)	20,315,898
Less accumulated depreciation	<u>(10,090,935)</u>	<u>(678,373)</u>	<u>418,680</u>	<u>(10,350,628)</u>
Business-type activities capital assets, net	<u>\$ 10,044,249</u>	<u>\$ 676,610</u>	<u>\$ (755,589)</u>	<u>\$ 9,965,270</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General Government	\$	690,202
Public Safety		1,815,642
Public Works		5,265,485
Public Health		15,986
Social and Economic Services		2,433
Culture and Recreation		129,411
Housing and Community Development		32,481
Conservation of Natural Resources		<u>6,645</u>
Total depreciation expense - governmental activities	\$	<u><u>7,958,285</u></u>

NOTE 6. ACCRUED PAYROLL AND OTHER LIABILITIES

Other accrued payable reported on the statement of net position include:

	Governmental Activities	Business-Type Activities	Total
Payroll Payable	\$ 1,177,999	\$ 199,531	\$ 1,377,530
Security Deposits Payable	-	91,000	91,000
Accrued Interest Payable	30,390	4,068	34,458
Abandon Property Payable	123,993	-	123,993
Internal Service Payables	<u>257,139</u>	<u>-</u>	<u>257,139</u>
	<u><u>\$ 1,589,521</u></u>	<u><u>\$ 294,599</u></u>	<u><u>\$ 1,884,120</u></u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT

During the fiscal year ended June 30, 2017, the following changes in liabilities were reported in long-term debt:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 38,952,500	\$ -	\$ 2,791,250	\$ 36,161,250	\$ 2,891,250
Special assessment bonds	7,181,625	363,000	812,845	6,731,780	247,743
Bond premiums	4,209,938	-	375,421	3,834,517	375,421
Compensated absences	2,147,148	132,946	-	2,280,094	228,009
Intercap loans	889,532	-	667,547	221,985	111,625
Capital leases	1,613,978	1,499,999	125,215	2,988,762	130,837
Total	<u>\$ 54,994,721</u>	<u>\$ 1,995,945</u>	<u>\$ 4,772,278</u>	<u>\$ 52,218,388</u>	<u>\$ 3,984,885</u>
Business-Type Activities:					
Revenue bonds	\$ 562,500	\$ -	\$ 125,000	\$ 437,500	\$ 125,000
Compensated absences	368,549	22,274	10,130	380,693	38,055
Closure/postclosure care costs	2,121,697	173,220	64,377	2,230,540	-
Total	<u>\$ 3,052,747</u>	<u>\$ 195,494</u>	<u>\$ 199,507</u>	<u>\$ 3,048,734</u>	<u>\$ 163,055</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, 2017 were as follows:

Purpose	Issue Date	Interest Rate	Years of Term	Final Maturity	Bonds Issued	Outstanding 6/30/2017	Annual Serial Payment
Detention Center	2/1/2009	3.25 - 4.75%	20	2/1/2029	\$ 32,000,000	\$ 2,990,000	Varies
Detention Center	6/2/2016	3.00 - 5.00%	12	7/1/2029	19,130,000	19,130,000	Varies
Hope House	7/1/2010	2.00 - 4.00%	20	7/1/2030	1,000,000	725,000	Varies
Open Space	4/12/2011	2.30 - 3.25%	10	7/1/2021	2,300,000	1,005,000	Varies
Open Space	10/23/2012	2.00%	10	7/1/2023	2,450,000	1,495,000	Varies
Open Space	6/9/2013	1.00 - 3.00%	12	7/1/2026	3,390,000	2,985,000	Varies
Open Space	11/19/2015	2.00 - 4.00%	20	7/1/2036	5,830,000	5,645,000	Varies
Pogreba Animal Fence	7/29/2008	3.63%	10	2/28/2018	12,500	1,250	1,250
I-90	12/27/2012	1.00 - 2.25%	10	7/1/2023	2,000,000	1,220,000	Varies
Ice Facility	8/6/2013	0.85 - 4.00%	20	7/1/2033	1,150,000	965,000	Varies
Total G.O. Bonds					<u>\$ 69,262,500</u>	<u>\$ 36,161,250</u>	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 follows:

Purpose	Issue Date	Interest Rate	Years of Term	Final Maturity	Bonds Issued	Outstanding 6/30/2017	Annual Serial Payment
Landfill Land	2010	1.25%	10	2020	\$ 1,250,000	\$ 437,500	Varies
Total Revenue Bonds					<u>\$ 1,250,000</u>	<u>\$ 437,500</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, 2017.

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

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

Purpose	Issue Date	Interest Rate	Years of Term	Final Maturity	Bonds Issued	Outstanding 6/30/2017	Annual Serial Payment
#378	2001	3.60 - 5.50%	20	2021	\$ 1,188,000	\$ 180,000	Varies
#387	2005	2.10 - 5.00%	15	2020	180,000	35,000	Varies
#388	2005	2.10 - 5.00%	15	2020	160,000	15,000	Varies
#391	2006	2.00 - 5.25%	20	2026	395,000	165,000	Varies
#393	2007	4.20 - 5.50%	19	2027	900,000	420,000	Varies
#395	2010	2.00 - 6.00%	20	2030	1,765,000	1,235,000	Varies
#396	2010	2.50 - 6.00%	20	2030	4,715,000	3,520,000	Varies
#605-606	2015	4.00%	20	2035	765,000	713,964	Varies
#607	2016	3.55%	16	2032	107,000	104,681	Varies
#608-610	2017	3.15%	15	2031	363,000	343,135	Varies
Total Special Assessment Bonds					<u>\$ 10,538,000</u>	<u>\$ 6,731,780</u>	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

Loans/Contracted Debt – Loans and Contracted Debt outstanding as of June 30, 2017 were as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding 6/30/2017	Date of Last Payment
9-1-1 Center	\$ 1,000,000	2009	Varies	\$ 221,985	2019
Total	\$ 1,000,000			\$ 221,985	

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

Compensated Absences Payable

Compensated absences payable as of June 30, 2017, which represents vacation and sick leave earned by employees and is payable upon separation, is as follows:

Proprietary Funds	\$ 380,693
General Governmental Activities	2,233,693
Internal Service Funds	46,402
	<u>\$ 2,660,788</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.

On October 7, 2015, the County entered into a lease for six motor graders. The lease term is six years payable in five annual installments of \$145,366 and one final installment of \$977,212 at 2.25%. The total amount capitalized of \$1,678,500 represents the present value of the future lease payments.

On October 10, 2015, the County entered into a lease for a Ballot Counter and Election Scanner. The lease term is five years payable in annual installments of \$31,686. The total amount capitalized of \$95,335 represents the present value of the future lease payments.

On January 1, 2017, the County entered into a lease for radios. The lease term is 3 years, payable in two installments, with the first payment of \$761,047 at 0% and the second payment of \$738,952 at 2.99%. The total amount capitalized of \$1,499,999 represents the present value of the future lease payments. The City of Bozeman and the County entered into a Memorandum of Understanding whereby the City will use the radios; however, the County will retain control over the radios until the radios are paid off. Once the radios are fully paid off, the title of the assets will then be transferred to the City.

Equipment under capital leases in capital assets as of June 30, 2017, includes the following:

Equipment	\$ 3,273,834
Less: Accumulated depreciation	<u>(555,248)</u>
Total	<u>\$ 2,718,586</u>

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

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 7. LONG-TERM DEBT (CONTINUED)

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, 2017 were as follows:

For Fiscal Year Ended	G. O. Principal	G. O. Interest	Revenue Bond Principal	Revenue Bonds Interest
2018	\$ 2,891,250	\$ 2,167,802	\$ 125,000	\$ 6,781
2019	2,995,000	2,087,195	125,000	4,844
2020	2,980,000	1,126,214	125,000	2,906
2021	3,120,000	1,014,020	62,500	969
2022	2,985,000	894,921	-	-
2023-2027	14,270,000	2,751,540	-	-
2028-2032	6,000,000	558,950	-	-
2033-2037	920,000	88,600	-	-
Total	<u>\$ 36,161,250</u>	<u>\$ 10,689,242</u>	<u>\$ 437,500</u>	<u>\$ 15,500</u>

For Fiscal Year Ended	Special Bonds Principal	Special Bonds Interest	InterCap Loans Principal	InterCap Loans Interest
2018	\$ 247,743	\$ 270,771	\$ 111,625	\$ 1,116
2019	409,678	321,781	110,360	1,104
2020	446,673	328,596	-	-
2021	503,780	302,104	-	-
2022	465,927	275,544	-	-
2023-2027	2,689,943	981,701	-	-
2028-2032	1,806,607	214,022	-	-
2033-2037	161,429	11,241	-	-
Total	<u>\$ 6,731,780</u>	<u>\$ 2,705,760</u>	<u>\$ 221,985</u>	<u>\$ 2,220</u>

For Fiscal Year Ended	Capital Lease Principal	Capital Lease Interest	Grand Total
2018	\$ 130,837	\$ 46,215	\$ 3,506,455
2019	898,221	39,878	4,538,259
2020	883,318	32,686	4,434,991
2021	120,896	24,470	3,807,176
2022	955,490	21,722	4,406,417
2023-2027	-	-	16,959,943
2028-2032	-	-	7,806,607
2033-2037	-	-	1,081,429
Total	<u>\$ 2,988,763</u>	<u>\$ 164,971</u>	<u>\$ 46,541,278</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS

Plan Description and Provisions

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.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). Employers are required to record and report their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. This report provides information for employers who are using a June 30, 2016 measurement date for the 2017 reporting.

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature.

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; or Any age, 30 years of membership service.
Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.

Early Retirement:

Early retirement, actuarially reduced:	
Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service
Hired on or after July 1, 2011:	Age 55, 5 years of membership service

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Summary of Benefits (Continued)

Vesting 5 years of membership service

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months

Compensation Cap

- Hired prior to July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation

Monthly Benefit Formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

Rates are specified by state law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below.

1. Member contributions to the system of 7.90% of member's compensation are temporary and will be decreased to 6.9% on January 1, following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

2. Employer Contributions to the System

- a) Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
- b) Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- c) The Plan Choice Rate (PCR), that directed a portion of employer contributions for DC members to the PERS defined benefit plan, are included in the employer's reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer Contributions

- a) Special Funding
 - The State contributes 0.1% of members' compensation on behalf of local government entities.
 - The State contributes 0.37% of members' compensation on behalf of school district entities.
- b) Not Special Funding
 - The State contributes a portion of Coal Severance Tax income and earnings from the Coal Severance Tax fund.

Fiscal Year	Member		State & Universities		Local Government		School Districts	
	Hired Before 7/1/2011	Hired After 7/1/2011	Employer	Employer	State	Employer	State	
2017	7.90%	7.90%	8.470%	8.370%	0.10%	8.10%	0.370%	
2016	7.90%	7.90%	8.370%	8.270%	0.10%	8.00%	0.370%	
2015	7.90%	7.90%	8.270%	8.170%	0.10%	7.90%	0.370%	
2014	7.90%	7.90%	8.170%	8.070%	0.10%	7.80%	0.370%	
2012-2013	6.90%	7.90%	7.170%	7.070%	0.10%	6.80%	0.370%	
2010-2011	6.90%		7.170%	7.070%	0.10%	6.80%	0.370%	
2008-2009	6.90%		7.035%	6.935%	0.10%	6.80%	0.235%	
2000-2007	6.90%		6.900%	6.800%	0.10%	6.80%	0.100%	

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Stand-Alone Statements

The financial statements of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or the MPERA website at <http://mpera.mt.gov/index.shtml>.

Actuarial Assumptions

The total pension liability (TPL) was determined by an actuarial valuation date of June 30, 2015, with update procedures to roll forward the TPL to June 30, 2016. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the last actuarial experience study, dated June 2010, for the six-year period July 1, 2003 to June 30, 2009. Among those assumptions were the following:

- | | |
|---|----------|
| a) Investment Return (net of admin expense) | 7.75% |
| b) Admin expense as a % of payroll | 0.27% |
| c) General Wage Growth* | 4.00% |
| *includes Inflation at | 3.00% |
| d) Merit Increases | 0% to 6% |
| e) Postretirement Benefit Increases | |

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5 % is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.

Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the TPL was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2117. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The experience study, performed for the period of fiscal years 2003 through 2009, was outlined in a report dated June 2010 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2016, are summarized below.

	Target Asset	Real Rate of Return	Long-Term Expected Real
Asset Class	Allocation	Arithmetic Basis	Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total	100.00%		4.37%
Inflation			3.00%
Portfolio Return Expectation			7.37%

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.75%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease at 6.75%	Current Discount Rate	1.0% Increase at 8.75%
Gallatin County's Net Pension Liability	\$ 28,772,955	\$ 19,828,734	\$ 12,124,163

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PERS Disclosure for the Defined Contribution Plan

Gallatin County contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The Montana Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Disclosure for the Defined Contribution Plan (Continued)

At the plan level for the measurement period ended June 30, 2016, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 289 employers that have participants in the PERS-DCRP totaled \$382,656.

Pension Amounts

Employers are provided guidance in GASB Statement 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employees are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

Net Pension Liability (NPL)

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As GASB Statement 68 allows, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2016, was determined by taking the results of the June 30, 2015, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The state of Montana, as the non-employer contributing entity, paid to the plan additional contributions that qualify as special funding. Those employers who received *special funding* are counties; city & towns; school districts & high schools; and other governmental agencies.

Not Special Funding

Per Montana law, state agencies and universities paid their own additional contributions. These employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions. The state of Montana, as the non-employer contributing entity, also paid to the Plan coal tax contributions that are not accounted for as special funding for all participating employers.

	NPL as of 6/30/2017	NPL as of 6/30/2016	Percent of Collective NPL as of 6/30/2017	Percent of Collective NPL as of 6/30/2016	Change in Percent of Collective NPL
County's Proportionate Share	\$ 19,828,734	\$ 16,100,567	1.164%	1.152%	0.012%
State of MT Proportionate Share associated with the County	242,284	197,768	0.014%	0.014%	0.000%
Total	\$ 20,071,018	\$ 16,298,335	1.164%	1.166%	0.012%

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Net Pension Liability (NPL) (Continued)

The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2016, and 2015, are displayed above. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of \$19,828,734 and the employer's proportionate share was 1.1641%.

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the TPL.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date, there were no significant changes in proportion that had an effect on the employer's proportionate share of the collective NPL.

Pension Expense

At June 30, 2017, the employer recognized a pension expense of \$1,369,279 for its proportionate share of the PERS' pension expense. The employer also recognized grant revenue of \$20,303 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer and grant revenue of \$347,404 from the coal tax fund.

<i>(as of measurement date)</i>	Pension Expense as of 6/30/2016	Pension Expense as of 6/30/2015
Gallatin County Proportionate Share	\$ 1,369,279	\$ 612,155
Gallatin County Grant Revenue - State of Montana Proportionate Share for Employer	20,303	12,289
Gallatin County Grant Revenue - State of Montana Coal Tax for Employer	347,404	386,396
Total	<u>\$ 1,736,986</u>	<u>\$ 1,010,840</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Recognition of Deferred Inflows and Outflows

At June 30, 2017, the employer reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 106,990	\$ 65,634
Changes in assumptions	-	-
Difference between projected and actual investment earnings	1,865,488	-
Changes in proportion differences between employer contributions and proportionate share of contributions	36,861	-
Employer contributions subsequent to the measurement date	1,347,763	-
Total	<u>\$ 3,357,102</u>	<u>\$ 65,634</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

For the Measurement Year Ended June 30:	Deferred Outflows and Inflows Recognized in Future Years as an Increase (Decrease) to Pension Expense
2017	\$ 90,316
2018	90,316
2019	1,060,088
2020	666,123
2021	-
Thereafter	-

SHERIFFS' RETIREMENT SYSTEM (SRS)

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with participation in the Sheriffs' Retirement System (the Plan). Employers are required to record and report the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. This report provides information for employers who are using a June 30, 2016 measurement date for the 2017 reporting.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriff's Retirement System (SRS) (Continued)

Plan Description

The Sheriffs' Retirement System (SRS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing, defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

Summary of Benefits

Eligibility for Benefit

Service Retirement:

20 years of membership service, regardless of age

Other Retirement Option

Age 50, 5 years of membership service. This benefit is the actuarial equivalent of the service retirement benefit.

Vesting

5 years of membership service

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months

Compensation Cap

- Hired prior to July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation

Monthly Benefit Formula

2.5% of HAC per year of service.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit:

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

Overview of Contributions

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The Montana Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are shown in the table below.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriff's Retirement System (SRS) (Continued)

Overview of Contributions (Continued)

<u>Fiscal Year</u>	<u>Member</u>	<u>Employer</u>
2010 - 2017	9.245%	10.115%
2008 - 2009	9.245%	9.825%
1998 - 2007	9.245%	9.535%

Stand-Alone Statements

The financial statements of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or the MPERA website at <http://mpera.mt.gov/index.shtml>.

Actuarial Assumptions

The TPL used to calculate the NPL was determined by an actuarial valuation as of June 30, 2015, with update procedures to roll forward the TPL to June 30, 2016. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the last actuarial experience study, dated June 2010 for the six year period July 1, 2003 to June 30, 2009. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return 7.75%
- Admin Expense as a % of Payroll 0.17%
- General Wage Growth* 4.00%
 - *includes Inflation at 3.00%
- Merit Increases 0% to 7.3%
- Postretirement Benefit Increases

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

 - For members hired prior to July 1, 2007 3.00%
 - For members hired on or after July 1, 2007 1.50%
- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries are based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Discount Rate

The discount rate used to measure the TPL was 5.93%, which is a blend of the assumed long-term expected rate of return of 7.75% on Plan's investments and a municipal bond index rate of 3.01%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to not be adequate to make all the projected future benefit payments of current plan members after June 30, 2056. Therefore, the portion of future projected benefit payments after June 30, 2056 are discounted at the municipal bond index rate.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriffs' Retirement System (SRS) (Continued)

Target Allocations

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The experience study, performed for the period of fiscal years 2003 through 2009, was outlined in a report dated June 2010 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2016, are summarized below.

	Target Asset	Real Rate of Return	Long-Term Expected
Asset Class	Allocation	Arithmetic Basis	Real Rate of Return
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total	100.00%		4.37%
Inflation			3.00%
Portfolio Return Expectation			7.37%

Sensitivity Analysis

The sensitivity of the NPL to the discount rate is shown in the table below. A small change in the discount rate can create a significant change the liability. The NPL was calculated using the discount rate of 5.93%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease	Current	1.0% Increase
	at 4.93%	Discount Rate	at 6.93%
Gallatin County's Net			
Pension Liability	\$ 20,042,390	\$ 14,072,501	\$ 9,214,203

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriffs' Retirement System (SRS) (Continued)

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Pension Amount Totals

Employers are provided guidance in GASB Statement 68, paragraph 74, that pension amounts must be combined as a total or aggregate for reporting. This is true when employees are provided benefits through more than one pension, whether cost-sharing, single-employer, or agent plans.

Net Pension Liability

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). As allowed by GASB Statement 68, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2016, was determined by taking the results of the June 30, 2015, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

	Net Pension Liability as of 6/30/2017	Net Pension Liability as of 6/30/2016	Percent of Collective NPL as of 6/30/2017	Percent of Collective NPL as of 6/30/2016	Change in Percent of Collective NPL
Gallatin County					
Proportionate Share	\$ 14,072,501	\$ 7,890,821	8.010%	8.186%	-0.176%
Total	\$ 14,072,501	\$ 7,890,821	8.010%	8.186%	-0.176%

The proportionate shares of the employer's NPL for June 30, 2016, and 2015, are displayed above. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer contributions during the measurement period. The employer recorded a liability of \$14,072,501 and the employer's proportionate share was 8.0104%.

Changes in actuarial assumptions and methods: There were no changes in demographic assumptions that affected the measurement of the TPL. There was an adjustment in the discount rate during the measurement period.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriffs' Retirement System (SRS) (Continued)

Net Pension Liability (Continued)

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have an effect on the employer's proportionate share of the collective NPL since the previous measurement date.

Pension Expense

At June 30, 2017, the employer recognized its proportionate share of the SRS' pension expense of \$1,791,311.

<i>(as of measurement date)</i>	Pension Expense as of 6/30/2016	Pension Expense as of 6/30/2015
Gallatin County Proportionate Share	\$ 1,791,311	\$ 602,901
Total	<u>\$ 1,791,311</u>	<u>\$ 602,901</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2016, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 50,012	\$ 10,413
Changes in assumptions	6,090,250	2,267,735
Difference between projected and actual investment earnings	768,812	-
Changes in proportion differences between employer contributions and proportionate share of contributions	-	78,606
Employer contributions subsequent to the measurement date	<u>603,751</u>	<u>-</u>
Total	<u>\$ 7,512,825</u>	<u>\$ 2,356,754</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Sheriffs' Retirement System (SRS) (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	817,850
2018		817,850
2019		1,185,166
2020		1,041,894
2021		768,167
Thereafter		-

TEACHERS' RETIREMENT SYSTEM (TRS)

Plan Description

The Teachers' Retirement System (TRS or the System) is a mandatory-participation, multiple-employer, cost-sharing, defined benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, or in other professional and skilled positions employed in public education in Montana.

Plan Description (Continued)

The TRS Board is the governing body of the System and the TRS staff administers the System in conformity with the laws set forth in Title 19, Chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS website at <http://trs.mt.gov>.

Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service, or who have reached age 60 with 5 years of service are eligible to receive annual retirement benefit equal to creditable service years divided by 60, times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One),
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with 25 years of creditable service in Tier One),

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

Summary of Benefits (Continued)

- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One),
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members, and
- Tier Two provides for an enhanced benefit calculation – $1.85\% \times \text{AFC} \times \text{years of creditable service}$ – for member retiring with at least 30 years of creditable service and at least 60 years of age (rather than $1.67\% \times \text{AFC} \times \text{years of creditable service}$).

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

Overview of Contributions

The System receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The System also receives 0.11% of reportable compensation from the State's general fund for State and University Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

The table below shows the history of legislated contribution rates for TRS members, employers, and the State:

	Members	Employers	General Fund	Total Employee and Employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%
July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.31%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.51%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.81%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

TRS Stand-Alone Statements

TRS' stand-alone financial statements, actuarial valuations, and experience studies can be found online at <http://trs.mt.gov/TrsInfo/NewsAnnualReports>.

Actuarial Assumptions

The TPL as of June 30, 2017, is based on the results of an actuarial valuation date of July 1, 2016. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of the last actuarial experience study, dated May 1, 2014. Among those assumptions were the following:

- Total Wage Increases* 4% - 8.51%
- Investment Return 7.75%
- Price Inflation 3.25%
- Postretirement Benefit Increases 1.50%
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%
- Mortality among contributing members, service retired members, and beneficiaries:
 - For Males: 1992 Base Rates from the "RP 2000 Healthy Annuitant Mortality Table" for ages 50 and above and 1992 Base Rates from the "RP 2000 Combined Healthy Annuitant Mortality Table" for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
 - For Females: 1992 Base Rates from the "RP 2000 Healthy Annuitant Mortality Table" for ages 50 and above and 1992 Base Rates from the "RP 2000 Combined Healthy Annuitant Mortality Table" for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members:
 - For Males: "RP 2000 Disabled Mortality Table" for males, set forward one year, with mortality improvements projected by Scale BB to 2018.
 - For Females: "RP 2000 Disabled Mortality Table" for females, set forward five years, with mortality improvements projected by Scale BB to 2018.

*Total Wage Increases include 4.00% wage increase assumption.

Discount Rate

The discount rate used to measure the TPL was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on these assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. No municipal bond rate was incorporated in the discount rate.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

Target Allocations

Asset Class	Target Asset Allocation	Real Rate of Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return *
Broad U.S. Equity	36.00%	4.80%	1.73%
Broad International Equity	18.00%	6.05%	1.09%
Private Equity	12.00%	8.50%	1.02%
Intermediate Bonds	23.40%	1.50%	0.35%
Core Real Estate	4.00%	4.50%	0.18%
High Yield Bonds	2.60%	3.25%	0.08%
None-Core Real Estate	4.00%	7.50%	0.30%
	<u>100.00%</u>		<u>4.75%</u>
Inflation			<u>3.25%</u>
Expected arithmetic nominal return			<u>8.00%</u>

* The long-term expected nominal rate of return of 8.00% differs from the total TRS long-term rate of return assumption of 7.75%. The assumed rate is comprised of a 3.25% inflation rate and a real long-term expected rate of return of 4.50%.

The assumed long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2009 through 2013, is outlined in a report dated May 1, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. The real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017, is summarized in the table above.

Sensitivity Analysis

	1.0% Decrease at 6.75%	Current Discount Rate	1.0% Increase at 8.75%
Gallatin County's Net Pension Liability	\$ 127,413	\$ 94,963	\$ 67,643

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

Sensitivity Analysis (Continued)

In accordance with GASB 68 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the above table presents the NPL calculated using a discount rate of 7.75%, as well as what the NPL would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

Summary of Significant Accounting Policies

The Teachers' Retirement System (TRS) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the NPL, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the TRS and additions to/deductions from TRS' fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable GASB statements.

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

Net Pension Liability (NPL)

In accordance with GASB Statement 68, employers are required to recognize and report certain amounts associated with their participation in the Montana TRS. Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective NPL. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective NPL that is associated with the employer. The following table displays the amounts and percentages of NPL:

	Net Pension Liability as of 6/30/2017	Net Pension Liability as of 6/30/2016	Percent of Collective NPL as of 6/30/17	Percent of Collective NPL as of 6/30/16	Change in Percent of Collective NPL
Gallatin County's Proportionate Share	\$ 94,963	\$ 83,154	0.005%	0.005%	0.000%
State of Montana's Proportionate Share associated with the County	65,256	63,117	0.004%	0.004%	0.000%
Total	\$ 160,219	\$ 146,271	0.009%	0.009%	0.000%

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

Net Pension Liability (NPL) (Continued)

At June 30, 2017, the employer recorded liability of \$94,963 for its proportionate share of the NPL. The NPL was measured as of June 30, 2016, and the TPL used to calculate the NPL was determined used to calculate the NPL was determined by an actuarial valuation as of July 1, 2016. Therefore, no update procedures were used to roll forward to TPL to the measurement date. The employer's portion of the NPL was based on the employer's contributions received by TRS during the measurement period July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2017, the employer's proportion was 0.005%.

Changes in actuarial assumptions and methods: Since the previous measurement date, the following changes were made:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the NPL, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2017, the employer recognized a pension expense of \$10,721 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$3,930 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

	Pension Expense as of 6/30/2017
Gallatin County Proportionate Share	\$ 6,791
State of Montana Proportionate Share associated with the Employer	<u>3,930</u>
Total	<u><u>\$ 10,721</u></u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

Teachers' Retirement System (TRS) (Continued)

Deferred Inflows and Outflows

At June 30, 2017, the employer reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected economic experience	\$ 508	\$ 202
Changes in assumptions	604	597
Difference between projected and actual investment earnings	6,115	-
Changes in proportion differences between employer contributions and proportionate share of contributions	963	1,212
Employer contributions subsequent to the measurement date	<u>6,032</u>	<u>-</u>
Total	<u><u>\$ 14,222</u></u>	<u><u>\$ 2,011</u></u>

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2018.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount Recognized in Pension Expense as an Increase to Pension Expense
2018	\$ 1,609	\$ 1,190	\$ 419
2019	727	618	109
2020	3,659	203	3,456
2021	2,195	-	2,195
2022	-	-	-
Thereafter	-	-	-

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 8. EMPLOYEE BENEFIT PLANS (CONTINUED)

LOCAL RETIREMENT PLANS

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and 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 an unforeseeable emergency.

NOTE 9. RESTRICTED CASH AND INVESTMENTS

The following restricted cash and investments were held by the County as of June 30, 2017. These amounts are reported within the cash and investment account on fund financial statements.

<u>Description</u>	<u>Amount</u>
Gallatin County Landfill	\$ 2,502,599
Total	<u>\$ 2,502,599</u>

NOTE 10. RESTRICTED FUND BALANCE AND NET POSITION

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

NOTE 11. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and Federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The County has elected to use the Local Government Financial Test to satisfy its financial responsibility under RCRA Subtitle D. Although closure and post closure care costs will be paid only near or after the date the landfill stops accepting waste, the landfill reports a portion of these closure and post closure care costs as an operating expense each period. The costs expensed during a period are based on landfill capacity used as of each balance sheet date. Independent engineering reports show that there is a \$2,230,541 liability for landfill closure and post closure as of June 30, 2017, which represents the cumulative amount reported to date based on the use of 62.78% 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 \$1,322,412. These amounts are based on what it should cost to perform all closure and post closure in 2017. The County expects to close the landfill in the year 2026. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The engineering report estimates 8.6 years of life remaining from the date of the report – January 2017.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 11. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS (CONTINUED)

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, 2017, the County demonstrated its ability to handle closure and post closure care costs by passing the local government financial test.

NOTE 12. SERVICES PROVIDED TO OTHER GOVERNMENTS

The County provides various financial services to other governmental entities located within the County. The County serves as the billing agent, cashier and treasurer for tax and assessment collections for various taxing jurisdictions. The County also is a bank for such agencies as school districts, water and sewer 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 charge for the services it provides other governmental entities.

NOTE 13. 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, ie., errors and omissions, (d) environmental damage, (e) workers' compensation, ie. Employee injuries, and (f) medical insurance costs of employees. Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employees' torts, and professional liabilities. Employee medical insurance is provided for by purchase of re-insurance, and given the lack of coverage available; the County has minimal coverage for potential losses from environmental damages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County has contracted with Traveler's insurance company for workers' compensation coverage. The County budgets and pays the required premium on a quarterly basis.

Self Insurance

The County provides medical insurance coverage for its employees via a partially self-insured plan. It provides medical and dental benefits and is operated as on Internal Service Fund. Rates are determined in consultation with the administrator based on past claim experience. Incurred but unreported claims at June 30, 2017 were estimated by the plan administrator. Claims payable as of year-end are:

	<u>2016</u>	<u>2017</u>
Beginning claims payable	\$ 234,300	\$ 234,300
Claims incurred	4,841,132	6,303,923
Claims paid	<u>(4,841,132)</u>	<u>(6,303,923)</u>
Ending claims payable	<u>\$ 234,300</u>	<u>\$ 234,300</u>

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 14. COMMITMENTS

At June 30, 2017, the County had approximate contractual commitments of the following:

Department	Amount	Description
911	\$279,883	VoIP 911 phone system
911	15,000	Installation of digital microwave equipment
911	222,026	Annual Software Maintenance Agreement
911	32,514	Communications maintenance services
911	65,241	Radio System Design and implementation
Facilities	147,718	GC Rest Home fire protection system
Facilities	10,655	JGMC building building automation
Facilities	39,111	Fairgrounds electrical
Facilities	10,786	Roof replacement at the GC Courthouse
Facilities	51,500	L&J security remodel
Facilities	38,400	Update to GC Hazard Mitigation Plan
Finance	135,000	Audit services
Finance	3,885	Financial Software Consulting
ITS	4,877	Cooling Storage Space
Local Water Quality	14,300	Water quality sampling & data management
Parks	859	New pumps for irrigation in the Regional Park dog
Road & Bridge	162,138	Engineering services
Road & Bridge	7,813	Engineering services
Solid Waste	30,325	3 Soil Vapor Extraction
Solid Waste	15,311	Engineers Report
Solid Waste	4,475	2017 emergency consultation/services
Weed	66,577	Weed Spraying
	<u>\$ 1,358,392</u>	

Future appropriations will fund these commitments as work is performed.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 45 Other Postemployment Benefits, the County has calculated and included a postemployment benefit liability in 2017.

Plan Description

The County maintains a single-employer self-insured medical plan. The plan currently provides defined healthcare insurance benefits for eligible employees, retirees, spouses, and dependents, included are medical, dental, and visions benefits. Participation is elected by the retiree at the time of retirement. Benefit provisions are set annually by the Board of the 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 30, 2017, there are 26 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	\$ 519,915
Interest on net OPEB obligation	45,255
Adjustment to annual required contribution	<u>(61,849)</u>
Annual OPEB cost (expense)	503,321
Contributions made	<u>(136,199)</u>
Increase in net OPEB obligation	367,122
Net OPEB obligation - beginning of year	<u>1,809,992</u>
Net OPEB obligation - end of year	<u><u>\$ 2,177,114</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2017, 2016, 2015, and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 467,768	44.70%	\$ 1,493,723
2015	301,254	49.80%	1,645,064
2016	313,388	47.30%	1,810,217
2017	503,320	27.06%	2,177,114

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$4,628,788, all of which was unfunded. There are no assets set aside to fund these benefits as the County fund 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 \$19,246,786 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 24.0%.

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 present 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 prospective of the calculations. The following assumptions were made:

Retirement and Disability rates are assumed to follow the RP2000 Healthy Combined Table with mortality improvements by Scale AA on a fully generational basis.

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 working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Amortization factor for a 30-year, level percent of pay amortization on an open basis, using a 2.5 percent discount rate and a 4 percent payroll growth assumption.

Healthcare cost trend rate (HCCTR) was based on projections from historical rates of the County. A rate of 5.0% initially in 2017 with variations of 1% to 3% in subsequent years.

NOTE 16. 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.

GALLATIN COUNTY, STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 2017

NOTE 17. TAX ABATEMENTS

NEW & EXPANDING INDUSTRIES

Under the Montana Code Annotated, Title 15, Chapter 24, Part 14, the County approves tax incentives for qualified new or expanding industries located in Gallatin County. The tax incentives are for real and personal property taxes. To be eligible for the benefit, the taxpayer must apply and be approved by the County. In order to qualify, the taxpayer must invest a minimum of \$50,000 worth of qualifying improvements or modernized processes within the first 5 years after a construction permit is issued. Generally, the taxpayer commits to invest the statutory minimum and often includes a proposal to hire a certain number of additional employees in response to the entity's expansion. The County has not made any commitments as part of the agreements other than to reduce taxes.

The taxpayer receives a credit against property taxes in the form of a certain percentage reduction. The County manually applies the applicable credit amount to reduce the property tax bill. If property taxes were abated, but the taxpayer did not meet the eligibility requirements, the recapture amount is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes.

For the fiscal year ended June 30, 2017, the County abated property taxes totaling \$76,190 under this program.

HISTORIC PROPERTY

Under the Montana Code Annotated, Title 15, Chapter 24, Part 16, the County approves tax incentives for the restoration, rehabilitation, expansion, and new construction of certified residential and commercial properties located within national register historic districts and properties listed in the National Register of Historic Places. The tax incentives are for real property taxes. To be eligible for the benefit, the taxpayer must apply and be approved by the County. The taxpayer may receive a tax abatement during the construction period, not to exceed 12 months, and for up to 5 years following completion of the construction. The tax abatement is limited to 100% of the increase in taxable value caused by the rehabilitation, restoration, expansion, or new construction. The County has not made any commitments as part of the agreements other than to reduce taxes.

The taxpayer receives a credit against property taxes in the form of a certain percentage reduction. The County manually applies the applicable credit amount to reduce the property tax bill. If property taxes were abated, but the taxpayer is disqualified due to adverse effects made to the historic property, then the owner is liable for back taxes, interest, and a penalty.

For the fiscal year ended June 30, 2017, the County abated property taxes totaling \$679 under this program.

NOTE 18. JOINT VENTURE AGREEMENTS

Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing financial responsibility. As of June 30, 2017, the County and City have entered into joint venture contractual arrangements, Memorandums of Understanding and Interlocal Agreements to support the following programs and/or operations: 911 Communication Center, City-County Drug Forfeitures, Victim Witness, Hazardous Materials, Solid Waste (Disposal and Convenient Site), Fire Warden/Chief, Evidence Technician, Library Services, Board of Health, and Rental at L & J. The financial interest is not material.

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 6,622,329	\$ 6,622,329	\$ 7,502,135	\$ 879,806
Licenses & Permits	900	900	775	(125)
Intergovernmental Revenues	964,159	970,984	1,247,538	276,554
Charges for Services	2,004,010	2,004,010	2,790,546	786,536
Fines & Forfeitures	515,801	515,801	568,259	52,458
Miscellaneous	85,300	85,300	86,661	1,361
Investment Earnings	80,000	80,000	44,084	(35,916)
Contributions/Donations	-	-	-	-
Total revenues	10,272,499	10,279,324	12,239,998	1,960,674
EXPENDITURES				
Current:				
General Government	9,704,775	9,712,970	9,215,215	497,755
Public Safety	1,132,200	1,138,774	1,167,591	(28,817)
Public Works	1,077,540	1,077,540	830,862	246,678
Public Health	-	-	-	-
Social & Economic Services	415,286	415,537	462,371	(46,834)
Culture & Recreation	-	-	-	-
Housing & Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Total current	12,329,801	12,344,821	11,676,039	668,782
Debt service:				
Principal retirement	192,253	192,253	210,965	(18,712)
Interest	34,225	34,225	39,679	(5,454)
Total debt service	226,478	226,478	250,644	(24,166)
Capital outlay:				
Capital Expenditures	948,298	950,803	145,702	805,101
Total expenditures	13,504,577	13,522,102	12,072,385	1,449,717
Excess (deficiency) of revenues over expenditures	(3,232,078)	(3,242,778)	167,613	3,410,391
OTHER FINANCING SOURCES (USES)				
Transfers Out	(472,842)	(472,842)	(1,025,299)	(552,457)
Transfers In	513,664	513,664	896,420	382,756
Total other financing source (uses)	40,822	40,822	(128,879)	(169,701)
Net change in fund balances	(3,191,256)	(3,201,956)	38,734	3,240,690
Fund balances - beginning	5,752,162	5,752,162	5,752,162	-
Fund balances - ending	\$ 2,560,906	\$ 2,550,206	\$ 5,790,896	\$ 3,240,690

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

Gallatin County, State of Montana
2300 PUBLIC SAFETY FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 11,533,493	\$ 11,533,493	\$ 13,327,768	\$ 1,794,275
Licenses & Permits	30,000	30,000	57,145	27,145
Intergovernmental Revenues	725,444	882,235	871,299	(10,936)
Charges for Services	1,574,263	1,924,493	1,824,783	(99,710)
Fines & Forfeitures	40,000	40,000	31,314	(8,686)
Miscellaneous	-	-	53,521	53,521
Investment Earnings	18,000	18,000	16,565	(1,435)
Contributions/Donations	-	10,000	1,122	(8,878)
Total revenues	<u>13,921,200</u>	<u>14,438,221</u>	<u>16,183,517</u>	<u>1,745,296</u>
EXPENDITURES				
Current:				
Public Safety	14,593,704	14,986,673	14,963,321	23,352
Total current	<u>14,593,704</u>	<u>14,986,673</u>	<u>14,963,321</u>	<u>23,352</u>
Debt service:				
Principal retirement	152,731	162,731	181,868	(19,137)
Interest	7,000	7,000	6,992	8
Total debt service	<u>159,731</u>	<u>169,731</u>	<u>188,860</u>	<u>(19,129)</u>
Capital outlay:				
Capital Expenditures	954,704	2,000,635	1,815,321	389,667
Total expenditures	<u>15,708,139</u>	<u>17,157,039</u>	<u>16,967,502</u>	<u>393,890</u>
Excess (deficiency) of revenues over expenditures	<u>(1,786,939)</u>	<u>(2,718,818)</u>	<u>(783,985)</u>	<u>2,139,186</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Notes/ Loans/	23,400	23,400	1,526,309	1,502,909
Transfers Out	(1,058,927)	(1,035,543)	(831,691)	203,852
Transfers In	-	-	111,993	111,993
Total other financing source (uses)	<u>(1,035,527)</u>	<u>(1,012,143)</u>	<u>806,611</u>	<u>1,818,754</u>
Net change in fund balances	(2,822,466)	(3,730,961)	22,626	3,957,940
Fund balances - beginning	5,021,173	5,021,173	5,021,173	-
Fund balances - ending	<u>\$ 2,198,707</u>	<u>\$ 1,290,212</u>	<u>\$ 5,043,799</u>	<u>\$ 3,957,940</u>

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

Gallatin County, State of Montana
 RID MAINTENANCE
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,569,121	\$ 1,569,121	\$ 1,504,240	\$ (64,881)
Investment Earnings	-	-	19,130	19,130
Total revenues	<u>1,569,121</u>	<u>1,569,121</u>	<u>1,523,370</u>	<u>(45,751)</u>
EXPENDITURES				
Current:				
Public Works	7,603,160	7,603,160	1,510,919	6,092,241
Total expenditures	<u>7,603,160</u>	<u>7,603,160</u>	<u>1,510,919</u>	<u>6,092,241</u>
Excess (deficiency) of revenues over expenditures	<u>(6,034,039)</u>	<u>(6,034,039)</u>	<u>12,451</u>	<u>6,046,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	9,148	9,148
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>9,148</u>	<u>9,148</u>
Net change in fund balances	(6,034,039)	(6,034,039)	21,599	6,055,638
Fund balances - beginning	6,731,710	6,731,710	6,731,710	-
Fund balances - ending	<u>\$ 697,671</u>	<u>\$ 697,671</u>	<u>\$ 6,753,309</u>	<u>\$ 6,055,638</u>

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio %	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll %
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
June 30, 2011	\$ -	\$ 1,477,499	\$ 1,477,499	0.00%	\$ 16,393,964	9.01%
June 30, 2012	\$ -	\$ 1,606,557	\$ 1,606,557	0.00%	\$ 17,049,722	9.40%
June 30, 2013	\$ -	\$ 3,751,564	\$ 3,751,564	0.00%	\$ 17,094,644	22.50%
June 30, 2014	\$ -	\$ 4,007,572	\$ 4,007,572	0.00%	\$ 17,778,430	22.50%
June 30, 2015	\$ -	\$ 2,843,552	\$ 2,843,552	0.00%	\$ 18,165,236	15.65%
June 30, 2016	\$ -	\$ 2,984,599	\$ 2,984,599	0.00%	\$ 18,891,846	15.80%
June 30, 2017	\$ -	\$ 4,628,788	\$ 4,628,788	0.00%	\$ 19,246,786	24.05%

*This schedule is based on the actuarial values as of July 1, 2008, January 1, 2012 and January 1, 2015.
Information for prior years is not available.*

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

Gallatin County, State of Montana
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Proportionate Share of the Net Pension Liability:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employers' proportion of the Net Pension Liability (percentage)	1.1641%	1.1518%	1.1651%
Employer's Net Pension Liability (amount)	\$ 19,828,734	\$ 16,100,567	\$ 14,517,810
State's Net Pension Liability (amount)	\$ 242,284	\$ 197,768	\$ 177,285
Total	\$ 20,071,018	\$ 16,298,335	\$ 14,695,095
Employer's Covered Payroll	\$ 13,943,938	\$ 13,441,636	\$ 13,281,095
Employer's Proportionate Share as a percent of Covered Payroll	142.20%	119.78%	111.22%
Plan Fiduciary Net Position as a percent of Total Pension Liability	74.71%	78.40%	79.87%

Schedule of Contributions:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contributions	\$ 1,347,763	\$ 1,165,511	\$ 1,107,645
Plan Choice Rate Required Contributions	-	39,240	57,877
Contributions in relation to the contractually required contributions	1,347,763	1,204,751	1,165,522
Contribution deficiency (excess)	-	-	-
Employer's covered-employee payroll	\$ 14,402,470	\$ 13,943,937	\$ 13,441,636
Contributions of covered-employee payroll (as a percentage)	9.36%	8.64%	8.67%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Gallatin County, State of Montana
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
SHERIFFS' RETIREMENT SYSTEM (SRS)
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Proportionate Share of the Net Pension Liability:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employers' proportion of the Net Pension Liability (percentage)	8.0104%	8.1856%	8.0812%
Employer's Net Pension Liability (amount)	<u>\$ 14,072,501</u>	<u>\$ 7,890,821</u>	<u>\$ 3,363,154</u>
Total	<u>\$ 14,072,501</u>	<u>\$ 7,890,821</u>	<u>\$ 3,363,154</u>
Employer's Covered Payroll	\$ 5,654,808	\$ 5,569,930	\$ 5,226,324
Employer's Proportionate Share as a percent of Covered Payroll	248.86%	141.67%	64.35%
Plan Fiduciary Net Position as a percent of Total Pension Liability	63.00%	75.40%	87.24%

Schedule of Contributions:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contributions	\$ 603,751	\$ 586,095	\$ 565,006
Contributions in relation to the contractually required contributions	603,751	586,095	565,006
Contribution deficiency (excess)	-	-	-
Employer's covered-employee payroll	\$ 5,974,560	\$ 5,654,808	\$ 5,569,930
Contributions of covered-employee payroll (as a percentage)	10.11%	10.36%	10.14%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Gallatin County, State of Montana
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM (TRS)
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Proportionate Share of the Net Pension Liability:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employer's proportion of the net pension liability	0.0052%	0.5100%	0.5100%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 94,963	\$ 83,154	\$ 78,229
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 65,256	\$ 63,117	\$ 56,237
Total	<u>\$ 160,219</u>	<u>\$ 146,271</u>	<u>\$ 134,466</u>
Employer's Covered-employee Payroll	\$ 67,473	\$ 64,595	\$ 64,108
Employer's Proportionate Share as a percent of Covered-employee Payroll	140.74%	128.73%	122.03%
Plan Fiduciary Net Position as a percent of Total Pension Liability	66.69%	69.30%	70.36%

Schedule of Contributions:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contributions	\$ 6,032	\$ 5,850	\$ 5,536
Contributions in relation to the contractually required contributions	6,032	5,850	5,536
Contribution deficiency (excess)	-	-	-
Employer's covered-employee payroll	\$ 68,779	\$ 67,473	\$ 64,595
Contributions of covered-employee payroll (as a percentage)	8.77%	8.67%	8.57%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

Public Employees' Retirement System (PERS) and Sheriff's Retirement System (SRS)

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

The following changes to the plan provision were made as identified:

2013 Legislative Changes:

House Bill 454 - Permanent Injunction Limits Application of the GABA Reduction passed under HB 454.

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013
 - 1.5% each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
 - 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes:

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- 1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - no service credit for second employment;
 - start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- 2) For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- 3) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - no service credit for second employment;
 - start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.

GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

- 4) For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
- member receives same retirement benefit as prior to return to service;
 - member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

Changes in Actuarial Assumptions and Methods - PERS

Method and assumptions used in calculations of actuarially determined contributions

The following addition to the actuarial assumptions was adopted in 2014 based upon implementation of GASB Statement 68:

Admin Expense as % of Payroll	0.27%
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There were no changes following the 2013 Economic Experience study.

The following Actuarial Assumptions were adopted from the June 2010 Experience Study:

General Wage Growth*	4.00%
*Includes inflation at	3.00%
Merit increase	0% to 6.00%
Investment rate of return	7.75%, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open

Sheriff's Retirement System (SRS)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contribution

The following change to the actuarial assumptions was adopted in 2016:

SRS Discount rate - Used to measure the TPL	5.93%, which is a blend of the assumed long-term expected rate of return of 7.75% on pension plan investments and a municipal bond index rate of 3.01%.
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GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

The following change to the actuarial assumptions was adopted in 2015:

SRS Discount rate - Used to measure the TPL	6.86 percent, which is a blend of the assumed long-term expected rate of return of 7.75% on System's investments and a municipal bond index rate of 3.80%
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The following addition to the actuarial assumptions was adopted in 2014 based upon implementation of GASB Statement 68:

Admin Expense as % of Payroll	0.17%
SRS Discount rate - Used to measure the TPL	7.75 percent, which is the assumed long-term expected rate of return on System's investments.

There were no changes following the 2013 Economic Experience study.

The following Actuarial Assumptions were adopted from the June 2010 Experience Study:

General Wage Growth*	4.00%
*Includes inflation at	3.00%
Merit increase	0% to 7.3%
Investment rate of return	7.75%, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open

GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

Teacher's Retirement System (TRS)

Changes of Benefit Terms:

The following changes to the plan provision were made as identified:

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below.

- 1) **Final Average Compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- 2) **Service Retirement:** Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- 3) **Early Retirement:** Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- 4) **Professional Retirement Option:** if the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
- 5) **Annual Contribution:** 8.15% of member's earned compensation
- 6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
 - a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- 7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- 8) **Guaranteed Annual Benefit Adjustment (GABA):**
 - a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.

GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the \$500 death benefit after termination.

The following changes to the actuarial assumptions were adopted in 2014:

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75% Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

- Mortality among disabled members was updated to the following:

For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.

GALLATIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	24 years
Asset valuation method	4-year smoothed market
Inflation	3.25%
Salary increase	4.00% to 8.51%, including inflation for Non-University Members and 5.00% for University Members
Investment rate of return	7.75%, net of pension plan investment expense, and including inflation

OTHER SUPPLEMENTARY INFORMATION

**COMBINING and INDIVIDUAL
FUND STATEMENTS
and
SCHEDULES:
NONMAJOR SPECIAL REVENUE FUNDS**

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Levied or Assessment Funds:

Road Fund – Tracks the receipt of property tax revenue, along with dedicated non-tax revenues and used to fund expenditures for roads outside the incorporated cities or towns.

Predatory Animal Control Funds – Used to account for the receipt of a per license fee on sheep or cattle revenues and tracks related expenditures for the purpose of paying bounties on predatory animals killed within the county.

Fair Fund – Tracks the receipt of property tax revenue, along with dedicated non-tax revenues and used to fund expenditures for maintenance of fairgrounds and production of fair.

Mosquito Control District Funds – Tracks the receipt of the special assessment property tax revenue, along with dedicated non-tax revenues and used to fund expenditures for the control of mosquitoes within the two districts.

Three Rivers Mosquito District

Riverside Mosquito District

Library Fund – Tracks the receipt of property tax revenue levied outside the incorporated cities or towns, along with dedicated non-tax revenues and used to fund contracts with the five library's so rural residents can use the libraries at no cost.

County Wide Planning Fund – Tracks the receipt of property tax revenue levied outside zoning districts and outside city and towns, along with dedicated non-tax revenues and used to fund the planning department and the county planning board.

Zoning District Funds – Tracks the receipt of a special assessment property tax revenue from property within any type 1 zoning district and used to fund expenditures of the planning departments activity relative to each zoning district.

River Rock

Bridger Canyons

Sypes Canyon #2

Bear Canyon

Big Sky

So. Gallatin Canyon

Hyalite

Wheatland

Springhill

Zoning #1

Hebgen Lake

Sypes Canyon #1

Zoning #6

Trail Creek

Manhattan Jurisdictional Area

Health Fund – Tracks the receipt of property tax revenue, along with dedicated non-tax revenues used to fund expenditures for the City / County Health Department and the Western Montana Mental Health Association contract.

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Levied or Assessment Funds (Continued):

County Emergency Fund – Tracks the receipt of property tax revenue, along with dedicated non-tax revenues used to fund expenditures for emergency events outside incorporated cities or towns.

Public Safety Fund – Used to account for the receipt of property tax revenue, along with dedicated non-tax revenues used to fund expenditures for Law Enforcement activities for the County.

Permissive Medical Levy Fund – Tracks the receipt of property tax revenue, along with dedicated non-tax revenues used to fund expenditures for the increases in premiums for county employees working in Governmental Funds.

Lighting District Funds – Used to account for the receipt of the special assessment property tax revenue, along with dedicated non-tax revenues and used to fund expenditures for the 4 lighting districts.

Churchill
Riverside

Logan
Willow Creek

Rural Improvement Maintenance District Funds - Tracks the receipt of the special assessment property tax revenue, along with dedicated non-tax revenues, used to fund expenditures for the maintenance of the improvements within the Rural Improvement Maintenance Districts:

Big Sky
Riverside Water / Sewer
Hebgen Lake
El Dorado
Sourdough Creek
Middle Creek Meadows #2
Mountainview Subd. #1
Rocky Creek
Clover Meadows
Mystic Heights
Sweetgrass Hills
Hyalite Foothills
Mystic Heights #2 and #3
Cimarron Subd.
Godfrey Canyon
Harvest Hills
Meadow Subd.
Canary Lane
Andesite
Bear Creek #2 and #3
Firelight Subd.
Skywood
Franklin Hills
Olive Tree Way

Riverside
Middle Creek Meadows
Gardner Park
Middle Creek #2
Silverbow Circle #1
Rae Subdivision
Mountainview Subd. #2
Wheatland Hills
Riverside Water Tower
Baxter Creek #2
Williams Buckskin Park
Sypes Canyon
Ranch Subd.
Middle Creek #1 and #3
Outlaw South
Blue Grass Meadows
Wildhorse
Hyalite Meadows Subd.
Evergreen Way
Alder Court Land
Hyalite Canyon Estates
Silverado
Sourdough Creek
Sir George Way

Hitching Post
Hyalite Heights
Big Sky Meadow
Glacier Condo
Silverbow Circle #2
Sunset Heights
Sourdough Ridge
Pineview Subd.
Thorpe / Mount View
Baxter Creek #1
Springvale
Wildflower
Arrowleaf Hills
Royal / Thorpe
Wheatland Hills #2
Painted Hills
Looking Glass
Lake
Triple Tree Ranch
Ousel Falls
Garden Center
Firelight
Summer Ridge Subd.

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Levied or Assessment Funds (Continued):

Local Water Quality District Fund – Tracks the receipt of the special assessment property tax revenue, along with dedicated non-tax revenues and used to fund expenditures for protect, preserve and improve groundwater and surface water quality within the Gallatin Local Water Quality District.

Grant Funds:

Health Related Grants

MTUPP Grant Fund – Tracks receipt of grant revenue from the state to the City / County Health Department used as required by the grant.

Cancer Prevention Grant Fund – Tracks receipt of federal grant revenue used to support the prevention of cancer within the county.

Public Health Emergency Preparedness Grant Fund – Used to account for receipt of federal grant revenue to the City / County Health Department for the preparation of emergency plans.

Women, Infant and Children (WIC) Grant Fund – Accounts for federal grant revenue use to support WIC activity in Gallatin and Park County.

Maternal and Childhood Health Grant Fund – Tracks receipt of federal grant revenue to the City / County Health Department used to support the health of women and children's health.

Communicable Disease Fund – Tracks receipt of revenue from all sources used to support the immunization programs within the City/County Health Department.

Federal Health Grant Fund – Tracks receipt of several different federal grant revenues used to support the approved grant activities for the City / County Health Department.

Other Grants

Alcohol Rehabilitation Grant – Tracks revenue received from the State of Montana from the alcohol tax and supports the local alcohol treatment programs.

Gas Tax Fund – Used to account for the receipt of state gas tax revenue transferred to the county for support of the county transportation system.

Junk Vehicle Fund – Accounts for the state motor vehicle revenue granted to the county to support the county's junk vehicle program.

Noxious Weed Trust Grant Fund – Tracks receipt of grant revenue from the state to the Noxious Weed District in support of special projects approved through grant applications by the state.

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Grant Funds (Continued):

Other Grants (Continued)

MTUPP Grant Fund – Tracks receipt of grant revenue from the state to the City / County Health Department used as required by the grant.

DNRC Grant Fund – Tracks receipt of grant revenue from the state based on grant applications approved by the state for grants meeting set requirements. Expenses are tracked based on accepted grant payments.

PILT Fund – Used to account for the receipt of federal revenue based on the federal land acreage in the county. These monies are receipt of grant revenue from the state to the City / County Health Department used as required by the grant.

Forest Receipts Title III Fund – Tracks receipt of federal grant revenue designated as Title III funds, used to support the transportation, safety and health within the public lands.

Victim Witness Grant Fund – Used to account for the federal revenues and expenses associated with support of victims and witness of violent crimes.

Community Development Block Grant Fund – Tracks receipt of CDBG grant revenue for operational expenses associated with approved preliminary designs.

TIGER Grant Fund – Tracks receipt of federal transportation grant revenue sent to the state and other dedicated revenue used to support the construction of the Airport I-90 Interchange.

Public Safety Grants

9-1-1 Grant Fund – Tracks receipt of regular and enhanced dispatch (911) phone fee revenue from the state to the county for the support and enhancement of the dispatch functions of the county.

Crime Control Grant Fund – Tracks receipt of public safety grants approved by the state based on the approved applications and maintains an account of expenses for each grant.

Public Safety Grants (continued)

South West Regional Youth Detention Grant Fund – Tracks receipt of grant revenue from the state for all county's within the South West Regional and records expenses based on grant criteria.

Operation Freedom From Fear Grant Fund – Tracks receipt of federal grant revenue to fund the county's freedom from fear activity.

DNRC Grant/TUPP Grant Fund – Tracks receipt of grant revenue from the state to the City / County Health Department used as required by the grant.

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Grant Funds (Continued):

Public Safety Grants (Continued)

COPS Grant Fund – Tracks receipt of federal grant revenue for the hiring or retaining of Sheriff Deputy's for a period of three years.

Law Enforcement Block Grant Fund – Tracks receipt of federal grant revenue for support of law enforcement operations and equipment.

Homeland Security Grant Fund – Used to track receipt of federal grant revenue for law enforcement activities approved based on grant applications.

Driving Under Influence Grant Fund – Tracks receipt of grant revenue and other dedicated revenue for the purposed of maintaining the DUI committee and the approved DUI programs.

Missouri River Drug Enforcement Grant Fund – Tracks receipt of federal grant revenue and dedicated match funds to fund the drug enforcement activities throughout southwest Montana.

Other Special Revenue Funds

Road Impact Fee Fund – Tracks revenue received from developers for impacts associated with the transportation system and the expenses for improvements to the transportation system.

Noxious Weed Fund – Tracks the receipt of dedicated non-tax revenues and used to fund expenditures for the control of noxious weeds anywhere in the county.

Park Fund – Used to account for the receipt of general fund transfer and other dedicated non-tax revenues and used to fund expenditures for county parks (especially the regional park).

Open Space Fund – Tracks receipt of the Open Space license plate revenue along with other dedicated non-tax revenues, which funds the administrative costs for the open space board and a subsidy to the regional park.

Historic Preservation Fund – Used to account for receipt of general fund transfer and other dedicated non-tax revenues, used to fund expenditures for the preservation of historic structures.

Drug Forfeitures Fund – Accounts for the receipt of drug forfeiture revenues associated with non-drug task force activity and is used to fund match funds for Sheriff Department grants.

Clerk and Recorder Records Preservation Fund – Tracks receipt of fee charged when filing documents with the Clerk and Recorder. The fund supports the Clerk & Records office through payment of operating, maintenance and capital expenses associated with the preservation of records.

GALLATIN COUNTY, STATE OF MONTANA

SPECIAL REVENUE FUNDS

Other Special Revenue Funds (Continued)

Economic Development Fund – Used to account for receipt of repayment of loans coming from qualified businesses, and tracks the loans made for economic development in the county.

County Fire Control Fund – Tracks revenue received from fire permits which covers the cost of the program plus is used to support training for rural fire departments.

City County Building Fund – Inactive

County Land Information Fund – Used to account for receipt of document fees earmarked for the GIS department and support of the GIS function.

DNRC Grant/TUPP Grant Fund – Tracks receipt of grant revenue from the state to the City / County Health Department used as required by the grant.

Gallatin County, State of Montana
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	2110	2111	2140	2153	2160
	ROAD	ROAD IMPACT FEE FUND	NOXIOUS WEED	PREDATORY CONTROL FOR SHEEP	FAIR FUND
ASSETS					
Cash & Investments	\$ 4,170,454	\$ 163,524	\$ 177,324	\$ 11,738	\$ 288,922
Real Estate	77,389	-	1,013	183	10,371
Personal	25,765	-	562	2,215	2,723
Protested	2,961	-	-	-	248
Accounts Receivable-Net	9,309	-	60	-	34,587
Due from Advance to Other fund	-	-	-	-	-
Inventories	64,565	-	-	-	-
Total assets	\$ 4,350,443	\$ 163,524	\$ 178,959	\$ 14,136	\$ 336,851
LIABILITIES					
Accounts Payable	\$ 38,453	\$ -	\$ 2,878	\$ 6,650	\$ 31,832
Other Accrued Payables	83,375	-	7,787	-	21,097
Due To Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	121,828	-	10,665	6,650	52,929
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	106,115	-	1,575	2,398	13,342
Total deferred inflows of resources	106,115	-	1,575	2,398	13,342
Inventories	64,565	-	-	-	-
Restricted for:					
Grants	877,560	-	17,750	-	-
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	3,180,375	163,524	148,969	-	-
Public Health	-	-	-	5,088	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	270,580
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	4,122,500	163,524	166,719	5,088	270,580
Total liabilities and fund balances (deficits)	\$ 4,228,615	\$ 163,524	\$ 168,294	\$ 7,486	\$ 283,922

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2200	2210	2220	2250	2251
	MOSQUITO DISTRICT	PARK	LIBRARY	COUNTY WIDE PLANNING	ZONING DISTRICTS
ASSETS					
Cash & Investments	\$ 157,648	\$ 139,914	\$ 485,299	\$ 254,843	\$ 1,215
Real Estate	881	-	22,811	4,687	1,018
Personal	400	-	7,796	1,556	3
Protested	-	-	881	233	-
Accounts Receivable-Net	-	200	-	-	-
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	\$ 158,929	\$ 140,114	\$ 516,787	\$ 261,319	\$ 2,236
LIABILITIES					
Accounts Payable	\$ 7,351	\$ 8,272	\$ 17,500	\$ 291	\$ -
Other Accrued Payables	3,714	786	-	-	-
Due To Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	11,065	9,058	17,500	291	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	1,281	-	31,488	6,476	1,021
Total deferred inflows of resources	1,281	-	31,488	6,476	1,021
Inventories	-	-	-	-	-
Restricted for:					
Grants	-	-	-	-	-
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	254,552	1,215
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	146,583	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	131,056	467,799	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	146,583	131,056	467,799	254,552	1,215
Total liabilities and fund balances (deficits)	\$ 147,864	\$ 131,056	\$ 499,287	\$ 261,028	\$ 2,236

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2255	2260	2270	2361	2372
	OPEN SPACE LANDS FUND	COUNTY EMERGENCY FUND	HEALTH	HISTORIC PRESERVATION	PERMISSIVE MEDICAL LEVY
ASSETS					
Cash & Investments	\$ 415,508	\$ 6,325	\$ 962,773	\$ 8,674	\$ 179,428
Real Estate	-	-	31,923	-	41,010
Personal	-	-	8,779	-	10,439
Protested	-	-	754	-	995
Accounts Receivable-Net	6,225	-	46,119	-	-
Due from Advance to Other fund	-	-	173,716	-	-
Inventories	-	-	-	-	-
Total assets	\$ 421,733	\$ 6,325	\$ 1,224,064	\$ 8,674	\$ 231,872
LIABILITIES					
Accounts Payable	\$ 115	\$ -	\$ 21,403	\$ -	\$ -
Other Accrued Payables	4,148	(22)	82,197	-	-
Due To Other Funds	-	-	-	-	-
Deferred Revenue	-	-	39,581	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	4,263	(22)	143,181	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	41,456	-	52,444
Total deferred inflows of resources	-	-	41,456	-	52,444
Inventories	-	-	-	-	-
Restricted for:					
Grants	-	-	115,474	-	-
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	6,347	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	179,428
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	923,953	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	8,674	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	417,470	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	417,470	6,347	1,039,427	8,674	179,428
Total liabilities and fund balances (deficits)	\$ 417,470	\$ 6,347	\$ 1,080,883	\$ 8,674	\$ 231,872

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2390	2393	2395	2398	2420
	DRUG FORFEITURES	CLK & REC. RECORDS PRESERVATION	ECONOMIC DEVELOPMENT	COUNTY FIRE CONTROL PERMIT FUND	LIGHT DISTRICTS
ASSETS					
Cash & Investments	\$ 3,967	\$ 177,186	\$ 365,390	\$ 60,922	\$ 25,438
Real Estate	-	-	-	-	628
Personal	-	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	-	-	-	-	-
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 3,967</u>	<u>\$ 177,186</u>	<u>\$ 365,390</u>	<u>\$ 60,922</u>	<u>\$ 26,066</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 573	\$ -	\$ 1,694	\$ 804
Other Accrued Payables	-	979	-	-	-
Due To Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>1,694</u>	<u>804</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	628
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>
Inventories	-	-	-	-	-
Restricted for:					
Grants	-	-	365,390	-	-
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	175,634	-	-	-
Public Safety	3,967	-	-	59,228	-
Public Works	-	-	-	-	24,634
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	<u>3,967</u>	<u>175,634</u>	<u>365,390</u>	<u>59,228</u>	<u>24,634</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,967</u>	<u>\$ 175,634</u>	<u>\$ 365,390</u>	<u>\$ 59,228</u>	<u>\$ 25,262</u>

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2790	2800	2801	2820	2830
	WATER QUALITY DISTRICT	ALCOHOL REHABILITATION	STATE GRANTS	GAS TAX	JUNK VEHICLE
ASSETS					
Cash & Investments	\$ 403,277	\$ -	\$ -	\$ 521,470	\$ 120,840
Real Estate	6,406	-	-	-	-
Personal	15,259	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	471	39,793	45,000	-	-
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	\$ 425,413	\$ 39,793	\$ 45,000	\$ 521,470	\$ 120,840
LIABILITIES					
Accounts Payable	\$ 30	\$ 39,793	\$ 43,875	\$ -	\$ 822
Other Accrued Payables	8,536	-	-	-	676
Due To Other Funds	-	-	1,125	-	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	8,566	39,793	45,000	-	1,498
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	21,665	-	-	-	-
Total deferred inflows of resources	21,665	-	-	-	-
Inventories	-	-	-	-	-
Restricted for:					
Grants	8,632	-	-	521,470	119,342
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	386,551	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	395,183	-	-	521,470	119,342
Total liabilities and fund balances (deficits)	\$ 416,848	\$ -	\$ -	\$ 521,470	\$ 119,342

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2836	2840	2850	2859	2865
	MTUPP	NOXIOUS WEED TRUST FUND GRANTS	911 EMERGENCY	COUNTY LAND INFORMATION FUND	DNRC GRANT - COMPOST FACILITY
ASSETS					
Cash & Investments	\$ 4,636	\$ 9,527	\$ 862,383	\$ 14,765	\$ 69
Real Estate	-	-	-	-	-
Personal	-	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	30,373	-	1,925	-	-
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	\$ 35,009	\$ 9,527	\$ 864,308	\$ 14,765	\$ 69
LIABILITIES					
Accounts Payable	\$ 2,907	\$ -	\$ -	\$ -	\$ -
Other Accrued Payables	3,000	-	-	-	-
Due To Other Funds	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	5,907	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Inventories	-	-	-	-	-
Restricted for:					
Grants	29,102	9,527	864,308	14,765	69
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	29,102	9,527	864,308	14,765	69
Total liabilities and fund balances (deficits)	\$ 29,102	\$ 9,527	\$ 864,308	\$ 14,765	\$ 69

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2870	2871	2900	2902	2915
	COMMUNITY CORRECTIONS	SW REGIONAL YTH. DET. FACILITY	PILT	FOREST RECEIPTS - TITLE III	OPERATION FREEDOM FROM FEAR
ASSETS					
Cash & Investments	\$ -	\$ -	\$ 4,154,132	\$ 1,620	\$ -
Real Estate	-	-	-	-	-
Personal	-	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	45,306	74,070	14,117	-	23,497
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 45,306</u>	<u>\$ 74,070</u>	<u>\$ 4,168,249</u>	<u>\$ 1,620</u>	<u>\$ 23,497</u>
LIABILITIES					
Accounts Payable	\$ 28,223	\$ 65,625	\$ 89,028	\$ -	\$ 315
Other Accrued Payables	-	-	23,313	-	6,690
Due To Other Funds	17,082	4,249	-	-	16,491
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	<u>45,305</u>	<u>69,874</u>	<u>112,341</u>	<u>-</u>	<u>23,496</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Inventories	-	-	-	-	-
Restricted for:					
Grants	1	4,196	-	1,620	1
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	4,055,908	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	<u>1</u>	<u>4,196</u>	<u>4,055,908</u>	<u>1,620</u>	<u>1</u>
Total liabilities and fund balances (deficits)	<u>\$ 1</u>	<u>\$ 4,196</u>	<u>\$ 4,055,908</u>	<u>\$ 1,620</u>	<u>\$ 1</u>

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2916	2917	2918	2927	2940
			LAW		
	COPS GRANT	VICTIM WITNESS	ENFORCEMENT BLOCK GRANT	HOMELAND SECURITY GRANT	CDBG GRANTS
ASSETS					
Cash & Investments	\$ -	\$ -	\$ -	\$ -	\$ 247
Real Estate	-	-	-	-	-
Personal	-	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	35,223	37,044	1,500	304,073	-
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 35,223</u>	<u>\$ 37,044</u>	<u>\$ 1,500</u>	<u>\$ 304,073</u>	<u>\$ 247</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 629	\$ -	\$ 84,225	\$ -
Other Accrued Payables	1766	12,444	-	-	-
Due To Other Funds	33,443	23,971	1,500	219,934	-
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	100,000	-
Total liabilities	<u>35,209</u>	<u>37,044</u>	<u>1,500</u>	<u>404,159</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Inventories	-	-	-	-	-
Restricted for:					
Grants	14	-	-	(100,087)	247
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	<u>14</u>	<u>-</u>	<u>-</u>	<u>(100,087)</u>	<u>247</u>
Total liabilities and fund balances (deficits)	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,087)</u>	<u>\$ 247</u>

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2950	2968	2969	2971	2973
	D.U.I. PROGRAM	CANCER PREVENTION	PUBLIC HEALTH EMERGENCY PREPAR	W.I.C.	MATERNAL CHILD
ASSETS					
Cash & Investments	\$ 134,506	\$ 380,108	\$ 211,986	\$ -	\$ -
Real Estate	-	-	-	-	-
Personal	-	-	-	-	-
Protested	-	-	-	-	-
Accounts Receivable-Net	20,151	-	22,568	55,294	123,297
Due from Advance to Other fund	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	\$ 154,657	\$ 380,108	\$ 234,554	\$ 55,294	\$ 123,297
LIABILITIES					
Accounts Payable	\$ 2,505	\$ 492	\$ 144	\$ 2,982	\$ 6,294
Other Accrued Payables	1,686	7,233	2,980	10,542	16,785
Due To Other Funds	-	-	-	41,770	73,419
Deferred Revenue	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-
Total liabilities	4,191	7,725	3,124	55,294	96,498
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Inventories	-	-	-	-	-
Restricted for:					
Grants	150,467	372,340	231,429	-	20,634
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	43	-	-	6,164
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	150,467	372,383	231,429	-	26,798
Total liabilities and fund balances (deficits)	\$ 150,467	\$ 372,383	\$ 231,429	\$ -	\$ 26,798

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	2976	2979	2987	2990	
	COMMUNICABLE DISEASE FUND	FEDERAL HEALTH GRANT FUND	TIGER GRANT FUND	DRUG ENFORCEMENT GRANT	Total Non-Major Special Revenue Funds
ASSETS					
Cash & Investments	\$ 219,179	\$ -	\$ 281,276	\$ 5,139	\$ 15,381,652
Real Estate	-	-	-	-	198,320
Personal	-	-	-	-	75,497
Protested	-	-	-	-	6,072
Accounts Receivable-Net	45,400	145,028	-	851	1,161,481
Due from Advance to Other fund	-	-	-	-	173,716
Inventories	-	-	-	-	64,565
Total assets	\$ 264,579	\$ 145,028	\$ 281,276	\$ 5,990	\$ 17,061,303
LIABILITIES					
Accounts Payable	\$ 15,070	\$ 83,511	\$ 3,987	\$ 427	\$ 608,700
Other Accrued Payables	6,980	2,676	-	5,563	314,931
Due To Other Funds	-	58,527	-	-	491,511
Deferred Revenue	-	-	-	-	39,581
Unearned Grant Revenue	-	-	-	-	100,000
Total liabilities	22,050	144,714	3,987	5,990	1,554,723
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Fines and Forfeitures, Fees	-	-	-	-	-
Unavailable Revenue, Property Taxes	-	-	-	-	279,889
Total deferred inflows of resources	-	-	-	-	279,889
Inventories	-	-	-	-	64,565
Restricted for:					
Grants	28,145	315	277,289	1	3,930,001
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	6,347
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	4,666,737
Public Safety	-	-	-	-	63,195
Public Works	-	-	-	-	3,517,502
Public Health	214,383	-	-	-	1,682,765
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	279,254
Housing & Community Development	-	-	-	-	598,855
Conservation Of Natural Resources	-	-	-	-	417,470
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	242,528	315	277,289	1	15,226,691
Total liabilities and fund balances (deficits)	\$ 242,528	\$ 315	\$ 277,289	\$ 1	\$ 15,506,580

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

Gallatin County, State of Montana
2110 ROAD
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 3,046,139	\$ 3,046,139	\$ 3,253,384	\$ 207,245
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	955,358	955,358	922,604	(32,754)
Charges for Services	14,000	14,000	18,742	4,742
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	129	129
Investment Earnings	10,000	10,000	38,189	28,189
Contributions/Donations	-	-	41,150	41,150
Total revenues	4,025,497	4,025,497	4,274,198	248,701
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	4,949,139	4,929,139	3,841,044	1,088,095
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	914,467	934,467	208,152	726,315
Total expenditures	5,863,606	5,863,606	4,049,196	1,814,410
Excess (deficiency) of revenues over (under) expenditures	(1,838,109)	(1,838,109)	225,002	2,063,111
OTHER FINANCING SOURCES (USES)				
Transfers Out	(94,743)	(94,743)	(55,300)	39,443
Sale of Fixed Assets	-	-	-	-
Transfers In	38,204	38,204	59,902	21,698
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(56,539)	(56,539)	4,602	61,141
Net change in fund balances	(1,894,648)	(1,894,648)	229,604	2,124,252
Fund balances - beginning	3,892,896	3,892,896	3,892,896	-
Fund balances - ending	\$ 1,998,248	\$ 1,998,248	\$ 4,122,500	\$ 2,124,252

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

Gallatin County, State of Montana
2111 ROAD IMPACT FEE FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	15,000	15,000	47,451	32,451
Investment Earnings	150	150	1,399	1,249
Contributions/Donations	-	-	-	-
Total revenues	15,150	15,150	48,850	33,700
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	76,198	76,198	1,905	74,293
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	76,198	76,198	1,905	74,293
Excess (deficiency) of revenues over (under) expenditures	(61,048)	(61,048)	46,945	107,993
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(61,048)	(61,048)	46,945	107,993
Fund balances - beginning	116,579	116,579	116,579	-
Fund balances - ending	\$ 55,531	\$ 55,531	\$ 163,524	\$ 107,993

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

Gallatin County, State of Montana
2140 NOXIOUS WEED
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ 112	\$ 112
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	15,000	15,000	31,118	16,118
Charges for Services	5,900	5,900	7,450	1,550
Fines and Forfeitures	-	-	-	-
Miscellaneous	1,785	1,785	1,786	1
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	22,685	22,685	40,466	17,781
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	349,446	349,446	315,341	34,105
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	28,036	28,036	-	28,036
Total expenditures	377,482	377,482	315,341	62,141
Excess (deficiency) of revenues over (under) expenditures	(354,797)	(354,797)	(274,875)	79,922
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(5,224)	(5,224)
Sale of Fixed Assets	-	-	-	-
Transfers In	290,563	290,563	251,814	(38,749)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	290,563	290,563	246,590	(43,973)
Net change in fund balances	(64,234)	(64,234)	(28,285)	35,949
Fund balances - beginning	195,004	195,004	195,004	-
Fund balances - ending	\$ 130,770	\$ 130,770	\$ 166,719	\$ 35,949

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

Gallatin County, State of Montana
2153 PREDATORY CONTROL FOR SHEEP
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 13,297	\$ 14,075	\$ 13,707	\$ (368)
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	13,297	14,075	13,707	(368)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	15,436	16,214	12,066	4,148
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	15,436	16,214	12,066	4,148
Excess (deficiency) of revenues over (under) expenditures	(2,139)	(2,139)	1,641	3,780
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(2,139)	(2,139)	1,641	3,780
Fund balances - beginning	3,447	3,447	3,447	-
Fund balances - ending	\$ 1,308	\$ 1,308	\$ 5,088	\$ 3,780

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

Gallatin County, State of Montana
2160 FAIR FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 439,879	\$ 439,879	\$ 461,459	\$ 21,580
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	35,000	42,000	41,023	(977)
Charges for Services	651,689	651,689	751,970	100,281
Fines and Forfeitures	-	-	-	-
Miscellaneous	65,577	65,577	64,978	(599)
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>1,192,145</u>	<u>1,199,145</u>	<u>1,319,430</u>	<u>120,285</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	1,041,836	1,033,140	1,144,807	(111,667)
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:	-	-	-	-
Principal	76,496	83,496	45,000	38,496
Interest	-	-	36,925	(36,925)
Capital outlay	85,020	93,716	49,582	44,134
Total expenditures	<u>1,203,352</u>	<u>1,210,352</u>	<u>1,276,314</u>	<u>(65,962)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,207)</u>	<u>(11,207)</u>	<u>43,116</u>	<u>54,323</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	5,690	5,690	11,510	5,820
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>5,690</u>	<u>5,690</u>	<u>11,510</u>	<u>5,820</u>
Net change in fund balances	(5,517)	(5,517)	54,626	60,143
Fund balances - beginning	215,954	215,954	215,954	-
Fund balances - ending	<u>\$ 210,437</u>	<u>\$ 210,437</u>	<u>\$ 270,580</u>	<u>\$ 60,143</u>

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

Gallatin County, State of Montana
2200 MOSQUITO DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 84,287	\$ 84,287	\$ 48,295	\$ (35,992)
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	5,000	5,000	9,682	4,682
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	200	200
Investment Earnings	400	400	844	444
Contributions/Donations	-	-	-	-
Total revenues	<u>89,687</u>	<u>89,687</u>	<u>59,021</u>	<u>(30,666)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	180,212	180,212	69,797	110,415
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	45,600	45,600	20	45,580
Total expenditures	<u>225,812</u>	<u>225,812</u>	<u>69,817</u>	<u>155,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,125)</u>	<u>(136,125)</u>	<u>(10,796)</u>	<u>125,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(136,125)	(136,125)	(10,796)	125,329
Fund balances - beginning	157,379	157,379	157,379	-
Fund balances - ending	<u>\$ 21,254</u>	<u>\$ 21,254</u>	<u>\$ 146,583</u>	<u>\$ 125,329</u>

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

Gallatin County, State of Montana
2210 PARK
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	1,516	1,516
Fines and Forfeitures	-	-	-	-
Miscellaneous	11,000	11,000	5,771	(5,229)
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	11,000	11,000	7,287	(3,713)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	53,248	53,248	62,513	(9,265)
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	14,000	14,000	5,689	8,311
Total expenditures	67,248 #	67,248 #	68,202	(954)
Excess (deficiency) of revenues over (under) expenditures	(56,248)	(56,248)	(60,915)	(4,667)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(2,622)	(2,622)
Sale of Fixed Assets	-	-	-	-
Transfers In	42,598	42,598	146,000	103,402
Bond Proceeds	-	-	-	-
Total other financing source (uses)	42,598	42,598	143,378	100,780
Net change in fund balances	(13,650)	(13,650)	82,463	96,113
Fund balances - beginning	48,593	48,593	48,593	-
Fund balances - ending	\$ 34,943	\$ 34,943	\$ 131,056	\$ 96,113

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

Gallatin County, State of Montana
2220 LIBRARY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 908,877	\$ 908,877	\$ 957,484	\$ 48,607
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	61,500	61,500	77,761	16,261
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	970,377	970,377	1,035,245	64,868
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture nad Recreation	907,495	910,995	1,016,952	(105,957)
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	157,664	154,164	-	154,164
Total expenditures	1,065,159	1,065,159	1,016,952	48,207
Excess (deficiency) of revenues over (under) expenditures	(94,782)	(94,782)	18,293	113,075
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(94,782)	(94,782)	18,293	113,075
Fund balances - beginning	449,506	449,506	449,506	-
Fund balances - ending	\$ 354,724	\$ 354,724	\$ 467,799	\$ 113,075

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

Gallatin County, State of Montana
2250 COUNTY WIDE PLANNING
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 158,132	\$ 158,132	\$ 173,434	\$ 15,302
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	10,500	10,500	16,454	5,954
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	168,632	168,632	189,888	21,256
EXPENDITURES				
Current:				
General Government	238,290	238,290	34,240	204,050
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	238,290	238,290	34,240	204,050
Excess (deficiency) of revenues over (under) expenditures	(69,658)	(69,658)	155,648	225,306
OTHER FINANCING SOURCES (USES)				
Transfers Out	(162,800)	(162,800)	(162,800)	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(162,800)	(162,800)	(162,800)	-
Net change in fund balances	(232,458)	(232,458)	(7,152)	225,306
Fund balances - beginning	261,704	261,704	261,704	-
Fund balances - ending	\$ 29,246	\$ 29,246	\$ 254,552	\$ 225,306

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

Gallatin County, State of Montana
2251 ZONING DISTRICTS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 43,861	\$ 43,861	\$ 40,373	\$ (3,488)
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	113	113
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	163	163
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	43,861	43,861	40,649	(3,212)
EXPENDITURES				
Current:				
General Government	16,722	16,722	16,080	642
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	27,672	27,672	24,167	3,505
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	44,394	44,394	40,247	4,147
Excess (deficiency) of revenues over (under) expenditures	(533)	(533)	402	935
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(533)	(533)	402	935
Fund balances - beginning	813	813	813	-
Fund balances - ending	\$ 280	\$ 280	\$ 1,215	\$ 935

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

Gallatin County, State of Montana
2255 OPEN SPACE LANDS FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	85,000	85,000	63,117	(21,883)
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	3,000	3,000	4,414	1,414
Contributions/Donations	-	-	-	-
Total revenues	<u>88,000</u>	<u>88,000</u>	<u>67,531</u>	<u>(20,469)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resource	598,112	598,112	110,398	487,714
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>598,112</u>	<u>598,112</u>	<u>110,398</u>	<u>487,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(510,112)</u>	<u>(510,112)</u>	<u>(42,867)</u>	<u>467,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(510,112)	(510,112)	(42,867)	467,245
Fund balances - beginning	460,337	460,337	460,337	-
Fund balances - ending	<u>\$ (49,775)</u>	<u>\$ (49,775)</u>	<u>\$ 417,470</u>	<u>\$ 467,245</u>

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

Gallatin County, State of Montana
2260 COUNTY EMERGENCY FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	6,325	6,325	-	6,325
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,325	6,325	-	6,325
Excess (deficiency) of revenues over (under) expenditures	(6,325)	(6,325)	-	(6,325)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(6,325)	(6,325)	-	(6,325)
Fund balances - beginning	6,347	6,347	6,347	-
Fund balances - ending	\$ 22	\$ 22	\$ 6,347	\$ (6,325)

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

Gallatin County, State of Montana
2270 HEALTH
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 1,317,222	\$ 1,317,222	\$ 1,390,260	\$ 73,038
Licenses and Permits	180,000	180,000	237,390	57,390
Intergovernmental Revenues	217,969	219,469	144,532	(74,937)
Charges for Services	259,847	259,847	270,539	10,692
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	101,923	101,923
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	1,975,038	1,976,538	2,144,644	168,106
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	2,070,320	2,071,820	1,998,532	73,288
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	141,076	141,076	-	141,076
Interest	-	-	-	-
Capital outlay	403,124	403,124	52,087	351,037
Total expenditures	2,614,520	2,616,020	2,050,619	565,401
Excess (deficiency) of revenues over (under) expenditures	(639,482)	(639,482)	94,025	733,507
OTHER FINANCING SOURCES (USES)				
Transfers Out	(146,820)	(146,820)	(199,255)	(52,435)
Sale of Fixed Assets	-	-	-	-
Transfers In	17,883	17,883	52,001	34,118
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(128,937)	(128,937)	(147,254)	(18,317)
Net change in fund balances	(768,419)	(768,419)	(53,229)	715,190
Fund balances - beginning	1,092,656	1,092,656	1,092,656	-
Fund balances - ending	\$ 324,237	\$ 324,237	\$ 1,039,427	\$ 715,190

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

Gallatin County, State of Montana
2361 HISTORIC PRESERVATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	2,000	2,000	2,260	260
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	500	500	4,603	4,103
Total revenues	2,500	2,500	6,863	4,363
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	12,089	12,089	9,631	2,458
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	12,089	12,089	9,631	2,458
Excess (deficiency) of revenues over (under) expenditures	(9,589)	(9,589)	(2,768)	6,821
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	6,000	6,000	10,000	4,000
Bond Proceeds	-	-	-	-
Total other financing source (uses)	6,000	6,000	10,000	4,000
Net change in fund balances	(3,589)	(3,589)	7,232	10,821
Fund balances - beginning	1,442	1,442	1,442	-
Fund balances - ending	\$ (2,147)	\$ (2,147)	\$ 8,674	\$ 10,821

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

Gallatin County, State of Montana
2372 PERMISSIVE MEDICAL LEVY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 1,752,952	\$ 1,752,952	\$ 1,906,244	\$ 153,292
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	10,000	10,000	-	(10,000)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	1,762,952	1,762,952	1,906,244	143,292
EXPENDITURES				
Current:				
General Government	9,184	9,184	6,396	2,788
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,184	9,184	6,396	2,788
Excess (deficiency) of revenues over (under) expenditures	1,753,768	1,753,768	1,899,848	146,080
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,792,815)	(1,792,815)	(1,792,815)	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(1,792,815)	(1,792,815)	(1,792,815)	-
Net change in fund balances	(39,047)	(39,047)	107,033	146,080
Fund balances - beginning	72,395	72,395	72,395	-
Fund balances - ending	\$ 33,348	\$ 33,348	\$ 179,428	\$ 146,080

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

Gallatin County, State of Montana
2390 DRUG FORFEITURES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	10,000	10,000	5,096	(4,904)
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	10,000	10,000	5,096	(4,904)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	725	725	1,165	(440)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	725	725	1,165	(440)
Excess (deficiency) of revenues over (under) expenditures	9,275	9,275	3,931	(5,344)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(23,322)	(23,322)	-	23,322
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(23,322)	(23,322)	-	23,322
Net change in fund balances	(14,047)	(14,047)	3,931	17,978
Fund balances - beginning	36	36	36	-
Fund balances - ending	\$ (14,011)	\$ (14,011)	\$ 3,967	\$ 17,978

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

Gallatin County, State of Montana
2395 ECONOMIC DEVELOPMENT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	365,564	365,564	165	365,399
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	365,564	365,564	165	365,399
Excess (deficiency) of revenues over (under) expenditures	(365,564)	(365,564)	(165)	365,399
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(365,564)	(365,564)	(165)	365,399
Fund balances - beginning	365,555	365,555	365,555	-
Fund balances - ending	\$ (9)	\$ (9)	\$ 365,390	\$ 365,399

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

Gallatin County, State of Montana
2398 COUNTY FIRE CONTROL PERMIT FND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	15,000	15,000	25,593	10,593
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>25,593</u>	<u>10,593</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	54,548	54,548	16,658	(37,890)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
Total expenditures	<u>54,548</u>	<u>54,548</u>	<u>16,658</u>	<u>(37,890)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,548)</u>	<u>(39,548)</u>	<u>8,935</u>	<u>48,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(39,548)	(39,548)	8,935	48,483
Fund balances - beginning	50,293	50,293	50,293	-
Fund balances - ending	<u>\$ 10,745</u>	<u>\$ 10,745</u>	<u>\$ 59,228</u>	<u>\$ 48,483</u>

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

Gallatin County, State of Montana
2420 SR-CHURCHILL LIGHT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 19,655	\$ 19,655	\$ 20,465	\$ 810
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	7	7
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	19,655	19,655	20,472	817
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	36,700	36,700	20,935	15,765
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	36,700	36,700	20,935	15,765
Excess (deficiency) of revenues over (under) expenditures	(17,045)	(17,045)	(463)	16,582
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(17,045)	(17,045)	(463)	16,582
Fund balances - beginning	25,097	25,097	25,097	-
Fund balances - ending	\$ 8,052	\$ 8,052	\$ 24,634	\$ 16,582

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

Gallatin County, State of Montana
2790 WATER QUALITY DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 249,176	\$ 249,176	\$ 258,108	\$ 8,932
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	8,500	7,084	(1,416)
Charges for Services	60,965	60,965	55,245	(5,720)
Fines and Forfeitures	-	-	-	-
Miscellaneous	150	150	76	(74)
Investment Earnings	400	400	3,792	3,392
Contributions/Donations	-	-	-	-
Total revenues	<u>310,691</u>	<u>319,191</u>	<u>324,305</u>	<u>5,114</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	320,326	325,326	253,831	71,495
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	118,575	122,075	-	(122,075)
Total expenditures	<u>438,901</u>	<u>447,401</u>	<u>253,831</u>	<u>(50,580)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(128,210)</u>	<u>(128,210)</u>	<u>70,474</u>	<u>198,684</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(128,210)	(128,210)	70,474	198,684
Fund balances - beginning	324,708	324,708	324,708	-
Fund balances - ending	<u>\$ 196,498</u>	<u>\$ 196,498</u>	<u>\$ 395,182</u>	<u>\$ 198,684</u>

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

Gallatin County, State of Montana
2800 ALCOHOL REHABILITATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	125,000	189,127	149,984	(39,143)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>125,000</u>	<u>189,127</u>	<u>149,984</u>	<u>(39,143)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	125,000	189,127	149,984	39,143
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>125,000</u>	<u>189,127</u>	<u>149,984</u>	<u>39,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Gallatin County, State of Montana
2801 STATE GRANTS FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	202,500	112,500	(90,000)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	202,500	112,500	(90,000)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	202,500	112,500	90,000
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	202,500	112,500	90,000
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

Gallatin County, State of Montana
2820 GAS TAX
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	315,600	315,600	324,236	8,636
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>315,600</u>	<u>315,600</u>	<u>324,236</u>	<u>8,636</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	905,551	905,551	632,006	(273,545)
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>905,551</u>	<u>905,551</u>	<u>632,006</u>	<u>(273,545)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(589,951)</u>	<u>(589,951)</u>	<u>(307,770)</u>	<u>(264,909)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(589,951)	(589,951)	(307,770)	(264,909)
Fund balances - beginning	829,240	829,240	829,240	-
Fund balances - ending	<u>\$ 239,289</u>	<u>\$ 239,289</u>	<u>\$ 521,470</u>	<u>\$ (264,909)</u>

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

Gallatin County, State of Montana
2830 JUNK VEHICLE
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	24,228	24,228	58,336	34,108
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>24,228</u>	<u>24,228</u>	<u>58,336</u>	<u>34,108</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	69,093	69,093	37,465	31,628
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>69,093</u>	<u>69,093</u>	<u>37,465</u>	<u>31,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,865)</u>	<u>(44,865)</u>	<u>20,871</u>	<u>65,736</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(51,795)	(51,795)	-	51,795
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>(51,795)</u>	<u>(51,795)</u>	<u>-</u>	<u>51,795</u>
Net change in fund balances	(96,660)	(96,660)	20,871	117,531
Fund balances - beginning	98,471	98,471	98,471	-
Fund balances - ending	<u>\$ 1,811</u>	<u>\$ 1,811</u>	<u>\$ 119,342</u>	<u>\$ 117,531</u>

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

Gallatin County, State of Montana
2836 MTUPP
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	113,769	113,769	121,513	7,744
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>113,769</u>	<u>113,769</u>	<u>121,513</u>	<u>7,744</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	113,069	113,069	104,588	8,481
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>113,069</u>	<u>113,069</u>	<u>104,588</u>	<u>8,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>700</u>	<u>700</u>	<u>16,925</u>	<u>16,225</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	700	700	16,925	16,225
Fund balances - beginning	12,177	12,177	12,177	-
Fund balances - ending	<u>\$ 12,877</u>	<u>\$ 12,877</u>	<u>\$ 29,102</u>	<u>\$ 16,225</u>

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

Gallatin County, State of Montana
2840 NOXIOUS WEED TRUST FUND GRANTS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	7,500	7,500	7,500	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	2,833	4,413	1,739	2,674
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	13,000	14,420	-	14,420
Total expenditures	<u>15,833</u>	<u>18,833</u>	<u>1,739</u>	<u>17,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,333)</u>	<u>(11,333)</u>	<u>5,761</u>	<u>17,094</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	3,000	-	(3,000)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Net change in fund balances	(8,333)	(8,333)	5,761	14,094
Fund balances - beginning	3,766	3,766	3,766	-
Fund balances - ending	<u>\$ (4,567)</u>	<u>\$ (4,567)</u>	<u>\$ 9,527</u>	<u>\$ 14,094</u>

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

Gallatin County, State of Montana
2850 911 EMERGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	650,000	650,000	647,431	(2,569)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	8,910	8,910
Contributions/Donations	-	-	-	-
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>656,341</u>	<u>6,341</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	774,613	774,613	553,648	220,965
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	937,219	937,219	143,338	793,881
Total expenditures	<u>1,711,832</u>	<u>1,711,832</u>	<u>696,986</u>	<u>1,014,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,061,832)</u>	<u>(1,061,832)</u>	<u>(40,645)</u>	<u>1,021,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,061,832)	(1,061,832)	(40,645)	1,021,187
Fund balances - beginning	904,953	904,953	904,953	-
Fund balances - ending	<u>\$ (156,879)</u>	<u>\$ (156,879)</u>	<u>\$ 864,308</u>	<u>\$ 1,021,187</u>

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

Gallatin County, State of Montana
2859 COUNTY LAND INFORMATION FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	25,000	25,000	35,937	10,937
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	251	251
Contributions/Donations	-	-	-	-
Total revenues	25,000	25,000	36,188	11,188
EXPENDITURES				
Current:				
General Government	8,858	8,858	1,546	7,312
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	8,858	8,858	1,546	7,312
Excess (deficiency) of revenues over (under) expenditures	16,142	16,142	34,642	18,500
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(30,000)	(36,700)	(6,700)
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(30,000)	(30,000)	(36,700)	(6,700)
Net change in fund balances	(13,858)	(13,858)	(2,058)	11,800
Fund balances - beginning	16,823	16,823	16,823	-
Fund balances - ending	\$ 2,965	\$ 2,965	\$ 14,765	\$ 11,800

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

Gallatin County, State of Montana
2865 DNRC GRANT - COMPOST FACILITY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	69	69	69	-
Fund balances - ending	\$ 69	\$ 69	\$ 69	\$ -

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

Gallatin County, State of Montana
2870 CRIME CONTROL
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	43,337	43,337	177,715	134,378
Charges for Services	-	-	(690)	(690)
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	43,337	43,337	177,025	133,688
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	89,272	156,420	177,025	(20,605)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	8,489	-	8,489
Total expenditures	89,272	164,909	177,025	(12,116)
Excess (deficiency) of revenues over (under) expenditures	-	(121,572)	-	121,572
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	8,457	-	(8,457)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	8,457	-	(8,457)
Net change in fund balances	(45,935)	(113,115)	-	113,115
Fund balances - beginning	1	1	1	-
Fund balances - ending	\$ (45,934)	\$ (113,114)	\$ 1	\$ 113,115

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

Gallatin County, State of Montana
2871 SW REGIONAL YTH. DET. FACILITY
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	161,112	161,112	161,112	-
Charges for Services	8,823	8,823	4,909	(3,914)
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	169,935	169,935	166,021	(3,914)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	256,064	256,064	255,682	382
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	256,064	256,064	255,682	382
Excess (deficiency) of revenues over (under) expenditures	(86,129)	(86,129)	(89,661)	(3,532)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	89,126	89,126	89,661	535
Bond Proceeds	-	-	-	-
Total other financing source (uses)	89,126	89,126	89,661	535
Net change in fund balances	2,997	2,997	-	(2,997)
Fund balances - beginning	4,196	4,196	4,196	-
Fund balances - ending	\$ 7,193	\$ 7,193	\$ 4,196	\$ (2,997)

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

Gallatin County, State of Montana
2900 PILT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	1,699,685	1,699,685
Charges for Services	100	100	-	(100)
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	4,110	4,110
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	100	100	1,703,795	1,703,695
EXPENDITURES				
Current:				
General Government	1,237,685	1,369,661	678,284	691,377
Public Safety	113,000	113,000	61,584	51,416
Public Works	10,000	10,000	-	10,000
Public Health	-	-	-	-
Social and Economic Services	95,000	95,000	66,950	28,050
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	654,211	654,211	155,500	498,711
Interest	23,000	23,000	59,435	(36,435)
Capital outlay	549,474	417,798	102,039	315,759
Total expenditures	2,682,370	2,682,670	1,123,792	1,558,878
Excess (deficiency) of revenues over (under) expenditures	(2,682,270)	(2,682,570)	580,003	3,262,573
OTHER FINANCING SOURCES (USES)				
Transfers Out	(339,404)	(339,404)	(629,371)	(289,967)
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(339,404)	(339,404)	(629,371)	(289,967)
Net change in fund balances	(3,021,674)	(3,021,974)	(49,368)	2,972,606
Fund balances - beginning	41,052,976	4,105,276	4,105,276	-
Fund balances - ending	\$ 38,031,302	\$ 1,083,302	\$ 4,055,908	\$ 2,972,606

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

Gallatin County, State of Montana
2902 FOREST RECEIPTS - TITLE III
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	1,620	1,620	-	1,620
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,620	1,620	-	1,620
Excess (deficiency) of revenues over (under) expenditures	(1,620)	(1,620)	-	1,620
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(1,620)	(1,620)	-	1,620
Fund balances - beginning	1,620	1,620	1,620	-
Fund balances - ending	\$ -	\$ -	\$ 1,620	\$ 1,620

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

Gallatin County, State of Montana
2915 OPERATION FREEDOM FROM FEAR
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	51,000	51,000	84,266	33,266
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>84,266</u>	<u>33,266</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	96,797	98,378	130,864	(32,486)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>96,797</u>	<u>98,378</u>	<u>130,864</u>	<u>(32,486)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,797)</u>	<u>(47,378)</u>	<u>(46,598)</u>	<u>780</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	37,811	39,392	46,598	7,206
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>37,811</u>	<u>39,392</u>	<u>46,598</u>	<u>7,206</u>
Net change in fund balances	(7,986)	(7,986)	-	7,986
Fund balances - beginning	1	1	1	-
Fund balances - ending	<u>\$ (7,985)</u>	<u>\$ (7,985)</u>	<u>\$ 1</u>	<u>\$ 7,986</u>

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

Gallatin County, State of Montana
2916 COPS GRANT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	71,179	99,288	28,109
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	71,179	99,288	28,109
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	100,055	145,101	(45,046)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	100,055	145,101	(45,046)
Excess (deficiency) of revenues over (under) expenditures	-	(28,876)	(45,813)	(16,937)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	28,876	45,813	16,937
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	28,876	45,813	16,937
Net change in fund balances	-	-	-	-
Fund balances - beginning	14	14	14	-
Fund balances - ending	\$ 14	\$ 14	\$ 14	\$ -

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

Gallatin County, State of Montana
2917 VICTIM WITNESS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	123,467	129,370	178,806	49,436
Charges for Services	-	-	-	-
Fines and Forfeitures	45,000	45,000	52,929	7,929
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	168,467	174,370	231,735	57,365
EXPENDITURES				
Current:				
General Government	277,390	294,151	315,041	(20,890)
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	4,000	4,000	-	4,000
Total expenditures	281,390	298,151	315,041	(16,890)
Excess (deficiency) of revenues over (under) expenditures	(112,923)	(123,781)	(83,306)	40,475
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	113,433	118,933	83,306	(35,627)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	113,433	118,933	83,306	(35,627)
Net change in fund balances	510	(4,848)	-	4,848
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 510	\$ (4,848)	\$ -	\$ 4,848

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

Gallatin County, State of Montana
2918 LAW ENFORCEMENT BLOCK GRANT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	7,000	7,000	3,026	(3,974)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	7,000	7,000	3,026	(3,974)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	10,768	10,768	6,421	4,347
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	10,768	10,768	6,421	4,347
Excess (deficiency) of revenues over (under) expenditures	(3,768)	(3,768)	(3,395)	373
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,108)	(5,108)	-	5,108
Sale of Fixed Assets	-	-	-	-
Transfers In	8,876	8,876	3,395	(5,481)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	3,768	3,768	3,395	(373)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

Gallatin County, State of Montana
2927 HOMELAND SECURITY GRANT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	129,000	203,709	233,825	30,116
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>129,000</u>	<u>203,709</u>	<u>233,825</u>	<u>30,116</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	37,807	19,045	52,168	(33,123)
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	96,410	187,660	287,242	(99,582)
Total expenditures	<u>134,217</u>	<u>206,705</u>	<u>339,410</u>	<u>(132,705)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,217)</u>	<u>(2,996)</u>	<u>(105,585)</u>	<u>(102,589)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	701	2,996	5,499	2,503
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>701</u>	<u>2,996</u>	<u>5,499</u>	<u>2,503</u>
Net change in fund balances	(4,516)	-	(100,086)	(100,086)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (4,516)</u>	<u>\$ -</u>	<u>\$ (100,086)</u>	<u>\$ (100,086)</u>

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

Gallatin County, State of Montana
2940 CDBG GRANTS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	30,441	30,441	-	(30,441)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	6,076	6,076	-	(6,076)
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>36,517</u>	<u>36,517</u>	<u>-</u>	<u>(36,517)</u>
EXPENDITURES				
Current:				
General Government	60,348	60,348	-	60,348
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>60,348</u>	<u>60,348</u>	<u>-</u>	<u>60,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,831)</u>	<u>(23,831)</u>	<u>-</u>	<u>23,831</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,831)	(23,831)	-	23,831
Fund balances - beginning	247	247	247	-
Fund balances - ending	<u>\$ (23,584)</u>	<u>\$ (23,584)</u>	<u>\$ 247</u>	<u>\$ 23,831</u>

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

Gallatin County, State of Montana
2950 D.U.I. PROGRAM
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	73,000	63,151	-	(63,151)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	2,852	69,124	66,272
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>73,000</u>	<u>66,003</u>	<u>69,124</u>	<u>3,121</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	73,425	66,428	64,382	2,046
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	73,114	73,114	-	73,114
Total expenditures	<u>146,539</u>	<u>139,542</u>	<u>64,382</u>	<u>75,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,539)</u>	<u>(73,539)</u>	<u>4,742</u>	<u>78,281</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(73,539)	(73,539)	4,742	78,281
Fund balances - beginning	145,724	145,724	145,724	-
Fund balances - ending	<u>\$ 72,185</u>	<u>\$ 72,185</u>	<u>\$ 150,466</u>	<u>\$ 78,281</u>

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

Gallatin County, State of Montana
2968 CANCER PREVENTION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	147,200	147,200	190,769	43,569
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	22	22
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>147,200</u>	<u>147,200</u>	<u>190,791</u>	<u>43,591</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	147,168	147,168	175,041	(27,873)
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	214,716	214,716	-	214,716
Total expenditures	<u>361,884</u>	<u>361,884</u>	<u>175,041</u>	<u>186,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,684)</u>	<u>(214,684)</u>	<u>15,750</u>	<u>230,434</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(214,684)	(214,684)	15,750	230,434
Fund balances - beginning	356,633	356,633	356,633	-
Fund balances - ending	<u>\$ 141,949</u>	<u>\$ 141,949</u>	<u>\$ 372,383</u>	<u>\$ 230,434</u>

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

Gallatin County, State of Montana
2969 PUBLIC HEALTH EMERGENCY PREPAREDNESS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	114,458	114,458	100,302	(14,156)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	114,458	114,458	100,302	(14,156)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	116,030	116,030	98,212	17,818
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	141,818	141,818	-	141,818
Total expenditures	257,848	257,848	98,212	159,636
Excess (deficiency) of revenues over (under) expenditures	(143,390)	(143,390)	2,090	145,480
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(143,390)	(143,390)	2,090	145,480
Fund balances - beginning	229,340	229,340	229,340	-
Fund balances - ending	\$ 85,950	\$ 85,950	\$ 231,430	\$ 145,480

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

Gallatin County, State of Montana
2971 W.I.C.
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	258,870	270,388	280,225	9,837
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	600	600
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	258,870	270,388	280,825	10,437
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	357,083	366,433	358,263	8,170
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	3,000	5,168	-	5,168
Total expenditures	360,083	371,601	358,263	13,338
Excess (deficiency) of revenues over (under) expenditures	(101,213)	(101,213)	(77,438)	23,775
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	100,284	100,284	77,437	(22,847)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	100,284	100,284	77,437	(22,847)
Net change in fund balances	(929)	(929)	(1)	928
Fund balances - beginning	1	1	1	-
Fund balances - ending	\$ (928)	\$ (928)	\$ -	\$ 928

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

Gallatin County, State of Montana
2973 MATERNAL CHILD
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	368,500	368,500	357,781	(10,719)
Charges for Services	11,000	11,000	55,632	44,632
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	379,500	379,500	413,413	33,913
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	454,427	451,298	450,171	1,127
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	3,129	-	3,129
Total expenditures	454,427	454,427	450,171	4,256
Excess (deficiency) of revenues over (under) expenditures	(74,927)	(74,927)	(36,758)	38,169
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	46,536	46,536	51,238	4,702
Bond Proceeds	-	-	-	-
Total other financing source (uses)	46,536	46,536	51,238	4,702
Net change in fund balances	(28,391)	(28,391)	14,480	42,871
Fund balances - beginning	12,319	12,319	12,319	-
Fund balances - ending	\$ (16,072)	\$ (16,072)	\$ 26,799	\$ 42,871

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

Gallatin County, State of Montana
2976 COMMUNICABLE DISEASE FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	42,963	51,064	69,370	18,306
Charges for Services	506,675	671,675	451,521	(220,154)
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	549,638	722,739	520,891	(201,848)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	540,616	715,179	533,884	181,295
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	200,263	200,263	-	200,263
Total expenditures	740,879	915,442	533,884	381,558
Excess (deficiency) of revenues over (under) expenditures	(191,241)	(192,703)	(12,993)	179,710
OTHER FINANCING SOURCES (USES)				
Transfers Out	(12,542)	(12,542)	-	12,542
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	(12,542)	(12,542)	-	12,542
Net change in fund balances	(203,783)	(205,245)	(12,993)	192,252
Fund balances - beginning	255,522	255,522	255,522	-
Fund balances - ending	\$ 51,739	\$ 50,277	\$ 242,529	\$ 192,252

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

Gallatin County, State of Montana
2987 TIGER GRANT FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	1,272,925	854,194	(418,731)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	1,628	1,628
Contributions/Donations	-	-	-	-
Total revenues	-	1,272,925	855,822	(417,103)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	308,044	308,044	9,482	298,562
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	1,272,925	854,195	418,730
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	308,044	1,580,969	863,677	717,292
Excess (deficiency) of revenues over (under) expenditures	(308,044)	(308,044)	(7,855)	300,189
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(308,044)	(308,044)	(7,855)	300,189
Fund balances - beginning	285,144	285,144	285,144	-
Fund balances - ending	\$ (22,900)	\$ (22,900)	\$ 277,289	\$ 300,189

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

Gallatin County, State of Montana
2990 DRUG ENFORCEMENT GRANT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	234,164	234,164	208,279	(25,885)
Charges for Services	-	-	-	-
Fines and Forfeitures	12,626	12,626	11,230	(1,396)
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	<u>246,790</u>	<u>246,790</u>	<u>219,509</u>	<u>(27,281)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	394,987	394,987	360,234	34,753
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>409,987</u>	<u>409,987</u>	<u>360,234</u>	<u>49,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,197)</u>	<u>(163,197)</u>	<u>(140,725)</u>	<u>22,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	161,425	161,425	140,725	(20,700)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	<u>161,425</u>	<u>161,425</u>	<u>140,725</u>	<u>(20,700)</u>
Net change in fund balances	(1,772)	(1,772)	-	1,772
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ (1,772)</u>	<u>\$ (1,772)</u>	<u>\$ -</u>	<u>\$ 1,772</u>

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

**COMBINING and INDIVIDUAL
FUND STATEMENTS
and
SCHEDULES:
NONMAJOR DEBT SERVICE FUNDS**

GALLATIN COUNTY, STATE OF MONTANA

DEBT SERVICE FUNDS

Open Space Bond Fund – Used to account for receipt of property tax revenue levied to make the debt service (principle, interest and fees) for the bonds issued to maintain Open space in the county.

Detention Center Space Bond Fund – Used to account for receipt of property tax revenue levied to make the debt service (principle, interest and fees) for the bonds issued to fund the construction of the new detention center.

Intercap Loan Fund – Used to account for receipt transfers from various funds to make the debt service payment, principle and interest for loans issued by the state Intercap accounts for Gallatin County projects.

Rural Revolving Debt Fund – Used to account for receipt of dedicated revenues from Rural Improvement Bonds, interest earnings and other revenue to act as a guarantee that the bonds issued will be paid on time.

RSID Refunding Bond Fund – Accounts for the payment of refunding bonds revenue and expenses issued to make the debt service (principle, interest and fees) for the Rural Special Improvement District refunding bonds.

Rural Improvement District (RID) Debt Service Funds – Used to account for receipt of special assessment tax revenue levied to make the debt service (principle, interest and fees) for the bonds issued to repair or construct improvements within a RID.

Wheatland Hills #2
Canary Lane
Amsterdam Road
Bear Creek 2 & 3
Ousel Falls Road
Franklin Hills
Olive Tree Way

Painted Hills Subd
Hyalite Meadows
Andesite Road
Alder Court Lane
Clarkston & Logan Trident
Sourdough Creek
Sir George Lane

Meadow Subd.
Lake Subd
Evergreen Way
Trail Creek Road
Firelight
Summer Ridge Subd.

Gallatin County, State of Montana
Combining Balance Sheet
Nonmajor Debt service funds
June 30, 2017

	3040	3050	3205	3400	Total Nonmajor Debt Service Funds
	OPEN SPACE BOND	DETENTION CENTER BOND	INTERCAP LOAN FUND	RURAL REVOLVING	
ASSETS					
Cash & Investments	\$ 51,112	\$ 122,969	\$ 20	\$ 1,090,382	\$ 1,264,483
Real Estate Taxes Receivable	32,266	48,416	-	90	80,772
Personal Taxes Receivable	8,442	13,124	-	1	21,567
Protested Taxes Receivable	154	1,289	-	-	1,443
Accounts Receivable-Net	-	-	-	2,434	2,434
Total assets	<u>\$ 91,974</u>	<u>\$ 185,798</u>	<u>\$ 20</u>	<u>\$ 1,092,907</u>	<u>\$ 1,370,699</u>
LIABILITIES					
Other Accrued Payables	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue, Property Taxes	40,862	62,829	-	91	103,782
Total Deferred Inflows of Resources	<u>40,862</u>	<u>62,829</u>	<u>-</u>	<u>91</u>	<u>103,782</u>
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Grants	-	-	-	-	-
Debt Service Obligations	51,112	122,969	20	1,092,816	1,266,917
RID Debt Services	-	-	-	-	-
Construction Projects	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:					
	-	-	-	-	-
Total fund balance	<u>51,112</u>	<u>122,969</u>	<u>20</u>	<u>1,092,816</u>	<u>1,266,917</u>
Total liabilities and fund balances (deficits)	<u>\$ 91,974</u>	<u>\$ 185,798</u>	<u>\$ 20</u>	<u>\$ 1,092,907</u>	<u>\$ 1,266,917</u>

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

Gallatin County, State of Montana
3040 OPEN SPACE BOND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 1,186,193	\$ 1,186,193	\$ 1,444,909	\$ 258,716
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	10,000	10,000	-	(10,000)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	6,061	6,061
Contributions/Donations	-	-	-	-
Total revenues	1,196,193	1,196,193	1,450,970	254,777
EXPENDITURES				
Current:				
General Government	1,400	1,400	1,700	(300)
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	950,000	1,005,402	1,115,000	(109,598)
Interest	293,474	293,474	340,741	(47,267)
Capital outlay	-	-	-	-
Total expenditures	1,244,874	1,300,276	1,457,441	(157,165)
Excess (deficiency) of revenues over (under) expenditures	(48,681)	(104,083)	(6,471)	97,612
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(48,681)	(104,083)	(6,471)	97,612
Fund balances - beginning	57,583	57,583	57,583	-
Fund balances - ending	\$ 8,902	\$ (46,500)	\$ 51,112	\$ 97,612

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

Gallatin County, State of Montana
3050 DETENTION CENTER BOND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ 2,292,712	\$ 2,292,712	\$ 2,281,724	\$ (10,988)
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	15,000	15,000	-	(15,000)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	10,072	10,072
Contributions/Donations	-	-	-	-
Total revenues	2,307,712	2,307,712	2,291,796	(15,916)
EXPENDITURES				
Current:				
General Government	350	350	350	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	1,325,000	1,325,000	1,390,000	(65,000)
Interest	1,073,796	1,073,796	998,737	75,059
Capital outlay	-	-	-	-
Total expenditures	2,399,146	2,399,146	2,389,087	10,059
Excess (deficiency) of revenues over (under) expenditures	(91,434)	(91,434)	(97,291)	(5,857)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(91,434)	(91,434)	(97,291)	(5,857)
Fund balances - beginning	220,260	220,260	220,260	-
Fund balances - ending	\$ 128,826	\$ 128,826	\$ 122,969	\$ (5,857)

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

Gallatin County, State of Montana
3205 INTERCAP LOAN FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	512,285	512,285	485,679	26,606
Interest	-	-	2,589	(2,589)
Capital outlay	-	-	-	-
Total expenditures	512,285	512,285	488,268	24,017
Excess (deficiency) of revenues over (under) expenditures	(512,285)	(512,285)	(488,268)	24,017
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	512,285	512,285	490,188	(22,097)
Bond Proceeds	-	-	-	-
Total other financing source (uses)	512,285	512,285	490,188	(22,097)
Net change in fund balances	-	-	1,920	1,920
Fund balances - beginning	(1,900)	(1,900)	(1,900)	-
Fund balances - ending	\$ (1,900)	\$ (1,900)	\$ 20	\$ 1,920

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

Gallatin County, State of Montana
3400 RURAL REVOLVING
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	15,000	15,000	11,662	(3,338)
Contributions/Donations	-	-	-	-
Total revenues	15,000	15,000	11,662	(3,338)
EXPENDITURES				
Current:				
General Government	26,345	26,345	25,012	1,333
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing And Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	26,345	26,345	25,012	1,333
Excess (deficiency) of revenues over (under) expenditures	(11,345)	(11,345)	(13,350)	(2,005)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,019,414)	(1,019,414)	-	1,019,414
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	18,150	18,150
Total other financing source (uses)	(1,019,414)	(1,019,414)	18,150	1,037,564
Net change in fund balances	(1,030,759)	(1,030,759)	4,800	1,035,559
Fund balances - beginning	1,088,016	1,088,016	1,088,016	-
Fund balances - ending	\$ 57,257	\$ 57,257	\$ 1,092,816	\$ 1,035,559

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

**COMBINING and INDIVIDUAL
FUND STATEMENTS
and
SCHEDULES:
NONMAJOR CAPITAL PROJECTS FUNDS**

GALLATIN COUNTY, STATE OF MONTANA

CAPITAL PROJECT FUNDS

County Projects – Accounts for the receipt of property tax mill levy and dedicated revenues for the construction, repair and updating of County buildings, ‘Core’ Rolling Stock replacement, large Bridge repair/replacement, update of county facilities and other projects as approved.

Open Space Projects – Accounts for the receipt of bond proceeds and dedicated revenues for the purchasing of land, conservation easements or other instruments to maintain open space throughout the county.

RID Construction Projects – Accounts for the receipt of bond proceeds and dedicated revenues for the construction, repair and updating of rural improvement district projects as approved.

CTEP Projects – Tracks the receipt of grant revenue and other dedicated revenues for the design, construction and administration of approved CTEP projects.

Infrastructure Loan Program Fund – Used to account for receipt of dedicated grant revenues from the Infrastructure Loan Program for expenses approved for the individual projects.

Junk Vehicle Capital Fund – Records the amount set aside from unspent Junk Vehicle revenues, dedicated to the replacement of capital improvements and equipment used by the program.

Treasure State Endowment Program (TSEP) Fund – Used to account for receipt of dedicated grant revenues from the state TSEP accounts to pay for capital projects approved for grant funding.

Community Development Block Grant (CDBG) Fund – Tracks federal grant revenue received for approved CDBG projects for expenses approved for the individual projects.

Stimulus Activity Program Fund – Accounts for receipt of dedicated federal grant revenues for the tracking of expenses approved by the federal granting agency.

Gallatin County, State of Montana
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2017

	4140	4200	4310	4320	4331
	OPEN SPACE BOND PROGRAM FUND	CP - RID FUNDS	CTEP PROJECTS	INFRASTRUC- TURE LOAN PROGRAM	JUNK VEHICLE- CAPITAL IMPROVEMENT
ASSETS					
Cash & Investments	\$ 2,175,143	\$ 220,616	\$ 2,236	\$ -	\$ 1,111
Accounts Receivable-Net	62,034	-	-	-	-
Total assets	<u>2,237,177</u>	<u>220,616</u>	<u>2,236</u>	<u>-</u>	<u>1,111</u>
LIABILITIES					
Accounts Payable	11,941	6,288	-	-	-
Due To Other Funds	-	-	-	-	-
Total liabilities	<u>11,941</u>	<u>6,288</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Grants	-	-	-	-	-
Debt Service Obligations	-	-	-	-	-
RID Debt Services	-	-	-	-	-
Construction Projects	2,225,236	214,328	2,236	-	1,111
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Committed for:					
Contractual Obligations	-	-	-	-	-
RID Maintenance	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Assigned for:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health	-	-	-	-	-
Social & Economic Services	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
Housing & Community Development	-	-	-	-	-
Conservation Of Natural Resources	-	-	-	-	-
Unassigned:	-	-	-	-	-
Total fund balance	<u>2,225,236</u>	<u>214,328</u>	<u>2,236</u>	<u>-</u>	<u>1,111</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,237,177</u>	<u>\$ 220,616</u>	<u>\$ 2,236</u>	<u>\$ -</u>	<u>\$ 1,111</u>

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

Gallatin County, State of Montana
Combining Balance Sheet (Continued)
Nonmajor Capital Project Funds
June 30, 2017

	4350	4430	4990	
	TSEP - CONSTRUCTION FUND	CDBG - GRANTS	STIMULUS ACTIVITIES	Total Nonmajor Capital projects funds
ASSETS				
Cash & Investments	\$ 12,733	\$ 9,292	\$ -	\$ 2,421,131
Accounts Receivable-Net	-	-	-	62,034
Total assets	<u>12,733</u>	<u>9,292</u>	<u>-</u>	<u>2,483,165</u>
LIABILITIES				
Accounts Payable	12,733	-	-	30,962
Due To Other Funds	-	-	-	-
Total liabilities	<u>12,733</u>	<u>-</u>	<u>-</u>	<u>30,962</u>
FUND BALANCES				
Nonspendable:				
Inventories	-	-	-	-
Restricted for:				
Grants	-	-	-	-
Debt Service Obligations	-	-	-	-
RID Debt Services	-	-	-	-
Construction Projects	-	9,292	-	2,452,203
General Government	-	-	-	-
Public Safety	-	-	-	-
Committed for:				
Contractual Obligations	-	-	-	-
RID Maintenance	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social & Economic Services	-	-	-	-
Culture & Recreation	-	-	-	-
Housing & Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Assigned for:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social & Economic Services	-	-	-	-
Culture & Recreation	-	-	-	-
Housing & Community Development	-	-	-	-
Conservation Of Natural Resources	-	-	-	-
Unassigned:	-	-	-	-
Total fund balance	<u>-</u>	<u>9,292</u>	<u>-</u>	<u>2,452,203</u>
Total liabilities and fund balances (deficits)	<u>\$ 12,733</u>	<u>\$ 9,292</u>	<u>\$ -</u>	<u>\$ 2,483,165</u>

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

Gallatin County, State of Montana
4140 OPEN SPACE BOND PROGRAM FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	68,000	68,000	9,308	(58,692)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	7,500	7,500	29,775	22,275
Contributions/Donations	-	-	-	-
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>39,083</u>	<u>(36,417)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	28,666	28,666	5,184	23,482
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,375,012	1,375,012	2,395,659	(1,020,647)
Total expenditures	<u>1,403,678</u>	<u>1,403,678</u>	<u>2,400,843</u>	<u>(997,165)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,328,178)</u>	<u>(1,328,178)</u>	<u>(2,361,760)</u>	<u>(1,033,582)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	161,606	161,606
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>161,606</u>	<u>161,606</u>
Net change in fund balances	(1,328,178)	(1,328,178)	(2,200,154)	(871,976)
Fund balances - beginning	4,425,390	4,425,390	4,425,390	-
Fund balances - ending	<u>\$ 3,097,212</u>	<u>\$ 3,097,212</u>	<u>\$ 2,225,236</u>	<u>\$ (871,976)</u>

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

Gallatin County, State of Montana
4200 CP - RID FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	157,000	150,712	(6,288)
Investment Earnings	-	-	57	57
Contributions/Donations	-	-	-	-
Total revenues	-	157,000	150,769	(6,231)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	902,848	902,848	573,167	329,681
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	4,191	4,191	-	4,191
Total expenditures	907,039	907,039	573,167	333,872
Excess (deficiency) of revenues over (under) expenditures	(907,039)	(750,039)	(422,398)	327,641
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	344,850	344,850	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	344,850	344,850	-
Net change in fund balances	(907,039)	(405,189)	(77,548)	327,641
Fund balances - beginning	291,876	291,876	291,876	-
Fund balances - ending	\$ (615,163)	\$ (113,313)	\$ 214,328	\$ 327,641

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

Gallatin County, State of Montana
4310 CTEP PROJECTS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	343,269	343,269	118,744	(224,525)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	53,207	53,207	18,406	(34,801)
Total revenues	<u>396,476</u>	<u>396,476</u>	<u>137,150</u>	<u>(259,326)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	225,272	225,272	137,150	88,122
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	171,204	171,204	-	171,204
Total expenditures	<u>396,476</u>	<u>396,476</u>	<u>137,150</u>	<u>259,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	2,236	2,236	2,236	-
Fund balances - ending	<u>\$ 2,236</u>	<u>\$ 2,236</u>	<u>\$ 2,236</u>	<u>\$ -</u>

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

Gallatin County, State of Montana
4320 INFRASTRUCTURE LOAN PROGRAM FN
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	24	-	-	-
Total expenditures	24	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(24)	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(24)	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (24)	\$ -	\$ -	\$ -

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

Gallatin County, State of Montana
4331 JUNK VEHICLE-CAPITAL IMPROVEMT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	305	305
Contributions/Donations	-	-	-	-
Total revenues	-	-	305	305
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	135,206	135,206	106,795	28,411
Total expenditures	135,206	135,206	106,795	28,411
Excess (deficiency) of revenues over (under) expenditures	(135,206)	(135,206)	(106,490)	28,716
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(135,206)	(135,206)	(106,490)	28,716
Fund balances - beginning	107,601	107,601	107,601	-
Fund balances - ending	\$ (27,605)	\$ (27,605)	\$ 1,111	\$ 28,716

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

Gallatin County, State of Montana
4350 TSEP - CONSTRUCTION FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	15,000	-	(15,000)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	15,000	-	(15,000)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	1,617	1,942	(325)
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	36,184	24,144	12,040
Total expenditures	-	37,801	26,086	11,715
Excess (deficiency) of revenues over (under) expenditures	-	(22,801)	(26,086)	(3,285)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	22,801	26,086	3,285
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	22,801	26,086	3,285
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

Gallatin County, State of Montana
4430 CDBG - GRANTS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	440,708	440,708	-	(440,708)
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	440,708	440,708	-	(440,708)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	450,000	450,000	-	450,000
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	450,000	450,000	-	450,000
Excess (deficiency) of revenues over (under) expenditures	(9,292)	(9,292)	-	9,292
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(9,292)	(9,292)	-	9,292
Fund balances - beginning	9,292	9,292	9,292	-
Fund balances - ending	\$ -	\$ -	\$ 9,292	\$ 9,292

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

Gallatin County, State of Montana
4990 STIMULUS ACTIVITIES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Earnings	-	-	-	-
Contributions/Donations	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Health	-	-	-	-
Social and Economic Services	-	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

**COMBINING and INDIVIDUAL
FUND STATEMENTS
and
SCHEDULES:
INTERNAL SERVICE FUNDS**

GALLATIN COUNTY, STATE OF MONTANA

INTERNAL SERVICE FUNDS

Motor Pool Fund – Accounts for receipt of charges for services dedicated payment of expenses to maintain the county motor pool.

Employee Health Insurance Fund – Tracks the receipt of premiums for employees, dependents, COBRA and retirees and the recording of expenses associated with medical, dental and vision insurance claims.

Central Maintenance Fund – Used to account for receipt of dedicated charges for services from County and City departments charged for space utilized within county buildings.

Central Communications Fund – Accounts for revenue generated by telephone, cell phone or computer usage charges, along with the payment of expenses associated with the telephone and computer infrastructure.

Copier Reserve Fund – Tracks receipt of per copy charges for departments paying for expenses associated with the purchase, maintenance and operations of most copiers in the county.

Liability Insurance Fund – Used to account for receipt of deductible reserve and expenses not covered by insurance company's associated with property and liability coverages.

Gallatin County, State of Montana
Combining Statement of Net Position
Nonmajor Internal Service Funds
June 30, 2017

	6010	6050	6070	6090	6110	6120	
	MOTOR POOL	EMPLOYEE HEALTH INS. FUND	CENTRAL MAINTENANCE	COMMUNI- CATIONS (PHONE SYSTEM)	COPIER RESERVE FUND	LIABILITY INSURANCE FUND	Total Nonmajor Internal Service Funds
ASSETS							
Cash & Investments	\$ 62,233	\$ 3,644,499	\$ 1,255,966	\$ 524,085	\$ 219,422	\$ 951,487	\$ 6,657,692
Accounts Receivable-Net	-	62,038	4,399	1,177	211	5,040	72,865
Capital Assets-Net of Accumulation	36,089	-	3,139	639,305	42,163	-	720,696
Total assets	98,322	3,706,537	1,263,504	1,164,567	261,796	956,527	7,451,253
LIABILITIES							
Current liabilities:							
Accounts Payable	448	(750)	50,552	22,796	4,357	720	78,123
Other Accrued Payables	-	234,300	20,143	2,696	-	-	257,139
Compensated Absences	-	-	4,640	-	-	-	4,640
Total current liabilities	448	233,550	75,335	25,492	4,357	720	339,902
Noncurrent liabilities:							
OPEB Obligation	-	-	28,014	-	-	-	28,014
Compensated Absences	-	-	41,761	-	-	-	41,761
Total noncurrent liabilities	-	-	69,775	-	-	-	69,775
Total liabilities	448	233,550	145,110	25,492	4,357	720	409,677
NET POSITION							
Net investment in capital assets	36,089	-	3,139	639,305	42,163	-	720,696
Unrestricted	61,785	3,472,987	1,115,255	499,770	215,276	955,807	6,320,880
Total net position	\$ 97,874	\$ 3,472,987	\$ 1,118,394	\$ 1,139,075	\$ 257,439	\$ 955,807	\$ 7,041,576

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

Gallatin County, State of Montana
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	6010	6050	6070	6090	6110	6120	Total Internal Service Funds
	MOTOR POOL	EMPLOYEE HEALTH INSURANCE	CENTRAL MAINTENANCE	COMMUNI- CATIONS (PHONE SYSTEM)	COPIER RESERVE FUND	LIABILITY INSURANCE FUND	
OPERATING REVENUES							
Charges for Services	\$ 29,746	\$ -	\$ 136,840	\$ 437,349	\$ -	\$ -	\$ 603,935
Miscellaneous	-	-	118	-	-	-	118
Internal Services	-	5,957,751	1,519,307	-	67,052	250,036	7,794,146
Total operating revenues	29,746	5,957,751	1,656,265	437,349	67,052	250,036	8,398,199
OPERATING EXPENSES							
Internal Service-Personnel	1,436	85	475,595	67,101	-	-	544,217
Internal Service-Supplies	7,747	1,057	117,051	11,814	6,645	-	144,314
Internal Service-Purchased Services	1,373	161,761	829,892	348,616	30,327	-	1,371,969
Internal Service-Fixed Charges	4,925	604,761	55,601	24,415	3,097	142,588	835,387
Internal Service-Depreciation	9,500	-	1,202	115,457	15,875	-	142,034
Internal Service-Benefit Payments	-	6,303,923	-	-	-	-	6,303,923
Total operating expenses	24,981	7,071,587	1,479,341	567,403	55,944	142,588	9,341,844
Operating income (loss)	4,765	(1,113,836)	176,924	(130,054)	11,108	107,448	(943,645)
NONOPERATING REVENUES (EXPENSES)							
Investment Earnings	-	11,942	6,197	3,497	530	2,639	24,805
Sale of Fixed Assets	(3,324)	-	(1,054)	-	-	-	(4,378)
Transfers Out	-	-	(120,000)	-	-	-	(120,000)
Total nonoperating revenues (expenses)	(3,324)	11,942	(114,857)	3,497	530	2,639	(99,573)
Income (loss) before contributions and transfers	1,441	(1,101,894)	62,067	(126,557)	11,638	110,087	(1,043,218)
Transfers In	-	871,500	-	33,850	-	-	905,350
Change in net position	1,441	(230,394)	62,067	(92,707)	11,638	110,087	(137,868)
Total net position - beginning	96,433	3,703,381	1,056,327	1,231,782	245,801	845,720	7,179,444
Total net position - ending	\$ 97,874	\$ 3,472,987	\$ 1,118,394	\$ 1,139,075	\$ 257,439	\$ 955,807	\$ 7,041,576

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

Gallatin County, State of Montana
Comparative Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended June 30, 2017

	6010	6050	6070	6090	6110	6120	
	MOTOR POOL	EMPLOYEE HEALTH INS. FUND	CENTRAL MAINTENANCE	COMMUNI- CATIONS (PHONE SYSTEM)	COPIER RESERVE FUND	LIABILITY INSURANCE FUND	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash from interfund	\$ 29,746	\$ 5,957,752	\$ 1,656,264	\$ 437,349	\$ 67,052	\$ 250,036	\$ 8,398,199
Cash receipts from customer	-	(41,616)	(482)	(1,177)	(212)	(3,705)	(47,192)
Payments to employees	(1,780)	-	(465,863)	(66,499)	-	-	(534,142)
Payments to interfund	(1,023)	-	(36,392)	-	-	-	(37,415)
Payments to suppliers	(13,639)	(7,078,965)	(975,224)	(373,875)	(39,193)	(152,178)	(8,633,074)
Net cash provided (used) by operating activities	13,304	(1,162,829)	178,303	(4,202)	27,647	94,153	(853,624)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from (to) other funds	-	871,500	(120,000)	33,850	-	-	785,350
Net cash provided (used) by noncapital financing activities	-	871,500	(120,000)	33,850	-	-	785,350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases/acquisition/construction of capital assets	(17,714)	-	-	(103,849)	(8,495)	-	(130,058)
Proceeds from sale of capital assets	2,750	-	-	-	-	-	2,750
Net cash provided (used) by capital and related financing activities	(14,964)	-	-	(103,849)	(8,495)	-	(127,308)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest Earnings	-	11,942	6,197	3,497	530	2,639	24,805
Net cash provided (used) by investing activities	-	11,942	6,197	3,497	530	2,639	24,805
Net increase (decrease) in cash and cash equivalents	(1,660)	(279,387)	64,500	(70,704)	19,682	96,792	(170,777)
Balances - beginning of year	63,893	3,923,886	1,191,466	594,789	199,740	854,695	6,828,469
Balances - end of year	62,233	3,644,499	1,255,966	524,085	219,422	951,487	6,657,692
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating Income	\$ 4,765	\$ (1,113,836)	\$ 176,924	\$ (130,054)	\$ 11,108	\$ 107,448	\$ (943,645)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation Expense	9,500	-	1,201	115,457	15,875	-	142,033
Changes in assets and liabilities:							
Customer Receivables	-	(41,616)	(482)	(1,177)	(211)	(3,705)	(47,191)
Accounts payable - supplier	(617)	(7,377)	(9,072)	10,970	875	(9,590)	(14,811)
Other accrued payables	(344)	0	671	602	0	0	929
Compensated absences	-	-	4,215	-	-	-	4,215
GASB 45 OPEB Obligation	-	-	4,846	-	-	-	4,846
Net cash provided (used) by operating activities	\$ 13,304	\$ (1,162,829)	\$ 178,303	\$ (4,202)	\$ 27,647	\$ 94,153	\$ (853,624)

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

STATISTICAL SECTION

GALLATIN COUNTY, MONTANA
NET POSITION BY COMPONENT

Last Ten Fiscal Years

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Investment in capital assets, net of related debt	\$ 95,672	\$ 69,632	\$ 89,086	\$ 96,440	\$ 98,593	\$ 94,609	\$ 94,357	\$ 94,046	\$ 90,225	\$ 91,771
Restricted	1,004	1,588	815	1,391	1,391	-	17,260	16,826	26,890	16,211
Unrestricted	30,945	59,486	43,467	40,045	38,720	43,114	28,346	11,862	12,014	22,057
Total governmental activities net position	<u>\$ 127,621</u>	<u>\$ 130,706</u>	<u>\$ 133,368</u>	<u>\$ 137,876</u>	<u>\$ 138,704</u>	<u>\$ 137,723</u>	<u>\$ 139,963</u>	<u>\$ 122,734</u>	<u>\$ 129,130</u>	<u>\$ 130,039</u>
Business-type activities										
Investment in capital assets, net of related debt	\$ 5,859	\$ 8,130	\$ 8,646	\$ 9,016	\$ 9,036	\$ 7,889	\$ 9,015	\$ 9,463	\$ 9,482	\$ 9,527
Restricted	2,115	2,189	2,339	2,339	2,339	2,115	2,115	2,161	2,329	2,503
Unrestricted	6,489	6,126	6,723	8,118	8,969	10,507	10,098	6,692	8,089	9,150
Total business-type activities net position	<u>\$ 14,463</u>	<u>\$ 16,444</u>	<u>\$ 17,707</u>	<u>\$ 19,473</u>	<u>\$ 20,344</u>	<u>\$ 20,510</u>	<u>\$ 21,227</u>	<u>\$ 18,316</u>	<u>\$ 19,900</u>	<u>\$ 21,180</u>
Primary government										
Investment in capital assets, net of related debt	\$ 101,531	\$ 77,762	\$ 97,732	\$ 105,457	\$ 107,629	\$ 102,498	\$ 103,372	\$ 103,509	\$ 99,707	\$ 101,298
Restricted	3,119	3,777	3,154	3,730	3,730	2,115	19,375	18,987	29,220	18,714
Unrestricted	37,433	65,612	50,190	48,163	47,689	53,621	38,444	18,554	20,103	31,207
Total primary government net position	<u>\$ 142,084</u>	<u>\$ 147,150</u>	<u>\$ 151,076</u>	<u>\$ 157,349</u>	<u>\$ 159,048</u>	<u>\$ 158,233</u>	<u>\$ 161,190</u>	<u>\$ 141,050</u>	<u>\$ 149,030</u>	<u>\$ 151,219</u>

GALLATIN COUNTY, MONTANA
CHANGE IN NET POSITION
(accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 9,253	\$ 9,916	\$ 10,046	\$ 10,718	\$ 9,473	\$ 9,838	\$ 10,139	\$ 10,200	\$ 10,027	\$ 12,529
Public safety	12,764	12,400	14,183	17,456	16,489	16,934	17,621	17,954	17,293	20,488
Public works	6,841	8,236	8,735	9,312	9,496	11,043	17,215	12,192	5,629	13,396
Public health	2,970	3,224	3,315	3,241	3,392	3,606	3,597	3,899	4,179	5,268
Social and economic	498	439	536	523	486	495	492	471	472	537
Culture and recreation	1,559	1,683	2,763	1,822	1,823	1,899	2,000	1,972	1,976	2,446
Housing and community development	86	73	3,316	3,842	90	414	156	108	490	1,161
Conservation of natural resources	97	81	118	139	111	146	147	114	132	127
Miscellaneous / unallocated	51	63	8	35	-	-	-	-	-	-
Interest on long-term debt	857	1,620	2,185	2,424	2,376	2,638	2,082	1,975	3,559	1,708
Total governmental activities	34,976	37,735	45,205	49,512	43,735	47,014	53,449	48,885	43,758	57,660
Business-type activities:										
Gallatin County Landfill	1,856	2,646	2,941	3,165	3,159	3,019	3,041	2,708	2,581	2,814
Rest Home	4,717	5,169	5,426	5,676	5,736	5,813	5,921	5,978	6,112	6,064
West Yellowstone Refuse	918	823	756	760	829	859	992	949	979	1,182
Total business-type activities	7,492	8,638	9,122	9,601	9,724	9,691	9,953	9,635	9,672	10,060
Total primary government expenses	42,468	46,373	54,327	59,113	53,459	56,705	63,402	58,520	53,429	67,720
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,955	1,806	2,043	2,073	2,001	2,032	2,342	2,828	3,657	3,611
Public safety	2,291	2,525	1,639	1,506	1,763	2,708	3,981	3,760	2,845	4,139
Public works	316	587	329	169	157	83	101	80	102	74
Public health	270	270	303	310	342	357	441	480	614	612
Social and economic	75	64	68	78	30	-	-	-	-	-
Culture and recreation	502	475	612	510	503	560	588	570	643	752
Housing & community development	339	226	193	311	180	231	487	537	589	592
Conservation of natural resources	149	125	87	149	117	106	95	85	70	63
Operating grants and contributions	3,516	5,369	5,232	6,584	5,597	7,205	5,573	5,465	7,017	6,451
Capital grants and contributions	57	804	4,414	4,209	479	244	6,658	3,046	147	190
Total governmental activity revenue	9,471	12,251	14,921	15,898	11,170	13,526	20,266	16,851	15,686	16,484
Business-type activities:										
Charges for services:										
Gallatin County Landfill	4,072	4,014	3,637	4,374	3,976	3,536	3,823	4,254	4,444	4,738
Rest Home	4,300	5,352	5,725	5,788	5,324	5,283	5,227	4,827	5,211	5,398
West Yellowstone Refuse	994	874	789	839	886	786	863	804	770	789
Operating grants and contributions	3,838	75	91	206	295	420	180	141	208	222
Total business-type activity revenue	13,205	10,315	10,241	11,207	10,480	10,025	10,092	10,026	10,633	11,147
Total primary government revenue	22,675	22,565	25,162	27,105	21,650	23,551	30,358	26,877	26,319	27,631
Net (expense) revenue										
Governmental activities:	(25,506)	(25,484)	(30,285)	(33,614)	(32,565)	(33,488)	(33,184)	(32,034)	(28,072)	(41,176)
Business-type activities:	5,713	1,676	1,119	1,605	757	334	139	391	961	1,087
Total primary government (expense) revenue	\$ (19,793)	\$ (23,808)	\$ (29,166)	\$ (32,008)	\$ (31,809)	\$ (33,154)	\$ (33,044)	\$ (31,643)	\$ (27,110)	\$ (40,089)

GALLATIN COUNTY, MONTANA
CHANGE IN NET POSITION (Continued)
(accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property Taxes	\$ 24,650	\$ 24,914	\$ 29,436	\$ 35,171	\$ 30,201	\$ 31,088	\$ 32,028	\$ 33,425	\$ 34,018	\$ 35,674
Local option tax	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted grants/contributions	2,043	2,072	2,148	2,144	2,346	2,444	2,692	3,009	3,185	3,189
Investment earnings	1,491	975	837	559	316	(579)	628	527	628	262
Miscellaneous	49	600	262	85	543	569	104	(20)	2,531	3,002
Sale/disposal of fixed assets	12	7	6	163	(15)	(1,014)	11	18	53	(41)
Total governmental activities	28,245	28,569	32,689	38,121	33,392	32,508	35,464	36,959	40,415	42,086
Business-type activities:										
Taxes	61	65	-	-	-	-	1	-	2	-
Unrestricted grants/contributions	-	-	-	-	-	-	-	84	214	242
Investment earnings	324	240	157	157	115	(161)	276	162	190	59
Sale/disposal of fixed assets	(140)	-	(13)	3	(1)	(8)	261	39	217	(108)
Total business-type activities	245	305	144	160	114	(168)	538	285	622	193
Total primary government expenses	28,491	28,874	32,833	38,281	33,505	32,340	36,002	37,244	41,038	42,279
Change in Net Position										
Governmental activities:	2,739	3,085	2,405	4,508	826	(980)	2,280	4,925	12,343	910
Business-type activities	5,958	1,981	1,263	1,765	871	166	677	676	1,584	1,280
Total primary government change in net position	\$ 8,698	\$ 5,066	\$ 3,668	\$ 6,273	\$ 1,697	\$ (814)	\$ 2,957	\$ 5,601	\$ 13,927	\$ 2,190

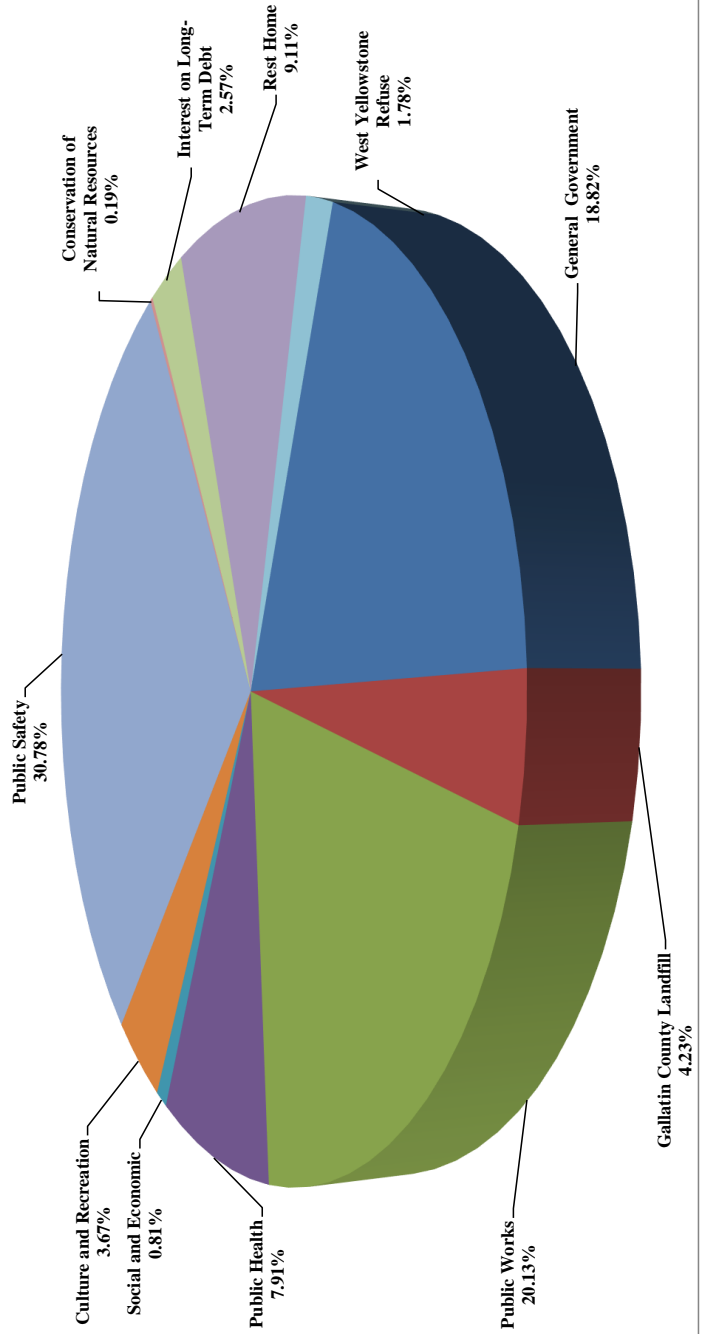
GALLATIN COUNTY, MONTANA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

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

Expenses	2012	2013	2014	2015	2016	2017
General Government	\$ 9,473	\$ 9,838	\$ 10,139	\$ 10,200	\$ 10,027	\$ 12,529
Gallatin County Landfill	3,159	3,019	3,041	2,708	2,581	2,814
Public Works	9,496	11,043	17,215	12,192	5,629	13,396
Public Health	3,392	3,606	3,597	3,899	4,179	5,268
Social and Economic	486	495	492	471	472	537
Culture and Recreation	1,823	1,899	2,000	1,972	1,976	2,446
Public Safety	16,489	16,934	17,621	17,954	17,293	20,488
Conservation of Natural Resources	201	146	147	114	132	127
Interest on Long-Term Debt	2,376	2,638	2,082	1,975	3,559	1,708
Rest Home	5,736	5,813	5,921	5,978	6,112	6,064
West Yellowstone Refuse	829	859	992	949	979	1,182
Total primary government expenses	\$ 53,549	\$ 56,705	\$ 63,402	\$ 58,520	\$ 53,429	\$ 67,720

Government-Wide Expenses by Function



GALLATIN COUNTY, MONTANA
FUND BALANCES OF GOVERNMENTAL FUNDS
(accrual basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 154	\$ 149	\$ 142	\$ 131	\$ 129	\$ 137	\$ 112
Restricted	-	-	-	-	383	409	488	563	702	710
Unrestricted										
Committed	2,832	1,112	1,106	3,128	2,733	2,529	3,078	3,753	4,285	4,420
Assigned	-	-	-	7	372	328	306	477	628	548
Unassigned	-	-	-	-	-	-	-	-	-	-
Total general fund	<u>2,832</u>	<u>1,112</u>	<u>1,106</u>	<u>3,289</u>	<u>3,637</u>	<u>3,408</u>	<u>4,003</u>	<u>4,922</u>	<u>5,752</u>	<u>5,790</u>
All other governmental funds										
Nonspendable	161	181	217	43	55	68	65	70	67	1,075
Restricted	1,004	1,588	815	10,078	8,429	8,341	9,233	9,212	18,751	8,195
Unrestricted										
Committed	-	-	-	15,858	15,539	19,912	21,760	26,163	23,555	33,714
Assigned	6,224	33,569	15,482	-	33	101	36	76	160	84
Unassigned	<u>13,359</u>	<u>16,938</u>	<u>17,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>20,749</u>	<u>52,276</u>	<u>34,132</u>	<u>25,979</u>	<u>24,056</u>	<u>28,422</u>	<u>31,094</u>	<u>35,521</u>	<u>42,533</u>	<u>43,068</u>
Total all governmental funds	<u>\$ 23,581</u>	<u>\$ 53,388</u>	<u>\$ 35,238</u>	<u>\$ 29,268</u>	<u>\$ 27,693</u>	<u>\$ 31,830</u>	<u>\$ 35,097</u>	<u>\$ 40,443</u>	<u>\$ 48,285</u>	<u>\$ 48,858</u>

GALLATIN COUNTY, MONTANA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(accural basis of accounting)
(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes/assessments	\$ 23,052	\$ 25,730	\$ 27,226	\$ 30,973	\$ 31,312	\$ 31,790	\$ 32,635	\$ 34,705	\$ 33,775	\$ 35,876
Licenses and permits	280	274	244	281	291	308	300	316	390	384
Intergovernmental	5,713	7,982	11,280	11,527	8,217	9,786	14,845	11,402	9,637	10,222
Charges for services	3,998	3,626	3,800	3,797	3,779	4,947	6,405	6,996	7,329	7,010
Fines and forfeitures	843	1,271	409	609	634	540	598	664	728	669
Miscellaneous	696	997	1,548	492	1,121	581	538	271	2,923	3,002
Interest earnings	1,382	878	762	492	276	(179)	509	411	558	237
Contributions/donations	23	773	38	1,430	4	22	102	22	90	65
Total revenues	<u>35,987</u>	<u>41,531</u>	<u>45,306</u>	<u>49,602</u>	<u>45,635</u>	<u>47,795</u>	<u>55,931</u>	<u>54,787</u>	<u>55,429</u>	<u>57,465</u>
Expenditures:										
General government	8,447	8,965	8,778	9,681	8,574	8,902	9,139	9,625	10,027	10,537
Public safety	12,068	11,663	12,717	16,735	14,342	14,735	15,498	16,490	17,293	17,959
Public works	5,204	4,457	5,667	6,281	6,237	7,612	13,342	8,247	5,629	7,777
Public health	2,903	3,209	3,059	3,157	3,264	3,439	3,410	3,866	4,179	4,745
Social and economic	484	442	473	504	456	456	447	461	472	529
Culture and recreation	1,435	1,571	2,629	1,688	1,680	1,755	1,854	1,835	1,976	2,261
Housing and community development	37	77	3,211	3,812	41	349	74	86	490	1,128
Conservation of natural resources	93	81	102	132	102	136	134	110	139	110
Miscellaneous	51	63	8	35	-	-	-	-	-	-
Debt service										
Principal	2,031	2,169	2,091	5,397	5,263	3,584	3,693	3,946	3,559	4,397
Interest	857	1,620	2,185	2,424	2,376	2,158	2,082	1,975	4,062	1,874
Bond issuance costs	-	-	-	-	-	85	-	-	-	-
Capital outlay	10,107	15,509	24,784	13,469	4,339	1,901	3,224	2,698	4,677	6,822
Total expenditures	<u>43,719</u>	<u>49,826</u>	<u>65,704</u>	<u>63,314</u>	<u>46,674</u>	<u>45,112</u>	<u>52,897</u>	<u>49,339</u>	<u>52,503</u>	<u>58,139</u>
Excess of revenues over (under) expenditures	<u>(7,732)</u>	<u>(8,294)</u>	<u>(20,399)</u>	<u>(13,712)</u>	<u>(1,039)</u>	<u>2,683</u>	<u>3,034</u>	<u>5,448</u>	<u>2,926</u>	<u>(674)</u>
Other financing sources (uses)										
Transfers in	2,131	894	1,165	3,449	2,713	2,463	2,904	3,024	2,336	3,941
Transfers out	(2,962)	(1,712)	(1,946)	(4,233)	(3,552)	(3,161)	(3,851)	(3,911)	(3,384)	(4,750)
Proceeds from long-term debt	3,199	38,504	2,765	8,315	300	2,140	1,150	765	5,807	1,863
Proceeds from sale of capital assets	18	8	6	212	2	12	11	-	-	-
Gain (Loss) on sale of investments	-	407	1	-	-	-	20	20	156	193
Total other financing sources (uses)	<u>2,386</u>	<u>38,101</u>	<u>1,990</u>	<u>7,743</u>	<u>(537)</u>	<u>1,454</u>	<u>233</u>	<u>(102)</u>	<u>4,915</u>	<u>1,247</u>
Net change in fund balances	<u>\$ (5,346)</u>	<u>\$ 29,807</u>	<u>\$ (18,408)</u>	<u>\$ (5,969)</u>	<u>\$ (1,575)</u>	<u>\$ 4,137</u>	<u>\$ 3,267</u>	<u>\$ 5,346</u>	<u>\$ 7,842</u>	<u>\$ 573</u>
Debt service as a percentage of noncapital expenditures	8.59%	11.04%	10.45%	15.69%	18.04%	13.29%	11.63%	12.69%	15.93%	12.22%

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
2008	\$ 167,823	\$ 8,627	\$ 1,380	\$ 20,308	\$ (1,035)	\$ 197,103
2009	179,273	9,314	1,340	20,557	(1,223)	209,262
2010	194,498	9,661	1,216	19,991	(2,870)	222,497
2011	200,807	8,990	1,138	23,104	(3,120)	230,919
2012	205,442	8,279	1,048	23,139	(3,283)	234,625
2013	211,386	6,533	973	24,302	(3,708)	239,486
2014	218,776	6,533	973	24,302	(4,013)	246,571
2015	224,256	6,729	983	25,031	(4,035)	252,964
2016	210,529	2,775	945	28,052	(4,224)	238,077
2017	216,023	2,861	995	34,583	(4,344)	248,031
2018	253,159	3,069	1,121	34,645	(5,030)	286,963

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 Montana Certified Values - Online CSV

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

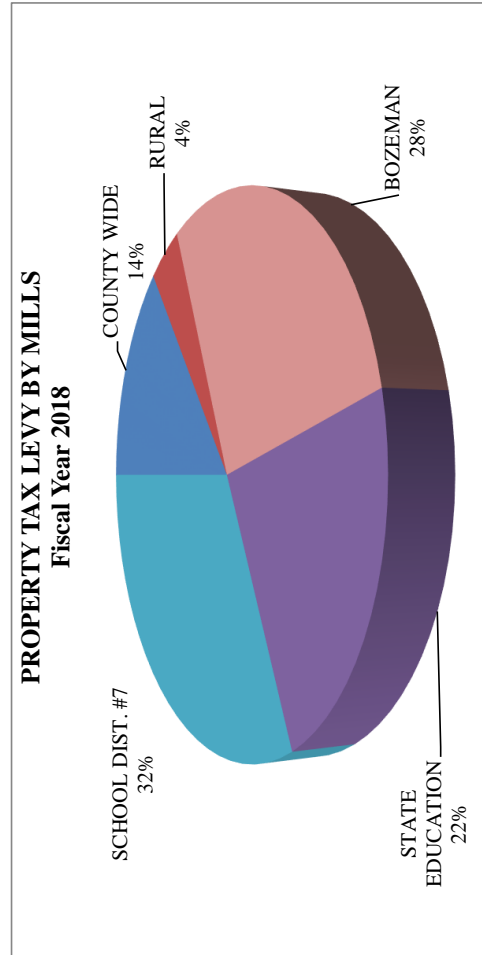
Fiscal Year	Total County Market Value	Total County Taxable Value	County Open Space Taxable Value
2008	\$ 6,105,440,980	\$ 196,866,339	\$ 190,388,900
2009	6,641,798,174	209,638,913	203,197,000
2010	7,303,040,362	223,244,509	217,532,000
2011	7,779,879,169	230,919,537	225,562,849
2012	8,272,189,432	235,791,352	231,490,476
2013	8,722,835,096	239,468,735	235,497,392
2014	9,286,890,790	250,638,591	242,436,871
2015	9,864,130,849	252,967,865	249,046,843
2016	15,030,549,843	237,835,957	234,985,893
2017	15,409,943,054	254,462,431	244,626,407
2018	18,138,153,478	291,983,196	283,602,000

Note: The Taxable Values shown above exclude valuations for tax increment financing districts

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

(amounts expressed in mills)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct Levies - Gallatin County											
General fund	12.26	11.06	14.07	15.92	19.62	20.56	21.53	21.03	21.25	21.07	19.89
Debt service	4.71	5.15	5.81	11.45	11.09	14.89	14.12	14.09	14.63	14.89	13.27
Public safety	36.87	40.51	34.94	39.07	41.76	41.01	41.08	40.01	41.89	44.31	41.07
Other levies	32.25	27.69	36.18	23.50	16.22	15.83	16.55	18.37	27.03	26.00	22.13
Subtotal county-wide levies	86.09	84.41	91.00	89.94	88.69	92.29	93.28	93.50	104.80	106.27	96.36
Rural (Road/Library) levies	24.68	25.47	25.23	25.39	25.48	26.34	26.44	26.29	30.04	30.31	27.30
Total direct levies	110.77	109.88	116.23	115.33	114.17	118.63	119.72	119.79	134.84	136.58	123.66
Overlapping Levies											
City of Bozeman	154.18	169.16	168.19	166.75	164.75	164.75	171.08	186.76	208.16	205.30	187.33
State education levies	143.05	183.85	140.02	141.74	141.61	142.47	147.28	145.94	149.35	151.39	145.67
School District No. 7	183.85	212.53	199.54	223.05	196.89	203.26	218.41	216.67	227.91	232.06	220.02
Total overlapping levies	481.08	565.54	507.75	531.54	503.25	510.48	536.77	549.37	585.42	588.75	553.02
Total direct and overlapping levies	591.85	675.42	623.98	646.87	617.42	629.11	656.49	669.16	720.26	725.33	676.68



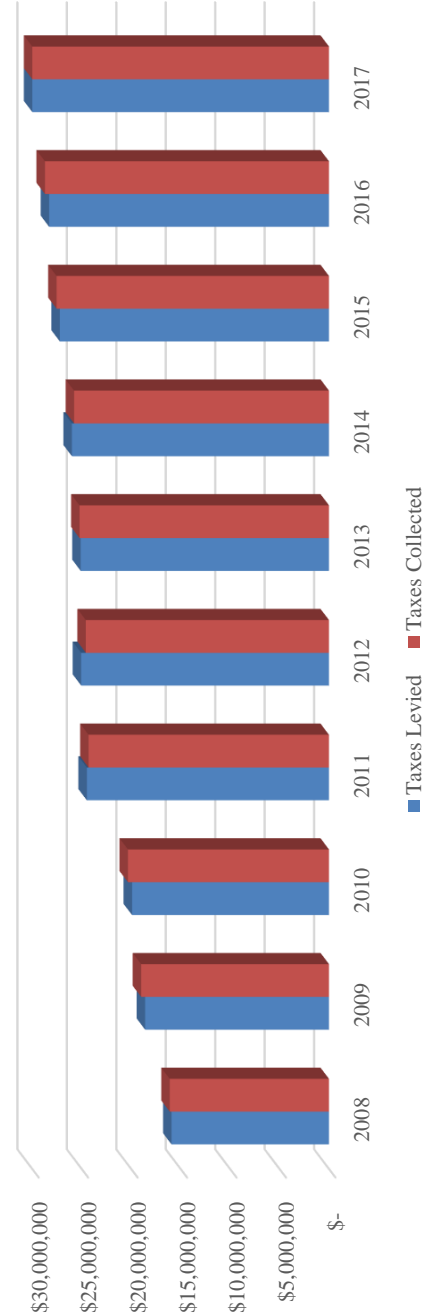
GALLATIN COUNTY, MONTANA
REAL PROPERTY TAXES AND COLLECTIONS
GOVERNMENTAL FUND TYPES

Last Ten Fiscal Years

Fiscal Year Ended June 30	Collection within the Fiscal Year of the Levy			Total Collections for the Year	
	Total Tax Levy For Fiscal Year	Amount	Percentage of Levy	Total Taxes Received	Percentage of Levy
2008	\$ 15,920,029	\$ 15,429,097	96.92%	\$ 16,100,698	101.13%
2009	18,587,687	17,884,756	96.22%	18,989,152	102.16%
2010	19,915,058	18,904,174	94.92%	20,321,902	102.04%
2011	24,479,020	23,112,451	94.42%	24,303,725	99.28%
2012	25,058,721	23,822,021	95.06%	24,582,652	98.10%
2013	25,103,215	24,357,848	97.03%	25,220,721	100.47%
2014	25,997,048	25,163,044	96.79%	25,773,026	99.14%
2015	27,212,974	26,652,121	97.94%	27,540,880	101.20%
2016	28,299,020	28,107,443	99.32%	28,717,425	101.48%
2017	30,133,188	29,381,709	97.51%	30,081,219	99.83%

SOURCE: *Gallatin County Finance Department*

Comparison of Tax Levy to Collections



GALLATIN COUNTY, MONTANA
RATIO OF DEBT TO TAXABLE VALUE AND PER CAPITA

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Funds	Total	% of Taxable Value ¹	\$ per Capita ²
2008	\$ 11,027	\$ 44	\$ 10,983	5.25%	\$ 12.23
2009	46,432	467	45,965	20.66%	\$ 50.88
2010	46,511	35	46,475	20.13%	\$ 51.87
2011	44,710	129	44,581	19.00%	\$ 48.81
2012	42,825	417	42,408	17.71%	\$ 45.79
2013	43,099	495	42,604	17.28%	\$ 44.99
2014	41,872	344	41,528	16.42%	\$ 42.68
2015	39,410	440	38,970	16.37%	\$ 39.11
2016	38,953	278	38,675	16.24%	\$ 38.38
2017	35,435	278	35,157	14.17%	\$ 33.97

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

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

² Population data can be found in the "Demographic Statistics" schedule.

GALLATIN COUNTY, MONTANA
LEGAL DEBT MARGIN CALCULATIONS

Last Ten Fiscal Years

(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calculation of Legal Debt Margins										
Assessed value	\$ 5,526,324	\$ 6,104,449	\$ 6,641,798	\$ 7,303,040	\$ 8,217,172	\$ 8,712,241	\$ 9,834,392	\$ 9,834,392	\$ 15,030,550	\$ 15,059,851
Allowed debt percentage ¹	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Debt limit	138,158	152,611	166,045	182,576	205,429	217,806	245,860	245,860	375,764	376,496
Outstanding debt applicable to limit	18,772	55,626	54,968	53,946	49,689	49,151	47,114	43,691	41,457	39,372
Legal Debt margin	\$ 119,386	\$ 96,985	\$ 111,077	\$ 128,630	\$ 155,740	\$ 168,655	\$ 198,746	\$ 202,169	\$ 334,307	\$ 337,124
Outstanding debt applicable to limit as a percentage of debt limit	13.59%	36.45%	33.10%	29.55%	24.19%	22.57%	19.16%	17.77%	11.03%	10.46%

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 SPECIAL DISTRICT ASSESSMENTS BILLING & COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	RID Assessments Billing	RID Special Assessment Collections	RID Current Year Delinquency	% Delinquent
2008	632,869	596,541	36,328	5.74%
2009	639,665	591,338	48,327	7.56%
2010	524,629	489,624	35,005	6.67%
2011	1,024,305	863,567	160,738	15.69%
2012	937,779	820,131	117,648	12.55%
2013	895,739	784,296	111,443	12.44%
2014	871,471	792,179	79,291	9.10%
2015	860,503	790,909	69,593	8.09%
2016	812,634	762,740	49,894	6.14%
2017	886,947	816,613	70,334	7.93%

Note: The RID Special Assessment Collections exclude collections from previous years.

STATEMENT OF CHANGES IN FUND BALANCE: RSID REVOLVING FUND

	Audited 2012/13	Audited 2013/14	Audited 2014/15	Audited 2015/16	6/30/2017 2016/17
Beginning Balance, July 1	\$ 1,085,865	\$ 1,094,147	\$ 1,078,923	\$ 1,099,311	\$ 1,088,017
Property Taxes	1	1	7	-	-
Investment Earnings	8,601	7,738	8,329	9,701	11,662
Transfer In, Bond Proceeds	-	3,229	38,250	5,350	18,150
Expenditures	291	26,192	26,198	26,345	25,012
Receipts Over Disbursements	8,311	(15,224)	20,388	(11,294)	4,800
Ending Balance, June 30	<u>\$ 1,094,176</u>	<u>\$ 1,078,923</u>	<u>\$ 1,099,311</u>	<u>\$ 1,088,017</u>	<u>\$ 1,092,817</u>
Assets					
Cash / Investments	\$ 1,087,428	\$ 1,077,706	\$ 1,098,133	\$ 1,088,016	\$ 1,090,382
Receivables	6,748	1,217	1,178	1,788	2,527
Total Assets	<u>\$ 1,094,176</u>	<u>\$ 1,078,923</u>	<u>\$ 1,099,311</u>	<u>\$ 1,089,804</u>	<u>\$ 1,092,909</u>
Total Liabilities	\$ 29	\$ 40	\$ -	\$ 1,788	\$ 93
Fund Balance (Restricted)	445,045	1,078,883	1,090,503	1,090,503	1,090,503
Fund Balance (Committed)	649,102	-	8,808	(2,487)	2,313
Total Fund Balance	<u>1,094,147</u>	<u>1,078,883</u>	<u>1,099,311</u>	<u>1,088,016</u>	<u>1,092,816</u>
Total Liabilities & Fund Balance	<u>\$ 1,094,176</u>	<u>\$ 1,078,923</u>	<u>\$ 1,099,311</u>	<u>\$ 1,089,804</u>	<u>\$ 1,092,909</u>

Rural Improvement District Bonds were issued in FY 2017 for a total of \$363,000

GALLATIN COUNTY, MONTANA
Summary of Outstanding Rural Special Improvement Districts
June 30, 2017

Bond Issue	Original Issue	Maturity Date	Bonds Issued	Bonds Outstanding	Cash Balance	Assessments Outstanding	Delinquent Assessments
RSID 371	1999	2020	\$ 63,000	\$ -	\$ -	\$ -	\$ -
RSID 378	2001	2021	1,188,000	180,000	54,179	194,420	1,183
RSID 382	2002	2017	199,000	-	-	-	-
RSID 383	2002	2022	200,200	-	(176)	-	-
RSID 386	2003	2018	300,000	-	353	-	421
RSID 387	2005	2020	180,000	35,000	9,768	35,503	220
RSID 388	2005	2020	160,000	15,000	6,956	16,412	181
RSID 391	2006	2026	395,000	165,000	11,868	173,585	220
RSID 392	2006	2026	60,000	-	651	-	333
RSID 393	2007	2028	900,000	420,000	7,582	472,611	4,299
RSID 395	2010	2030	1,765,000	1,235,000	38,476	1,338,290	7,392
RSID 396	2010	2030	4,715,000	3,520,000	48,502	3,766,065	67,210
RSID 605	2015	2035	610,000	569,304.63	8,633	592,091	764
RSID 606	2015	2035	155,000	144,659	12,423	143,383	264
RSID 607	2016	2032	107,000	104,681	992	106,126	-
RSID 608-610	2017	2031	363,000	343,135	4,240	353,137	-
TOTAL			<u>\$ 10,997,200</u>	<u>\$ 6,388,645</u>	<u>\$ 200,207</u>	<u>\$ 6,838,486</u>	<u>\$ 82,487</u>

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

Last Ten Fiscal Years

FUNCTION / PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL GOVERNMENT										
Legislative services	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.50	4.52
Judicial services	24.90	23.12	34.57	33.90	33.98	33.87	33.90	34.90	35.40	35.90
Administrative services	24.48	23.25	21.75	21.00	20.90	21.59	21.90	23.15	23.15	21.90
Financial services	23.92	24.46	24.96	24.96	24.61	25.81	25.63	26.17	27.50	29.50
Election & record services	17.21	17.25	13.75	13.75	12.75	12.75	12.75	12.75	12.75	12.75
Planning services	10.00	10.50	7.75	7.25	6.90	6.90	7.10	8.15	9.07	9.65
Legal services	20.00	20.75	21.00	21.00	21.00	21.00	21.00	21.00	21.83	22.75
Other general government	8.39	6.77	2.57	4.26	0.14	0.44	0.19	-	1.00	1.00
PUBLIC SAFETY										
Law enforcement services	56.40	55.00	59.41	56.59	60.65	58.26	59.84	63.51	64.00	68.00
Detention services	33.00	32.00	30.43	44.00	53.00	52.00	52.00	53.50	53.83	55.50
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	28.63	29.00	30.00	29.50	29.50	30.50	31.75	32.75	32.50	33.50
Other public safety services	8.29	6.67	2.57	4.26	0.14	0.44	0.19	-	2.79	2.79
PUBLIC WORKS										
Bridge maintenance	7.36	7.36	7.36	7.36	7.36	7.36	7.41	7.41	7.41	7.06
Road and street maintenance	26.11	26.11	25.11	25.11	25.39	26.14	26.14	26.14	26.14	26.99
Facilities administration	3.62	3.62	3.12	5.54	6.74	6.74	6.49	6.74	6.74	6.74
Solid waste	16.50	20.50	20.50	18.00	18.00	19.00	18.00	18.00	18.00	19.00
Weed spraying services	3.40	3.00	2.25	3.00	3.00	2.88	2.75	2.75	2.75	2.75
PUBLIC HEALTH										
Health administration	2.00	3.00	3.83	3.83	3.00	3.00	3.00	3.00	3.00	4.25
Health environmental services	12.06	11.34	10.17	10.00	9.75	10.00	10.00	10.00	10.92	11.75
Health human services	18.37	17.47	16.80	18.02	19.22	20.56	19.45	21.40	24.30	26.87
Nursing home	91.70	97.90	102.90	102.90	104.67	105.58	105.58	107.68	98.88	85.28
RECREATION AND OTHER										
Extension	4.50	4.00	4.00	4.00	3.50	3.00	3.00	3.00	3.00	3.25
Fair	9.25	10.50	10.00	10.00	10.00	10.25	10.00	9.00	8.50	7.50
Parks	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.06	1.06	1.06
TOTAL	457.19	460.66	461.89	475.33	480.30	484.18	484.16	497.06	500.02	501.26

Source: Gallatin County Finance Office

SINGLE AUDIT SECTION

GALLATIN COUNTY, MONTANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through	CFDA Number	Pass-Through Number	Award Amount	Federal Revenue	Federal Expenditures	Clusters
U.S. Department of Agriculture						
Passed through the State Department of Public Health and Human Services						
Special Supplement Food Program - WIC BFPC 10/01/15-09/30/16	10.557	16-07-5-21-009-0	\$ 15,405.00	\$ -	\$ -	WIC Special Supp. Nutrition Prog for Women, Infants & Children \$ 279,867.41
Special Supplement Food Program - WIC 10/01/15-09/30/16	10.557	16-07-5-21-009-0	\$ 293,928.00	\$ 34,171.57	\$ 34,171.57	
Special Supplement Food Program - WIC BFPC 10/01/16-09/30/17	10.557	17-07-5-21-009-0	\$ 12,675.00	\$ 15,118.21	\$ 15,118.21	
Special Supplement Food Program - WIC 10/01/16-09/30/17	10.557	17-07-5-21-009-0	\$ 253,230.00	\$ 230,577.63	\$ 230,577.63	
Total Passed through the State Department of Public Health and Human Services:			\$ 575,238.00	\$ 279,867.41	\$ 279,867.41	
Passed through the State Department of Administration						
Schools and Roads - Grants to State - Forest Reserve - Note 4	10.665	n/a	\$ 93,637.45	\$ 93,637.45	\$ 93,637.45	
Total Passed through the State Department of Administration			\$ 93,637.45	\$ 93,637.45	\$ 93,637.45	
Total U.S. Department of Agriculture						
U.S. Environmental Protection Agency						
Total Passed through the Soil & Water Conservation Districts of Montana						
Passed through the Greater Gallatin Watershed Council	66.46	216002-MOA-001	\$ 6,500.00	\$ 2,083.95	\$ 2,083.95	
Clean Water Act Section 319 - Story Mill MOU			\$ 6,500.00	\$ 2,083.95	\$ 2,083.95	
Total Passed through the Greater Gallatin Watershed Council			\$ 6,500.00	\$ 2,083.95	\$ 2,083.95	
Total U.S. Environmental Protection Agency						
U.S. Department of Housing and Urban Development						
Passed through the State Department of Commerce	14.239	MT-HOME-15RD-SGC-2	\$ 750,000.00	\$ 534,761.40	\$ 534,761.40	
Home Investment Partnerships Program - Reach, Inc.			\$ 750,000.00	\$ 534,761.40	\$ 534,761.40	
Total U.S. Department of Housing and Urban Development						
U.S. Department of Interior - National Park Service						
Passed through the Montana Fish Wildlife and Parks	15.916	30-00728	\$ 65,850.00	\$ 9,308.05	\$ 9,308.05	
Land & Water Conservation Fund Grant - Regional Park			\$ 65,850.00	\$ 9,308.05	\$ 9,308.05	
Total U.S. Department of Interior						

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through			CFDA	Pass-Through Number	Award Amount	Federal Revenue		Federal Expenditures		Clusters
U.S. Department of Health and Human Services										
Passed through MT DPHHS to Yellowstone City/County Health Dept/Riverstone Health to Gallatin County										
Ryan White C Outpatient STD/HIV Early Intervention Services										
Total Passed through Yellowstone City/County Health Dept/Riverstone Health:										
Passed through the State Department of Public Health and Human Services:										
HIV Care Formula Grants - Early Intervention Services										
Immunization Cooperative Agreements - Immunization Action Plan - IAP										
Immunization Cooperative Agreements - Immunization Action Plan - IAP										
Linking Actions for Unmet Needs in Children's Health - LAUNCH										
Linking Actions for Unmet Needs in Children's Health - LAUNCH										
Montana Cancer Control Programs - MCCC										
Maternal & Child Health Services Block Grant - MCH										
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development - MIECHV										
Maternal, Infant & Early Childhood Home Visiting Infrastructure Development - MIECHV										
Public Health Emergency Preparedness - PHEP										
Preventative Health and Health Services Block Grant - Public Health System Improvement (PHSI)										
Total Passed through the State Department of Public Health and Human Services										
					\$	2,215,154.56	\$	1,121,340.03	\$	1,121,340.03
					\$	2,215,154.56	\$	1,133,222.81	\$	1,133,222.81
U.S. Department of Homeland Security										
Passed through the Montana Disaster & Emergency Services										
Homeland Security Grant Program - Cyber Security										
Homeland Security Grant Program - 911 Microwave Upgrade Project										
Homeland Security Grant Program - 911 Microwave Replacement Project										
Homeland Security Grant Program - Mobile Command Vehicle Upgrade										
Emergency Management Performance Grant - Emergency Services										
Emergency Management Performance Grant - Emergency Services										
Passed through the Montana Disaster & Emergency Services:										
					\$	597,341.10	\$	391,504.16	\$	391,504.16
					\$	597,341.10	\$	391,504.16	\$	391,504.16
Total U.S. Department of Homeland Security										

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through		CFDA	Pass-Through Number		Award Amount	Federal Revenue		Federal Expenditures		Clusters
U.S. Department of Justice		Number								
Direct:										
ILLEBG	Bulletproof Vest Partnership Program	16.607	DIRECT		\$ 4,042.50	\$	2,037.94	\$	2,037.94	Bulletproof Vest Partnership Program \$ 3,026.00
ILLEBG	Bulletproof Vest Partnership Program	16.607	DIRECT		\$ 1,852.74	\$	988.06	\$	988.06	
Equitable	Sharing Program - Note 5	16.922	DIRECT		\$ 136,791.00	\$	56,351.00	\$	56,351.00	
COPS I	Hiring Grant	16.710	DIRECT		\$ 375,000.00	\$	92,375.42	\$	92,375.42	Public Safety Partnership & Community Policing Grants \$ 99,287.98
COPS II	Hiring Grant	16.710	DIRECT		\$ 125,000.00	\$	6,912.56	\$	6,912.56	
Total Direct:					\$ 642,686.24	\$	158,664.98	\$	158,664.98	
Passed through the State Department of Justice - Montana Board of Crime Control:										
Crime Victim	Assistance	16.575	16-V01-91931		\$ 95,000.00	\$	94,200.76	\$	94,200.76	Edward Byrne Memorial Justice Asst. Grant Program \$ 218,181.85
Operation	Freedom from Fear	16.588	16-W02-91941		\$ 84,266.00	\$	84,266.00	\$	84,266.00	
Edward Byrne	Memorial Justice Assistance Grant - Missouri River Drug Task Force	16.738	15-G01-91998		\$ 208,279.00	\$	208,279.00	\$	208,279.00	
Total Passed through the State Department of Justice - Montana Board of Crime Control:					\$ 387,545.00	\$	386,745.76	\$	386,745.76	
Edward Byrne	Memorial Justice Assistance Grant Program - Mobile Radio Project	16.738	DIRECT		\$ 10,658.00	\$	10,617.54	\$	10,617.54	
Gallatin Project Consortium:	Rural Project to End Violence Against Women	16.589	INTERLOCAL 2015-162		\$ 82,561.00	\$	9,902.85	\$	9,902.85	
Total Passed through the City of Bozeman:					\$ 93,219.00	\$	20,520.39	\$	20,520.39	
Total U.S. Department of Justice					\$ 1,123,450.24	\$	565,931.13	\$	565,931.13	
U.S. Department of Transportation										
Passed through the State Department of Transportation:										
		20.600,								Highway Safety Cluster \$ 12,718.98
		20.616,								
Montana Department of Transportation - Highway Traffic Safety STEP Overtime		20.608	109104		\$ 23,000.00	\$	8,660.75	\$	8,660.75	
Montana Department of Transportation - Highway Traffic Safety STEP Overtime		20.600, 20.607	108499		\$ 23,000.00	\$	4,058.23	\$	4,058.23	Highway Planning & Construction \$ 118,744.60
Community Transportation Enhancement Program CTEP Three Forks Depot Renovation		20.205	8850		\$ 90,278.00	\$	35,762.29	\$	35,762.29	
Community Transportation Enhancement Program CTEP Anderson School Trail Phase II (STPE 16(100) UI		20.205	8577		\$ 117,000.00	\$	82,982.31	\$	82,982.31	
Total Passed through the State Department of Transportation:					\$ 253,278.00	\$	131,463.58	\$	131,463.58	Airport Improvement Program \$ 66,072.52
Direct - Federal Aviation Administration										
FAA - Pogreba Airport Improvements Taxilane		20.106	DIRECT		\$ 66,355.00	\$	65,543.32	\$	65,543.32	
FAA - Pogreba Airport Airfield Pavement & Electrical Rehabilitation		20.106	DIRECT		\$ 638,472.00	\$	529.20	\$	529.20	
Total Direct - Federal Aviation Administration					\$ 704,827.00	\$	66,072.52	\$	66,072.52	
Total U.S. Department of Transportation					\$ 958,105.00	\$	197,536.10	\$	197,536.10	
Total Federal Assistance					\$ 6,385,276.35	\$	3,207,852.46	\$	3,207,852.46	

GALLATIN COUNTY, MONTANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through	CFDA		Federal	
	Number	Pass-Through Number	Award Amount	Expenditures

Note 1: Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of the County under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10 percent minimis indirect cost rate in Sec. 200.414 Indirect Costs under Uniform Guidance.

Note 3: Allocation

The Gallatin County Composting Facility in West Yellowstone, Montana received an allocation from the Department of the Interior; National Park Service for upgrades to the facility.

Program Name:	Allocation Amount	Allocation Revenue	Allocation Expended
Utility Service Agreement Removal and Replacement of Equipment	\$446,000	\$221,880	\$221,880

Note 4: Schools and Roads - Forest Reserve:

\$62,456.18 was reported in the Road Fund and represents 66 2/3 percent of the total amount of \$93,637.45 received by the County. The remaining \$31,181.27 which represents 33 1/3 percent was distributed directly to the countywide school levy funds as required by state statute.

Note 5: Federal Equitable Sharing

Sheriff's Office had been awarded \$136,791 in Federal Equitable Sharing funding from the Department of Justice. Amount of funds remaining unspent is \$363.67.

Note 6: Subrecipients

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

Program Name	CDFA	Amount
LAUNCH FFY16 1602PROS0254	93.243	\$ 16,994.82
LAUNCH FFY16 1602PROS0255	93.243	\$ 15,414.36
LAUNCH FFY16 1602PROS0256	93.243	\$ 39,528.13
LAUNCH FFY16 1602PROS0257	93.243	\$ 5,500.00
LAUNCH FFY16 1602PROS0258	93.243	\$ 27,268.12
LAUNCH FFY16 1602PROS0259	93.243	\$ 21,364.10
LAUNCH FFY17 1702PROS0254	93.243	\$ 48,567.68
LAUNCH FFY17 1702PROS0254	93.243	\$ 42,084.29
LAUNCH FFY17 1702PROS0254	93.243	\$ 75,593.57
LAUNCH FFY17 1702PROS0254	93.243	\$ 13,411.00
LAUNCH FFY17 1702PROS0254	93.243	\$ 65,044.01
LAUNCH FFY17 1702PROS0254	93.243	\$ 57,060.06
		\$ 427,830.14

GALLATIN COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Program Name	CFDA Number CDFA	Pass-Through Number Amount	Award Amount	Federal Revenue	Federal Expenditures	Clusters
DOJ Edward Byrne Memorial - Missouri River Drug Task Force	16.738	\$ 63,865.00				
DOJ Edward Byrne Memorial - Missouri River Drug Task Force	16.738	\$ 26,975.00				
DOJ Edward Byrne Memorial - Missouri River Drug Task Force	16.738	\$ 35,341.61				
DOJ Edward Byrne Memorial - Missouri River Drug Task Force	16.738	\$ 24,766.00				
		150,947.61				
Program Name	CDFA	Amount				
U. S. Department of Transportation - CTEP - Three Forks Depot Renovation	20.205	\$ 5,543.20				
U. S. Department of Transportation - CTEP - Anderson School Phase II	20.205	\$ 12,862.35				
		18,405.55				

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gallatin County, State of Montana (the County), as of and for the year ended June 30, 2017, which collectively comprise the County's basic financial statements and have issued our report thereon as of December 22, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Andersen Ziemmehlman + Co, P.C.".

Bozeman, Montana
December 22, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance on Major Federal Program

We have audited Gallatin County, State of Montana's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Andersen Zuercher + Co, P.C.

Bozeman, Montana
December 22, 2017

GALLATIN COUNTY, STATE OF MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)	No

GALLATIN COUNTY, STATE OF MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance
10.557	Special Supplemental Food Program (WIC)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs:

None Reported

Prior Year Financial Statement Findings

2016-01: Status - fully implemented

Prior Year Federal Award Findings and Questioned Costs:

2016-02: Status - fully implemented