

*Yellowstone County, Montana*

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**



**FISCAL YEAR 2014**

**JULY 1, 2013 - JUNE 30, 2014**

**YELLOWSTONE COUNTY, MONTANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2014**

Prepared by: Finance Department -

Scott S. Turner, Director

I. INTRODUCTORY SECTION (Unaudited)

**YELLOWSTONE COUNTY, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS  
(Page 1 of 3)**

	<u>Page</u>
<b>I. <u>INTRODUCTORY SECTION (Unaudited)</u></b>	
A. Table of Contents	i-iii
B. Letter of Transmittal	iv-xi
C. Organization Chart	xii
D. Elected Officials	xiii
<b>II. <u>FINANCIAL SECTION</u></b>	
A. Independent Auditor's Report	1-3
B. Management's Discussion and Analysis	4-25
C. Basic Financial Statements	
1. Statement of Net Position (Accrual Basis)	26-27
2. Statement of Activities (Accrual Basis)	28
3. Balance Sheet - Governmental Funds	29
4. Reconciliation of Balance Sheet Fund Balance to Net Position of Governmental Activities	30
5. Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	31
6. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
7. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	33-34
8. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Special Revenue Funds - Road, Property and Liability Insurance, and Public Safety Funds	35
9. Statement of Net Position - Proprietary Funds	36-37
10. Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	38
11. Statement of Cash Flows - Proprietary Funds	39-40
12. Statement of Fiduciary Net Position - Fiduciary Funds	41
13. Statement of Changes in Fiduciary Net Position - External Investment Trust Fund	42
14. Notes to the Financial Statements	43-80

**YELLOWSTONE COUNTY, MONTANA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 TABLE OF CONTENTS  
 (Page 2 of 3)**

<b>II. <u>FINANCIAL SECTION, continued</u></b>	<b><u>Page</u></b>
D. Required Supplementary Information	
1. Employee Group Benefits Plan - Other Post Employment Benefits (OPEB)	81
E. Supplementary Information	
1. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Governmental Debt Service and Capital Projects Funds	82
2. Combining Balance Sheet - Nonmajor Governmental Funds	83
3. Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Governmental Funds	84
4. Nonmajor Special Revenue Funds	
a. Combining Balance Sheet	85-88
b. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	89-94
5. Nonmajor Debt Service Funds	
a. Combining Balance Sheet	95
b. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	96
6. Nonmajor Capital Projects Funds	
a. Combining Balance Sheet	97
b. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98
7. Internal Service Funds	
a. Combining Balance Sheet	99
b. Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	100
c. Combining Statement of Cash Flows	101

**YELLOWSTONE COUNTY, MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS  
(Page 3 of 3)**

	<u>Page</u>
<b>III. <u>STATISTICAL SECTION (Unaudited)</u></b>	
<b><u>Schedule</u></b>	
1. Net Position by Component	102
2. Change in Net Position	103-104
3. Fund Balances, Governmental Funds	105
4. Changes in Fund Balances, Governmental Funds	106
5. Taxable Value and Estimated Actual Value of Taxable Property	107
6. Direct and Overlapping Property Tax Rates	108
7. Principal Property Tax Payers	109
8. Property Tax Levies and Collections	110
9. Ratios of General Bonded Debt Outstanding	111
10. Direct and Overlapping Governmental Activities Debt	112
11. Legal Debt Margin Information	113
12. Demographic and Economic Statistics	114
13. Principal Employers	115
14. Full-time Equivalent County Government Employees by Function	116
15. Operating Indicators by Function	117
16. Actual Levies and Revenues Compared to Statutory Limitations	118
17. Rural Special Improvement Districts Continuing Disclosures	119
 <b>IV. <u>SINGLE AUDIT SECTION</u></b>	
A. 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	120-121
B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	122-124
C. Schedule of Expenditures of Federal Awards	125-126
D. Notes to Schedule of Expenditures of Federal Awards	127-128
E. Schedule of Findings and Questioned Costs	129-130

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

*Yellowstone County*

---



FINANCE  
(406) 256-2718  
(406) 254-7929 (FAX)

P.O. Box 35003  
Billings, MT 59107-5003

December 16, 2014

**Board of County Commissioners**  
**Citizens of Yellowstone County**  
**Billings, Montana**

The Comprehensive Annual Financial Report of Yellowstone County (the County) for the fiscal year ended June 30, 2014 is submitted herewith. State law requires that counties 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 (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This comprehensive annual financial report meets all required criteria specified by the State, to report the Budgetary, Accounting and Financial Reporting System (BARS), prepared in conformance with the principles and standards for financial reporting as promulgated by the Governmental Accounting Standards Board. Pursuant to those requirements, the finance department hereby issues the comprehensive annual financial report of Yellowstone County for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of Yellowstone 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, management of Yellowstone County has established a comprehensive internal control framework that is designed to protect the government's assets from material loss, theft, or misuse; compile sufficient reliable information for the preparation of Yellowstone County's financial statements in conformity with GAAP; and ensure compliance with laws, regulations, and contracts. Because the cost of internal controls should not outweigh their benefits, Yellowstone County's comprehensive framework of internal controls has been designed 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.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

Yellowstone County's financial statements have been audited by Anderson, ZurMuehlen & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Yellowstone County for the fiscal year ended June 30, 2014, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Yellowstone County's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Yellowstone County 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 basic financial statements of the opinion units, but also on the audited government's internal controls; legal requirements; and compliance and other matters, with special emphasis on internal controls and rendering an opinion on compliance on the government's administration of federal awards. These reports are available in Yellowstone County's separately issued Single Audit Report. GAAP require that management 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 MD&A and should be read in conjunction with it. Yellowstone County's MD&A can be found immediately following the report of the independent auditors.

**FINANCIAL STATEMENT PRESENTATION**

This Comprehensive Annual Financial Report includes all of the financial statements and reports as required by the Governmental Accounting Standards Board. Designed to meet the needs of a broad spectrum of financial statement readers, this Comprehensive Annual Financial Report is divided into four major sections.

1. **Introductory Section:** As the title indicates, this section introduces the reader to the report and includes the table of contents, transmittal letter, organization chart, and elected officials.
2. **Financial Section:** Includes the following subsections –
  - Independent Auditor's Report
  - Management's Discussion and Analysis (MD&A) – This report is a narrative providing information and analysis about the County's financial position, results of operations for the audited year, and significant changes from the prior year.
  - Basic Financial Statements – These include government-wide financial statements which report on both governmental and business-type activities on a full accrual (business-like) basis.
  - Notes to Basic Financial Statements – Explanatory narratives, details, and reconciliations that are critical to an understanding of the basic financial statements.
  - Required Supplementary Information
  - Fund Financial Statements – These statements provide additional reporting for the major and nonmajor funds.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

3. **Statistical Section:** Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data and are designed to reflect social and economic data, as well as the fiscal capacity of the County.
4. **Single Audit Section:** Yellowstone County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, summary schedule of prior audit findings, and auditors' reports on internal controls and compliance are included in this section.

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund." A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**PROFILE OF THE COUNTY**

Yellowstone County (population 154,162), created by legislative enactment in 1883, is located in the southern central section of Montana and includes the incorporated City of Billings, which is the County seat and most populous city in the state (population 109,059); and also includes the incorporated City of Laurel (population 7,036) and Town of Broadview (population 200). The County imposes tax levies for jurisdictions under the authority of the Board of County Commissioners, which includes county funds and some special districts, such as the Big Sky Economic Development (BSED). The Board of County Commissioners also approves levies requested by boards of special cemetery and fire districts. The County does bill, collect, and distribute property taxes on behalf of other taxing entities such as the State of Montana, schools and cities, but does not approve their levies.

The Board of County Commissioners is a commission form of government with a three member board comprised of officials elected at-large from three different district boundaries to six year terms on a staggered two year cycle. The County has the authority to cause actions that are statutorily permitted under Montana law. The Board of County Commissioners establishes budget authority and policies for County departments.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

Budgetary control is maintained through an annual budget adopted by the County Commissioners. Public hearings are published and generally conducted in June of each year. The final budget must be adopted by the first Thursday in September or 30 days after receiving the certified taxable values from the State of Montana. Budgetary authority is flexible in that the Commissioners may make transfers among budget object lines within a fund and make budget amendments with statutory restrictions when considered necessary for proper administration of County government. Budget amendments may be passed by the Board of County Commissioners after conducting two published public hearings. The level of budgetary control is established at the fund level. Budget comparisons for the major governmental funds are presented as part of the basic financial statements. These statements also show the original budget that was adopted for the major funds. Generally the revisions made during the fiscal year are related to grant funding and associated expenditures.

Yellowstone County provides a full range of services as mandated by Montana statutes, including general government, public works, public safety, public health, social and economic, culture and recreation, and community development. Some of the more significant departments and functions within these areas include:

**General Government** – County Commissioners, Treasurer and Finance, Elections, Records, Auditing, Facility Maintenance, Property and Liability Insurance, Planning, Geographical Information, and Clerk of District Court

**Public Safety** – Sheriff's departments including administration, patrol, detectives, civil, records, adult detention, and communications. Other public safety functions include youth detention, county attorney prosecution, and traffic safety programs.

**Public Works** – County road and bridge projects and maintenance, weed control, veteran's cemetery, and RSID construction and maintenance.

**Public Health** – Funding support for operations of the public health department (Riverstone Health), mental health treatment and involuntary commitment costs, animal control, and alcohol rehabilitation programs.

**Social and Economic Services** – Senior citizen program funding, extension & agricultural services, and low income medical and rent assistance programs.

**Culture and Recreation** – Library and museum funding, and county parks.

**Conservation of Natural Resources** – Soil Conservation programs and Air Quality Control funding

**Community Development** – Community Development Block Grant projects

The County also operates the METRA (Montana Exposition, Trade, and Recreation Arena) and adjacent buildings and grounds. This facility includes 3 large multi-purpose event centers, a 4000 seat grandstand and track, and large adjacent parking, grounds, and ancillary buildings.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

**FACTORS AFFECTING FINANCIAL CONDITION**

**General Operating Environment**

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

Local business activity includes agricultural, medical, retail, industrial, petroleum refining, banking, mining, and utility enterprises; which contribute substantially to the County's economy and tax base. The County is home to three substantial oil refineries, two major hospitals, and is the major retailer to a large geographical area. Billings also is an important tourism and cultural center to the region. These businesses and industries have historically provided a stable economy for the community and have provided for steady population and economic growth.

Montana's tax structure predominately relies on income, mineral, property, gambling, and motor vehicle taxes. Counties directly levy property taxes and indirectly share in mineral, gambling and motor vehicle taxes by receiving revenue distribution from the State referred to as the entitlement share that is supported by the aforementioned taxes. The State has no general sales tax although some communities in the State are permitted to levy a local sales tax (referred to as the resort tax). Yellowstone County is not currently permitted to levy a local sales tax.

Property taxing authority is statutorily determined and taxing authority above the allowed maximum level must be voter approved. The local governing bodies determine the amount of property tax revenue they wish to levy annually up to the maximum allowed. New property revenues are permitted for new construction valuation and a statutorily determined acceptable inflation growth indexed to 50% of the State's economic growth rate ( 1.20% for fiscal year 2013; 1.03% for fiscal year 2014; and 1.03% for fiscal year 2015).

The Management Discussion and Analysis provides additional discussion of specific pending financial impacts on the County.

**Recent Events and Economic Conditions**

The Billings area has benefited greatly from its proximity to the Bakken oil fields in eastern Montana and western North Dakota. Our community provides a significant amount of manufacturing, transport, services, and support to companies doing business in that region. Our local economy is unquestionably benefited by the development in the Bakken. Housing in the area has seen strength from the influx of people wanting to live here while commuting to the oil fields. The recent drop in oil prices may dampen new exploration and have a negative effect on some local business if oil prices stay in a low trading range for an extended period.

Local medical facilities have expanded recently and enhance Billings as a major medical center.

New residential and commercial construction has been apparent in the community. New hotel development has been very strong, which indicates the need for additional hotel rooms for travelers and workers.

Most of the County's large property tax protests from prior years have been settled with the Montana Department of Revenue. These settlements will have the effect of releasing some one-time tax dollars to the tax levied funds, but it is also having the effect of reducing the tax base as lower taxable values were agreed upon. This may result in some budget pressure as inflationary trends are not offset by an increasing tax base.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

**Recent Events, continued**

CHS, Inc. has protested almost 50% (\$5.43 million) of its general taxes for the current tax year. This protest amount is not in-line with last year's tax settlement amount or the prior year's protest, so the large level of protest is puzzling at this time. The other large tax protest taxpayers that settled with MDOR did not protest amounts from the 2014 tax billing.

According to PPL Montana, the effects of pending Environmental Protection Agency regulations combined with economic factors have resulted in a decision by PPL Montana to place the J.E. Corette power plant in Billings into long-term reserve status beginning in April 2015, which also negatively affects the tax base.

The unemployment rate for Yellowstone County is approximately 3%. Many employers have been challenged to find enough qualified workers and that has led to competitive wage growth. The local energy, retail, medical, and agriculture businesses help stabilize employment swings that much of the country is experiencing and the local economy does tend to be resilient. Businesses are attracted by the educated workforce, reasonable cost-of-living, education system, and local amenities.

**Internal Controls**

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding; (1) the safeguarding of assets against loss from unauthorized uses; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) maintaining compliance with laws and regulations. The concept of reasonable assurance recognizes the costs of internal control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the County's internal controls adequately safeguard assets, provide reasonable assurance of proper recording of financial transactions, and maintain compliance with laws and regulations.

As a recipient of Federal and State financial assistance, the County also is responsible for ensuring adequate internal control is in place to ensure compliance with applicable laws and regulations related to major programs. This internal control is subject to periodic evaluation by management and the internal audit staff of the County.

**Risk Management**

The County uses a self-funded Property and Liability Insurance Fund because the County considers it to be cost effective to self-insure for routine claims and reinsure for catastrophic losses. The County carries commercial liability coverage with a current deductible of \$250,000 and an aggregate limit of \$3,000,000 per year. Coverage of \$3 million per year is anticipated to provide a high degree of safety from catastrophic losses. The Property and Liability Insurance Fund has a fund balance of \$2,938,248, which is considered to be a sufficient reserve to fund the incurred claims against the County after establishing reasonably estimated loss reserves. See footnote 10 (page 65) for additional discussion on liability reinsurance. The County also carries \$173.7 million (FY15) in property damage coverage with a \$50,000 deductible on buildings and their contents.

See footnotes 10 and 11 (pages 70-75) for additional description of coverages related to worker's compensation and health insurance.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

**Cash Management**

The County currently has an investment program agreement with the local schools, irrigation, cemetery, rural fire and other special districts to invest their funds as part of an investment pool. The County invests the funds at a fee of 1% of the interest proceeds received for the month. Currently the County invests in repurchase agreements; U.S. government securities; agencies of the U.S. government; and the Certificate of Deposit Account Registry Service (CDARS), which are time deposits issued through a local bank that are 100% FDIC insured. The rate of return for the investment pool is net of bank service fees incurred for the operational costs of the participating pool members. Investments are limited to a 5 year maturity. A comparison of previous years' investment results are as follows:

	<u>Total Interest Earned</u>	<u>Average Investment Balance</u>	<u>Rate of Return</u>
F.Y. 04-05	1,785,141	73,877,037	2.42%
F.Y. 05-06	2,693,838	73,462,474	3.67%
F.Y. 06-07	3,963,897	83,597,321	4.74%
F.Y. 07-08	3,839,852	91,680,559	4.18%
F.Y. 08-09	2,727,239	101,596,016	2.68%
F.Y. 09-10	1,794,512	117,258,972	1.71%
F.Y. 10-11	1,164,351	105,370,634	1.11%
F.Y. 11-12	736,441	113,288,374	0.65%
F.Y. 12-13	518,708	139,604,003	0.37%
F.Y. 13-14	786,253	153,628,654	0.51%

The rate of return for FY15 is expected to be higher than FY14's rate of return due to the increase in longer term securities' yields.

See footnote 4 (pages 53-57) for additional information on cash and cash investments.

**Debt**

At June 30, 2014 Yellowstone County has a number of debt issues outstanding. These issues include \$4,040,000 in limited tax general obligation bonds; and \$1,497,225 of rural special improvement district bonds for which the County has limited secondary responsibility. The County has no outstanding notes payable as of June 30, 2014.

See footnote 8 (pages 63-67) and the MD&A (pages 4-25) for additional information on long-term county debt.

**Yellowstone County, Montana**  
**Comprehensive Annual Financial Report - Transmittal Letter (Unaudited)**  
**June 30, 2014**

**Pension and Other Post-Retirement Benefits and Obligations**

All county employees may elect participation in the Public Employees Retirement System (PERS) or Sheriff Retirement System (SRS) if they meet eligibility criteria. Employees exceeding 960 hours of work in a year must participate in PERS if they're in a covered position. Effective July 1, 2014 the current employer contribution rates are 8.17% (up 0.1% from FY14) of covered payroll for PERS and 10.115% for SRS. New employees have the option to elect membership in either a defined benefit (DB) plan or defined contribution (DC) plan. Employees hired before July 1, 2002 have had the opportunity to select their retirement option (DB or DC). Employees hired after July 1, 2002 have 12 months to select an irrevocable retirement option. Funding requirements and plan administration is the responsibility of the State of Montana. The PERS and SRS plans are both in poor fiscal condition. Legislation passed in the 2013 legislature added funding to the PERS pension system from the employer, the State, and the employee as well as reducing benefits for retirees in an attempt to improve the fiscal position of PERS. Those changes to plan benefits are facing a legal challenge.

The County allows retiring employees receiving a State pension the option to retain health insurance benefits on the County's plan. Eligible retirees and their dependents may maintain County coverage provided they pay the health insurance premium. Retirees and their dependents under 65 years old pay the same premium as active employees, except that retiree pays the coverage cost for themselves in addition to their dependents. Retirees and their spouses over 65 pay a reduced premium, since the County becomes a secondary payer after Medicare. Effective July 1, 2008 the County began offering an option to Medicare eligible retirees to participate in Medicare advantage plans administered by third party companies. Medicare eligible retirees currently have an annual election to participate in the Medicare advantage plan or the county's health plan.

Terminating employees that do not elect or are not eligible for a pension may elect to retain County health coverage under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). This coverage may be elected and paid for by the terminating employee for up to 18 months.

See footnotes 11E (pages 73-75) and 12 (pages 76-78) for additional information on pension and other post-retirement benefits and obligations.

**ACKNOWLEDGEMENTS**

This financial report is the financial summation of a great deal of work of all those who serve County government. Without the citizens and businesses that provide the funding and direction for needed services and programs, the government cannot function and the need for financial reporting would not exist. I appreciate and applaud the efforts of all community members who endeavor to improve the community and its governments. Hopefully, this report includes useful information regarding the use of the resources provided to this local government.

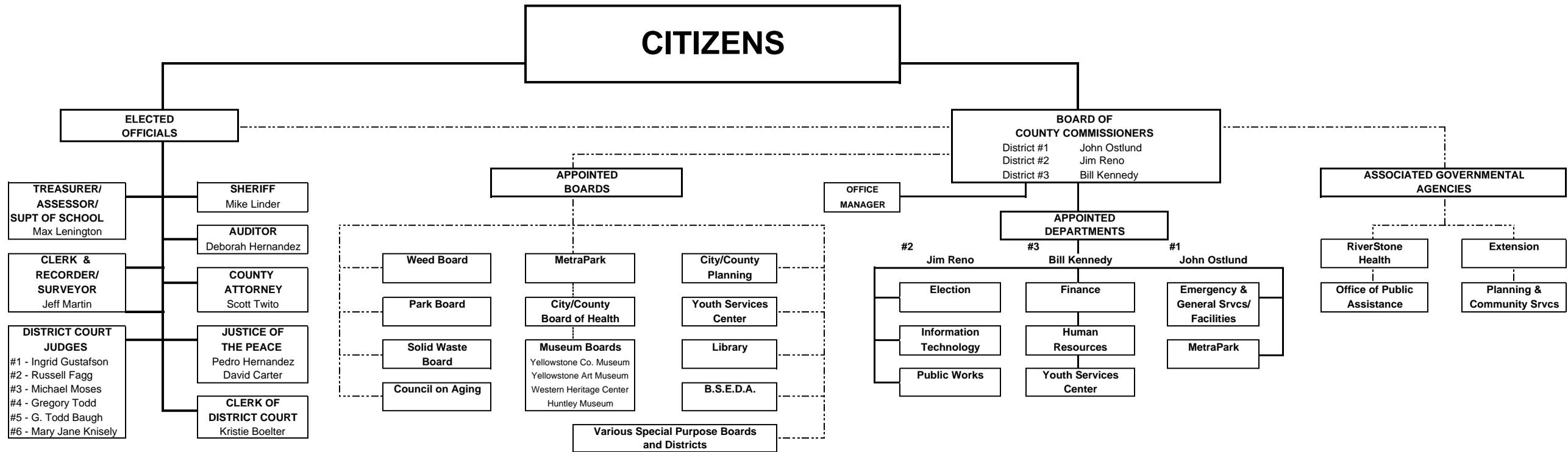
I would like to express my appreciation to the finance department staff and the staffs of all the County offices for providing excellent work and cooperation during the year. Although the finance department takes on the task of preparing the financial report, all county departments contribute to the cooperative effort required to maintain the financial system. A special thanks is extended to Lisa Sticka and Jennifer Amundsen with their assistance in the preparation of the financial report and assistance with the audit. I would also like to thank Anderson ZurMuehlen & Company for their work auditing this report.

Respectfully submitted,



Scott Turner, Finance Director

# YELLOWSTONE COUNTY, MONTANA ORGANIZATIONAL CHART



NOTE: Commissioner Representatives will rotate left to right every 2 years.  
Next rotation is scheduled for January 1, 2015

KEY: \_\_\_\_\_ = Direct Association  
 ..... = Budgetary Association

**YELLOWSTONE COUNTY, MONTANA  
ELECTED OFFICIALS  
As of June 30, 2014**

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Term Ends December 31,</u></b>	
Commissioner	John Ostlund	2014	(Note 1)
Commissioner (Chair)	James Reno	2016	
Commissioner	Bill Kennedy	2018	
Attorney & Public Administrator	Scott Twito	2014	(Note 2)
Auditor	Debby Hernandez	2014	(Note 2)
Clerk and Recorder & Surveyor	Jeff Martin	2014	(Note 2)
Clerk of District Court	Kristie Lee Boelter	2016	
Justice of Peace	David Carter	2014	(Note 2)
Justice of Peace	Pedro Hernandez	2014	(Note 2)
Sheriff & Coroner	Mike Linder	2014	(Note 2)
Treasurer, Assessor & Superintendent of Schools	Max Lenington	2014	

Note 1: Re-elected to new term ending December 31, 2020

Note 2: Re-elected to new term ending December 31, 2018

## II. FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Yellowstone County  
Billings, 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 Yellowstone County, Montana (the County), as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 opinion.

## **Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

The introductory section, supplementary information, 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 15, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Billings, Montana  
December 15, 2014

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

As financial management of Yellowstone County, Montana, we offer readers of the attached financial statements this narrative overview and analysis of the financial activities of Yellowstone County for the fiscal year ended June 30, 2014 and the financial position as of June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes this report.

**Financial Highlights**

- The general fund increased fund balance by \$132,339. Tax collections were about \$363,000 more than budgeted because of lower protested tax amounts and protest tax settlements. Document filing fees in the Clerk and Recorder's office were \$277,500 below budget as title companies are filing fewer pages. FY14 interest collections in the general fund increased from the prior year by \$86,000 as interest rates have increased. The State provided \$133,000 to the general fund to offset decreases in personal property taxable valuation. The closure of Metra general obligation debt service fund provided \$145,000 in a one-time transfer.
- The road fund balance increased by \$384,813. Collections from protest tax distributions were used to do additional contracted road improvement projects. In FY14 the road fund spent about \$1.5 million more on road projects than a typical year. Tax protest distributions in FY15 and the spending of reserves should allow for about \$1 million of additional road work.
- The liability insurance fund balance increased \$374,796 as claims activity for FY14 was modest and some cases were resolved in the County's favor. Current fund reserves are considered adequate for known civil cases.
- Overall, the sheriff's public safety fund balance increased by \$176,965 in FY14. Tax collections were about \$285,000 more than budgeted because of lower protested tax amounts and protest tax settlements. Prisoner boarding fees at the county jail increased \$290,000 over FY13. Prisoner populations from non-County sources increased in FY14 and prisoner billing rates have resulted in the increased revenues. Jail population continues to be an area of concern and a jail expansion is being considered. The rebound in the local economy has improved motor vehicle option tax revenues in the sheriff's fund, improving to \$4,038,000 in FY14 from \$3,828,600 for FY13. Cash generated from the additional revenues and savings in the operations budget allowed an additional \$1,255,000 to be transferred to the capital improvement fund for use in the potential jail expansion.

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

- The county attorney's fund is starting to see some stress as increases in major felony crime has created a need for staffing increases and related prosecutorial expenses. The FY14 budget increased funding for the county attorney to assist with some of these workload demands. The county attorney's reserve increased \$248,593 in FY14 to \$1.6 million.
- Metra had a successful year with its operations and events as its net position increased \$3,175. Working capital improved \$441,000 from 6/30/13 to 6/30/14. The FY15 operational budget shows a \$230,000 deficit, which Metra management hopes to improve upon by booking some additional events. Reserve levels are adequate.
- The County has seen some significant resolution to protested taxes with the large tax protests. In FY14 protests of about \$18.5 million were resolved, which resulted in almost \$4 million being distributed to County funds. This was offset by \$7 million in new protests, which reduced budgeted County tax revenues by \$1.7 million or 4.2% of budget. Therefore County funds had a net positive impact in FY14 of \$2.3 million in tax revenues. Much of these one-time distributions was either set aside for capital improvements or distributed to dedicated programs such as seniors, library, planning, mental health or public health services.

In July 2014 the State resolved \$22.1 million of the \$28.5 million in outstanding protest taxes from 6/30/14. This resulted in almost \$3.2 million being distributed to County funds. The budget will likely be adjusted to dedicate these funds for capital improvements or distributed to the programs that are associated with dedicated levies. See chart on next page.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**PROTEST FUND ACTIVITY  
FOR THE PERIOD 6/30/13 - 7/31/14**

	<u>Tax Years Resolved</u>	<u>All Tax Jurisdictions - Protested Tax Total</u>	<u>Portion Refunded to taxpayer</u>	<u>Distributed to Taxing Entities</u>	<u>% Distr to Taxing Entities</u>	<u>County Portion of Distribution</u>
<b>Total Protested Taxes 6/30/13</b>		\$ 40,090,710.33				
Puget Sound	2005-2012	\$ (2,310,058.11)	\$ (685,799.76)	\$ (1,624,258.35)	70.31%	\$ 500,479
CHS, Inc (D02739)	2009-2012	\$ (16,170,086.45)	\$ (4,741,848.63)	\$ (11,428,237.82)	70.68%	\$ 3,455,694
Protests for FY14	2013	\$ 6,982,991.08				
Other Protests Resolved FY14		\$ (63,026.81)				
<b>Total Protested Taxes 6/30/14</b>		<u>\$ 28,530,530.04</u>			<b>FY14</b>	<u>\$ 3,956,173</u>
Bresnan / Charter	2010-2013	\$ (11,358,300.52)	\$ (2,527,076.68)	\$ (8,831,223.84)	77.75%	\$ 1,634,754
Verizon	2009-2013	\$ (4,298,514.92)	\$ (1,186,894.95)	\$ (3,111,619.97)	72.39%	\$ 664,526
Conoco - Phillips 66	2010-2012	\$ (6,488,490.00)	\$ (3,338,740.74)	\$ (3,149,749.26)	48.54%	\$ 888,404
Other Protests Resolved FY15		\$ (210.28)				
<b>Total Protested Taxes 7/31/14</b>		<u>\$ 6,385,014.32</u>			<b>FY15 thru 7/31/14</b>	<u>\$ 3,187,684</u>

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Explanation of the Financial Statements**

The MD&A is intended to serve as an introduction to the basic financial statements of Yellowstone County. 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 required supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The Government-wide financial statements are designed to provide readers with a broad overview of Yellowstone County's finances, in a manner similar to a private sector business on a full accrual accounting basis.

The statement of net position presents information on all of Yellowstone County's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of Yellowstone County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (example: uncollected property taxes, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Yellowstone County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of Yellowstone County include general government, public safety, public works (roads and bridges), public health, social and economic programs, cultural and recreational programs, conservation of natural resources, and community/economic development. The business-type activities include refuse disposal and METRA civic center.

The government-wide financial statements can be found on pages 26-28 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control and account for resources that have been segregated for specific activities or objectives. Yellowstone County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal or contractual requirements. All of the funds of Yellowstone County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current fiscal year inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's recent 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 financial statements. By doing so, readers may better understand the long-term impact of the government's recent 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.

Yellowstone County maintains many individual governmental funds. The general fund, road fund, property and liability insurance fund, public safety-sheriff fund, RSID Bond Fund, and capital improvement fund are all reported as major funds. Information for the major funds is reported separately in the governmental fund balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances. Each of the major funds also reports the revenues and expenditures on a comparative basis with the annually appropriated budget both original and revised to demonstrate compliance with this budget. The remaining governmental funds are combined in a single aggregate presentation titled other nonmajor governmental funds.

Individual fund reports for each of the nonmajor governmental funds are presented in the combining financial statements in this report.

The basic governmental fund financial statements can be found on pages 29-35 of this report.

**Proprietary funds.** Yellowstone County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Yellowstone County uses enterprise funds to account for operations of the refuse disposal fund and METRA civic center, both of which are reported as major funds. Internal service funds are used to accumulate and allocate costs internally among various government department users or affiliated organizations. The three internal service funds utilized by the county include the health insurance fund, motor pool, and telephone fund. Because these services predominately benefit governmental rather than business-type functions, they have been

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

included within the governmental activities in the government-wide financial statements. Interdepartmental charges for internal service funds have been eliminated from the Statement of Activities.

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 in addition to a cash flow statement. Internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund statements for the internal service funds are presented in the combining statements in this report.

The basic proprietary fund financial statements can be found on pages 36-40 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties and entities outside the government of Yellowstone County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Yellowstone County's own programs.

The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data and reports presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-80 of this report.

**Required supplementary information.** All required supplementary information precedes the basic financial statements or is included in the basic financial statements and accompanying notes, except the Employee Group Benefits Plan – Other Postemployment Benefits (OPEB) schedule in the required supplementary information section.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Government-wide Financial Analysis.**

Net position may serve as a useful indicator of a government's financial position, which is one of the reasons why the Governmental Accounting Standards Board (GASB) instituted GASB Statement #34 and required local governments to present net position information. Yellowstone County's net position (assets less liabilities) was \$137,226,164 for the year ended June 30, 2014. The change to net position for governmental and business-type activities for the fiscal year ended June 30, 2014 was \$4,877,321. The net position increase was primarily a result of a \$0.56 million decrease in capital assets; a \$1,564,000 reduction in bonded debt; a \$2.0 million decrease in net tax receivables due a \$3.74 million decrease in protest tax receivables; and a \$4.9 million increase in fund reserves among the County's various funds.

Of the County's yearend total net position of \$137,226,164, net investment in capital assets accounted for \$87,663,406 or 63.9% of total net position. Capital assets reflect the large investments in facilities and equipment that are necessary to provide large scale programs and services for the community. The restricted net position of \$9,857,707 or 10% are those funds legally required to be used for a specific purpose. Unrestricted net position of \$37,892,823 account for 39% of the total net position. Unrestricted net position is primarily used as reserves that are used for cash flow purposes in between property tax collections, which are due in 50% installments on November 30 and May 31 of each year, and as reserves to provide against large unforeseen costs or events.

A comparison of the County's net position follows:

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Yellowstone County Net Position**

	Governmental Activities		Business Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 59,134,989	\$ 54,921,212	\$ 4,815,807	\$ 3,478,936	\$ 63,950,796	\$ 58,400,148
Noncurrent assets	1,659,471	2,175,847	0	0	1,659,471	2,175,847
Capital assets	50,310,355	49,958,630	38,339,718	39,251,825	88,650,073	89,210,455
<b>Total assets</b>	<b>111,104,815</b>	<b>107,055,689</b>	<b>43,155,525</b>	<b>42,730,761</b>	<b>154,260,340</b>	<b>149,786,450</b>
Current liabilities	5,954,327	6,326,453	1,908,351	941,990	7,862,678	7,268,443
Noncurrent liabilities	8,076,270	8,600,262	1,095,228	1,568,902	9,171,498	10,169,164
<b>Total liabilities</b>	<b>14,030,597</b>	<b>14,926,715</b>	<b>3,003,579</b>	<b>2,510,892</b>	<b>17,034,176</b>	<b>17,437,607</b>
Net position:						
Net investment in capital assets	49,323,688	48,857,297	38,339,718	39,251,825	87,663,406	88,109,122
Restricted for debt service	9,857,707	7,287,846	0	0	9,857,707	7,287,846
Unrestricted	37,892,823	35,983,831	1,812,228	968,044	39,705,051	36,951,875
<b>Total net position</b>	<b>\$ 97,074,218</b>	<b>\$ 92,128,974</b>	<b>\$ 40,151,946</b>	<b>\$ 40,219,869</b>	<b>\$ 137,226,164</b>	<b>\$ 132,348,843</b>
<b>Change in net position</b>	<b>\$ 4,945,244</b>		<b>\$ (67,923)</b>		<b>\$ 4,877,321</b>	

**Governmental activities.**

The increase in net position for governmental activities of \$4,945,244 was primarily a result of:

- \$200,151 increase in net position of the health insurance fund
- \$1,564,434 increase in net position as a result of payments on long-term debt
- (\$219,670) decrease in net position from booking OPEB implicit rate subsidy for retiree health insurance
- \$351,725 increase in net capital assets
- Distributions of protest tax receivables and unspent appropriations

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Yellowstone County's Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Special assessments	\$ 852,064	\$ 1,165,043	\$ 565,997	\$ 563,714	\$ 1,418,061	\$ 1,728,757
Licenses and permits	49,558	59,546	0	0	49,558	59,546
Intergovernmental	866,506	860,507	0	0	866,506	860,507
Fines and forfeitures	695,445	684,403	0	0	695,445	684,403
Charges for services	10,218,178	10,027,862	4,201,044	4,011,367	14,419,222	14,039,229
Operating grants and contributions	1,137,483	1,107,097	0	0	1,137,483	1,107,097
Capital grants and contributions	372,062	610,450	0	0	372,062	610,450
<b>Total program revenues</b>	<b>14,191,296</b>	<b>14,514,908</b>	<b>4,767,041</b>	<b>4,575,081</b>	<b>18,958,337</b>	<b>19,089,989</b>
General revenues:						
Property taxes	38,467,664	36,835,575	2,676,347	2,580,199	41,144,011	39,415,774
Licenses and permits	4,225,977	4,020,645	0	0	4,225,977	4,020,645
Intergovernmental	3,275,028	2,711,190	66,408	31,994	3,341,436	2,743,184
Other revenues	731,134	1,479,220	228,133	208,520	959,267	1,687,740
<b>Total general revenues</b>	<b>46,699,803</b>	<b>45,046,630</b>	<b>2,970,888</b>	<b>2,820,713</b>	<b>49,670,691</b>	<b>47,867,343</b>
<b>Total revenues</b>	<b>60,891,099</b>	<b>59,561,538</b>	<b>7,737,929</b>	<b>7,395,794</b>	<b>68,629,028</b>	<b>66,957,332</b>
<b>Expenses:</b>						
General government	14,060,917	12,520,333	0	0	14,060,917	12,520,333
Public Safety	25,149,487	24,092,219	0	0	25,149,487	24,092,219
Public Works	7,849,946	8,363,267	0	0	7,849,946	8,363,267
Public Health	3,214,277	2,986,687	0	0	3,214,277	2,986,687
Social and Economic	3,390,554	1,726,982	0	0	3,390,554	1,726,982
Culture and Recreation	1,561,252	1,371,932	0	0	1,561,252	1,371,932
Community Development	458,829	386,634	0	0	458,829	386,634
Conservation of Natural Resources	113,224	119,889	0	0	113,224	119,889
Interest on Long-Term Debt	203,027	241,746	0	0	203,027	241,746
Sanitation, refuse disposal	0	0	617,095	524,306	617,095	524,306
Civic center, METRA	0	0	7,133,099	6,824,855	7,133,099	6,824,855
<b>Total expenses</b>	<b>56,001,513</b>	<b>51,809,689</b>	<b>7,750,194</b>	<b>7,349,161</b>	<b>63,751,707</b>	<b>59,158,850</b>
<b>Increase (decr.) in net position before transfers and extraordinary gain</b>	<b>4,889,586</b>	<b>7,751,849</b>	<b>(12,265)</b>	<b>46,633</b>	<b>4,877,321</b>	<b>7,798,482</b>
Transfers	55,658	59,046	(55,658)	(59,046)	0	0
<b>Increase (decrease) in net position</b>	<b>4,945,244</b>	<b>7,810,895</b>	<b>(67,923)</b>	<b>(12,413)</b>	<b>4,877,321</b>	<b>7,798,482</b>
<b>Beginning net position</b>	<b>92,128,974</b>	<b>84,318,079</b>	<b>40,219,869</b>	<b>40,232,282</b>	<b>132,348,843</b>	<b>124,550,361</b>
<b>Ending net position</b>	<b>\$97,074,218</b>	<b>\$92,128,974</b>	<b>\$40,151,946</b>	<b>\$40,219,869</b>	<b>\$137,226,164</b>	<b>\$132,348,843</b>

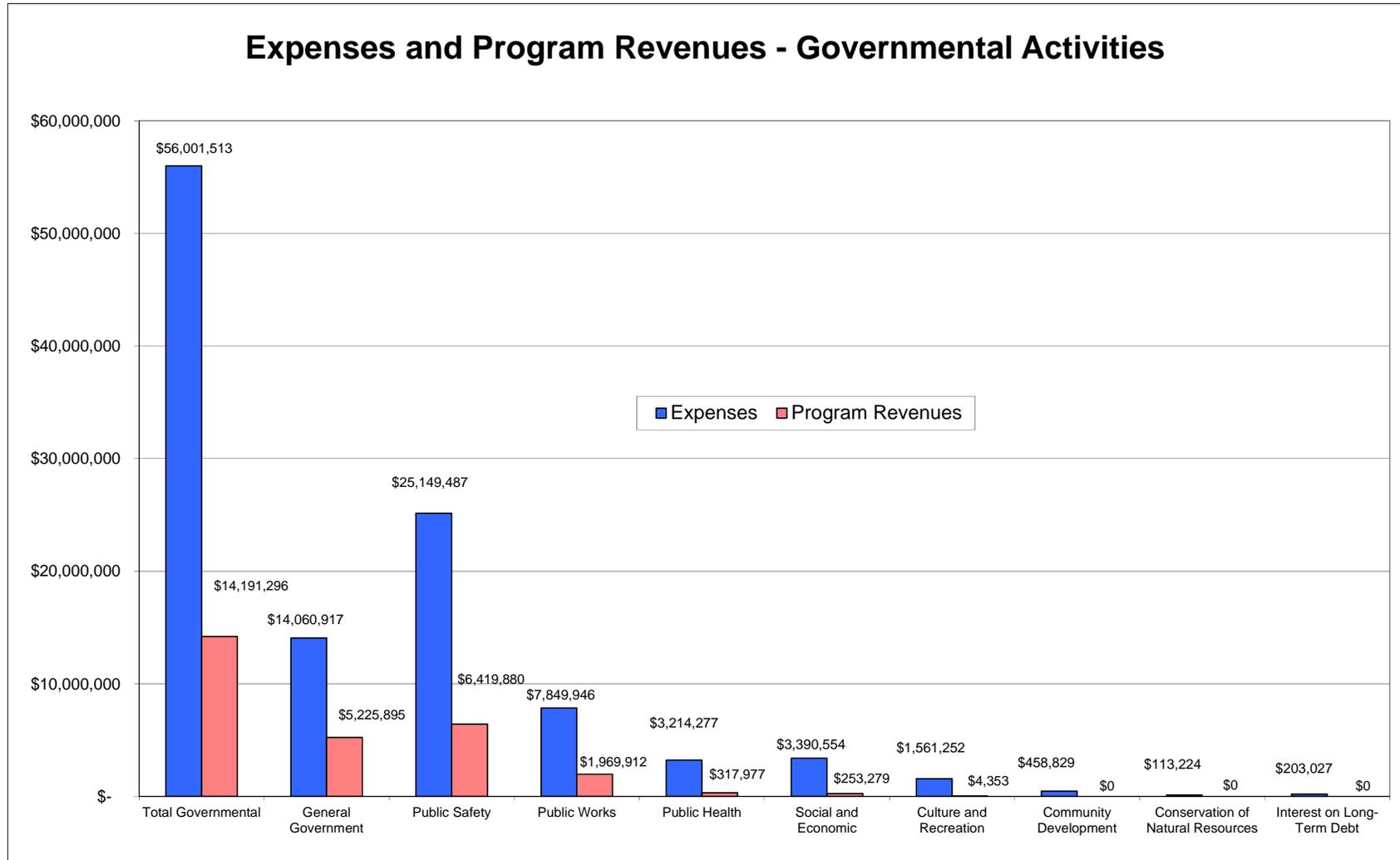
**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

Of the County's \$56.0 million in expenses for governmental activities, \$14.2 million (25.3%) was funded with program revenues. The balance of funding came from general revenues, which is primarily property tax revenue (82.4% of the general revenues), or the use of reserves. The major sources of program revenues (and change from prior year) include:

- Gas tax: \$288,898 / (+\$3,388)
- Justice Court fines: \$566,919 / (+\$11,529)
- Clerk & Recorder filing fees: \$954,453 / (-\$277,477)
- Health insurance premiums less County funded premium for employees: \$2,572,345 / (-\$400,226)
- Adult detention boarding fees: \$3,222,285 / (+\$279,258)
- Youth detention and secure shelter boarding and program fees: \$1,715,859 / (+\$93,384)
- RSID assessments: \$1,029,178 / (-\$135,865)
- Operating grants: \$1,137,483 (+\$30,386)
- Capital grants and contributions: \$372,062 (-\$238,388)

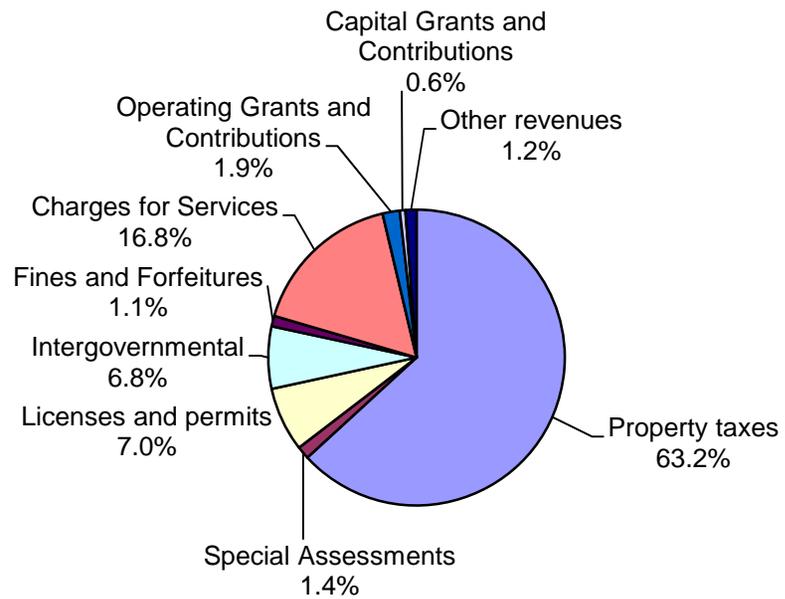
See the Statement of Activities on page #28 for additional detail information regarding revenues and expenditures.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**



YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014

## Total Revenues by Source - Governmental Activities

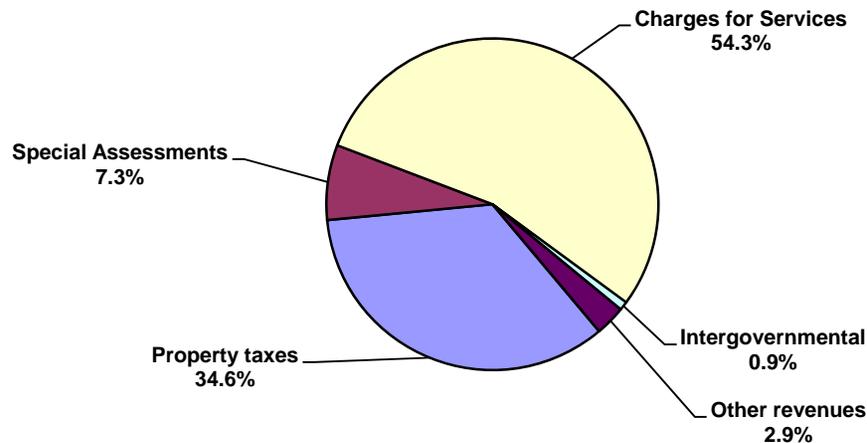


**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Business-type activities.**

Total revenues of \$7,737,929 funded total expenses of \$7,805,852, which resulted in a decrease in net position of (\$67,923) for business-type activities. METRA had a FY14 increase of \$3,175 in net position. The increase in net position for METRA has two major components: \$171,086 related to operations and (\$167,911) related to facility maintenance and capital depreciation.

### Total Revenues by Source - Business Type Activities



**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Fund Financial Statement Analysis**

**Governmental funds.**

Overall, Yellowstone County's governmental funds' change in fund balance for FY14 was an increase of \$5,182,224 resulting in an ending total governmental fund balance of \$41,170,615. Funds that receive property tax revenues benefitted from the settlement of a couple large tax protests and a resultant decrease in current year tax protests.

The general fund increased fund balance by \$132,339 during fiscal year 2014 due primarily to the reduction in protested taxes and protest tax settlements (see financial highlights section above).

The road fund increased its fund balance by \$384,813 due primarily to the reduction in protested taxes, protest tax settlements, and a delay in finishing some road projects before fiscal yearend.

Fund balance in the sheriff's public safety fund increased \$176,965 due primarily to the reduction in protested taxes and increased prisoner billings and motor vehicle option taxes (see financial highlights section above).

The property and liability insurance fund had an increase in fund balance of \$374,796. Fund balance for the fund is currently anticipated to be stable for FY14 but claims always have some level of unpredictability, however, this fund's reserves appear to be sufficient for known cases.

Fund balance in the capital improvement fund increased \$2,941,571. The large increase was from tax funds, particularly the general fund and sheriff public safety fund, transferring funds from the protest tax distributions to the capital improvement fund. The capital improvement fund sets aside cash reserves for future capital replacement needs. The Commissioners intend to use the one-time tax settlements on capital needs. Expansion of the jail is a high priority. The projected cost for an additional 100 bed expansion is \$7 million and about \$1 million annual increase in operating costs. The Commissioners are considering on asking for a public safety levy vote for the additional operating cost of an expansion.

See financial highlights section above for discussion related to other notable changes to governmental fund balances.

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Proprietary funds.**

The refuse disposal fund had a decrease in net position of (\$71,098) for FY14. This fund has total net position of \$359,024 on June 30, 2014. The targeted reserve level is \$250,000. The solid waste board has contracted with the City of Billings to revise the methodology for charging for commercial waste beginning in FY15. Commercial properties will contract with a refuse hauler or pay the City directly for disposal. As a result the annual landfill agreement has been reduced from \$592,300 to \$166,845 to charge for access for users. This reduced allowed the solid waste board to decrease its assessment rate from \$35 to \$15 per unit for FY15. Residential users will see an increase in their hauling rate, which should approximate the \$20 annual reduction in the County refuse charge.

The health insurance fund had a net position increase of \$200,151 for FY14 to bring the ending net position to \$6,659,510. For FY15, the health plan is again funded to cover costs based on a projected cost level determined by our health plan third party administrator. The premium rates for FY15 were increased about 5.75% over FY14 for most coverages. As long as claims experience and cash reserves allow, the County desires to keep premium increases on a par with salary increases. The County carries specific stop-loss insurance for health claims at \$270,000 per claim. Medical inflation remains a major concern and continues to present challenges to maintain a health plan that provides good benefits at competitive premiums. Health insurance and medical costs are a nationwide systemic concern. The County reviews the health plan every year to review premium rates, benefits, and plan administration. The County offers an option to participating members, the option to select a high-deductible health savings plan at a reduced premium. The choice was made available to encourage participants to move to consumer driven health care, which studies show substantive savings over traditional plan designs. Health insurance options to retirees over 65 for Medicare advantage or supplement plans is likely to reduce enrollment of retirees in the County's health plan. Options to retirees under 65 in the health insurance exchange may provide viable health insurance alternatives to those individuals as well.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Governmental Fund Budgetary Highlights**

Differences between original and final revised budget are primarily a result of state and federal grant awards and related match funding being added to the original budget. The original budget does not include either new or continuing grant activity and is subsequently amended into the budget by resolution of the Board of County Commissioners. New grants added \$1.7 million of revenue and expenditure appropriations to the FY14 budget. Some major grants included in the fiscal year 2014 budget were:

- \$450,000 CDBG Lockwood Water and Sewer Grant
- \$182,361 CTEP Hillner Lane Sidewalk & Bike/Pedestrian Safety Campaign Grants
- \$116,786 Project CALM Grant
- \$112,035 FEMA Hazard Mitigation Grant Program
- \$105,332 Yellowstone County Victim Witness Program
- \$80,127 Yellowstone County Salt Cedar Management Project

Some of the significant final budget to actual revenue variances include:

- Tax protest settlement distributions netted with FY14 tax protests resulted real estate property tax revenue being about \$2.3 million more than the original County property tax budgets (see financial highlights section above)..
- (\$190,000) budget shortfall in clerk & recorder filing fees generated by activity in the local housing and real estate market and refinancings as a result of fewer pages being filed.
- \$86,000 over budget in general fund and \$19,000 extra in capital improvement fund interest earnings due to improving interest rate environment
- \$494,600 of State Senate Bill 96 revenue among the various funds to offset tax collection shortfalls related to personal property tax reductions
- \$733,191 in unearned grant revenues
- \$290,000 in additional prisoner boarding fees for sheriff's detention facility due to increased populations in inmates from jurisdictions paying boarding fees and an increase in our daily rates from Federal and non-Yellowstone County prisoners
- Motor vehicle option tax revenues in the sheriff's fund was \$209,000 over budget

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

The appropriation final budget to actual expenditure variances of significance include:

- \$499,500 in total unexpended tax protest contingency expenditure budgets in the tax levy funds established to account for protest taxes
- \$924,000 of unspent road budget in multiple cost areas. Savings from employee vacancy savings, various operational costs, and budgeted equipment not expended or delivered by yearend.
- \$733,000 in unspent grant budgets that were carried over into FY15
- \$682,000 in various unspent sheriff's budget lines
- \$9.18 million in unspent capital project fund budget, which is typically reserves appropriated in the current year but not necessarily scheduled to be spent in the current year
- \$535,000 in unspent bridge budget, which is carried forward to the next budget cycle
- \$1,818,000 in unspent Property & Liability Insurance Fund contingency and claims loss budget
- \$444,000 in unspent budget from the county attorney's office from vacancy savings and delayed capital items
- \$549,500 in unspent RSID Maintenance Fund budgets because many of the RSID road chip seals were completed in August 2014

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Capital Assets**

A comparison of capital assets for the last two fiscal years is presented below:

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,665,796	\$ 3,665,796	368,574	368,574	\$ 4,034,370	\$ 4,034,370
Buildings	10,762,706	11,177,467	35,283,638	36,176,279	46,046,344	47,353,746
Improvements other than buildings	1,760,262	3,330,520	1,885,634	1,975,566	3,645,896	5,306,086
Equipment and vehicles	8,199,572	8,074,238	724,369	569,714	8,923,941	8,643,952
Infrastructure	25,865,923	23,600,972	0	0	25,865,923	23,600,972
Construction in progress	56,097	109,637	77,503	161,692	133,600	271,329
<b>Total Capital Assets</b>	<b>\$ 50,310,355</b>	<b>\$ 49,958,630</b>	<b>\$ 38,339,718</b>	<b>\$ 39,251,825</b>	<b>\$ 88,650,073</b>	<b>\$ 89,210,455</b>

Governmental capital assets increased \$351,725 in total during the year as a result of the addition of new capital assets in the governmental funds of \$6,708,008 while being offset by depreciation of \$4,799,572 and a net loss on disposal of assets of \$1,556,711, which was primarily the result of transferring the veteran's cemetery to the federal government.

Some of the larger capital acquisitions / (dispositions) in the governmental activities were:

- \$3.86 million in infrastructure improvements for county roads
- Bridge and culvert replacements \$915,869
- 911 Center Improvements - \$103,625
- Digital Scanners for Elections - \$286,725
- Dump Truck for Road Department- \$122,475
- Motor Graders for Road Department- \$2.18 million
- Transferring the veteran's cemetery to the federal government (\$1,923,191)

Some of the larger capital acquisitions in the business activities were:

- Livestock Panels- \$120,569
- Catwalk System \$203,402
- North Parking Lot- \$164,412

See footnote 7 (pages 61-62) for additional information on capital assets.

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

**Long-term Debt**

As of June 30, 2014 the County has \$9,909,626 of long-term liabilities. Governmental funds account for \$9,573,803 and the enterprise funds account for \$335,823.

The largest component of long-term debt is \$4,040,000 of limited general obligation (G.O.) bonds issued by the County. In 2011 the County issued a \$3,000,000 limited tax general obligation bond for the purposes of dedicating \$2,000,000 for Metrapark facility improvements and \$1,000,000 for the Bench Connector road and bridge project. The debt service for this bond which has a balance of \$2,190,00 is funded by the general fund. The other limited tax general obligation bond, which has a balance \$1,850,000 was issued to develop the veteran's cemetery and to improve seating at Metra.

The County's bond rating from Standard and Poor's was AA+ and was reaffirmed on our \$3,000,000 2011 L.T.G.O. issue.

Another major component of long-term debt includes rural special improvement district (RSID) bonds issued to provide property improvements to properties located within a specified area. Repayment of this debt is assessed to the benefited property owners, which can be repaid over the life of the bond or the remaining principal assessment against the property can be repaid anytime. The County provides additional bond debt service collateralization with the County's RSID Revolving Fund and other contingent funding requirements as specified by law. As of 6/30/14 the County has \$1,497,225 of outstanding RSID bonds and the RSID Revolving Fund has a fund balance of \$327,295. The County issued no new RSID bonds during FY14.

Notes payable are occasionally used to finance equipment that a particular fund may not have adequate reserves or funding to acquire within a budget cycle. The County has no outstanding notes payable and no new notes payable were issued during FY14.

Claims and judgments represent the amount of the estimated liability established that is expected to pay for the known liability cases pending against the County. The amount of the estimated liability at year end was \$280,000 for all cases. Fund balance increased by \$374,796 in FY14 in the property and liability insurance fund.

Compensated absences is the amount of the liability for unpaid vacation and sick leave at yearend. The liability increased \$36,009 (1.6%) in FY14. The amount of this liability at yearend was \$2,331,831. The amount of the liability normally increases on an annual basis as a result of increasing wages and a general growth in number of total compensable hours.

See footnote #8 (pages 63-67) for additional information on long-term debt.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

**Economic Factors and Next Year's Budget**

Overall countywide taxable value, as determined by the Montana Department of Revenue for FY15, grew 0.55%, which was lower than FY14's growth rate of 2.23%. Overall taxable value was negatively impacted by reductions in personal property taxable value, however, the State has replaced the revenue lost from reducing the personal property valuation

The economy of Yellowstone County is helped significantly by oil development and refining, strong agricultural prices, local retail stores, transportation industry, and the expansive medical facilities in Billings.

Energy development in the Bakken region and surrounding areas are definitely supporting business and trade activity in the Yellowstone County region. Unemployment is low at 3.7% as of June 2014. The need exists in the area for skilled workers and tradesmen as new businesses having been adding jobs to the region causing salary growth.

Big Sky Economic Development has commissioned an industrial park feasibility study for consideration of a possible development site. The study indicates the need exists for companies searching for industrial sites with good transportation capabilities including rail, air, and highway and that their needs are not being fulfilled because of the lack of a proper site and trans loading facilities. Discussions are being held to determine how and if a site can be developed.

The 2013 Montana Legislature passed legislation adding funding to the Public Employees Retirement System and reducing benefits for both existing retirees and current employees. The benefit reductions part of the legislation has resulted in litigation. Pension fiscal deficiencies will likely bring additional funding and benefits changes in the next session as well. It would not be unexpected for participating employers to see additional future pension contribution rate increases, but I don't expect the rate increases to impair Yellowstone County's budget to any significant degree.

Some of the more significant financial items for fiscal year 2015 include:

- Tax protests are budgeted at 2.0% of FY15 property tax revenues. This is a decrease from last year's estimate of 7.5% because of the recent tax protest valuation settlements between the large protestors and the State. This year's tax protests will be more than offset from the resolution of some large long standing tax protests. I expect the one-time tax distributions from these prior year tax protests will be primarily used for funding capital projects such as a possible jail expansion.

**YELLOWSTONE COUNTY, MONTANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2014**

- Countywide FY15 taxable valuation grew at 0.55%, which was down from FY14's 2.23%. Overall growth was negatively impacted by reductions in personal property valuation reductions and valuation adjustments from protested tax settlements.
- In the latest 2013 legislative session, funding and benefit changes were made to the Public Employees Retirement System (and Teachers Retirement System). The employer contribution rate for PERS increased 1% and the State contributed substantially more dollars to the retirement plans. Benefit changes to active employee and retirees were also made; however, these will likely have to withstand a legal challenge. Shortfalls in the various pension systems will likely result in future contribution rate increases for local governments as the State addresses these pension financial problems.
- \$50,000 for a general fund transfer to the youth services fund to assist with declining fund reserves and operational funding shortfalls.
- There was an increase of 3.0 FTEs related to staffing needs in the county detention facility. Community growth is impacting public safety issues.
- The Commissioners have approved engaging an architect for the construction of a new building at Metrapark to be used for agricultural events. The new building will cost \$1.1 million.
- In order to create additional office space within the courthouse, a \$500,000 office building for the county extension office is being considered on the Metrapark campus.
- The sheriff is striving to deal with jail population through work release programs as well as considering various jail expansion options. The Commissioners have approved engaging an architect for designing a possible jail expansion wing. A jail expansion would also result in additional staffing needs that would have to be funded with existing revenue streams if the voters are not asked for additional tax authority. The County has been setting aside one-time protest tax settlements in the capital improvement fund as possible funding for a jail expansion.

The budget remains in good overall condition with public safety needs, particularly the detention facility, remaining as a funding concern.

**YELLOWSTONE COUNTY, MONTANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2014**

Requests for Information

This financial report is designed to provide a general overview of Yellowstone County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Yellowstone County Finance Director  
P.O. Box 35003  
Billings, MT 59107

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF NET POSITION (Accrual Basis)**

**JUNE 30, 2014**

Page 1 of 2

<u>ASSETS</u>	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>Current Assets</u></b>			
Cash and demand investments, pooled	\$ 15,995,492	\$ 1,070,550	\$ 17,066,042
Cash investments, pooled	34,921,995	2,338,983	37,260,978
Restricted cash and demand investments held in trust, nonpooled	0	811,592	811,592
Receivables (net of allowance for uncollectibles):			
Property taxes	6,037,267	398,045	6,435,312
Accounts	1,127,139	78,664	1,205,803
Delinquent assessments	15,656	52,381	68,037
Deferred assessments	152,954	0	152,954
Accrued interest	50,013	1,004	51,017
Prepaid expenses	105,213	32,141	137,354
Inventories	376,260	32,447	408,707
Due from other taxing districts	3,000	0	3,000
Advance from other funds	350,000	0	350,000
<b>Total current assets</b>	<b>59,134,989</b>	<b>4,815,807</b>	<b>63,950,796</b>
<b><u>Noncurrent Assets</u></b>			
Deferred assessments receivable, net of allowance	1,309,471	0	1,309,471
Advance from other funds	350,000	0	350,000
<b>Total noncurrent assets</b>	<b>1,659,471</b>	<b>0</b>	<b>1,659,471</b>
<b><u>Capital assets (net of accumulated depreciation):</u></b>			
Land	3,665,796	368,574	4,034,370
Buildings	10,762,706	35,283,638	46,046,344
Improvements other than buildings	1,760,262	1,885,634	3,645,896
Equipment and vehicles	8,199,572	724,369	8,923,941
Infrastructure	25,865,923	0	25,865,923
Construction in progress	56,097	77,503	133,600
<b>Total capital assets (net of accumulated depreciation)</b>	<b>50,310,355</b>	<b>38,339,718</b>	<b>88,650,073</b>
<b>TOTAL ASSETS</b>	<b>\$ 111,104,815</b>	<b>\$ 43,155,525</b>	<b>\$ 154,260,340</b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF NET POSITION (Accrual Basis)**  
**JUNE 30, 2014**

Page 2 of 2

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 1,991,774	\$ 412,429	\$ 2,404,203
Accrued liabilities	2,539,433	93,576	2,633,009
Accrued compensated absences	531,534	49,020	580,554
Advance from other funds	0	350,000	350,000
Matured bonds payable	7,225	0	7,225
Unearned premiums	6,531	0	6,531
General obligation bonds	515,000	0	515,000
Special assessment debt with governmental commitment	171,000	0	171,000
Liabilities payable from restricted assets:			
Unearned advertising and event revenue	0	946,766	946,766
Deposits	3,350	56,560	59,910
Due to other taxing districts	188,480	0	188,480
<b>Total current liabilities</b>	<b>5,954,327</b>	<b>1,908,351</b>	<b>7,862,678</b>
<b><u>Noncurrent Liabilities</u></b>			
Long-term liability for accrued compensated absences	1,604,216	147,061	1,751,277
Advance from other funds	0	350,000	350,000
Unearned advertising revenue	0	458,426	458,426
General obligation bonds	3,525,000	0	3,525,000
Special assessment debt with governmental commitment	1,319,000	0	1,319,000
OPEB implicit rate subsidy liability	1,628,054	139,741	1,767,795
<b>Total noncurrent liabilities</b>	<b>8,076,270</b>	<b>1,095,228</b>	<b>9,171,498</b>
<b>TOTAL LIABILITIES</b>	<b>14,030,597</b>	<b>3,003,579</b>	<b>17,034,176</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	49,323,688	38,339,718	87,663,406
Restricted net position for debt service	9,857,707	0	9,857,707
Unrestricted	37,892,823	1,812,228	39,705,051
<b>TOTAL NET POSITION</b>	<b>\$ 97,074,218</b>	<b>\$ 40,151,946</b>	<b>\$ 137,226,164</b>

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



**YELLOWSTONE COUNTY, MONTANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>MAJOR FUNDS</b>							<b>Total Governmental Funds</b>
	<b>General</b>	<b>Road</b>	<b>Property &amp; Liability Insurance Fund</b>	<b>Public Safety Fund</b>	<b>R.S.I.D. Bond Fund</b>	<b>Capital Improvement Fund</b>	<b>Other Nonmajor Governmental Funds</b>	
<b>ASSETS</b>								
Cash and demand investments, pooled	\$2,161,295	\$1,661,238	\$1,036,485	\$1,729,022	\$84,911	\$3,717,009	\$3,182,827	\$13,572,787
Cash investments, pooled	4,703,417	3,630,681	2,263,263	3,778,827	185,503	8,117,151	6,953,131	29,631,973
Receivables (net of allowance for uncollectibles):								
Property taxes	1,861,327	829,814	157,350	1,348,537	0	0	1,840,239	6,037,267
Accounts	203,218	88,980	0	455,890	0	1,797	365,370	1,115,255
Delinquent assessments	0	0	0	0	1,740	0	13,916	15,656
Deferred assessments	0	0	0	0	1,462,425	0	0	1,462,425
Accrued interest	27,541	0	2,741	0	100	8,848	4,132	43,362
Due from other funds	34,617	0	0	0	0	0	0	34,617
Due from other taxing districts	3,000	0	0	0	0	0	0	3,000
Prepaid expenses	71,147	0	2,472	16,709	0	0	6,263	96,591
Inventories	43,696	268,565	0	0	0	0	63,999	376,260
Advances to other funds	0	0	0	0	0	700,000	0	700,000
<b>Total assets</b>	<b>\$9,109,258</b>	<b>\$6,479,278</b>	<b>\$3,462,311</b>	<b>\$7,328,985</b>	<b>\$1,734,679</b>	<b>\$12,544,805</b>	<b>\$12,429,877</b>	<b>\$53,089,193</b>
<b>LIABILITIES:</b>								
Accounts payable	\$287,223	\$959,696	\$38,385	\$271,825	\$0	\$23,883	\$402,160	\$1,983,172
Accrued liabilities	626,802	175,652	328,328	697,222	0	0	358,382	2,186,386
Matured bonds payable	0	0	0	0	7,225	0	0	7,225
Due to other funds	0	0	0	0	0	0	34,617	34,617
Deposits	1,000	0	0	0	0	2,350	0	3,350
Due to other taxing districts	0	0	0	0	0	0	188,480	188,480
<b>Total liabilities</b>	<b>915,025</b>	<b>1,135,348</b>	<b>366,713</b>	<b>969,047</b>	<b>7,225</b>	<b>26,233</b>	<b>983,639</b>	<b>4,403,230</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>								
Uncollected tax revenue	1,861,327	829,814	157,350	1,348,537	1,464,165	0	1,854,155	7,515,348
<b>Total deferred inflow of resources</b>	<b>1,861,327</b>	<b>829,814</b>	<b>157,350</b>	<b>1,348,537</b>	<b>1,464,165</b>	<b>0</b>	<b>1,854,155</b>	<b>7,515,348</b>
<b>FUND BALANCE:</b>								
Unspendable	114,843	268,565	2,472	16,709	0	0	70,262	472,851
Restricted	0	2,957,579	0	0	263,289	0	5,121,686	8,342,554
Committed	81,521	0	1,016,603	4,591,432	0	0	2,494,273	8,183,829
Assigned	1,449,144	1,287,972	1,919,173	403,260	0	12,518,572	1,905,862	19,483,983
Unassigned	4,687,398	0	0	0	0	0	0	4,687,398
<b>Total fund balance</b>	<b>6,332,906</b>	<b>4,514,116</b>	<b>2,938,248</b>	<b>5,011,401</b>	<b>263,289</b>	<b>12,518,572</b>	<b>9,592,083</b>	<b>41,170,615</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$9,109,258</b>	<b>\$6,479,278</b>	<b>\$3,462,311</b>	<b>\$7,328,985</b>	<b>\$1,734,679</b>	<b>\$12,544,805</b>	<b>\$12,429,877</b>	<b>\$53,089,193</b>

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

**YELLOWSTONE COUNTY  
RECONCILIATION OF BALANCE SHEET FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

<b>Fund Balance June 30, 2014, governmental funds</b>	<b>\$ 41,170,615</b>
Net position of internal service funds as of June 30, 2014, are included as general governmental functions since they are primarily related to that function.	6,897,313
Net capital assets of internal service funds included above	(35,888)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred on the fund statements	7,515,348
Long-term portion of compensated absences is not anticipated to be expended in the current period	(1,599,789)
Long-term debt previously recognized as revenue in prior periods	(5,530,000)
Accrued interest payable on long-term debt	(25,682)
Net capital assets	50,310,355
Other post employment benefits (OPEB) - implicit rate subsidy liability	(1,628,054)
<b>Net Position of governmental activities, June 30, 2014</b>	<b><u>\$ 97,074,218</u></b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	MAJOR FUNDS							Total Governmental Funds
	<u>General</u>	<u>Road</u>	Property and Liability Insurance <u>Fund</u>	Public Safety <u>Fund</u>	RSID Bond <u>Fund</u>	Capital Improvement <u>Fund</u>	Nonmajor Governmental Funds	
<b>REVENUES:</b>								
Taxes	\$11,755,152	\$5,642,134	\$1,040,918	\$9,079,545	\$0	\$0	\$12,873,435	\$40,391,184
Special assessments	0	0	0	0	257,129	0	772,049	1,029,178
Licenses and permits	34,391	24,988	0	4,062,556	0	0	153,600	4,275,535
Intergovernmental	973,029	2,345,919	25,079	319,852	0	0	1,987,200	5,651,079
Fines and forfeitures	566,919	0	0	0	0	0	128,526	695,445
Charges for services	1,175,598	180,629	406,448	3,605,627	0	22,003	1,977,096	7,367,401
Other	301,253	81,612	30,023	60,682	1,028	87,079	113,619	675,296
<b>Total revenues</b>	<b>14,806,342</b>	<b>8,275,282</b>	<b>1,502,468</b>	<b>17,128,262</b>	<b>258,157</b>	<b>109,082</b>	<b>18,005,525</b>	<b>60,085,118</b>
<b>EXPENDITURES:</b>								
Current:								
General government	7,342,290	0	1,148,084	0	0	0	443,354	8,933,728
Public safety	1,364,205	0	0	15,639,902	0	0	6,764,982	23,769,089
Public works	0	7,504,027	0	0	0	0	919,029	8,423,056
Public health	583,696	0	0	105,569	0	0	2,513,718	3,202,983
Social and economic services	678,865	0	0	0	0	0	1,099,164	1,778,029
Culture and recreation	0	0	0	0	0	0	1,466,596	1,466,596
Conservation of natural resources	27,020	0	0	0	0	0	86,204	113,224
Community development	458,829	0	0	0	0	0	0	458,829
Capital outlay	209,915	341,380	587	452,682	0	1,117,511	1,310,147	3,432,222
Debt service:								
Principal	0	0	0	0	329,434	0	1,235,000	1,564,434
Interest	0	0	0	0	62,905	0	147,195	210,100
<b>Total expenditures</b>	<b>10,664,820</b>	<b>7,845,407</b>	<b>1,148,671</b>	<b>16,198,153</b>	<b>392,339</b>	<b>1,117,511</b>	<b>15,985,389</b>	<b>53,352,290</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,141,522</b>	<b>429,875</b>	<b>353,797</b>	<b>930,109</b>	<b>(134,182)</b>	<b>(1,008,429)</b>	<b>2,020,136</b>	<b>6,732,828</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfers in	1,162,382	194,912	20,999	1,133,988	0	3,950,000	3,316,992	9,779,273
Interfund transfers out	(5,171,565)	(239,974)	0	(1,887,132)	0	0	(4,031,206)	(11,329,877)
<b>Total other financing sources (uses)</b>	<b>(4,009,183)</b>	<b>(45,062)</b>	<b>20,999</b>	<b>(753,144)</b>	<b>0</b>	<b>3,950,000</b>	<b>(714,214)</b>	<b>(1,550,604)</b>
<b>Net change in fund balances</b>	<b>132,339</b>	<b>384,813</b>	<b>374,796</b>	<b>176,965</b>	<b>(134,182)</b>	<b>2,941,571</b>	<b>1,305,922</b>	<b>5,182,224</b>
<b>Fund balances July 1, 2013</b>	<b>6,200,567</b>	<b>4,129,303</b>	<b>2,563,452</b>	<b>4,834,436</b>	<b>397,471</b>	<b>9,577,001</b>	<b>8,286,161</b>	<b>35,988,391</b>
<b>Fund balances June 30, 2014</b>	<b>\$6,332,906</b>	<b>\$4,514,116</b>	<b>\$2,938,248</b>	<b>\$5,011,401</b>	<b>\$263,289</b>	<b>\$12,518,572</b>	<b>\$9,592,083</b>	<b>\$41,170,615</b>

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

**YELLOWSTONE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2014**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 5,182,224</b>
Change in net position of internal service funds are included as general governmental functions since they are primarily related to that function.	181,890
Capital Assets:	
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Acquisition of capital assets	6,693,620
Depreciation expense	(4,769,586)
Gain (loss) on disposal / trade-in of capital assets / sale of fixed asset	(1,556,711)
(Decrease) increase in property tax and special assessment receivables that may not be available in the current period	(2,100,634)
Increase in the long-term portion of compensated absences that is not anticipated to be expended in the current period	(37,396)
Change in net long-term debt (notes, bonds). Repayment or the issuance of debt has no impact on net assets. Governmental funds report repayment of debt as an expenditure and the issuance of debt as revenue.	1,564,434
Change in accrued interest payable	7,073
Change in other post employment benefits - implicit rate subsidy	(219,670)
<b>Change in net position in governmental activities</b>	<b><u>\$ 4,945,244</u></b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
 (Page 1 of 2)

	BUDGET		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final Revised		
<b><u>REVENUES:</u></b>				
<b>Taxes:</b>				
Real estate property taxes	\$ 11,010,484	\$ 11,938,284	\$ 11,427,835	(\$510,449)
Personal property taxes	210,200	210,200	193,445	(16,755)
Mobile homes, penalty and interest, other	136,090	136,090	133,872	(2,218)
<b>Licenses and permits</b>	41,800	41,800	34,391	(7,409)
<b>Intergovernmental:</b>				
Grants	140,000	1,304,572	706,207	(598,365)
State entitlement and other	115,057	115,057	266,822	151,765
<b>Fines and forfeitures, justice court</b>	560,000	560,000	566,919	6,919
<b>Charges for services:</b>				
Clerk & Recorder	1,162,000	1,162,000	954,453	(207,547)
Miscellaneous	193,050	193,050	221,145	28,095
<b>Other:</b>				
Interest on investments	90,000	90,000	241,327	151,327
Miscellaneous	15,000	81,407	59,926	(21,481)
<b>Total revenues</b>	<b>\$ 13,673,681</b>	<b>\$ 15,832,460</b>	<b>\$ 14,806,342</b>	<b>\$ (1,026,118)</b>

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

**YELLOWSTONE COUNTY, MONTANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Page 2 of 2)**

<b>Current:</b>	<b>BUDGET</b>			Variance with Final Budget -
	<u>Original</u>	<u>Final Revised</u>	<u>Actual</u>	Positive (Negative)
<b>General government:</b>				
County commissioners	\$ 488,760	\$ 488,760	\$ 474,314	\$ 14,446
Elections	452,193	452,193	358,771	93,422
Clerk & Recorder	595,711	595,711	547,727	47,984
Treasurer, Auditor, Finance	2,002,236	2,012,736	1,942,128	70,608
Information technology	808,546	815,146	785,264	29,882
Building maintenance	702,658	724,658	714,734	9,924
Other	3,868,610	2,693,110	2,519,352	173,758
<b>Public safety:</b>				
Disaster and Emergency, Rural Fire	414,085	585,964	498,791	87,173
Juvenile detention	516,832	516,832	516,832	0
Jail alternative programs	196,628	382,353	348,582	33,771
<b>Public health</b>	444,135	701,352	583,696	117,656
<b>Social and economic services</b>				
Youth shelter	258,416	258,416	258,416	0
Rent assistance program	137,500	137,500	137,500	0
Medical assistance program	210,000	210,000	210,000	0
Other	84,700	84,700	72,949	11,751
<b>Conservation of natural resources</b>	27,020	27,020	27,020	0
<b>Community development</b>	429,045	507,923	458,829	49,094
<b>Capital outlay</b>	218,300	709,714	209,915	499,799
<b>Total expenditures</b>	<b>11,855,375</b>	<b>11,904,088</b>	<b>10,664,820</b>	<b>1,239,268</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,818,306</b>	<b>3,928,372</b>	<b>4,141,522</b>	<b>213,150</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers in	1,091,889	1,170,866	1,162,382	(8,484)
Interfund transfers out	(4,016,215)	(5,277,423)	(5,171,565)	105,858
<b>Total other financing sources (uses)</b>	<b>(2,924,326)</b>	<b>(4,106,557)</b>	<b>(4,009,183)</b>	<b>97,374</b>
<b>Net change in fund balances</b>	<b>(\$1,106,020)</b>	<b>(\$178,185)</b>	<b>132,339</b>	<b>\$310,524</b>
<b>Fund balance July 1, 2013</b>			<b>6,200,567</b>	
<b>Fund balance June 30, 2014</b>			<b>\$6,332,906</b>	

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

**YELLOWSTONE COUNTY, MONTANA**  
**MAJOR SPECIAL REVENUE FUNDS - ROAD, PROPERTY and LIABILITY INSURANCE, AND PUBLIC SAFETY FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Road Fund				Property and Liability Insurance Fund				Public Safety Fund			
	BUDGET			Variance with Final Budget - Positive (Negative)	BUDGET			Variance with Final Budget - Positive (Negative)	BUDGET			Variance with Final Budget - Positive (Negative)
	Original	Final Revised	Actual		Original	Final Revised	Actual		Original	Final Revised	Actual	
<b>REVENUES:</b>												
Taxes	\$5,055,354	\$5,991,354	\$5,642,134	(\$349,220)	\$1,005,695	\$1,090,195	\$1,040,918	(\$49,277)	\$8,793,845	\$9,512,845	\$9,079,545	(\$433,300)
Licenses and permits	30,750	30,750	24,988	(5,762)	0	0	0	0	3,901,300	3,901,300	4,062,556	161,256
Intergovernmental	2,458,821	2,458,821	2,345,919	(112,902)	12,631	12,631	25,079	12,448	156,285	311,331	319,852	8,521
Charges for services	189,000	189,000	180,629	(8,371)	406,448	406,448	406,448	0	3,312,300	3,312,300	3,605,627	293,327
Other	19,500	19,500	81,612	62,112	9,000	9,000	30,023	21,023	30,000	60,702	60,682	(20)
<b>Total revenues</b>	<b>7,753,425</b>	<b>8,689,425</b>	<b>8,275,282</b>	<b>(414,143)</b>	<b>1,433,774</b>	<b>1,518,274</b>	<b>1,502,468</b>	<b>(15,806)</b>	<b>16,193,730</b>	<b>17,098,478</b>	<b>17,128,262</b>	<b>29,784</b>
<b>EXPENDITURES:</b>												
Current:												
General government	0	0	0	0	3,186,574	3,186,574	1,148,084	2,038,490	0	0	0	0
Public safety	0	0	0	0	0	0	0	0	16,960,507	16,201,065	15,639,902	561,163
Public works	8,090,007	8,090,007	7,504,027	585,980	0	0	0	0	0	0	0	0
Public health	0	0	0	0	0	0	0	0	154,406	154,406	105,569	48,837
Capital outlay	679,730	679,730	341,380	338,350	11,800	11,800	587	11,213	477,550	632,740	452,682	180,058
<b>Total expenditures</b>	<b>8,769,737</b>	<b>8,769,737</b>	<b>7,845,407</b>	<b>924,330</b>	<b>3,198,374</b>	<b>3,198,374</b>	<b>1,148,671</b>	<b>2,049,703</b>	<b>17,592,463</b>	<b>16,988,211</b>	<b>16,198,153</b>	<b>790,058</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,016,312)</b>	<b>(80,312)</b>	<b>429,875</b>	<b>510,187</b>	<b>(1,764,600)</b>	<b>(1,680,100)</b>	<b>353,797</b>	<b>2,033,897</b>	<b>(1,398,733)</b>	<b>110,267</b>	<b>930,109</b>	<b>819,842</b>
<b>OTHER FINANCING SOURCES (USES):</b>												
Interfund transfers in	204,280	204,280	194,912	(9,368)	21,912	21,912	20,999	(913)	1,224,080	1,224,080	1,133,988	(90,092)
Interfund transfers out	(239,974)	(239,974)	(239,974)	0	0	0	0	0	(514,203)	(1,889,203)	(1,887,132)	2,071
<b>Total other financing sources (uses)</b>	<b>(35,694)</b>	<b>(35,694)</b>	<b>(45,062)</b>	<b>(9,368)</b>	<b>21,912</b>	<b>21,912</b>	<b>20,999</b>	<b>(913)</b>	<b>709,877</b>	<b>(665,123)</b>	<b>(753,144)</b>	<b>(88,021)</b>
<b>Net change in fund balances</b>	<b>(\$1,052,006)</b>	<b>(\$116,006)</b>	<b>384,813</b>	<b>\$500,819</b>	<b>(\$1,742,688)</b>	<b>(\$1,658,188)</b>	<b>374,796</b>	<b>\$2,032,984</b>	<b>(\$688,856)</b>	<b>(\$554,856)</b>	<b>176,965</b>	<b>\$731,821</b>
<b>Fund balances July 1, 2013</b>			<b>4,129,303</b>				<b>2,563,452</b>				<b>4,834,436</b>	
<b>Fund balances June 30, 2014</b>			<b>\$4,514,116</b>				<b>\$2,938,248</b>				<b>\$5,011,401</b>	

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**  
**(Page 1 of 2)**

<u><b>ASSETS</b></u>	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities -</b>
	<b>Refuse Disposal Fund</b>	<b>METRA Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CURRENT ASSETS:</b>				
Cash and demand investments, pooled	\$96,694	\$973,856	\$1,070,550	\$2,422,705
Cash investments, pooled	211,329	2,127,654	2,338,983	5,290,022
Restricted cash and demand investments held in trust, nonpooled	0	811,592	811,592	0
Receivables (net of allowance for uncollectibles):				
Property taxes	0	398,045	398,045	0
Accounts	0	78,664	78,664	11,884
Delinquent assessments	52,381	0	52,381	0
Accrued interest	0	1,004	1,004	6,651
Prepaid expenses	0	32,141	32,141	8,622
Inventories	0	32,447	32,447	0
<b>Total current assets</b>	<b>360,404</b>	<b>4,455,403</b>	<b>4,815,807</b>	<b>7,739,884</b>
<b>NONCURRENT ASSETS:</b>				
<b>Capital assets:</b>				
Land	0	368,574	368,574	0
Buildings	0	54,247,642	54,247,642	0
Improvements other than buildings	0	5,661,274	5,661,274	0
Equipment and vehicles	0	1,489,798	1,489,798	330,007
Construction in progress	0	77,503	77,503	0
Accumulated depreciation	0	(23,505,073)	(23,505,073)	(294,119)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>0</b>	<b>38,339,718</b>	<b>38,339,718</b>	<b>35,888</b>
<b>Total assets</b>	<b>\$360,404</b>	<b>\$42,795,121</b>	<b>\$43,155,525</b>	<b>\$7,775,772</b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**  
**(Page 2 of 2)**

	Business-Type Activities Enterprise Funds			Governmental Activities -
	Refuse Disposal Fund	METRA Fund	Total	Internal Service Funds
<b><u>LIABILITIES</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	1,380	411,049	\$412,429	\$8,602
Accrued liabilities	0	93,576	93,576	857,423
Accrued compensated absences	0	49,020	49,020	1,476
Advance from other funds	0	350,000	350,000	0
Unearned revenue - advertising and event	0	193,596	193,596	0
Unearned premiums	0	0	0	6,531
<b>Total current liabilities</b>	<b>1,380</b>	<b>1,097,241</b>	<b>1,098,621</b>	<b>874,032</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED CASH:</b>				
Unearned event revenue	0	753,170	753,170	0
Deposits	0	56,560	56,560	0
<b>Total current liabilities payable from restricted cash</b>	<b>0</b>	<b>809,730</b>	<b>809,730</b>	<b>0</b>
<b>NONCURRENT LIABILITIES:</b>				
Accrued compensated absences	0	147,061	147,061	4,427
Advance from other funds	0	350,000	350,000	0
Unearned advertising revenue	0	458,426	458,426	0
OPEB implicit rate subsidy	0	139,741	139,741	0
<b>Total noncurrent liabilities</b>	<b>0</b>	<b>1,095,228</b>	<b>1,095,228</b>	<b>4,427</b>
<b>Total liabilities</b>	<b>1,380</b>	<b>3,002,199</b>	<b>3,003,579</b>	<b>878,459</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	0	38,339,718	38,339,718	35,888
Unrestricted	359,024	1,453,204	1,812,228	6,861,425
<b>Total net position</b>	<b>359,024</b>	<b>39,792,922</b>	<b>40,151,946</b>	<b>6,897,313</b>
<b>Total liabilities and net position</b>	<b>\$360,404</b>	<b>\$42,795,121</b>	<b>\$43,155,525</b>	<b>\$7,775,772</b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Refuse Disposal Fund	METRA Fund	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charge for services and use of facilities	\$ 565,997	\$ 4,201,044	\$ 4,767,041	\$ 137,993
Health insurance premiums	0	0	0	5,771,353
<b>Total operating revenues</b>	<b>565,997</b>	<b>4,201,044</b>	<b>4,767,041</b>	<b>5,909,346</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	0	2,568,701	2,568,701	64,887
Supplies	0	522,813	522,813	19,479
Contracted services	617,095	2,303,555	2,920,650	107,884
Health claims	0	0	0	6,725,061
Stop-loss insurance and administration	0	0	0	442,259
Awards	0	108,641	108,641	0
Depreciation	0	1,629,389	1,629,389	29,986
<b>Total operating expenses</b>	<b>617,095</b>	<b>7,133,099</b>	<b>7,750,194</b>	<b>7,389,556</b>
<b>Operating income (loss)</b>	<b>(51,098)</b>	<b>(2,932,055)</b>	<b>(2,983,153)</b>	<b>(1,480,210)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes	0	2,676,347	2,676,347	0
Intergovernmental revenue	0	66,408	66,408	0
Interest revenue (expense)	0	7,587	7,587	55,838
Other revenue	0	60,119	60,119	0
Revenue from signage agreement	0	160,427	160,427	0
<b>Total nonoperating revenues (expenses)</b>	<b>0</b>	<b>2,970,888</b>	<b>2,970,888</b>	<b>55,838</b>
<b>Income (loss) before transfers</b>	<b>(51,098)</b>	<b>38,833</b>	<b>(12,265)</b>	<b>(1,424,372)</b>
Transfer in from other funds	0	0	0	1,606,262
Transfer out to other funds	(20,000)	(35,658)	(55,658)	0
<b>Change in net position</b>	<b>(71,098)</b>	<b>3,175</b>	<b>(67,923)</b>	<b>181,890</b>
<b>Net position July 1, 2013</b>	<b>430,122</b>	<b>39,789,747</b>	<b>40,219,869</b>	<b>6,715,423</b>
<b>Net position June 30, 2014</b>	<b>\$ 359,024</b>	<b>\$ 39,792,922</b>	<b>\$ 40,151,946</b>	<b>\$ 6,897,313</b>

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(Page 1 of 2)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Refuse Disposal</u>	<u>METRA</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>		<u>Service Funds</u>
<b><u>Cash flows from operating activities:</u></b>				
Cash received from users	\$ 567,856	\$ 4,816,019	\$ 5,383,875	\$ 139,504
Cash received from health insurance premiums	0	0	0	5,587,667
Cash paid to other suppliers for goods or services	(617,183)	(3,371,173)	(3,988,356)	(128,116)
Cash paid to employees for services	0	(2,559,829)	(2,559,829)	(62,969)
Cash paid for health claims	0	0	0	(6,169,234)
Cash paid for stop-loss insurance and administration	0	0	0	(442,259)
<b>Net cash provided (used) by operating activities</b>	<b>(49,327)</b>	<b>(1,114,983)</b>	<b>(1,164,310)</b>	<b>(1,075,407)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Cash received from taxes, licenses, permits, and intergovernmental revenue	0	2,843,595	2,843,595	0
Cash received from interfund transfer	0	0	0	1,606,262
Cash transferred to other funds for services	0	(35,658)	(35,658)	0
Cash transferred to Blight Abatement	(20,000)	0	(20,000)	0
Cash received from other revenues	0	60,119	60,119	0
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(20,000)</b>	<b>2,868,056</b>	<b>2,848,056</b>	<b>1,606,262</b>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Acquisition of capital assets	0	65,564	65,564	(14,386)
Cash paid on interfund loan	0	(350,000)	(350,000)	0
<b>Net cash used for capital and related financing activities</b>	<b>0</b>	<b>(284,436)</b>	<b>(284,436)</b>	<b>(14,386)</b>
<b><u>Cash flows from investing activities:</u></b>				
Withdrawals from cash investments	14,444	0	14,444	0
Deposits into cash investments	0	(758,179)	(758,179)	(1,025,226)
Interest received on investments	0	6,915	6,915	52,690
<b>Net cash provided (used) by investing activities</b>	<b>14,444</b>	<b>(751,264)</b>	<b>(736,820)</b>	<b>(972,536)</b>
<b>Net increase (decrease) in cash and demand investments</b>	<b>(54,883)</b>	<b>717,373</b>	<b>662,490</b>	<b>(456,067)</b>
<b>Cash and demand investments, and restricted cash, July 1, 2013</b>	<b>151,577</b>	<b>1,068,075</b>	<b>1,219,652</b>	<b>2,878,772</b>
<b>Cash and demand investments, and restricted cash, June 30, 2014</b>	<b>\$ 96,694</b>	<b>\$ 1,785,448</b>	<b>\$ 1,882,142</b>	<b>\$ 2,422,705</b>
<b><u>Presented in Statement of Net Position as follows:</u></b>				
Cash and demand investments, pooled	\$ 96,694	\$ 973,856	\$ 1,070,550	
Restricted cash held in trust, nonpooled	0	811,592	811,592	
<b>Cash and demand investments, and restricted cash, June 30, 2014</b>	<b>\$ 96,694</b>	<b>\$ 1,785,448</b>	<b>\$ 1,882,142</b>	

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

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(Page 2 of 2)**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Refuse Disposal</b>	<b>METRA</b>	<b>Total</b>	<b>Internal</b>
	<b>Fund</b>	<b>Fund</b>		<b>Service Funds</b>
<b>Noncash transactions:</b>				
Revenue recognized on sales rights agreement	\$ 0	\$ 160,427	\$ 160,427	\$ 0
OPEB implicit rate subsidy expense	\$ 0	\$ 19,283	\$ 19,283	\$ 0

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

<b>Operating income (loss)</b>	<b>\$ (51,098)</b>	<b>\$ (2,932,055)</b>	<b>\$ (2,983,153)</b>	<b>\$ (1,480,210)</b>
<b>Adjustments to reconcile operating income (loss) to net cash from operating activities:</b>				
Depreciation expense	0	1,629,389	1,629,389	29,986
(Increase) decrease in assets:				
Accounts receivable	0	(56,641)	(56,641)	6,900
Delinquent assessments receivable	1,859	0	1,859	0
Prepaid expenses	0	29,094	29,094	(8,624)
Inventories	0	(5,128)	(5,128)	0
Construction in progress	0	(462,367)	(462,367)	0
Increase (decrease) in liabilities:				
Accounts payable	(88)	2,237	2,149	7,870
Accrued liabilities	0	(10,411)	(10,411)	557,745
Unearned premiums	0	0	0	(189,074)
Unearned event revenue	0	672,634	672,634	0
Deposits	0	(1,018)	(1,018)	0
OPEB implicit rate subsidy liability	0	19,283	19,283	0
<b>Total adjustments</b>	<b>1,771</b>	<b>1,817,072</b>	<b>1,818,843</b>	<b>404,803</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (49,327)</b>	<b>\$ (1,114,983)</b>	<b>\$ (1,164,310)</b>	<b>\$ (1,075,407)</b>

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

**YELLOWSTONE COUNTY, MONTANA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	<b>External Investment Trust Fund</b>	<b>Agency Funds</b>	<b>Total Fiduciary Funds</b>
<b><u>ASSETS</u></b>			
Cash and demand investments, pooled	\$ 9,950,121	\$ 1,965,869	\$ 11,915,990
Cash investments, pooled	\$ 68,934,184	4,296,460	73,230,644
Restricted cash and demand investments held in trust, nonpooled	0	54,608	54,608
Restricted cash and demand investments for capital improvements, pooled	21,624,665	0	21,624,665
Restricted cash and demand investments for capital improvements, nonpooled	0	43,077,879	43,077,879
Restricted cash investments for capital improvements, nonpooled	0	35,400,000	35,400,000
Restricted cash investments for debt service, nonpooled	0	6,654,472	6,654,472
Receivables:			
Property taxes	0	25,586,209	25,586,209
Accounts receivable	0	13,228	13,228
Delinquent assessments	0	356,472	356,472
Accrued interest	100,290	23,331	123,621
Due from other funds	0	6,603,843	6,603,843
Prepaid expenses	0	2,228	2,228
<b>Total assets</b>	<b>\$ 100,609,260</b>	<b>\$ 124,034,599</b>	<b>\$ 224,643,859</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$0	\$ 102,863	\$ 102,863
Accrued liability	0	32,484	32,484
Due to other funds - protest tax fund	0	6,603,843	6,603,843
Due to others	0	1,848,213	1,848,213
Due to other taxing districts - county general fund	0	3,000	3,000
Due to other taxing districts	0	115,444,196	115,444,196
<b>Total liabilities</b>	<b>0</b>	<b>124,034,599</b>	<b>124,034,599</b>
<b><u>NET POSITION</u></b>			
<b>Net position held in trust for pool participants</b>	<b>\$ 100,609,260</b>	<b>\$0</b>	<b>\$ 100,609,260</b>

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

**YELLOWSTONE COUNTY, MONTANA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
EXTERNAL INVESTMENT TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

**ADDITIONS:**

Contributions to pooled investments	\$ 682,160,488	
Interest and investment income	769,148	
<b>Total additions</b>		<b>\$ 682,929,636</b>

**DEDUCTIONS**

Distributions from pooled investments	(689,441,474)	
Investment administrative expenses	(5,260)	
<b>Total deductions</b>		<b>(689,446,734)</b>

<b>Change in net position held in trust for pool participants</b>		<b>(6,517,098)</b>
<b>Net position held in trust for pool participants, July 1, 2013</b>		<b>107,126,358</b>
<b>Net position held in trust for pool participants, June 30, 2014</b>		<b>\$ 100,609,260</b>

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

**Yellowstone County, Montana**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Yellowstone County's financial statements include those separate governmental entities that are controlled or are dependent on the County. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 61. GASB Statement No. 61 defines the reporting entity as the County and those component units for which the County is financially accountable. To be financially accountable, a voting majority of the organization's board must be appointed by the County, and either a) the County must be able to impose its will, or b) the County may potentially benefit financially or be financially responsible for the organization. The County does not report any separate government entities as component units.

**B. Fund Accounting**

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

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

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

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

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

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund activity constituting reimbursements for expenditures or expenses previously recorded in another fund, for the most part, has been removed from these statements. This avoids reporting the same expenditure or expense twice and eliminates the associated reimbursement revenue. *Governmental-activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which eligibility requirements imposed by the provider have been met.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

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

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

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

The government reports the following major governmental funds:

The *general fund* 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.

The *road fund* accounts for the construction, maintenance, and improvements of public roads outside incorporated areas.

The *property and liability insurance fund* accounts for the collection of levied taxes used to pay property and casualty insurance and the establishment of reserves for the self-funded liability program.

The *public safety fund* accounts for the levy and expenditures of the Sheriff's Department, including the Yellowstone County Detention Facility.

The *RSID bond fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt issued for rural special improvement districts.

The *capital improvement fund* accounts for the accumulation and expenditure of resources for major capital expenditures, construction, or improvements.

The government reports the following major fund proprietary funds:

The *refuse disposal fund* accounts for the funding and costs associated with County charges and services provided to County residents to have access to garbage disposal.

The *METRA fund* accounts for the operations of the Montana Exposition, Trade, and Recreation Arena (METRA), which reports all activities and events held in the 10,000 seat arena and other event facilities and grounds.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

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

Additionally, the government reports the following fund types:

*Internal service funds* account for the County's self-insured health insurance plan, motor pool, and telephone services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges for property and liability insurance. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fiduciary fund types* are used to 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 property tax receivables for county school districts and other county special districts. They also include property tax receivables levied by Yellowstone County on behalf of the State of Montana and the Cities of Billings, Laurel, and Broadview. Cash collections on those property tax receivables are distributed to associated taxing jurisdictions in the month subsequent to collection.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 METRA enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first.

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

**F. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Demand Investments, and Cash Investments**

Cash resources, to the extent available, of the individual funds are combined to form a cash pool, which is managed by the County Finance Director. The cash pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pooled cash, which are authorized by state law, consist primarily of repurchase agreements, the State of Montana's Short Term Investment Pool (STIP), and securities of the U. S. Government, its agencies, or government sponsored entities and are carried at quoted market prices. The fair value of investments is determined annually, and is based on quoted market prices. The method used to determine the values of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of withdrawal. Bank deposits include demand deposits and overnight repurchase agreements in County banks. Interest income earned as a result of pooling and changes in the fair value of investments are distributed to the appropriate funds as designated by state law utilizing a formula based on the applicable cash balance participation of each fund. The general fund receives interest revenue from those funds not specifically designated by state law to receive interest. Government sponsored entities include: federal home loan bank; federal national mortgage association; federal home mortgage corporation; and federal farm credit bank.

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

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

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

**Montana Code Annotated 7-6-202 regarding "Deposit and Investment of Public Money" reads as follows:**

- (1) A local governing body may invest public money not necessary for immediate use by the county, city, or town in the following eligible securities:
- (a) United States government treasury bills, notes, and bonds and in United States treasury obligations, such as state and local government series (SLGS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;
  - (b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book-entry form with the federal reserve bank of New York; or
  - (c) obligations of the following agencies of the United States, subject to the limitations in subsection (2):
    - (i) federal home loan bank;
    - (ii) federal national mortgage association;
    - (iii) federal home mortgage corporation; and
    - (iv) federal farm credit bank.
- (2) An investment in an agency of the United States is authorized under this section if the investment is a general obligation of the agency and has a fixed or zero-coupon rate and does not have prepayments that are based on underlying assets or collateral, including but not limited to residential or commercial mortgages, farm loans, multifamily housing loans, or student loans.
- (3) The local governing body may invest in a United States government security money market fund if:
- (a) the fund is sold and managed by a management-type investment company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 80a-64), as may be amended;
  - (b) the fund consists only of eligible securities as described in this section;
  - (c) the use of repurchase agreements is limited to agreements that are fully collateralized by the eligible securities, as described in this section, and the investment company or investment trust takes delivery of the collateral for any repurchase agreement, either directly or through an authorized custodian.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

**F. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Demand Investments, and Cash Investments**

- (d) the fund is listed in a national financial publication under the category of "money market mutual funds", showing the fund's average maturity, yield, and asset size; and (e) the fund's average maturity does not exceed 397 days.
- (4) Except as provided in subsection (5), an investment authorized in this part may not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund an outstanding bond issue in advance.
- (5) An investment of the assets of a local government group self-insurance program established pursuant to 2-9-211 or 39-71-2103 in an investment authorized in this part may not have a maturity date exceeding 10 years, and the average maturity of all those authorized investments of a local government group self-insurance program may not exceed 6 years.
- (6) This section may not be construed to prevent the investment of public funds under the state unified investment program established in Montana Code Annotated Title 17, chapter 6, part 2.

**Montana Code Annotated 7-6-206 permits time or savings deposits with banks, savings and loans associations, or credit unions within the State. The County has placed investment pool funds into a local bank utilizing a recent FDIC program referred as the Certificate of Deposit Account Registry Service (CDARS). The CDARS program allows funds to be placed into a participating bank and the funds are 100% FDIC insured with that bank. The program utilizes FDIC insurance distribution from member banks, however, the funds are utilized and retained by the local member bank.**

**2. Restricted Cash and Demand Investments**

Restricted cash and demand investments represent resources set aside for capital improvements, advances, notes payable repayment, and unforeseeable repairs improvements.

**3. Receivables and Payables**

All trade, special assessment, and property tax receivables are shown net of an allowance for uncollectibles. As of June 30, 2014, the allowances were as follows:

	<u>Allowance Amount</u>
Accounts Receivable	\$ 38,452
Property taxes	1,914,000
Delinquent special assessments	12,000
Deferred special assessments	77,000
Total uncollectible allowance	<b><u>\$2,041,452</u></b>

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 1. Summary of Significant Accounting Policies, continued**

**F. Assets, Liabilities, and Net Position or Equity**

**4. Inventories**

In the proprietary funds, inventories are recorded at the lower of cost (first-in, first-out method) or market, and are recorded as expenses when consumed. In the funds, reported inventories are recorded at average cost, and are recorded as expenditures when consumed.

**5. Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the 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 two years. The governmental fund financial statements may include expenditures for minor capital assets valued between \$500 and \$5,000 that the County has budgeted as capital in order to provide fixed asset control of these items, however, these items are not being reported or depreciated as capital assets on the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets.

The County's collection of donated artifacts and art held at the Yellowstone County Museum are not capitalized or depreciated. During fiscal year ended 6/30/14, there were no significant purchases or deassessment of collection items.

**6. Self-Insurance Accruals**

The County provides for an estimated accrual for incurred claims at year end in the Property and Liability Insurance Fund for liability claims and the Health Insurance Fund for unpaid health claims.

**Yellowstone County, Montana**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**F. Assets, Liabilities, and Net Position or Equity**

**7. Due to Other Taxing Districts**

This account represents cash, tax receivables, and other assets held by the County for other taxing jurisdictions. Cash received by the County for the State of Montana, multi-jurisdictional service districts, and cities and towns located in Yellowstone County is distributed in the month following collection.

**8. Compensated Absences**

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it in the fund financial statements. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The non-vested portion of sick leave is 75% of the accrued sick leave times the rate of pay.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements

**9. Long-term Obligations**

In the government-wide financial statements, and proprietary fund 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 statement of net position.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**11. Fund Equity**

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Government Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for the County beginning in fiscal year 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The five fund balance classifications, in order of constraint level, are Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable can represent a constraint or an asset that is not spendable in form.

**Yellowstone County, Montana**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Summary of Significant Accounting Policies, continued**

**F. Assets, Liabilities, and Net Position or Equity**

In compliance with GASB Statement No. 54, Yellowstone County adopted a Fund Balance Classification Policy. This policy states that committed fund balances will be authorized by the County Commission in a public meeting by resolution or policy. Committed fund balance may only become uncommitted by the same formal action authorized by the County Commission in a public meeting by resolution or policy. Assigned fund balance may be assigned informally by the Finance Director based on future budget expenditures after a current fund balance review has been completed. Assigned fund balance may become unassigned by the same action.

Yellowstone County's expenditure order of resource categories for all governmental funds, when restricted, committed, assigned or unassigned are available, will be as follows:

1. Restricted
2. Committed
3. Assigned
4. Unassigned

**12. Net Position**

Net position represents the difference between assets and liabilities. 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.

**13. New Accounting Pronouncements**

The County has adopted the provisions of the following GASB pronouncements for fiscal year 2014:

Statement No. 65 - Items Previously Reported as Assets and Liabilities, which is effective for periods beginning after December 15, 2012.

Accounting Standards effective in a future period:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers.

This Statement establishes standards for measuring and recognizing net pension liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This Statement is effective for fiscal years beginning after June 15, 2014. The effect of adopting the Standard cannot be determined at this time.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 2. Reconciliation Comparative of Government-wide and Fund Financial Statements**

**A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

A separate report has been included in basic financial statements to explain the differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

**B. Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

A separate report has been included in basic financial statements to explain the differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities.

**Note 3. Stewardship, compliance, and accountability**

**A. Budgets**

Budgets are adopted on a basis consistent with a modified accrual basis of accounting. Annual legal budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Individual fund budgets are the same as appropriation amounts. Unexpended appropriations lapse at the end of the year.

Budget amendments can be made at any time during the year by resolution after holding public hearings. Supplemental appropriations were made for unanticipated state and federal grants awarded during the year. The effect of the budget amendments other than those for federal and state grants during fiscal year 2014 was nominal. Reported budget amounts represent the original adopted budget as amended.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 4. Cash and Demand Investments, and Cash Investments**

The County maintains a cash and investment pool for all funds under the control of the County Treasurer. The non-pooled investments represent those investments held for other individuals or districts to be utilized for a specific purpose or capital project. The County's investments are categorized below to give an indication of the level of risk assumed by the County at June 30, 2014. All investments meet collateral requirements specified by State Law.

Investments are categorized into these three categories of credit risk:

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

**At year end, the County's pooled investment balances were as follows:**

	Category			Reported Amount/ Fair Value
	1	2	3	
Cash investments - U.S. Government agencies	\$ 60,491,622	\$0	\$0	\$ 60,491,622
Cash investments - certificate of deposit account registry service	50,000,000	0	0	50,000,000
Cash in overnight repurchase agreements	0	0	49,245,219	49,245,219
Cash on hand and demand deposits	339,031	0	1,022,447	1,361,478
Subtotal	<u>\$ 110,830,653</u>	<u>\$0</u>	<u>\$ 50,267,666</u>	<u>161,098,319</u>
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				0
<b>Total Pooled Investments</b>				<b><u>\$ 161,098,319</u></b>

**At year end, the County's nonpooled investment balances were as follows:**

	Category			Reported Amount/ Fair Value
	1	2	3	
Cash investments - certificate of deposit account registry service	\$ 7,054,472	\$0	\$0	\$ 7,054,472
Cash investments - certificate of deposit	35,000,000	0	0	35,000,000
Cash in overnight repurchase agreements	0	0	43,077,879	43,077,879
Cash on hand and demand deposits	250,000	0	616,200	866,200
Subtotal	<u>\$ 42,304,472</u>	<u>\$0</u>	<u>\$ 43,694,079</u>	<u>85,998,551</u>
<u>Investments Not Subject to Categories:</u>				
State Treasurer's Investment Pool (STIP)				0
<b>Total Nonpooled Investments</b>				<b><u>85,998,551</u></b>
<b>Total Investments</b>				<b><u>\$ 247,096,870</u></b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 4. Cash and Demand Investments, and Cash Investments, continued**

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

Due to higher cash flows at certain times during the year, the County's investment in overnight repurchase agreements for which the underlying securities were held by the dealer increased significantly. As a result, the amounts that were in category 3 at those times were substantially higher than at year end.

The total cash reported at June 30, 2014, is detailed as follows:

	<b>Total</b>	<b>Statement of Net Position</b>	<b>Fiduciary Net Position</b>
Cash and demand investments, pooled	\$ 28,982,032	\$ 17,066,042	\$ 11,915,990
Restricted cash and demand investments for capital, pooled	21,624,665	0	21,624,665
Restricted cash and demand investments held in trust, nonpooled	866,200	811,592	54,608
Restricted cash and demand investments for capital, nonpooled	43,077,879	0	43,077,879
Total cash and demand investments	<u>94,550,776</u>	<u>17,877,634</u>	<u>76,673,142</u>
Cash investments, pooled	110,491,622	37,260,978	73,230,644
Restricted cash investments for capital, nonpooled	35,400,000	0	35,400,000
Restricted cash investments for debt service, nonpooled	6,654,472	0	6,654,472
<b>Total</b>	<b><u>\$ 247,096,870</u></b>	<b><u>\$ 55,138,612</u></b>	<b><u>\$ 191,958,258</u></b>
Cash on hand, pooled	\$ 887,552		
Cash in bank deposits and other bank deposits, pooled	473,926		
Cash in bank deposits and other bank deposits, nonpooled	866,200		
Cash in overnight repurchase agreements, pooled	61,833,705		
Cash in overnight repurchase agreements, nonpooled	43,077,879		
Cash in State Treasurer's Investment Pool (STIP)	0		
Outstanding warrants, pooled	<u>(12,588,486)</u>		
Total cash and demand investments	<u>94,550,776</u>		
Cash investments, pooled	110,491,622		
Cash investments, nonpooled	42,054,472		
<b>Total</b>	<b><u>\$ 247,096,870</u></b>		
Cash and demand investments, and cash investments- pooled	\$ 161,098,319		
Cash and demand investments, and cash investments- nonpooled	<u>85,998,551</u>		
	<b><u>\$ 247,096,870</u></b>		

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 4. Cash and Demand Investments, and Cash Investments, continued**

Cash on hand - represents two types of cash items: petty cash and change funds on hand - \$36,930; cash received after last bank deposit - \$850,622

Cash in bank deposits and other bank deposits – Cash in bank deposits represents cash on deposit in local bank accounts used for pooled banking operations of the County - \$473,926; other bank deposits represents cash held in trust for other individuals in which any interest earnings are not distributed to the investment pool - \$866,200

Cash in overnight repurchase agreements – represents cash invested on a daily basis by the County's primary bank. Invested funds represent the nightly balance of collected funds in the County's main depository bank account. The overnight repurchase agreement has the funds re-deposited into the County's main bank account the next business day. The invested funds are collateralized by permissible U.S. government securities that have a value of at least 102% of the investment value.

Cash in State Treasurer's Investment Pool (STIP)

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

The STIP portfolio includes, but is not limited to, "variable rate" and "asset-backed" securities to provide diversification and a competitive rate of return. These securities are described below:

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

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

Outstanding warrants - represents issued and outstanding warrants and checks of the County and school districts.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 4. Cash and Demand Investments, and Cash Investments, continued**

Cash investments - represents investments held by the County Treasurer with maturity dates exceeding 1 day.

At June 30, 2014 pooled cash investment items were:

<u>Investment Type</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Credit Risk Rating Moody's - S&amp;P</u>	<u>Fair Value</u>
<b><u>U.S. Government Agencies</u></b>				
Federal Farm Credit	0.92 - 1.97%	3.5 - 5.0 years	AAA - AA+	\$8,002,579 *
Federal Home Loan Mortgage Corporation	0.424 - 1.55%	3.3 - 4.0 years	AAA - AA+	12,967,190 *
Federal Home Loan Bank	0.288 - 2.715%	0.7-5 years	AAA - AA+	27,561,788 *
Federal National Mortgage Association	0.37 - 1.90%	5 days - 4.7 years	AAA - AA+	11,960,065 *
<b>Total U.S. government agency securities</b>				<u>\$60,491,622</u>
Certificate of Deposit Account Registry Service	0.22 - 0.89%	10 - 150 days	100% FDIC Insured	50,000,000 *
<b>Total cash investments, pooled</b>				<u><u>\$110,491,622</u></u>

At June 30, 2014, nonpooled cash investment items were:

<u>Investment Type</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Credit Risk Rating Moody's - S&amp;P</u>	<u>Fair Value</u>
Certificate of Deposit Account Registry Service	.26 - 1.03%	0.6 - 3.0 years	100% FDIC Insured	\$7,054,472
Certificate of Deposit	0.21 - 0.24%	0.8- 1.3 years	102% collateral	35,000,000 *
<b>Restricted cash investments for capital improvements, nonpooled</b>				<u><u>\$ 42,054,472</u></u>

\* - represents 5% or more of total cash investments

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 4. Cash and Demand Investments, and Cash Investments, continued**

The following represents a condensed statement of net position and changes in net position for the cash and investment pool as of June 30, 2014:

<b><u>Condensed Statement of Net Cash and Investment Assets</u></b>	
Cash and demand investments, pooled	\$ 50,606,697
Cash investments, pooled	110,491,622
Restricted cash and demand investments for capital improvements, nonpooled	43,077,879
Restricted cash and demand investments held in trust, nonpooled	866,200
Restricted cash investments for capital improvements, nonpooled	35,400,000
Restricted cash investments for debt service, nonpooled	6,654,472
Accrued interest receivable	174,638
<b>Net position held in trust for all pool participants</b>	<b><u><u>\$ 247,271,508</u></u></b>
Equity of internal pool participants	\$ 146,662,248
Equity of external pool participants	100,609,260
<b>Total equity</b>	<b><u><u>\$ 247,271,508</u></u></b>
<b><u>Condensed Statement of Changes in Net Cash and Investment Assets</u></b>	
Net position at July 1, 2013	\$ 164,029,635
Net changes in investments by pool participants	82,874,199
Market value adjustment of cash investments	367,674
<b>Net position at June 30, 2014</b>	<b><u><u>\$ 247,271,508</u></u></b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 5. Receivables**

Receivables as of year end for the government's individual major funds; and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	MAJOR GOVERNMENTAL FUNDS						Other Nonmajor Governmental Funds	MAJOR ENTERPRISE FUNDS		Internal Service Funds	Fiduciary Funds	Total
	General	Road	Liability & Property Insurance	Public Safety - Sheriff	R. S. I. D. Bond Fund	Capital Improvement Fund		Refuse Disposal	METRA			
<b>Receivables:</b>												
Property taxes	\$2,404,127	\$1,091,214	\$203,650	\$1,745,437	\$0	\$0	\$2,386,239	\$0	\$518,645	\$0	\$25,586,209	\$33,935,521
Accounts	203,218	88,980	0	480,362	0	1,797	377,793	0	80,221	11,884	13,228	1,257,483
Delinquent assessments	0	0	0	0	2,040	0	16,316	61,681	0	0	356,472	436,509
Deferred assessments	0	0	0	0	1,539,425	0	0	0	0	0	0	1,539,425
Accrued interest	27,541	0	2,741	0	100	8,848	4,132	0	1,004	6,651	123,621	174,638
<b>Gross receivables</b>	<b>2,634,886</b>	<b>1,180,194</b>	<b>206,391</b>	<b>2,225,799</b>	<b>1,541,565</b>	<b>10,645</b>	<b>2,784,480</b>	<b>61,681</b>	<b>599,870</b>	<b>18,535</b>	<b>26,079,530</b>	<b>37,343,576</b>
Less allowances for uncollectible accounts	(542,800)	(261,400)	(46,300)	(421,372)	(77,300)	0	(560,823)	(9,300)	(122,157)	0	0	(2,041,452)
<b>Net total receivables</b>	<b>\$2,092,086</b>	<b>\$918,794</b>	<b>\$160,091</b>	<b>\$1,804,427</b>	<b>\$1,464,265</b>	<b>\$10,645</b>	<b>\$2,223,657</b>	<b>\$52,381</b>	<b>\$477,713</b>	<b>\$18,535</b>	<b>\$26,079,530</b>	<b>\$35,302,124</b>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (governmental funds)	\$6,037,267	\$0	\$6,037,267
Special assessments receivable (governmental funds)	15,656	0	15,656
Special assessments not yet billed (governmental funds)	1,462,425	0	1,462,425
METRA unearned revenue from future advertising revenues	0	587,708	587,708
METRA FY14 receipts for fiscal year 2015 events (enterprise fund)	0	817,484	817,484
<b>Total Unearned Revenue</b>	<b>\$7,515,348</b>	<b>\$1,405,192</b>	<b>\$8,920,540</b>

The delinquent taxes receivable accounts represent the past five years of uncollected tax levies. The allowance for uncollectibles is estimated based on delinquent tax collection history. All net property taxes and special assessments receivables are offset by unearned revenue in the governmental fund types.

The 2013 real property taxes and the 2013 special assessments were levied and became receivables in October 2013. The semi-annual installments were due in November 2013 and May 2014. As of December 1, 2013, and June 1, 2014, uncollected real property taxes and special assessments became delinquent and all uncollected amounts as of June 30, 2014, have been reported as unearned revenue. Delinquent taxes become a lien on the property on June 1 and after 3 years the County exercises the lien and takes title to the property. Personal property taxes were levied throughout the year and became a receivable when levied. Personal property taxes are due 30 days from the levy date. Amounts not collected as of June 30, 2014, have been reported as unearned revenue. There was no significant land held for resale as of June 30, 2014.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 6. Interfund Receivables, Payables and Transfers**

**Due from/to Other Taxing Districts**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Shepherd Cemetery	\$ 3,000

**Advances from/to Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Metra	\$ 700,000
General Fund	RSID Maintenance	\$ 34,617

The following school districts have requested and received a release of funds from the protest tax fund (agency fund) as an early release of property taxes from protesting property owners within their districts:

	<u>Amount</u>
School District #2 Billings	\$ 6,463,266
School District #26 Lockwood	\$ 140,577
Total Funds Released from Protest Tax fund	<u>\$ 6,603,843</u>

Should the protesting taxpayer prevail in part or in whole, the school district may levy the shortage caused by the refunded amount on the protest in the succeeding year if the governing body chooses to do so.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 6. Interfund Receivables, Payables and Transfers, continued**

**Interfund transfers**

	Transfers in									
	MAJOR GOVERNMENTAL FUNDS						Other Nonmajor Governmental Funds	MAJOR ENTERPRISE FUND METRA	Internal Service Funds	Total
	General	Road	Liability & Property Insurance	Public Safety - Sheriff	R.S.I.D. Bond Fund	Capital Improvement Fund				
<b><u>Transfers out:</u></b>										
General Fund	\$0	\$3,696	\$0	\$447,200	\$0	\$2,005,000	\$2,715,669	\$0	\$0	\$5,171,565
Road Fund	\$0	0	0	0	0	200,000	39,974	0	0	239,974
Public Safety - Sheriff Fund	129,790	0	0	0	0	1,725,000	32,342	0	0	1,887,132
Nonmajor Governmental Funds	976,934	191,216	20,999	686,788	0	20,000	529,007	0	1,606,262	4,031,206
Major Enterprise Fund - METRA	35,658	0	0	0	0	0	0	0	0	35,658
Refuse Disposal Fund	20,000	0	0	0	0	0	0	0	0	20,000
<b>Total transfers</b>	<b>\$1,162,382</b>	<b>\$194,912</b>	<b>\$20,999</b>	<b>\$1,133,988</b>	<b>\$0</b>	<b>\$3,950,000</b>	<b>\$3,316,992</b>	<b>\$0</b>	<b>\$1,606,262</b>	<b>\$11,385,535</b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 7. Capital Assets**

Capital asset activity for the primary government for the year ended June 30, 2014 was as follows:

<b><u>Governmental-type Activities</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land	3,665,796	0	0	3,665,796
Construction in Progress	109,637	56,097	(109,637)	56,097
Total Capital Assets, Not Being Depreciated	<u>3,775,433</u>	<u>56,097</u>	<u>(109,637)</u>	<u>3,721,893</u>
<b>Capital Assets, Being Depreciated:</b>				
Buildings	28,668,545	300,052	0	28,968,597
Improvements Other Than Buildings	4,770,647	146,692	(1,923,191)	2,994,148
Machinery and Equipment	20,275,518	3,294,923	(3,134,792)	20,435,649
Infrastructure	41,659,083	4,776,195	0	46,435,278
Total Assets Being Depreciated	<u>95,373,793</u>	<u>8,517,862</u>	<u>(5,057,983)</u>	<u>98,833,672</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings	17,491,078	714,813	0	18,205,891
Improvements Other Than Buildings	1,440,127	114,291	(320,532)	1,233,886
Machinery and Equipment	12,201,280	1,459,224	(1,424,427)	12,236,077
Infrastructure	18,058,111	2,511,244	0	20,569,355
Total Accumulated Depreciation	<u>49,190,596</u>	<u>4,799,572</u>	<u>(1,744,959)</u>	<u>52,245,209</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>46,183,197</u>	<u>3,718,290</u>	<u>(3,313,025)</u>	<u>46,588,462</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$49,958,630</u>	<u>\$3,774,387</u>	<u>(\$3,422,662)</u>	<u>\$50,310,355</u>

Decreases include the transfer of the county's veteran's cemetery to the federal government of \$1,923,191.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 7. Capital Assets, continued**

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b><u>Business-type Activities</u></b>				
<b><u>Capital Assets, Not Being Depreciated:</u></b>				
Land	\$368,574	\$0	\$0	\$368,574
Construction in progress	161,692	77,502	(161,691)	77,503
<b>Total Capital Assets, Not Being Depreciated</b>	<b>530,266</b>	<b>77,502</b>	<b>(161,691)</b>	<b>446,077</b>
<b><u>Capital Assets, Being Depreciated:</u></b>				
Buildings	53,891,763	355,877	0	54,247,640
Improvements Other Than Buildings	5,460,139	201,136	0	5,661,275
Machinery and Equipment	1,267,673	244,456	(22,332)	1,489,797
<b>Total Capital Assets, Being Depreciated</b>	<b>60,619,575</b>	<b>801,469</b>	<b>(22,332)</b>	<b>61,398,712</b>
<b><u>Less Accumulated Depreciation For:</u></b>				
Buildings	17,715,485	1,248,519	0	18,964,002
Improvements Other Than Building	3,484,573	291,067	0	3,775,640
Machinery and Equipment	697,958	89,803	(22,332)	765,429
<b>Total Accumulated Depreciation</b>	<b>21,898,016</b>	<b>1,629,389</b>	<b>(22,332)</b>	<b>23,505,071</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>38,721,559</b>	<b>(827,920)</b>	<b>0</b>	<b>37,893,641</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$39,251,825</b>	<b>(\$750,418)</b>	<b>(\$161,691)</b>	<b>\$38,339,718</b>

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

<b><u>Governmental Activities</u></b>	
General Government	\$504,420
Public Safety	958,768
Public Works	3,197,359
Public Health	10,160
Social and Economic	4,624
Culture and Recreation	94,256
Governmental Internal Service Funds	29,986
<b>Total Depreciation Expense - Governmental Activities</b>	<b>4,799,572</b>
<b><u>Business-type Activities</u></b>	
METRA	1,629,389
<b>Total Depreciation Expense - Primary Government</b>	<b>\$6,428,961</b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 8. Long-Term Debt**

**General Obligation Bonds**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. The capital assets acquired with the general obligation debt were donated to METRA, which is a business-type activity, however METRA is not responsible for servicing the debt. Debt service is the responsibility of the governmental debt service fund which levies annual tax revenues to service the debt.

General obligation bonds are direct obligations and pledge the full faith and credit of the County, and the levy to repay the debt is not subject to other tax levy limits. Limited tax general obligation bonds are funded from available tax authority and have budget priority funding. Outstanding general obligation bonds are as follows:

<u>Governmental -type Activities:</u>	<u>Interest Rate</u>	<u>Amount</u>
2011 Limited Tax General Obligation Bonds – Bridge Connector & METRA Improvements (nontaxable) 1.40% - 2.85% due 6/15/2021, payable in annual principal installments of \$290,000 to \$340,000, callable on or after June 15, 2017	1.400 – 2.85%	<b>\$ 2,190,000</b>
2008 Limited Tax General Obligation Bonds – Veteran’s Cemetery & METRA Seating (nontaxable) 3.40% - 4.00% due 6/15/2023, payable in annual principal installments of \$115,000 to \$275,000, callable on or after December 15, 2015	3.50 – 4.00%	<b><u>\$ 1,850,000</u></b> <b><u>\$ 4,040,000</u></b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Governmental - type Activities</u>		
<u>June30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	515,000	116,121	631,121
2016	525,000	104,185	629,185
2017	545,000	91,498	636,498
2018	565,000	77,302	642,302
2019	585,000	61,612	646,612
2020-2023	1,305,000	82,723	1,387,723
<b>Total</b>	<b><u>\$4,040,000</u></b>	<b><u>\$533,441</u></b>	<b><u>\$4,573,441</u></b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 8. Long-Term Debt, continued**

**Rural Special Improvement District Bonds**

The County issued no new special assessment bonds in fiscal year 2014.

Rural special improvement district bonds are payable from special assessments levied against the properties of the respective districts. The bonds are issued with specific maturity dates, but must be called and repaid earlier, at par value plus accrued interest, if the related special assessments are collected.

The County has a secondary responsibility on the special assessment bonds issued for the various rural special improvement districts (R.S.I.D.) to the extent of availability of cash in the R.S.I.D. Revolving Fund. State law provides for and the County uses an R.S.I.D. Revolving Fund to accumulate resources for such debt service payment. Law allows for a special property tax levy as long as the balance in this fund is less than 5% of the principal amount of outstanding R.S.I.D. bonds. No tax levy for this fund was assessed for fiscal year ended June 30, 2014. The R.S.I.D. Revolving Fund has no unfunded commitment to the R.S.I.D. bond fund as of June 30, 2014. The R.S.I.D. Revolving Fund would be committed to the R.S.I.D. Bond Fund as a result of lost revenues due to unpaid assessments from properties taken by tax title. The amount of the liability can fluctuate based on future tax deed losses, collections of penalties and interest on delinquent assessments, proceeds from unsold tax deed properties and other circumstances. The R.S.I.D. Revolving Fund, which has a fund balance of \$327,295 at June 30, 2014, is treated as a debt service fund.

The outstanding rural special improvement district bonded indebtedness of the County was as follows:

<u>Rural Special Improvement District Number</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2014</u>
682	6.00%	08/01/02	08/01/17	\$ 174,000	\$ 7,000
715	4.19%	08/01/04	08/01/19	410,000	85,000
717	4.93%	06/01/05	08/01/20	738,000	205,000
758	3.75%	05/01/07	07/01/27	373,000	208,000
783	4.58%	09/28/10	08/01/25	126,777	80,000
785	5.30%	02/01/11	08/01/26	126,945	100,000
803	3.36%	09/20/12	08/01/27	1,015,434	805,000
Various matured bonds	0.00%	Various	Matured	Various	7,225
<b>Outstanding rural special improvement district bonds, June 30, 2014</b>					<b>1,497,225</b>
<b>Less called and matured bonds</b>					<b>(7,225)</b>
<b>Uncalled rural special improvement district bonds, June 30, 2014</b>					<b>\$ 1,490,000</b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 8. Long-Term Debt, continued**

**Rural Special Improvement District Bonds, continued**

Annual debt service requirements to maturity for special assessment bonds are as follows:

Debt Service Requirements

Year Ending <u>June 30,</u>	<u>Governmental-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$171,000	\$57,906	\$228,906
2016	0	50,774	50,774
2017	11,000	50,774	61,774
2018	39,000	50,361	89,361
2019	175,000	48,955	223,955
2020-2024	665,000	146,327	811,327
2025-2028	429,000	37,005	466,005
Total	<u>\$1,490,000</u>	<u>\$442,102</u>	<u>\$1,932,102</u>

**Notes Payable**

Notes payable are long-term obligations which are financed through the current operating budget of the respective funds.

As of June 30, 2014, the County had no outstanding notes payable.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 8. Long-Term Debt, continued**

**Changes in Long-Term Liabilities**

The OPEB plan allows retirees to participate, as a group, at a rate that does not cover all the related costs. This results in the reporting of an "implicit rate" subsidy in the related financial statements. While this liability is disclosed for financial purposes, it does not represent a legal liability of the County.

	<u>Year Ended June 30, 2014</u>				<b>Principal Due Within One Year</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	
<b><u>Governmental Activities:</u></b>					
General obligation bonds	\$ 5,275,000	\$0	(\$1,235,000)	\$4,040,000	\$ 515,000
Special assessment debt with governmental commitment	1,819,434	0	(329,434)	1,490,000	171,000
Claims and judgements	375,000	0	(95,000)	280,000	280,000
Compensated absences	2,081,507	54,242	0	2,135,749	531,534
OPEB implicit rate subsidy	1,408,384	219,670	0	1,628,054	0
<b>Governmental activity long-term liabilities</b>	<b>\$ 10,959,325</b>	<b>\$ 273,912</b>	<b>\$ (1,659,434)</b>	<b>\$ 9,573,803</b>	<b>\$ 1,497,534</b>
<b><u>Business-type Activities:</u></b>					
Compensated absences	214,315	0	(18,233)	196,082	49,020
OPEB implicit rate subsidy	120,458	19,283	0	139,741	0
<b>Business-type Activities Long-term Liabilities</b>	<b>\$334,773</b>	<b>\$19,283</b>	<b>(\$18,233)</b>	<b>\$335,823</b>	<b>\$49,020</b>

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 8. Long-Term Debt, continued**

**Summary of Debt Maturities**

Annual debt service principal and interest payments required on outstanding debt at June 30, 2014, are as follows:

Year Ending June 30,	Type of Debt	
	General Obligation Bonds	Rural Special Improvement Bonds
2015	\$ 631,121	\$ 228,906
2016	629,185	50,774
2017	636,498	61,774
2018	642,302	89,361
2019	646,612	223,955
2020-2024	1,387,723	811,327
2025-2028	0	466,005
	<u>\$ 4,573,441</u>	<u>\$ 1,932,102</u>

**Note 9. GASB Statement No. 54 Fund Balance**

The Government Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for the County beginning in fiscal year 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The five fund balance classifications, in order of constraint level, are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 9. GASB Statement No. 54 Fund Balance, continued**

	MAJOR FUNDS							Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	Property & Liability Insurance Fund	Public Safety Fund	R.S.I.D. Bond Fund	Capital Improvement Fund			
<b>Nonspendable</b>									
Inventory	\$43,696	\$268,565	\$0	\$0	\$0	\$0	\$63,999	\$376,260	
Prepays	71,147	0	2,472	16,709	0	0	6,263	\$96,591	
Total Unspendable Fund Balance	\$114,843	\$268,565	\$2,472	\$16,709	\$0	\$0	\$70,262	\$472,851	
<b>Restricted</b>									
Road	0	2,957,579	0	0	0	0	0	\$2,957,579	
Predatory Animal	0	0	0	0	0	0	293	\$293	
Park	0	0	0	0	0	0	146,631	\$146,631	
Veteran's Cemetery	0	0	0	0	0	0	154,404	\$154,404	
Drug Forfeiture	0	0	0	0	0	0	282,645	\$282,645	
RSID Maintenance	0	0	0	0	0	0	4,046,549	\$4,046,549	
Junk Vehicle	0	0	0	0	0	0	106,145	\$106,145	
DUI Task Force/Highway Traffic Safety	0	0	0	0	0	0	57,724	\$57,724	
RSID Revolving	0	0	0	0	0	0	327,295	\$327,295	
RSID Bond	0	0	0	0	263,289	0	0	\$263,289	
RSID Construction	0	0	0	0	0	0	0	\$0	
Total Restricted Fund Balance	\$0	\$2,957,579	\$0	\$0	\$263,289	\$0	\$5,121,686	\$8,342,554	
<b>Committed</b>									
Bridge	0	0	0	0	0	0	569,560	\$569,560	
Weed	0	0	0	0	0	0	112,327	\$112,327	
Liability & Property Insurance	0	0	1,016,603	0	0	0	0	\$1,016,603	
Mental Health Fund	81,521	0	0	0	0	0	0	\$81,521	
Extension Service	0	0	0	0	0	0	82,004	\$82,004	
Public Safety	0	0	0	4,591,432	0	0	0	\$4,591,432	
County Attorney	0	0	0	0	0	0	1,234,349	\$1,234,349	
Museum	0	0	0	0	0	0	162,158	\$162,158	
Youth Services	0	0	0	0	0	0	333,875	\$333,875	
Total Committed Fund Balance	\$81,521	\$0	\$1,016,603	\$4,591,432	\$0	\$0	\$2,494,273	\$8,183,829	

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 9. GASB Statement No. 54 Fund Balance, continued**

	MAJOR FUNDS						Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	Property & Liability Insurance Fund	Public Safety Fund	R.S.I.D. Bond Fund	Capital Improvement Fund		
<b>Assigned</b>								
Use of Reserves	1,071,671	1,287,972	1,919,173	403,260	0	9,683,000	1,218,328	\$15,583,404
Blight	73,091	0	0	0	0	0	0	\$73,091
Record Preservation-Capital Improvements	304,382	0	0	0	0	0	0	\$304,382
PILT	0	0	0	0	0	0	410,582	\$410,582
GIS	0	0	0	0	0	0	276,952	\$276,952
Capital Improvement	0	0	0	0	0	2,835,572	0	\$2,835,572
Total Assigned Fund Balance	\$1,449,144	\$1,287,972	\$1,919,173	\$403,260	\$0	\$12,518,572	\$1,905,862	\$19,483,983
<b>Unassigned</b>								
General Fund	4,687,398	0	0	0	0	0	0	\$4,687,398
Total Unassigned Fund Balance	\$4,687,398	\$0	\$0	\$0	\$0	\$0	\$0	\$4,687,398
<b>Total Fund Balance</b>	<b>\$6,332,906</b>	<b>\$4,514,116</b>	<b>\$2,938,248</b>	<b>\$5,011,401</b>	<b>\$263,289</b>	<b>\$12,518,572</b>	<b>\$9,592,083</b>	<b>\$41,170,615</b>

Nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or limited due to legal or contractual restrictions.

Restricted fund balance classification includes constraints placed on the use of resources that are legally enforceable by an external party. External parties include creditors, grantors, contributors, and laws/regulations of other governments.

Committed fund balance classifications include constraints placed on the use of resources that are imposed by formal action of the government's highest level of decision making authority.

Assigned fund balance classifications include constraints placed on the use of resources that are imposed 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).

Unassigned fund balance classifications include spendable amounts that have not been Restricted, Committed or Assigned to a specific purpose within the General Fund.

Revenue sources for the major special revenue funds:

Road Fund – Real and personal property taxes, road permits, intergovernmental revenue, charge for services, other income including sale of fixed assets and transfers in.

Property & Liability Insurance Fund - Real and personal property taxes, charge for services, refund reimbursement, other income including interest revenue and transfers in.

Public Safety Fund - Real and personal property taxes, permits and licenses, intergovernmental revenue including grant revenues, charge for services, other income including sale of fixed assets and transfers in.

# Yellowstone County, Montana

## Notes to the Financial Statements

### June 30, 2014

#### **Note 10. Risk Management**

The County faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e. errors and omissions, d) environmental damage, e) workers' compensation, i.e. employee injuries, and f) medical insurance costs of employees. A variety of methods is used manage these risks.

##### Liability and Property Insurance

The County is self-insured on liability and property claims. As of year end, the County has reserved \$280,000 for outstanding liability claims. Reinsurance for liability claims is purchased from a third party risk retention group. Coverage history is as follows:

	<u>Deductible</u>	<u>Limit per occurrence</u>	<u>Annual aggregate</u>
Claims outstanding prior to October 4, 1990	No coverage	No coverage	No coverage
October 4, 1990 to October 4, 1998	\$ 250,000	\$ 1,500,000	\$ 3,000,000
October 4, 1998 to October 4, 2002	\$ 100,000	\$ 1,500,000	\$ 3,000,000
October 4, 2002 to October 4, 2003	\$ 200,000	\$ 1,500,000	\$ 3,000,000
October 4, 2003 to October 4, 2004	\$ 250,000	\$ 1,500,000	\$ 3,000,000
October 4, 2004 to January 4, 2005	\$ 500,000	\$ 1,500,000	\$ 3,000,000
January 4, 2005 to June 30, 2014	\$ 250,000	\$ 1,500,000	\$ 3,000,000

County buildings and their contents are covered by a blanket property and casualty insurance policy of \$168,778,738 with a \$50,000 deductible. The County at June 30, 2014, had unreserved fund balance in its Property and Liability Insurance Fund totaling \$2,938,248. Levels of property insurance increased 4.5% from the prior year. As of October 16, 2008 the County has acquired \$5,000,000 of museum collection and temporary loan insurance coverage for artifacts and art held at the Yellowstone County Museum.

Liability settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

##### Worker's Compensation

The County has elected to participate in the Montana Association of Counties Workers' Compensation Trust (the Trust). The Trust was organized to provide workers' compensation coverage to participating counties. The County pays annual premiums to the Trust for its workers' compensation coverage and for its portion of the debt service for the bonds sold by the Trust to provide aggregate excess coverage, provide resources for previously unfunded liabilities, and establish initial insurance reserves. The Trust has obtained reinsurance through commercial companies for claims in excess of \$1,000,000 per occurrence. The Trust's governing body is comprised of nine county commissioners elected at the annual county commissioner's convention. The governing body has the authority to determine management and set operational policies.

Financial statements for the Trust are available from the Montana Association of Counties, located in Helena, Montana.

Employee health insurance is discussed in note 11B.

# Yellowstone County, Montana

## Notes to the Financial Statements

### June 30, 2014

#### **Note 11. Employee Benefits**

##### **A. Compensated Absences**

All full-time County employees accumulate vacation and sick leave hours for later use or for payment upon termination, death or retirement. Employees earn annual vacation leave at the rate of 15 days per year for the first 10 years of employment up to a maximum of 24 days per year after 20 years. There is no requirement that annual vacation leave be taken, but the maximum permissible accumulation is twice the current annualized rate as of December 31 of each year. At termination employees are paid for any accumulated annual vacation leave.

Employees earn sick leave at the rate of 12 days per year. There is no limit on the accumulation of sick leave. At termination employees are paid for 25% of accumulated sick leave. The liability for vested accumulated annual vacation and sick leave at June 30, 2014, is \$2,331,831. The unvested 75% of accumulated sick pay benefits, which totaled \$2,623,441 at June 30, 2014, has not been recorded as a liability.

##### **B. Health Insurance**

The County has a self-funded health care benefit plan for its employees. The County has contracted with a private insurance company to provide the aggregate stop loss coverage, and claims processing. The County contributes a monthly amount for each full-time employee for health and dental insurance benefits. Employees may elect to include coverage of their dependents, at the employees' expense. Revenues to the plan from the various funds and employees are recorded as health insurance premiums in the Health Insurance Fund, an internal service fund. The fund records health care costs as expenses when claims are incurred. The fund establishes claims liabilities, including incurred but not reported (IBNR) claims based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that modify past experience. Claims liabilities include only specific, incremental claim adjustment expenses. The liability recorded for the IBNR is \$475,000 and \$379,828 is recorded for health and drug claims and administration costs incurred in fiscal year 2014 but paid in July 2014.

Following is a summary of the changes in the balance of claim liabilities during the last three fiscal years:

<u>Fiscal Year</u>	<u>Beginning of fiscal-year liability</u>	<u>Estimated Incurred claims</u>	<u>Claims paid, net of expected reimbursements</u>	<u>End of fiscal-year liability</u>
2011-2012	\$ 320,475	\$ 5,396,392	\$ 5,276,553	\$ 440,314
2012-2013	\$ 440,314	\$ 5,570,324	\$ 5,711,637	\$ 299,001
2013-2014	\$ 299,001	\$ 6,725,061	\$ 6,169,234	\$ 854,828

Yellowstone County' carries specific stop loss insurance of \$270,000 per claim on a claims incurred basis. There was one claim that exceeded the specific stop loss level for fiscal year 2014. Effective in fiscal year 2003, the County elected to utilize the permissive medical levy. This levy may be utilized to fund medical inflation costs of the employer. The permissive medical levy transferred \$1,606,262 to the health insurance fund in fiscal year 2014. The transfer was larger than normal because of protest tax settlements.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 11. Employee Benefits, continued**

**B. Health Insurance, continued**

**Results of operations for fiscal year ended:**

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Health insurance premiums	\$ 5,659,234	\$ 5,771,353
Health claims	(5,570,324)	(6,725,061)
Administrative expenses	(525,525)	(508,241)
Interest revenue	559	55,838
Interfund transfer in	<u>1,182,403</u>	<u>1,606,262</u>
Net income (loss)	746,347	200,151
Net position, beginning of fiscal year	<u>5,713,012</u>	<u>6,459,359</u>
<b>Net position, end of fiscal year</b>	<b><u><u>\$ 6,459,359</u></u></b>	<b><u><u>\$ 6,659,510</u></u></b>

**Yellowstone County, Montana**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 11. Employee Benefits, continued**

**B. Health Insurance, continued**

In addition to providing health benefits for existing employees, the County also allows retired and COBRA (1985 Consolidated Omnibus Budget Reconciliation Act) employees, and their families, to participate in the plan at the former employee's expense. As of June 30, 2014, there are 51 former employees covered under the health plan. As of June 30, 2014 there are 52 county retirees that have elected coverage under a Medicare advantage plan in lieu of the County's health plan. Those employees will have the option to re-enroll with the County's health plan on an annual elective basis. Additionally, eligible Medicare retirees currently covered by the County's health plan may annually elect to change to the Medicare advantage plan. The participation of those eligible Medicare covered individuals in the Medicare advantage plan is not expected to result in any significant financial impact to the county's health plan. The County also allows participation in the plan for employees and dependents of Riverstone Health Department and the Big Sky Economic Development. For FY14, employees of Riverstone Health Department and Big Sky Economic Development pay premiums at the same County rates plus a \$10 per month per employee administrative fee. The economic impact of the extension of benefits to these other participating entities and former employees cannot be separated from the County's cost to cover active employees. Premiums for employee paid coverage and retiree under 65 coverage increased 5.8% during fiscal year 2014. Premiums for retirees over 65 coverage increased 10.0% during fiscal year 2014. The funding for the employer portion of coverage increased 5.8%. There were only minor changes to health plan benefits during fiscal year 2014.

**C. Life Insurance and Long Term Disability**

All County employees covered by health insurance are also covered by life insurance. The County also covers permanent part-time employees that do not elect health insurance. The County pays the cost of life insurance for coverage at 100% of the prior year's salary rounded to the highest \$1000. All full-time employees are covered to a maximum of \$50,000. Supplemental life insurance is optionally available at the employee's cost up to three times the employee's employer paid coverage. The County has contracted with a private insurance carrier to provide the life insurance coverage.

The County pays for third-party long term disability insurance at an insured level of 60% of monthly pre-disability base pay for employees. Eligibility for long term disability is the same as life insurance eligibility.

**D. Deferred Compensation Plans**

The County offers its employees various deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all County employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County has three deferred compensation plans and each plan allows several investment options. The choice of plan and investment options is made by the employee.

Plan assets are maintained in an exclusive trust for the benefit of participants and their beneficiaries. Accordingly, plan assets are not reported in the County's financial statements.

**E. Other Post Employment Benefits (OPEB)**

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

**1. Plan Description**

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

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 11. Employee Benefits, continued**

**E. Other Post Employment Benefits (OPEB), continued**

**2. Funding Policy**

The County provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees include former fulltime and certain other employees. As of June 2014 there are 51 retirees and/or survivors enrolled for the employer's sponsored health insurance plan. In 2014 retirees contributed \$478,383 towards the cost of the County's annual premium.

**3. Annual OPEB Cost Obligation.**

The County's other post employment benefit (OPEB) cost (expense) is calculated based on the projected unit credit cost method. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credit service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

**4. Annual Required Contribution – June 30, 2014**

Normal Cost	\$292,639
Amortization of Unfunded Actuarial Accrued Liability Over 30 Years from the Valuation Date	<u>344,438</u>
Annual Required Contribution	<u>\$637,077</u>

**5. Funded Status and Funding Progress**

As of June 30, 2014, the actuarial accrued liability (AAL) for benefits was \$5,240,702 all of which was unfunded. There are no assets set aside to fund these benefits as the County funds post-retirement health insurance benefits on a pay-as-you-go basis.

**Annual Valuation – June 30, 2014**

Actuarial Value of Assets	\$ 0
Plus Actuarial Accrued Liability (AAL)	\$5,240,702
Unfunded Actuarial Accrued Liability (UAAL)	\$5,240,702
Funded Ratio (actuarial value of assets / UAAL)	0.00%

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

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 11. Employee Benefits, continued**

**E. Other Post Employment Benefits (OPEB), continued**

**6 Methods and Assumptions**

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

Retirement and Disability rates are assumed to follow the RP2000 Healthy Combined Table with mortality improvements by Scale AA to 2010 and set backs of two years for both males and females. In the case of a disability the same applies, except for females, where it is a set forward of one year.

Turnover rates were based on specific gender age data assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Amortization factor for a 30-year, level percent of pay amortization on an open basis, using a 4.5 percent discount rate and a 3.0 percent payroll growth assumption.

Healthcare cost trend rate (HCCTR) was based on projections from historical rates of the County. A medical trend rate of 8.0% was used to calculate fiscal year 2013 and will be reduced by 0.5% each year until an ultimate rate of 5.0% after 6 years and later.

Health insurance premiums for 2012 retirees were used as the basis for calculation of the present value of total benefits to be paid.

# Yellowstone County, Montana

## Notes to the Financial Statements

### June 30, 2014

#### **Note 12. Pension and Retirement Fund Commitments**

The Public Employees' Retirement System (PERS) is a statewide retirement plan established in 1945 and governed by Title 19, chapters 2 & 3 of the Montana Code Annotated providing retirement services to substantially all public employees. The PERS is a mandatory multiple-employer, cost-sharing plan administered by the Public Employees' Retirement Board (PERB).

The PERS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits for employees with less than 25 years of membership service are determined by taking 1/56 times the number of years of service times the final average salary. Monthly retirement benefits for employees with 25 years or more of membership service are determined by taking 1/50 times the number of years of service times the final average salary. Members' rights become vested after five years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 7.9% of compensation. In FY14 local government employers were required to contribute 8.07% of members' compensation and the State of Montana was required to contribute 0.1% of members' compensation on behalf of local government entities. One hundred percent of the required County and employee contributions were made for the current and each of the two preceding years. Required contributions were made as follows:

<u>Fiscal Year</u>	<u>County Contribution</u>	<u>Employee Contribution</u>	<u>State of Montana Contribution</u>
2011-2012	\$957,830	\$934,800	\$13,548
2012-2013	\$882,790	\$861,563	\$12,487
2013-2014	\$977,680	\$957,086	\$12,115

Members have 12 months from date of employment to elect coverage in the DCRP. Members not electing the DCRP remain in the defined benefit plan.

The description above is a brief synopsis of a few of the rules regarding PERS. Please consult the MPERA website for detailed information.

<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>
--

Some key actuarial information on PERS pension plan from latest available MPERB CAFR is as follows:

<u>Fiscal Year</u>	<u>Unfunded Actuarial Liability</u>	<u>Amortization Period</u>	<u>Funded Status</u>
6/30/09	\$ (790,000,000)	Does not amortize over 30 years	84%
6/30/10	\$ (1,352,000,000)	Does not amortize over 30 years	74%
6/30/11	\$ (1,609,000,000)	Does not amortize over 30 years	70%
6/30/12	\$ (1,844,000,000)	Does not amortize over 30 years	67%
6/30/13	\$ (1,021,030,000)	14.5 years assuming legislative changes withstand legal challenge	80%

# Yellowstone County, Montana

## Notes to the Financial Statements

### June 30, 2014

**Note 12. Pension and Retirement Fund Commitments, continued**

Pension trust funds are considered well-funded when there is enough money and contributions to amortize any unfunded liability in 30 years or less. It is the funding objective of the PERB that the retirement systems become 100 percent funded. Once a system has achieved this objective, there needs to be a range of safety to absorb market volatility without creating unfunded actuarial liabilities. A single year's funded ratio, by itself, does not provide a measure of the funding direction. Whenever, through the use of long-term cash flow projections, the amortization period of a system's unfunded liabilities is projected to exceed 30 years for two consecutive valuations and the PERB can reasonably anticipate that the amortization period would decline without an increase in funding sources, it is the obligation of the PERB to recommend funding increases and/or system changes to the Legislature to address financial sustainability. A well-funded plan allows participants to see that their assets are committed to the payment of benefits. (excerpt from FY11 MPERB CAFR)

The 2013 legislature made substantive changes which are effective after June 30, 2013 to the PERS defined benefit plan and are under legal challenge.

The PERS financial information is reported in the Montana Public Employees' Retirement Board's (MPERB) *Comprehensive Annual Financial Report* (CAFR) for the fiscal year end. It is available from the PERB at 1712 Ninth Avenue, PO Box 200131, Helena MT 59620-0131, telephone 406-444-3154 or on its website at <http://mpera.mt.gov/annualReports.shtml>

The Sheriffs' Retirement System (SRS) which was established in 1974 and is governed by Title 19, Chapters 2 & 7 of the Montana Code Annotated provides retirement service to all Department of Justice criminal investigators hired after July 1, 1993, and to all Montana sheriffs. Detention officers employed before July 1, 2005 who elected to join SRS or were employed after July 1, 2005 become members of SRS. SRS is a mandatory multiple-employer, cost sharing benefit plan administered by the PERB.

The SRS offers retirement, disability and death benefits to plan members and their beneficiaries. Minimum years of service are 20 regardless of age for a normal retirement benefit. Actuarial reduced benefits may be taken at age 50 with at least five years of service. The service retirement benefit is calculated as follows: 2.5% times final average salary times the number of years of service. After 5 years of service, an employee has a vested right to service retirement benefits. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend rates to the plan. Plan members are required to contribute 9.245% of compensation. Employers are required to contribute 10.115% of members' compensation. One hundred percent of the required County and employee contributions were made for the current and each of the two preceding fiscal years. Required contributions were made as follows:

<u>Fiscal Year</u>	<u>County Contribution</u>	<u>Employee Contribution</u>
2011-2012	\$541,960	\$495,345
2012-2013	\$532,317	\$486,487
2013-2014	\$590,179	\$539,417

The description above is a brief synopsis of a few of the rules regarding SRS. Please consult the MPERA website for detailed information.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 12. Pension and Retirement Fund Commitments, continued**

<b>SHERIFF'S RETIREMENT SYSTEM</b>
------------------------------------

Some key actuarial information on SRS pension plan from latest available MPERB CAFR is as follows:

<u>Fiscal Year</u>	<u>Unfunded Actuarial Liability</u>	<u>Amortization Period</u>	<u>Funded Status</u>
6/30/09	\$ (23,000,000.00)	Does not amortize over 30 years	90%
6/30/10	\$ (46,000,000.00)	Does not amortize over 30 years	81%
6/30/11	\$ (62,800,000.00)	Does not amortize over 30 years	76%
6/30/12	\$ (73,000,000.00)	Does not amortize over 30 years	74%
6/30/13	\$ (68,875,000.00)	Does not amortize over 30 years	77%

Pension trust funds are considered well-funded when there is enough money and contributions to amortize any unfunded liability in 30 years or less. It is the funding objective of the PERB that the retirement systems become 100 percent funded. Once a system has achieved this objective, there needs to be a range of safety to absorb market volatility without creating unfunded actuarial liabilities. A single year's funded ratio, by itself, does not provide a measure of the funding direction. Whenever, through the use of long-term cash flow projections, the amortization period of a system's unfunded liabilities is projected to exceed 30 years for two consecutive valuations and the PERB can reasonably anticipate that the amortization period would decline without an increase in funding sources, it is the obligation of the PERB to recommend funding increases and/or system changes to the Legislature to address financial sustainability. A well-funded plan allows participants to see that their assets are committed to the payment of benefits. (excerpt from FY11 MPERB CAFR).

The SRS financial information is reported in the Montana Public Employees' Retirement Board's (MPERB) *Comprehensive Annual Financial Report (CAFR)* for the fiscal year end. It is available from the PERB at 1712 Ninth Avenue, PO Box 200131, Helena MT 59620-0131, telephone 406-444-3154 or on its website at <http://mpera.mt.gov/annualReports.shtml>.

**Yellowstone County, Montana**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 13. Contingent Liabilities and Commitments**

Pending Litigation

There are a number of lawsuits pending. However, management estimates that the potential claims against the County from such litigation would not threaten the County's political existence or exceed the County's ability to pay. The accrued liability established in the Property and Liability Insurance Fund of \$280,000 is considered to be adequate for potential settlements and litigation costs. The County considers the other known legal actions, for which no reserve has been determined, to be of nominal financial impact.

Grants

The County has Federal and state grants for specific purposes that are subject to annual audits and other periodic reviews by grantor agencies. Such reviews could result in requests for reimbursement by grantor agencies for costs, which may be disallowed as appropriate expenses under the grant terms. The County believes disallowances, if any, will not be material.

**Note 14. Conduit Debt Obligations**

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements.

As of June 30, 2014 there were seventeen series of industrial revenue bonds issued after July 1, 1978. The aggregate principal amount outstanding for the ten series issued prior to July 1, 1997, could not be determined; however, their original issue amounts totaled \$33.56 million. The aggregate principal amount outstanding for the four remaining series issued after July 1, 1997 was \$15,547,120 as of June 30, 2014. The County issued no industrial revenue bonds during the fiscal year. See note 17.

**Note 15. Related Organization**

The County is responsible for appointing the members of the governing board of the Big Sky Economic Development (the Organization) however; the County is not able to impose its will on the Organization. Nor is there a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the County. As a result, the Big Sky Economic Development is considered a related organization, and not a component unit of the County.

Yellowstone County, Montana  
Notes to the Financial Statements  
June 30, 2014

**Note 16. Protested Taxes**

The protest tax receivable for the County's governmental and proprietary funds decreased \$3,740,027 or 35.8% from 6/30/13 to 6/30/14.

<b>Protest Tax Receivables</b>										
Fiscal Year	Governmental-type Funds			Business-type Funds			Total			
	Beginning Ending	Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance
FY10		\$967,215	\$1,614,755	\$2,581,970	\$40,750	\$63,048	\$103,798	\$1,007,965	\$1,677,803	\$2,685,768
FY11		\$2,581,970	\$1,760,455	\$4,342,425	\$103,798	\$155,622	\$259,420	\$2,685,768	\$1,916,077	\$4,601,845
FY12		\$4,342,425	\$2,944,658	\$7,287,083	\$259,420	\$189,450	\$448,870	\$4,601,845	\$3,134,108	\$7,735,953
FY13		\$7,287,083	\$2,549,918	\$9,837,001	\$448,870	\$161,828	\$610,698	\$7,735,953	\$2,711,746	\$10,447,699
FY14		\$9,837,001	(\$3,563,200)	\$6,273,801	\$610,698	(\$176,827)	\$433,871	\$10,447,699	(\$3,740,027)	\$6,707,672

The County portion of all protested property taxes held in trust rose from \$1,007,965 at 7/1/09 to \$6,707,672 as of 6/30/14 primarily from large protests from communication companies and two refineries. The Montana Department of Revenue made progress during FY14 in settling existing tax protests. During FY14, tax protests with the County's largest tax protest, CHS, Inc. (Cenex oil refinery) and Puget Sound Power were resolved. See Note 17 for subsequent events related to tax protests.

**Note 17. Subsequent Events**

In July 2014 the State of Montana and Phillips 66, Bresnan/Charter, and Verizon resolved \$22.15 million of their outstanding tax protests. Tax refunds of \$7.05 million went back to the companies and \$15.1 million was distributed to the taxing jurisdictions. The County's portion of the resolved tax protests was \$3.19 million.

In December 2014, Phillips 66 and the Montana Department of Revenue agreed to refund \$1,824,115 of their \$3,295,970 protest from the 2013 tax year (FY14). The county's portion of this distribution was \$448,763. They also agreed to a reduction of \$1,381,139 in their 2014 general tax billing (FY15). The county's portion of the adjustment was (\$395,781).

Protested real estate taxes for November 2014 was \$3.1 million in total, which was down \$390,000 from November 2013. The portion of the November 2014 tax protest that affects County funds is \$995,558. The proceeding amounts reflect the first half payment and will likely be matched by the same protest amount for the second half of taxes due in May 2015. It is therefore expected that the total FY15 tax protest for County funds will be \$1,991,116 or 4.8% of the County's FY15 budget for property taxes. Of the taxes protested in November 2014, 87.7% of the protest (\$2,717,707 for 1<sup>st</sup> half of tax bill) was from CHS, Inc. which is an oil refiner. The total FY15 budget for protests was anticipated to be \$822,600. The current level of protests is not expected to result in disruption in operations as tax protest distributions from prior years has more than offset FY15 tax protests and tax adjustments made through the date of this report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**YELLOWSTONE COUNTY, MONTANA  
EMPLOYEE GROUP BENEFITS PLAN - OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
REQUIRED SUPPLEMENTAL SCHEDULES**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio (%)</u> (a/b)	<u>Annual Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll (%)</u> (b-a/c)	
June 30, 2009	\$0	\$5,203,967	\$5,203,967	0.00%	\$15,970,662	32.60%	(a)
June 30, 2010	\$0	\$5,203,967	\$5,203,967	0.00%	\$15,970,662	32.60%	(a)
June 30, 2011	\$0	\$5,664,460	\$5,664,460	0.00%	\$16,337,206	34.70%	(b)
June 30, 2012	\$0	\$5,664,460	\$5,664,460	0.00%	\$16,337,206	34.70%	(b)
June 30, 2013	\$0	\$5,240,702	\$5,240,702	0.00%	\$17,192,014	30.50%	(c)
June 30, 2014	\$0	\$5,240,702	\$5,240,702	0.00%	\$17,192,014	30.50%	(c)

- (a) This schedule is based on the actuarial values as of July 1, 2008. Information for prior years is not available.  
The actuarial values are for the period of July 1, 2008 to June 30, 2010.
- (b) This schedule is based on the actuarial values as of July 1, 2010.  
The actuarial values are for the period of July 1, 2010 to June 30, 2012.
- (c) This schedule is based on the actuarial values as of July 1, 2012.  
The actuarial values are for the period of July 1, 2012 to June 30, 2014.

**SUPPLEMENTARY INFORMATION**

**YELLOWSTONE COUNTY, MONTANA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR GOVERNMENTAL DEBT SERVICE AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	RSID Bond Fund				Capital Improvement Fund			
	BUDGET		Actual	Variance with Final Budget - Positive (Negative)	BUDGET		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final Revised			Original	Final Revised		
<b>REVENUES:</b>								
Special assessments	\$350,000	\$350,000	\$257,129	(92,871)	\$0	\$0	\$0	\$0
Charges for services	0	0	0	0	19,500	19,500	22,003	2,503
Other	400	400	1,028	628	62,500	62,500	87,079	24,579
<b>Total revenues</b>	<b>350,400</b>	<b>350,400</b>	<b>258,157</b>	<b>(92,243)</b>	<b>82,000</b>	<b>82,000</b>	<b>109,082</b>	<b>27,082</b>
<b>EXPENDITURES:</b>								
Current:								
Capital outlay	0	0	0	0	10,302,000	10,302,000	1,117,511	9,184,489
Debt service:								
Principal	330,000	330,000	329,434	566	0	0	0	0
Interest	60,500	63,000	62,905	95	0	0	0	0
<b>Total expenditures</b>	<b>390,500</b>	<b>393,000</b>	<b>392,339</b>	<b>661</b>	<b>10,302,000</b>	<b>10,302,000</b>	<b>1,117,511</b>	<b>9,184,489</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(40,100)</b>	<b>(42,600)</b>	<b>(134,182)</b>	<b>(91,582)</b>	<b>(10,220,000)</b>	<b>(10,220,000)</b>	<b>(1,008,429)</b>	<b>9,211,571</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfers in	25,000	25,000	0	(25,000)	1,320,000	3,950,000	3,950,000	0
Interfund transfers out	(5,000)	(5,000)	0	5,000	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>	<b>(20,000)</b>	<b>1,320,000</b>	<b>3,950,000</b>	<b>3,950,000</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>(\$20,100)</b>	<b>(\$22,600)</b>	<b>(134,182)</b>	<b>(\$111,582)</b>	<b>(\$8,900,000)</b>	<b>(\$6,270,000)</b>	<b>2,941,571</b>	<b>\$9,211,571</b>
<b>Fund balances July 1, 2013</b>			<u>397,471</u>				<u>9,577,001</u>	
<b>Fund balances June 30, 2014</b>			<u>\$263,289</u>				<u>\$12,518,572</u>	

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

<u>ASSETS</u>	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Cash and demand investments, pooled	\$2,987,557	\$102,744	\$92,526	\$3,182,827
Cash investments, pooled	6,526,363	224,551	202,217	6,953,131
Receivables (net of allowance for uncollectibles):				
Property taxes	1,840,239	0	0	1,840,239
Accounts	365,370	0	0	365,370
Delinquent assessments	13,916	0	0	13,916
Accrued interest	4,132	0	0	4,132
Prepaid expenses	5,479	0	784	6,263
Inventories	63,999	0	0	63,999
<b>Total assets</b>	<b>\$11,807,055</b>	<b>\$327,295</b>	<b>\$295,527</b>	<b>\$12,429,877</b>
<b><u>LIABILITIES:</u></b>				
Accounts payable	\$401,864	\$0	\$296	\$402,160
Accrued liabilities	340,887	0	17,495	358,382
Due to other funds	34,617	0	0	34,617
Due to other taxing districts	188,480	0	0	188,480
<b>Total liabilities</b>	<b>965,848</b>	<b>0</b>	<b>17,791</b>	<b>983,639</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>				
Uncollected tax revenue	1,854,155	0	0	1,854,155
<b>Total deferred inflow of resources</b>	<b>1,854,155</b>	<b>0</b>	<b>0</b>	<b>1,854,155</b>
<b><u>FUND BALANCE:</u></b>				
Reserved for debt service	0	327,295	0	327,295
Reserved for capital improvements	0	0	277,736	277,736
Reserved for inventories	63,999	0	0	63,999
Unreserved	8,923,053	0	0	8,923,053
<b>Total fund balance</b>	<b>8,987,052</b>	<b>327,295</b>	<b>277,736</b>	<b>9,592,083</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$11,807,055</b>	<b>\$327,295</b>	<b>\$295,527</b>	<b>\$12,429,877</b>

**YELLOWSTONE COUNTY, MONTANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES:</b>								
Taxes	\$13,002,901	\$12,389,941	\$503,464	\$483,494	\$0	\$0	\$13,506,365	\$12,873,435
Special assessments	717,750	772,049	0	0	0	0	717,750	772,049
Licenses and permits	153,600	153,600	0	0	0	0	153,600	153,600
Intergovernmental	1,565,386	1,700,939	239,203	244,798	54,251	41,463	1,858,840	1,987,200
Fines and forfeitures	20,000	128,526	0	0	0	0	20,000	128,526
Charges for services	1,909,098	1,868,139	0	0	110,000	108,957	2,019,098	1,977,096
Other	41,930	109,800	2,500	3,710	0	109	44,430	113,619
<b>Total revenues</b>	<b>17,410,665</b>	<b>17,122,994</b>	<b>745,167</b>	<b>732,002</b>	<b>164,251</b>	<b>150,529</b>	<b>18,320,083</b>	<b>18,005,525</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government	186,500	86,092	0	0	379,056	357,262	565,556	443,354
Public safety	7,321,238	6,764,982	0	0	0	0	7,321,238	6,764,982
Public works	1,490,687	919,029	0	0	0	0	1,490,687	919,029
Public health	2,514,179	2,513,718	0	0	0	0	2,514,179	2,513,718
Social and economic services	1,139,077	1,099,164	0	0	0	0	1,139,077	1,099,164
Culture and recreation	1,544,775	1,466,596	0	0	0	0	1,544,775	1,466,596
Conservation of natural resources	103,260	86,204	0	0	0	0	103,260	86,204
<b>Debt service:</b>								
Principal	0	0	1,235,000	1,235,000	0	0	1,235,000	1,235,000
Interest	0	0	147,348	147,195	0	0	147,348	147,195
Refunding bond issuance costs	0	0	34,000	0	0	0	34,000	0
<b>Capital outlay:</b>								
General government	0	0	0	0	13,500	8,602	13,500	8,602
Public safety	145,550	26,768	0	0	0	0	145,550	26,768
Public works	2,059,148	1,269,930	0	0	0	0	2,059,148	1,269,930
Social and economic services	12,028	4,447	0	0	0	0	12,028	4,447
Culture and recreation	209,721	400	0	0	0	0	209,721	400
<b>Total expenditures</b>	<b>16,726,163</b>	<b>14,237,330</b>	<b>1,416,348</b>	<b>1,382,195</b>	<b>392,556</b>	<b>365,864</b>	<b>18,535,067</b>	<b>15,985,389</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>684,502</b>	<b>2,885,664</b>	<b>(671,181)</b>	<b>(650,193)</b>	<b>(228,305)</b>	<b>(215,335)</b>	<b>(214,984)</b>	<b>2,020,136</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfers in	2,517,807	2,474,802	627,921	627,920	213,942	214,270	3,359,670	3,316,992
Interfund transfers out	(3,886,922)	(3,886,363)	(170,000)	(144,843)	0	0	(4,056,922)	(4,031,206)
<b>Total other financing sources (uses)</b>	<b>(1,369,115)</b>	<b>(1,411,561)</b>	<b>457,921</b>	<b>483,077</b>	<b>213,942</b>	<b>214,270</b>	<b>(697,252)</b>	<b>(714,214)</b>
<b>Net change in fund balances</b>	<b>(\$684,613)</b>	<b>1,474,103</b>	<b>(\$213,260)</b>	<b>(167,116)</b>	<b>(\$14,363)</b>	<b>(1,065)</b>	<b>(\$912,236)</b>	<b>1,305,922</b>
<b>Fund balances July 1, 2013</b>		<b>7,512,949</b>		<b>494,411</b>		<b>278,801</b>		<b>8,286,161</b>
<b>Fund balances June 30, 2014</b>		<b>\$8,987,052</b>		<b>\$327,295</b>		<b>\$277,736</b>		<b>\$9,592,083</b>

## **NONMAJOR GOVERNMENTAL AND INTERNAL SERVICE FUNDS**

**Nonmajor governmental funds include special revenue funds, debt service funds and capital projects funds that do not meet the financial requirements to be classified as a major fund.**

**Special revenue funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for particular purposes.**

**Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessments bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.**

**Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.**

**Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.**

## **NONMAJOR SPECIAL REVENUE FUNDS**

**County Attorney Fund** - Accounts for the prosecutorial and public administrator functions of the county attorney's office.

**Bridge Fund** - Accounts for the construction, maintenance, and improvements of all public County bridges

**Predatory Animal Control Fund** - Accounts for a special tax on livestock in the County for the purpose of paying bounties on predatory animals killed in the county

**Weed Control Fund** - Accounts for the control and management of noxious weeds

**Library Fund** - Accounts for the collection of property taxes levied on rural residents. Proceeds are forwarded to the City of Billings for operation of the Billings Library

**Senior Citizens Fund** - Accounts for the collection of property taxes used to promote, establish, and maintain recreational, educational, and other activities of the elderly

**County Extension Agent Fund** - Accounts for extension work in agriculture and home economics within the County in cooperation with Montana State University and the U.S. Department of Agriculture

**Public Safety Mental Health Levy Fund** - Accounts for the collection of voter approved property taxes used promote mental health services within the County

**Payment in Lieu of Taxes (PILT) Fund** - Accounts for payments to the County in lieu of taxing federally owned lands

**Parks Fund** - Accounts for the maintenance and operation of all County owned parks

**Museum Fund** - Accounts for the County assisted maintenance and operation of four museums: the Yellowstone Art Museum, Western Heritage Center, Yellowstone County Museum, and the Huntley Project Museum

**Health Services Fund** - Accounts for the collection of a levy designated for the operations of Riverstone Health Department, which operates programs designated for promoting public health. Funds collected by the levy are forwarded to the Riverstone Health Department.

**Soil Conservation Fund** - Accounts for a special assessment levied within the district for the conservation of soil resources and prevention of soil erosion

**Alcohol Rehabilitation Fund** - Accounts for the distribution of alcohol taxes from the state to be used for the treatment, rehabilitation, and prevention of alcoholism

**Drug Forfeiture Fund** - Accounts for the proceeds and disbursement of funds associated with property seized in connection with illegal activities involving controlled substances.

## **NONMAJOR SPECIAL REVENUE FUNDS, continued**

**Junk Vehicle Fund** - Accounts for the state allocation of the motor vehicle disposal fee, which is used for the control, collection, recycling, and disposal of junk vehicles

**Youth Services Fund** - Accounts for the secure detention of delinquent and troubled youths and a shelter care program for youths transitioning to other placement programs.

**R.S.I.D. Maintenance Fund** - Accounts for special assessments levied to finance improvements, repairs, or services which benefit the assessed properties

**Traffic Safety Fund** - Accounts for state and federal grants and allocations that are required to benefit highway safety projects, such as DUI enforcement

**Emergency Levy Fund** - Accounts for a levy on property outside Billings, Laurel, and Broadview used to fund eligible declared emergency expenditures

**Permissive Medical Levy Fund** - Accounts for taxes levied for funding costs related to the inflationary cost of the County's medical plan that are statutorily permitted.

**Veteran's Cemetery Levy Fund** - Accounts for taxes levied for funding costs related to the County's voter approved new veteran's cemetery in Laurel.

**Benevolent Fund** - Accounts for funds requested or contributed to the County for general purposes.

## **NONMAJOR DEBT SERVICE FUNDS**

**R.S.I.D. Revolving Fund** - Accounts for the accumulation of resources used to insure timely payment of R.S.I.D. debt and to provide short-term loans to the R.S.I.D. Maintenance Funds

**METRA Expansion Bond Fund** - Accounts for the levy used to retire the general obligation debt issued to improve and expand the METRA civic center facilities and grounds

**Limited Tax G.O. Bond Fund** - Accounts for the debt service of two limited general obligation bond issues.

## **NONMAJOR CAPITAL PROJECTS FUNDS**

**Geographical Information System (GIS) Fund** - Accounts for the monies used to develop and implement the County's property management data base system

**RSID Construction Fund** - Accounts for the financing proceeds and the construction expenditures on Rural Special Improvement Districts (RSID)

## **INTERNAL SERVICE FUNDS**

**Health Insurance Fund** - Accounts for the funding and costs associated with County employee health care. Charges to other County departments are made to cover these costs. Employees are required to pay the premiums for spouse or other dependent coverage. Claims are processed by a third-party administrator

**Motor Pool Fund** - Accounts for the operations of the County motor pool, which charges the use of the vehicles to County departments based on mileage

**Telephone Fund** - Accounts for the operations of the telephone system, which is charged back to County departments based on the quantity and type of phones being used

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(PAGE 1 OF 4)**

<u>Assets</u>	County Attorney Fund	Bridge Fund	Predatory Animal Control Fund	Weed Control Fund	Library Fund	Senior Citizens Fund	County Extension Agent Fund
Cash and demand investments, pooled	\$551,926	\$261,311	\$92	\$87,894	\$19,602	\$12,238	\$40,356
Cash investments, pooled	1,206,250	571,102	201	192,095	42,841	26,748	88,199
Receivables (net of allowance for uncollectibles):							
Property taxes	195,154	216,229	146	43,729	120,836	128,473	38,344
Accounts	40,990	136,233	0	22,333	0	0	0
Prepaid expenses	4,025	0	0	0	0	0	0
Inventories	0	37,571	0	26,428	0	0	0
<b>Total assets</b>	<b>\$1,998,345</b>	<b>\$1,222,446</b>	<b>\$439</b>	<b>\$372,479</b>	<b>\$183,279</b>	<b>\$167,459</b>	<b>\$166,899</b>
 <b><u>Liabilities, Deferred Inflows and Fund Balance</u></b>							
<b>LIABILITIES:</b>							
Accounts payable	\$16,273	\$39,608	\$0	\$22,958	\$62,430	\$38,979	\$4,559
Accrued liabilities	188,358	0	0	26,479	0	0	8,712
<b>Total liabilities</b>	<b>204,631</b>	<b>39,608</b>	<b>0</b>	<b>49,437</b>	<b>62,430</b>	<b>38,979</b>	<b>13,271</b>
 <b><u>Deferred Inflow of Resources</u></b>							
Uncollected tax revenue	195,154	216,229	146	43,729	120,836	128,473	38,344
<b>Total deferred inflow of resources</b>	<b>195,154</b>	<b>216,229</b>	<b>146</b>	<b>43,729</b>	<b>120,836</b>	<b>128,473</b>	<b>38,344</b>
 <b>FUND BALANCE:</b>							
Reserved for inventories	0	37,571	0	26,428	0	0	0
Unreserved	1,598,560	929,038	293	252,885	13	7	115,284
<b>Total fund balance</b>	<b>1,598,560</b>	<b>966,609</b>	<b>293</b>	<b>279,313</b>	<b>13</b>	<b>7</b>	<b>115,284</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$1,998,345</b>	<b>\$1,222,446</b>	<b>\$439</b>	<b>\$372,479</b>	<b>\$183,279</b>	<b>\$167,459</b>	<b>\$166,899</b>

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(PAGE 2 OF 4)**

<u>Assets</u>	Public Safety Mental Health Levy Fund	PILT Fund	Parks Fund	Museum Fund	Health Services Fund	Soil Conservation Fund
Cash and demand investments, pooled	\$12,379	\$208,376	\$46,771	\$58,747	\$59,141	\$557
Cash investments, pooled	27,054	455,411	102,218	128,392	129,027	1,218
Receivables (net of allowance for uncollectibles):						
Property taxes	127,336	0	0	82,036	341,005	607
Accounts	0	0	0	0	0	0
Accrued interest	0	0	0	0	312	0
Inventories	0	0	0	0	0	0
<b>Total assets</b>	<b>\$166,769</b>	<b>\$663,787</b>	<b>\$148,989</b>	<b>\$269,175</b>	<b>\$529,485</b>	<b>\$2,382</b>
 <b><u>Liabilities, Deferred Inflows and Fund Balance</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$39,425	\$8,605	\$2,358	\$2,823	\$0	\$1,775
Due to other taxing districts	0	0	0	0	188,480	0
<b>Total liabilities</b>	<b>39,425</b>	<b>8,605</b>	<b>2,358</b>	<b>2,823</b>	<b>188,480</b>	<b>1,775</b>
 <b><u>Deferred Inflow of Resources</u></b>						
Uncollected tax revenue	127,336	0	0	82,036	341,005	607
<b>Total deferred inflow of resources</b>	<b>127,336</b>	<b>0</b>	<b>0</b>	<b>82,036</b>	<b>341,005</b>	<b>607</b>
 <b>FUND BALANCE:</b>						
Unreserved	8	655,182	146,631	184,316	0	0
<b>Total fund balance</b>	<b>8</b>	<b>655,182</b>	<b>146,631</b>	<b>184,316</b>	<b>0</b>	<b>0</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$166,769</b>	<b>\$663,787</b>	<b>\$148,989</b>	<b>\$269,175</b>	<b>\$529,485</b>	<b>\$2,382</b>

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(PAGE 3 OF 4)**

<u>Assets</u>	Alcohol Rehabilitation Fund	Drug Forfeiture Fund	Junk Vehicle Fund	Youth Services Fund	R.S.I.D. Maintenance Fund	Traffic Safety Fund
Cash and demand investments, pooled	\$0	\$89,964	\$37,264	\$130,997	\$1,303,630	\$20,609
Cash investments, pooled	0	196,619	81,440	286,296	2,846,371	44,997
Receivables (net of allowance for uncollectibles):						
Accounts	43,275	0	0	111,805	0	0
Delinquent assessments	0	0	0	0	13,916	0
Accrued interest	0	1	0	0	3,757	62
Prepaid Expenses	0	0	263	100	0	1,091
<b>Total assets</b>	<b>\$43,275</b>	<b>\$286,584</b>	<b>\$118,967</b>	<b>\$529,198</b>	<b>\$4,167,674</b>	<b>\$66,759</b>
 <b><u>Liabilities, Deferred Inflows and Fund Balance</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$43,275	\$3,939	\$8,605	\$27,422	\$68,969	\$7,944
Accrued liabilities	0	0	3,954	109,761	3,623	0
Due to other funds	0	0	0	0	34,617	0
<b>Total liabilities</b>	<b>43,275</b>	<b>3,939</b>	<b>12,559</b>	<b>137,183</b>	<b>107,209</b>	<b>7,944</b>
 <b><u>Deferred Inflow of Resources</u></b>						
Uncollected tax revenue	0	0	0	0	13,916	0
<b>Total deferred inflow of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,916</b>	<b>0</b>
 <b>FUND BALANCE:</b>						
Unreserved	0	282,645	106,408	392,015	4,046,549	58,815
<b>Total fund balance</b>	<b>0</b>	<b>282,645</b>	<b>106,408</b>	<b>392,015</b>	<b>4,046,549</b>	<b>58,815</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$43,275</b>	<b>\$286,584</b>	<b>\$118,967</b>	<b>\$529,198</b>	<b>\$4,167,674</b>	<b>\$66,759</b>

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(PAGE 4 OF 4)**

<u>Assets</u>	Emergency Levy Fund	Permissive Medical Levy Fund	Veteran's Cemetery Levy Fund	Total
Cash and demand investments, pooled	\$0	\$0	\$45,703	\$2,987,557
Cash investments, pooled	0	0	99,884	6,526,363
Receivables (net of allowance for uncollectibles):				
Property taxes	211	509,207	36,926	1,840,239
Accounts	0	0	10,734	365,370
Delinquent assessments	0	0	0	13,916
Accrued interest	0	0	0	4,132
Prepaid expenses	0	0	0	5,479
Inventories	0	0	0	63,999
<b>Total assets</b>	<b>\$211</b>	<b>\$509,207</b>	<b>\$193,247</b>	<b>\$11,807,055</b>

**Liabilities, Deferred Inflows and Fund Balance**

**LIABILITIES:**

Accounts payable	\$0	\$0	\$1,917	\$ 401,864
Accrued liabilities	0	0	0	340,887
Due to other funds	0	0	0	34,617
Due to other taxing districts	0	0	0	188,480
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>1,917</b>	<b>965,848</b>

**Deferred Inflow of Resources**

Uncollected tax revenue	211	509,207	36,926	1,854,155
<b>Total deferred inflow of resources</b>	<b>211</b>	<b>509,207</b>	<b>36,926</b>	<b>1,854,155</b>

**FUND BALANCE:**

Reserved for inventories	0	0	0	63,999
Unreserved	0	0	154,404	8,923,053
<b>Total fund balance</b>	<b>0</b>	<b>0</b>	<b>154,404</b>	<b>8,987,052</b>

<b>Total liabilities, deferred inflows and fund balance</b>	<b>211</b>	<b>509,207</b>	<b>193,247</b>	<b>11,807,055</b>
---	------------	----------------	----------------	-------------------

**YELLOWSTONE COUNTY, MONTANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(PAGE 1 OF 6)

	<u>County Attorney</u>		<u>Bridge Fund</u>		<u>Predatory Animal Control Fund</u>		<u>Weed Control Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES:</b>								
Taxes	\$1,396,536	\$1,331,960	\$1,512,796	\$1,444,683	\$0	\$0	\$298,869	\$285,432
Special assessments	0	0	0	0	750	905	0	0
Intergovernmental	210,184	259,041	235,585	220,231	0	0	157,595	86,112
Charges for services	61,000	63,145	0	0	0	0	46,500	40,930
Other	2,600	2,628	0	0	0	0	2,000	3,997
<b>Total revenues</b>	<b>1,670,320</b>	<b>1,656,774</b>	<b>1,748,381</b>	<b>1,664,914</b>	<b>750</b>	<b>905</b>	<b>504,964</b>	<b>416,471</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	3,747,697	3,311,288	0	0	0	0	0	0
Public works	0	0	729,000	430,876	0	0	494,837	301,243
Social and economic services	0	0	0	0	750	715	0	0
<b>Capital outlay:</b>								
Public safety	126,900	21,895	0	0	0	0	0	0
Public works	0	0	1,169,751	932,919	0	0	66,397	64,923
<b>Total expenditures</b>	<b>3,874,597</b>	<b>3,333,183</b>	<b>1,898,751</b>	<b>1,363,795</b>	<b>750</b>	<b>715</b>	<b>561,234</b>	<b>366,166</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(2,204,277)</b>	<b>(1,676,409)</b>	<b>(150,370)</b>	<b>301,119</b>	<b>0</b>	<b>190</b>	<b>(56,270)</b>	<b>50,305</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfer in	2,228,916	2,210,604	0	0	0	0	12,450	7,678
Interfund transfer out	(285,678)	(285,602)	0	0	0	0	(20,000)	(20,000)
<b>Total other financing sources (uses)</b>	<b>1,943,238</b>	<b>1,925,002</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,550)</b>	<b>(12,322)</b>
<b>Net change in fund balances</b>	<b>\$ (261,039)</b>	<b>248,593</b>	<b>\$ (150,370)</b>	<b>301,119</b>	<b>\$0</b>	<b>190</b>	<b>\$ (63,820)</b>	<b>37,983</b>
<b>Fund balances July 1, 2013</b>		<b>1,349,967</b>		<b>665,490</b>		<b>103</b>		<b>241,330</b>
<b>Fund balances June 30, 2014</b>		<b>\$1,598,560</b>		<b>\$ 966,609</b>		<b>\$293</b>		<b>\$ 279,313</b>

**YELLOWSTONE COUNTY, MONTANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(PAGE 2 OF 6)**

	<u>Library Fund</u>		<u>Senior Citizens Fund</u>		<u>County Extension Agent Fund</u>		<u>Public Safety Mental Health Levy</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES:</b>								
Taxes	\$ 866,655	\$ 816,648	\$ 885,127	\$ 845,182	\$ 265,937	\$ 253,886	\$ 1,062,702	\$ 1,012,955
Intergovernmental	105,228	112,034	10,193	20,307	5,960	6,062	12,248	24,659
Fines and forfeitures	0	0	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0	0	0
Other	0	1,644	0	817	0	49	0	555
<b>Total revenues</b>	<b>971,883</b>	<b>930,326</b>	<b>895,320</b>	<b>866,306</b>	<b>271,897</b>	<b>259,997</b>	<b>1,074,950</b>	<b>1,038,169</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	0	0	0	0	0	0	1,038,163	1,038,161
Social and economic services	0	0	866,300	866,299	272,027	232,150	0	0
Culture and recreation	930,313	930,313	0	0	0	0	0	0
<b>Capital outlay:</b>								
Social and economic services	0	0	0	0	4,600	4,447	0	0
<b>Total expenditures</b>	<b>930,313</b>	<b>930,313</b>	<b>866,300</b>	<b>866,299</b>	<b>276,627</b>	<b>236,597</b>	<b>1,038,163</b>	<b>1,038,161</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>41,570</b>	<b>13</b>	<b>29,020</b>	<b>7</b>	<b>(4,730)</b>	<b>23,400</b>	<b>36,787</b>	<b>8</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfer in	0	0	0	0	11,081	4,809	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,081</b>	<b>4,809</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>\$41,570</b>	<b>13</b>	<b>\$29,020</b>	<b>7</b>	<b>\$ 6,351</b>	<b>28,209</b>	<b>\$36,787</b>	<b>8</b>
<b>Fund balances July 1, 2013</b>		<b>0</b>		<b>0</b>		<b>87,075</b>		<b>0</b>
<b>Fund balances June 30, 2014</b>		<b>\$13</b>		<b>\$7</b>		<b>\$ 115,284</b>		<b>\$8</b>

YELLOWSTONE COUNTY, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 (PAGE 3 OF 6)

	<u>PILT Fund</u>		<u>Parks Fund</u>		<u>Museum Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES:</b>						
Taxes	\$0	\$0	\$0	\$0	\$ 573,286	\$ 547,565
Intergovernmental	175,000	197,780	0	0	1,303	7,860
Fines and forfeitures	0	0	0	0	0	0
Charges for services	0	0	0	50	0	0
Other	0	0	15,825	37,050	0	0
<b>Total revenues</b>	<b>175,000</b>	<b>197,780</b>	<b>15,825</b>	<b>37,100</b>	<b>574,589</b>	<b>555,425</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	186,500	86,092	0	0	0	0
Culture and recreation	0	0	75,424	43,539	539,038	492,744
<b>Capital outlay:</b>						
Culture and recreation	100,000	0	63,321	400	46,400	0
<b>Total expenditures</b>	<b>286,500</b>	<b>86,092</b>	<b>138,745</b>	<b>43,939</b>	<b>585,438</b>	<b>492,744</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(111,500)</b>	<b>111,688</b>	<b>(122,920)</b>	<b>(6,839)</b>	<b>(10,849)</b>	<b>62,681</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Interfund transfer in	0	0	36,000	36,000	20,000	20,000
Interfund transfer out	(37,000)	(37,000)	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>(37,000)</b>	<b>(37,000)</b>	<b>36,000</b>	<b>36,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Net change in fund balances</b>	<b>(\$148,500)</b>	<b>74,688</b>	<b>\$ (86,920)</b>	<b>29,161</b>	<b>\$ 9,151</b>	<b>82,681</b>
<b>Fund balances July 1, 2013</b>		<b>580,494</b>		<b>117,470</b>		<b>101,635</b>
<b>Fund balances June 30, 2014</b>		<b>\$ 655,182</b>		<b>\$ 146,631</b>		<b>\$ 184,316</b>

YELLOWSTONE COUNTY, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 (PAGE 4 OF 6)

	<u>Health Services Fund</u>		<u>Soil Conservation Fund</u>		<u>Alcohol Rehabilitation Fund</u>		<u>Drug Forfeiture Fund</u>	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES:</b>								
Taxes	\$2,352,527	\$2,246,244	\$ 100,646	\$ 83,590	\$0	\$0	\$0	\$0
Intergovernmental	27,252	54,111	2,614	2,614	210,000	208,524	0	0
Fines and forfeitures	0	0	0	0	0	0	20,000	128,526
Other	1,800	4,839	0	0	0	0	5	8
<b>Total revenues</b>	<b><u>2,381,579</u></b>	<b><u>2,305,194</u></b>	<b><u>103,260</u></b>	<b><u>86,204</u></b>	<b><u>210,000</u></b>	<b><u>208,524</u></b>	<b><u>20,005</u></b>	<b><u>128,534</u></b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	0	0	0	0	0	0	99,900	40,298
Public health	2,304,179	2,305,194	0	0	210,000	208,524	0	0
Conservation of natural resources	0	0	103,260	86,204	0	0	0	0
<b>Capital outlay:</b>								
Public safety	0	0	0	0	0	0	10,000	0
<b>Total expenditures</b>	<b><u>2,304,179</u></b>	<b><u>2,305,194</u></b>	<b><u>103,260</u></b>	<b><u>86,204</u></b>	<b><u>210,000</u></b>	<b><u>208,524</u></b>	<b><u>109,900</u></b>	<b><u>40,298</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>77,400</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(89,895)</u></b>	<b><u>88,236</u></b>
<b>Net change in fund balances</b>	<b><u>\$77,400</u></b>	<b><u>0</u></b>	<b><u>\$0</u></b>	<b><u>0</u></b>	<b><u>\$0</u></b>	<b><u>0</u></b>	<b><u>\$ (89,895)</u></b>	<b><u>88,236</u></b>
<b>Fund balances July 1, 2013</b>		<b><u>0</u></b>		<b><u>0</u></b>		<b><u>0</u></b>		<b><u>194,409</u></b>
<b>Fund balances June 30, 2014</b>		<b><u>\$0</u></b>		<b><u>\$0</u></b>		<b><u>\$0</u></b>		<b><u>\$ 282,645</u></b>

YELLOWSTONE COUNTY, MONTANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 (PAGE 5 OF 6)

	<u>Junk Vehicle Fund</u>		<u>Youth Services Fund</u>		<u>R.S.I.D. Maintenance Fund</u>		<u>Traffic Safety Fund</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES:</b>								
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special assessments	0	0	0	0	717,000	771,144	0	0
Licenses and permits	0	0	153,600	153,600	0	0	0	0
Intergovernmental	92,319	133,762	243,998	246,648	3,000	3,000	70,000	73,275
Charges for services	500	3,400	1,760,098	1,715,859	0	0	0	0
Other	1,200	153	0	760	18,000	31,889	500	1,126
<b>Total revenues</b>	<b>94,019</b>	<b>137,315</b>	<b>2,157,696</b>	<b>2,116,867</b>	<b>738,000</b>	<b>806,033</b>	<b>70,500</b>	<b>74,401</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	0	0	2,355,478	2,312,384	0	0	80,000	62,851
Public works	176,850	115,123	0	0	0	0	0	0
<b>Capital outlay:</b>								
Public safety	0	0	8,650	4,873	0	0	0	0
Public works	17,000	15,615	0	0	806,000	256,473	0	0
<b>Total expenditures</b>	<b>193,850</b>	<b>130,738</b>	<b>2,364,128</b>	<b>2,317,257</b>	<b>806,000</b>	<b>256,473</b>	<b>80,000</b>	<b>62,851</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(99,831)</b>	<b>6,577</b>	<b>(206,432)</b>	<b>(200,390)</b>	<b>(68,000)</b>	<b>549,560</b>	<b>(9,500)</b>	<b>11,550</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfer in	0	0	209,360	195,711	0	0	0	0
Interfund transfer out	0	0	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>209,360</b>	<b>195,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>(\$99,831)</b>	<b>6,577</b>	<b>\$ 2,928</b>	<b>(4,679)</b>	<b>\$ (68,000)</b>	<b>549,560</b>	<b>\$ (9,500)</b>	<b>11,550</b>
<b>Fund balances July 1, 2013</b>		<b>99,831</b>		<b>396,694</b>		<b>3,496,989</b>		<b>47,265</b>
<b>Fund balances June 30, 2014</b>		<b>\$106,408</b>		<b>\$ 392,015</b>		<b>\$4,046,549</b>		<b>\$ 58,815</b>

**YELLOWSTONE COUNTY, MONTANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(PAGE 6 OF 6)**

	<u>Emergency Levy Fund</u>		<u>Permissive Medical Levy Fund</u>		<u>Veteran's Cemetery</u>		<u>Total</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES:</b>								
Taxes	\$1,600	\$1,596	\$3,445,228	\$3,289,976	\$240,992	\$230,224	\$13,002,901	\$12,389,941
Special assessments	0	0	0	0	0	0	717,750	772,049
Licenses and permits	0	0	0	0	0	0	153,600	153,600
Intergovernmental	0	0	0	39,271	2,907	5,648	1,565,386	1,700,939
Fines and forfeitures	0	0	0	0	0	0	20,000	128,526
Charges for services	0	0	0	0	41,000	44,755	1,909,098	1,868,139
Other	0	0	0	0	0	24,285	41,930	109,800
<b>Total revenues</b>	<b>1,600</b>	<b>1,596</b>	<b>3,445,228</b>	<b>3,329,247</b>	<b>284,899</b>	<b>304,912</b>	<b>17,410,665</b>	<b>17,122,994</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government	0	0	0	0	0	0	186,500	86,092
Public safety	0	0	0	0	0	0	7,321,238	6,764,982
Public works	0	0	0	0	90,000	71,787	1,490,687	919,029
Public health	0	0	0	0	0	0	2,514,179	2,513,718
Social and economic services	0	0	0	0	0	0	1,139,077	1,099,164
Culture and recreation	0	0	0	0	0	0	1,544,775	1,466,596
Conservation of natural resources	0	0	0	0	0	0	103,260	86,204
<b>Capital outlay:</b>								
Public safety	0	0	0	0	0	0	145,550	26,768
Public works	0	0	0	0	0	0	2,059,148	1,269,930
Social and economic services	0	0	0	0	7,428	0	12,028	4,447
Culture and recreation	0	0	0	0	0	0	209,721	400
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97,428</b>	<b>71,787</b>	<b>16,726,163</b>	<b>14,237,330</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,600</b>	<b>1,596</b>	<b>3,445,228</b>	<b>3,329,247</b>	<b>187,471</b>	<b>233,125</b>	<b>684,502</b>	<b>2,885,664</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfer in	0	0	0	0	0	0	2,517,807	2,474,802
Interfund transfer out	(1,597)	(1,596)	(3,329,728)	(3,329,247)	(212,919)	(212,918)	(3,886,922)	(3,886,363)
<b>Total other financing sources (uses)</b>	<b>(1,597)</b>	<b>(1,596)</b>	<b>(3,329,728)</b>	<b>(3,329,247)</b>	<b>(212,919)</b>	<b>(212,918)</b>	<b>(1,369,115)</b>	<b>(1,411,561)</b>
<b>Net change in fund balances</b>	<b>\$3</b>	<b>0</b>	<b>\$115,500</b>	<b>0</b>	<b>(\$25,448)</b>	<b>20,207</b>	<b>\$ (684,613)</b>	<b>1,474,103</b>
<b>Fund balances July 1, 2013</b>		<b>0</b>		<b>0</b>		<b>134,197</b>		<b>7,512,949</b>
<b>Fund balances June 30, 2014</b>		<b>\$0</b>		<b>\$0</b>		<b>\$ 154,404</b>		<b>\$ 8,987,052</b>

**YELLOWSTONE COUNTY, MONTANA  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
JUNE 30, 2014**

<u>Assets</u>	<b>R.S.I.D. Revolving Fund</b>	<b>METRA Expansion Bond Fund</b>	<b>Limited Tax G.O. Bond Fund</b>	<b>Total</b>
Cash and demand investments, pooled	\$102,744	\$0	\$0	\$102,744
Cash investments, pooled	224,551	0	0	224,551
<b>Total assets</b>	<b>\$327,295</b>	<b>\$0</b>	<b>\$0</b>	<b>\$327,295</b>
 <b><u>Fund Balance</u></b>				
<b>FUND BALANCE, reserved for debt service</b>	<b>327,295</b>	<b>0</b>	<b>0</b>	<b>327,295</b>
<b>Total liabilities and fund balance</b>	<b>\$327,295</b>	<b>\$0</b>	<b>\$0</b>	<b>\$327,295</b>

**YELLOWSTONE COUNTY, MONTANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>R.S.I.D.</b>		<b>METRA Expansion</b>		<b>Limited Tax G.O.</b>		<b>Total</b>	
	<b><u>Revolving Fund</u></b>		<b><u>Bond Fund</u></b>		<b><u>Bond Fund</u></b>		<b><u>Budget</u></b>	<b><u>Actual</u></b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>
<b>REVENUES:</b>								
Taxes	\$0	\$0	\$503,464	\$483,494	\$0	\$0	\$503,464	\$483,494
Intergovernmental	0	0	239,203	244,798	0	0	239,203	244,798
Other	0	0	2,500	3,710	0	0	2,500	3,710
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>745,167</b>	<b>732,002</b>	<b>0</b>	<b>0</b>	<b>745,167</b>	<b>732,002</b>
<b>EXPENDITURES:</b>								
Debt service:								
Principal	0	0	735,000	735,000	500,000	500,000	1,235,000	1,235,000
Interest	0	0	19,427	19,275	127,921	127,920	147,348	147,195
Protest Tax Contingency	0	0	34,000	0	0	0	34,000	0
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>788,427</b>	<b>754,275</b>	<b>627,921</b>	<b>627,920</b>	<b>1,416,348</b>	<b>1,382,195</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>0</b>	<b>0</b>	<b>(43,260)</b>	<b>(22,273)</b>	<b>(627,921)</b>	<b>(627,920)</b>	<b>(671,181)</b>	<b>(650,193)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Interfund transfer in	0	0	0	0	627,921	627,920	627,921	627,920
Interfund transfer out	(25,000)	0	(145,000)	(144,843)	0	0	(170,000)	(144,843)
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>0</b>	<b>(145,000)</b>	<b>(144,843)</b>	<b>627,921</b>	<b>627,920</b>	<b>457,921</b>	<b>483,077</b>
<b>Net change in fund balances</b>	<b>\$ (25,000)</b>	<b>0</b>	<b>\$ (188,260)</b>	<b>(167,116)</b>	<b>\$0</b>	<b>0</b>	<b>\$ (213,260)</b>	<b>(167,116)</b>
<b>Fund balance July 1, 2013</b>		<b>327,295</b>		<b>167,116</b>		<b>0</b>		<b>494,411</b>
<b>Fund balance June 30, 2014</b>		<b>\$ 327,295</b>		<b>\$0</b>		<b>\$0</b>		<b>\$ 327,295</b>

**YELLOWSTONE COUNTY, MONTANA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2014**

<u>Assets</u>	<u>Geographical Information System Fund</u>	<u>RSID Construction Fund</u>	<u>Total</u>
Cash and demand investments, pooled	\$92,526	\$0	\$92,526
Cash investments, pooled	202,217	0	202,217
Prepaid expenses	784	0	784
<b>Total Assets</b>	<b>\$295,527</b>	<b>\$0</b>	<b>\$295,527</b>
<b><u>Liabilities and Fund Balance</u></b>			
<b>LIABILITIES:</b>			
Accounts payable	\$296	\$0	\$296
Accrued liabilities	17,495	0	17,495
<b>Total liabilities</b>	<b>17,791</b>	<b>0</b>	<b>17,791</b>
<b>FUND BALANCE:</b>			
Reserved for capital improvements	277,736	0	277,736
<b>Total fund balance</b>	<b>277,736</b>	<b>0</b>	<b>277,736</b>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$295,527</b>	 <b>\$0</b>	 <b>\$295,527</b>

**YELLOWSTONE COUNTY, MONTANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Geographical</b>		<b>RSID Construction Fund</b>		<b>Total</b>	
	<b>Information System Fund</b>					
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>REVENUES:</b>						
Intergovernmental	\$54,251	\$41,463	\$0	\$0	\$ 54,251	\$ 41,463
Charge for services	110,000	108,957	0	0	110,000	108,957
Other	0	109	0	0	0	109
<b>Total revenues</b>	<b>164,251</b>	<b>150,529</b>	<b>0</b>	<b>0</b>	<b>164,251</b>	<b>150,529</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	379,056	357,262	0	0	379,056	357,262
<b>Capital outlay:</b>						
General government	13,500	8,602			13,500	8,602
<b>Total expenditures</b>	<b>392,556</b>	<b>365,864</b>	<b>0</b>	<b>0</b>	<b>392,556</b>	<b>365,864</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(228,305)</b>	<b>(215,335)</b>	<b>0</b>	<b>0</b>	<b>(228,305)</b>	<b>(215,335)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Interfund transfers in	213,942	214,270	0	0	213,942	214,270
<b>Total other financing sources (uses)</b>	<b>213,942</b>	<b>214,270</b>	<b>0</b>	<b>0</b>	<b>213,942</b>	<b>214,270</b>
<b>Net change in fund balances</b>	<b>(\$14,363)</b>	<b>(1,065)</b>	<b>\$0</b>	<b>0</b>	<b>(\$14,363)</b>	<b>(1,065)</b>
<b>Fund balance July 1, 2013</b>		<b>278,801</b>		<b>0</b>		<b>278,801</b>
<b>Fund balance June 30, 2014</b>		<b>\$ 277,736</b>		<b>\$0</b>		<b>\$ 277,736</b>

**YELLOWSTONE COUNTY, MONTANA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b><u>ASSETS</u></b>	<b>Health Insurance Fund</b>	<b>Motor Pool Fund</b>	<b>Telephone Fund</b>	<b>Total</b>
<b>CURRENT ASSETS:</b>				
Cash and demand investments, pooled	\$2,357,820	\$10,333	\$54,552	\$2,422,705
Cash investments, pooled	5,148,214	22,583	119,225	5,290,022
Receivables (net of allowance for uncollectibles):				
Accounts	11,884	0	0	11,884
Accrued interest	6,651	0	0	6,651
Prepaid Expense			8,622	8,622
<b>Total current assets</b>	<b>7,524,569</b>	<b>32,916</b>	<b>182,399</b>	<b>7,739,884</b>
<b>NONCURRENT ASSETS</b>				
<b>Capital Assets:</b>				
Equipment and vehicles	0	69,563	260,444	330,007
Accumulated depreciation	0	(66,566)	(227,553)	(294,119)
<b>Total property and equipment (net)</b>	<b>0</b>	<b>2,997</b>	<b>32,891</b>	<b>35,888</b>
<b>Total assets</b>	<b>\$7,524,569</b>	<b>\$35,913</b>	<b>\$215,290</b>	<b>\$7,775,772</b>
<b><u>LIABILITIES</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$3,700	\$743	\$4,159	\$8,602
Accrued liabilities	854,828	0	2,595	857,423
Accrued compensated absences	0	0	1,476	1,476
Unearned premiums	6,531	0	0	6,531
<b>Total current liabilities</b>	<b>865,059</b>	<b>743</b>	<b>8,230</b>	<b>874,032</b>
<b>NONCURRENT LIABILITIES:</b>				
Accrued compensated absences	0	0	4,427	4,427
<b><u>NET POSITION</u></b>				
Investment in capital assets, net of related debt	0	2,997	32,891	35,888
Unrestricted	6,659,510	32,173	169,742	6,861,425
<b>Total net position</b>	<b>6,659,510</b>	<b>35,170</b>	<b>202,633</b>	<b>6,897,313</b>
<b>Total liabilities and net position</b>	<b>\$7,524,569</b>	<b>\$35,913</b>	<b>\$215,290</b>	<b>\$7,775,772</b>

**YELLOWSTONE COUNTY, MONTANA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>Health Insurance Fund</b>	<b>Motor Pool Fund</b>	<b>Telephone Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$0	\$ 7,537	\$ 130,456	\$ 137,993
Health insurance premiums	5,771,353	0	0	5,771,353
<b>Total operating revenues</b>	<b>5,771,353</b>	<b>7,537</b>	<b>130,456</b>	<b>5,909,346</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	0	0	64,887	64,887
Supplies	0	2,705	16,774	19,479
Contracted services	65,982	972	40,930	107,884
Health claims	6,725,061	0	0	6,725,061
Stop-loss insurance and administration	442,259	0	0	442,259
Depreciation	0	5,728	24,258	29,986
<b>Total operating expenses</b>	<b>7,233,302</b>	<b>9,405</b>	<b>146,849</b>	<b>7,389,556</b>
<b>Operating income (loss)</b>	<b>(1,461,949)</b>	<b>(1,868)</b>	<b>(16,393)</b>	<b>(1,480,210)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest revenue	55,838	0	0	55,838
<b>Income (loss) before transfers</b>	<b>(1,406,111)</b>	<b>(1,868)</b>	<b>(16,393)</b>	<b>(1,424,372)</b>
Interfund transfer in	1,606,262	0	0	1,606,262
<b>Change in net position</b>	<b>200,151</b>	<b>(1,868)</b>	<b>(16,393)</b>	<b>181,890</b>
<b>Net position July 1, 2013</b>	<b>6,459,359</b>	<b>37,038</b>	<b>219,026</b>	<b>6,715,423</b>
<b>Net position June 30, 2014</b>	<b>\$ 6,659,510</b>	<b>\$ 35,170</b>	<b>\$ 202,633</b>	<b>\$ 6,897,313</b>

**YELLOWSTONE COUNTY, MONTANA**  
**Internal Service Funds**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Health Insurance Fund	Motor Pool Fund	Telephone Fund	Totals
<b>Cash flows from operating activities:</b>				
Cash received from users	\$0	\$7,536	\$131,968	\$139,504
Cash received from health insurance premiums	5,587,667	0	0	5,587,667
Cash paid to other suppliers for goods or services	(62,678)	(3,123)	(62,315)	(128,116)
Cash paid to employees for services	0	0	(62,969)	(62,969)
Cash paid for health claims	(6,169,234)	0	0	(6,169,234)
Cash paid for stop-loss insurance and administration	(442,259)	0	0	(442,259)
<b>Net cash provided (used) by operating activities</b>	<b>(1,086,504)</b>	<b>4,413</b>	<b>6,684</b>	<b>(1,075,407)</b>
<b>Cash flows from noncapital financing activities:</b>				
Cash received (paid) from (to) interfund transfer	1,606,262	0	0	1,606,262
<b>Net cash provided (used) by noncapital financing activities</b>	<b>1,606,262</b>	<b>0</b>	<b>0</b>	<b>1,606,262</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	0	0	(14,386)	(14,386)
<b>Net cash used for capital and related financing activities</b>	<b>0</b>	<b>0</b>	<b>(14,386)</b>	<b>(14,386)</b>
<b>Cash flows from investing activities:</b>				
Deposits into cash investments	(1,009,053)	(5,529)	(10,644)	(1,025,226)
Interest received on investments	52,690	0	0	52,690
<b>Net cash provided (used) by investing activities</b>	<b>(956,363)</b>	<b>(5,529)</b>	<b>(10,644)</b>	<b>(972,536)</b>
<b>Net increase (decrease) in cash and demand investments</b>	<b>(436,605)</b>	<b>(1,116)</b>	<b>(18,346)</b>	<b>(456,067)</b>
<b>Cash and demand investments, July 1, 2013</b>	<b>2,794,425</b>	<b>11,449</b>	<b>72,898</b>	<b>2,878,772</b>
<b>Cash and demand investments, June 30, 2014</b>	<b>\$2,357,820</b>	<b>\$10,333</b>	<b>\$54,552</b>	<b>\$2,422,705</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

<b>Operating income (loss)</b>	<b>(1,461,949)</b>	<b>(1,868)</b>	<b>(16,393)</b>	<b>\$ (1,480,210)</b>
<b>Adjustments to reconcile net income (loss) to net cash from operating activities:</b>				
Depreciation expense	0	5,728	24,258	29,986
(Increase) decrease in assets:				
Accounts receivable	5,388	0	1,512	6,900
Prepaid Expenses			(8,624)	(8,624)
Increase (decrease) in liabilities:				
Accounts payable	3,304	553	4,013	7,870
Accrued liabilities	555,827	0	1,918	557,745
Unearned premiums	(189,074)	0	0	(189,074)
<b>Total adjustments</b>	<b>375,445</b>	<b>6,281</b>	<b>23,077</b>	<b>404,803</b>
<b>Net cash provided (used) by operating activities</b>	<b>(1,086,504)</b>	<b>\$4,413</b>	<b>\$6,684</b>	<b>\$ (1,075,407)</b>

### III. STATISTICAL SECTION (Unaudited)

**(UNAUDITED)**  
**Schedule 1**  
**Yellowstone County, Montana**  
**Net Position by Component**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal year ended June 30,				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Governmental activities</b>					
Investment in capital assets, net of related debt	\$ 49,323,688	\$ 48,857,297	\$ 47,583,688	\$ 45,413,016	\$ 42,396,754
Restricted net position for debt service	9,857,707	891,882	618,469	618,821	601,415
Unrestricted	37,892,823	42,379,795	36,115,922	30,495,483	31,941,003
<b>Total governmental activities net position</b>	<b>\$ 97,074,218</b>	<b>\$ 92,128,974</b>	<b>\$ 84,318,079</b>	<b>\$ 76,527,320</b>	<b>\$ 74,939,172</b>
<b>Business-type activities</b>					
Investment in capital assets, net of related debt	\$ 38,339,718	\$ 39,251,825	\$ 40,295,915	\$ 36,686,536	\$ 10,976,510
Unrestricted	1,812,228	968,044	(63,633)	3,375,873	24,239,898
<b>Total business-type activities net position</b>	<b>\$ 40,151,946</b>	<b>\$ 40,219,869</b>	<b>\$ 40,232,282</b>	<b>\$ 40,062,409</b>	<b>\$ 35,216,408</b>
<b>Primary government</b>					
Investment in capital assets, net of related debt	\$ 87,663,406	\$ 88,109,122	\$ 87,879,603	\$ 82,099,552	\$ 53,373,264
Restricted net position for debt service	9,857,707	891,882	618,469	618,821	601,415
Unrestricted	39,705,051	43,347,839	36,052,289	33,871,356	56,180,901
<b>Total primary government activities net position</b>	<b>\$ 137,226,164</b>	<b>\$ 132,348,843</b>	<b>\$ 124,550,361</b>	<b>\$ 116,589,729</b>	<b>\$ 110,155,580</b>

**Note:** Unrestricted net position in business-type activities for FY10 and FY11 was affected by funds on account for arena reconstruction due to tornado damage.

**(UNAUDITED)**  
**Schedule 2**  
**Yellowstone County, Montana**  
**Changes in Net Position**  
**Last Five Fiscal Years**  
**Page 1 of 2**  
**(accrual basis of accounting)**

	Fiscal year ended June 30,				
	2014	2013	2012	2011	2010
<b>Expenses</b>					
<u>Governmental activities:</u>					
General government	\$ 14,060,917	\$ 12,520,333	\$ 12,002,290	\$ 13,481,058	\$ 12,723,629
Public Safety	25,149,487	24,092,219	22,801,598	21,858,994	21,106,126
Public Works	7,849,946	8,363,267	7,486,540	8,122,849	5,740,088
Public Health	3,214,277	2,986,687	2,973,546	3,829,889	2,736,104
Social and Economic	3,390,554	1,726,982	1,642,537	1,685,969	1,583,880
Culture and Recreation	1,561,252	1,371,932	1,321,039	3,265,026	1,427,488
Community Development	458,829	386,634	370,700	373,325	360,046
Conservation of Natural Resources	113,224	119,889	124,678	121,509	128,852
Interest on Long-Term Debt	203,027	241,746	257,376	245,489	253,804
<b>Total governmental activities expenses</b>	<b>56,001,513</b>	<b>51,809,689</b>	<b>48,980,304</b>	<b>52,984,108</b>	<b>46,060,017</b>
<u>Business-type activities:</u>					
Refuse Disposal	617,095	524,306	521,445	491,789	461,326
METRA	7,133,099	6,824,855	6,967,646	5,429,653	6,393,925
<b>Total business-type activities expenses</b>	<b>7,750,194</b>	<b>7,349,161</b>	<b>7,489,091</b>	<b>5,921,442</b>	<b>6,855,251</b>
<b>Total primary government activities expenses</b>	<b>\$ 63,751,707</b>	<b>\$ 59,158,850</b>	<b>\$ 56,469,395</b>	<b>\$ 58,905,550</b>	<b>\$ 52,915,268</b>
<b>Program Revenues</b>					
<u>Governmental activities:</u>					
<u>Special Assessments</u>					
Public Works	\$ 852,064	\$ 1,165,043	\$ 799,465	\$ 1,011,509	\$ 711,663
<u>Licenses and permits</u>					
Public Safety	24,570	26,171	26,145	30,530	33,280
Public Works	24,988	33,375	32,526	18,690	30,142
<u>Intergovernmental</u>					
General government	63,393	60,855	60,855	57,036	56,716
Public Safety	166,707	164,916	161,137	161,370	157,116
Public Works	427,882	428,450	524,586	462,821	489,446
Social and Economic	208,524	206,286	171,373	190,861	124,584
<u>Fines and forfeitures</u>					
General government	566,919	555,392	605,206	660,479	677,100
Public Safety	128,526	129,011	26,645	49,134	49,293
<u>Charges for services</u>					
General government	4,563,783	4,704,246	4,433,969	4,432,889	4,491,243
Public Safety	5,381,871	4,962,713	4,792,644	3,813,888	3,518,717
Public Works	224,959	298,028	254,788	254,733	201,320
Public Health	2,760	3,320	3,560	3,649	2,751
Social and Economic	44,755	59,555	32,482	32,914	15,156
Culture and Recreation	50				
<u>Operating grants and contributions</u>					
General government	31,800	0	0	0	0
Public Safety	708,178	737,174	738,757	899,188	768,170
Public Works	77,985	33,318	18,020	51,166	41,859
Public Health	315,217	315,630	315,630	386,728	336,015
Culture and Recreation	4,303	20,975	526,693	14,636	27,400

**(UNAUDITED)**  
**Schedule 2**  
**Yellowstone County, Montana**  
**Changes in Net Position**  
**Last Five Fiscal Years**  
**Page 2 of 2**  
**(accrual basis of accounting)**

	Fiscal year ended June 30,				
	2014	2013	2012	2011	2010
<u>Capital grants and contributions</u>					
General government	\$0	\$0	\$0	\$4,047	\$84,861
Public Safety	10,028	596,955	449,676	375,681	69,553
Public Works	362,034	13,495	342,897	0	356,413
Culture and Recreation	0	0	280,782	463,769	0
Community Development	0	0	0	0	500
Total governmental activities program revenues	<u>14,191,296</u>	<u>14,514,908</u>	<u>14,597,836</u>	<u>13,375,718</u>	<u>12,243,298</u>
<u>Business-type activities:</u>					
<u>Special Assessments</u>					
Refuse Disposal	565,997	563,714	450,630	484,152	479,524
<u>Charges for services</u>					
METRA	4,201,044	4,011,367	4,322,531	2,864,669	4,202,743
Total governmental activities program revenues	<u>4,767,041</u>	<u>4,575,081</u>	<u>4,773,161</u>	<u>3,348,821</u>	<u>4,682,267</u>
Total primary government program revenues	<u>\$ 18,958,337</u>	<u>\$ 19,089,989</u>	<u>\$ 19,370,997</u>	<u>\$ 16,724,539</u>	<u>\$ 16,925,565</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (41,810,217)	\$ (37,294,781)	\$ (34,382,468)	\$ (39,608,390)	\$ (33,816,719)
Business-type activities	(2,983,153)	(2,774,080)	(2,715,930)	(2,572,621)	(2,172,984)
Total primary government net expense	<u>\$ (44,793,370)</u>	<u>\$ (40,068,861)</u>	<u>\$ (37,098,398)</u>	<u>\$ (42,181,011)</u>	<u>\$ (35,989,703)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Property taxes	\$ 38,467,664	\$ 36,835,575	\$ 35,187,834	\$ 34,078,689	\$ 31,781,735
Licenses and permits	4,225,977	4,020,645	3,668,211	3,856,530	3,923,361
Intergovernmental	3,275,028	2,711,190	2,598,745	2,328,262	2,252,000
Other revenues	731,134	1,479,220	652,773	847,937	2,218,768
Gain on disposal of fixed assets	0	0	0	921,000	0
Transfers	55,658	59,046	65,664	(835,880)	55,926
Total governmental activities	<u>46,755,461</u>	<u>45,105,676</u>	<u>42,173,227</u>	<u>41,196,538</u>	<u>40,231,790</u>
Business-type activities					
Property taxes	2,676,347	2,580,199	2,438,771	2,773,779	1,401,954
Intergovernmental	66,408	31,994	22,152	0	151,800
Other revenues	228,133	208,520	490,544	615,479	272,437
Transfers	(55,658)	(59,046)	(65,664)	835,880	(55,926)
Net extraordinary gain-tornado related expenses & donated revenue	0	0	0	3,193,484	0
Extraordinary gain from insurance recovery for building damage repa	0	0	0	0	20,129,227
Total business-type activities	<u>2,915,230</u>	<u>2,761,667</u>	<u>2,885,803</u>	<u>7,418,622</u>	<u>21,899,492</u>
Total primary government	<u>\$ 49,670,691</u>	<u>\$ 47,867,343</u>	<u>\$ 45,059,030</u>	<u>\$ 48,615,160</u>	<u>\$ 62,131,282</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 4,945,244	\$ 7,810,895	\$ 7,790,759	\$ 1,588,148	\$ 6,415,071
Business-type activities	(67,923)	(12,413)	169,873	4,846,001	19,726,508
Total primary government net expense	<u>\$ 4,877,321</u>	<u>\$ 7,798,482</u>	<u>\$ 7,960,632</u>	<u>\$ 6,434,149</u>	<u>\$ 26,141,579</u>

**(UNAUDITED)**  
**Schedule 3**  
**Yellowstone County, Montana**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal year ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Major Governmental Funds</b>										
<u>General Fund</u>										
Reserved	\$ 420,652	\$ 438,223	\$ 374,073	\$ 476,160	\$ 530,695	\$ 544,790	\$ 527,016	\$ 585,675	\$ 471,697	\$ 378,156
Unreserved	5,912,254	5,762,344	5,355,544	5,170,706	5,212,546	4,721,071	4,725,392	3,926,926	2,766,391	2,442,781
<b>Total general fund</b>	<b>6,332,906</b>	<b>6,200,567</b>	<b>5,729,617</b>	<b>5,646,866</b>	<b>5,743,241</b>	<b>5,265,861</b>	<b>5,252,408</b>	<b>4,512,601</b>	<b>3,238,088</b>	<b>2,820,937</b>
<u>Road Fund</u>										
Reserved	268,565	267,394	250,812	240,569	263,993	316,609	316,740	285,255	159,462	136,711
Unreserved	4,245,551	3,861,909	3,127,775	3,274,449	2,785,305	2,865,382	2,552,501	2,479,467	2,341,670	2,273,319
<b>Total road fund</b>	<b>4,514,116</b>	<b>4,129,303</b>	<b>3,378,587</b>	<b>3,515,018</b>	<b>3,049,298</b>	<b>3,181,991</b>	<b>2,869,241</b>	<b>2,764,722</b>	<b>2,501,132</b>	<b>2,410,030</b>
<u>Property and Liability Insurance Fund</u>										
Unreserved	2,938,248	2,563,452	2,384,591	2,202,672	2,288,114	2,678,224	1,863,123	1,779,818	2,137,448	2,015,172
<b>Total property and liability insurance fund</b>	<b>2,938,248</b>	<b>2,563,452</b>	<b>2,384,591</b>	<b>2,202,672</b>	<b>2,288,114</b>	<b>2,678,224</b>	<b>1,863,123</b>	<b>1,779,818</b>	<b>2,137,448</b>	<b>2,015,172</b>
<u>Public Safety Fund</u>										
Reserved	0	0	0	0	0	0	0	0	0	0
Unreserved	5,011,401	4,834,436	4,349,177	3,751,387	3,833,008	4,254,156	4,183,720	4,764,692	4,602,718	4,366,375
<b>Total public safety fund</b>	<b>5,011,401</b>	<b>4,834,436</b>	<b>4,349,177</b>	<b>3,751,387</b>	<b>3,833,008</b>	<b>4,254,156</b>	<b>4,183,720</b>	<b>4,764,692</b>	<b>4,602,718</b>	<b>4,366,375</b>
<u>R.S.I.D. Bond Fund</u>										
Reserved	263,289	397,471	181,073	185,912	174,407	151,435	157,327	247,887	183,989	343,631
Unreserved	0	0	0	0	0	0	0	0	0	0
<b>Total R.S.I.D. bond fund</b>	<b>263,289</b>	<b>397,471</b>	<b>181,073</b>	<b>185,912</b>	<b>174,407</b>	<b>151,435</b>	<b>157,327</b>	<b>247,887</b>	<b>183,989</b>	<b>343,631</b>
<u>Capital Improvement Fund</u>										
Reserved	12,518,572	9,577,001	9,013,276	7,511,953	8,312,731	8,006,982	4,761,837	4,209,622	4,110,012	4,290,802
Unreserved	0	0	0	0	0	0	0	0	0	0
<b>Total capital improvement fund</b>	<b>12,518,572</b>	<b>9,577,001</b>	<b>9,013,276</b>	<b>7,511,953</b>	<b>8,312,731</b>	<b>8,006,982</b>	<b>4,761,837</b>	<b>4,209,622</b>	<b>4,110,012</b>	<b>4,290,802</b>
<b>Nonmajor Governmental Funds</b>										
<u>Special Revenue Funds</u>										
Reserved	63,999	65,113	77,624	109,814	64,333	90,675	79,743	70,039	64,429	50,458
Unreserved	8,923,053	7,447,836	6,900,346	7,154,395	6,787,842	6,112,246	5,567,529	5,339,679	5,473,068	4,846,480
<b>Total nonmajor special revenue funds</b>	<b>8,987,052</b>	<b>7,512,949</b>	<b>6,977,970</b>	<b>7,264,209</b>	<b>6,852,175</b>	<b>6,202,921</b>	<b>5,647,272</b>	<b>5,409,718</b>	<b>5,537,497</b>	<b>4,896,938</b>
<u>Debt Service Funds</u>										
Reserved	327,295	494,411	437,396	432,909	427,008	466,340	472,527	504,666	456,478	449,053
Unreserved	0	0	0	0	0	0	0	0	0	0
<b>Total nonmajor debt service funds</b>	<b>327,295</b>	<b>494,411</b>	<b>437,396</b>	<b>432,909</b>	<b>427,008</b>	<b>466,340</b>	<b>472,527</b>	<b>504,666</b>	<b>456,478</b>	<b>449,053</b>
<u>Capital Projects Funds</u>										
Reserved	277,736	278,801	248,901	205,649	243,770	167,606	2,935,694	141,587	173,753	564,147
Unreserved	0	0	0	0	0	0	0	0	0	0
<b>Total nonmajor capital projects funds</b>	<b>277,736</b>	<b>278,801</b>	<b>248,901</b>	<b>205,649</b>	<b>243,770</b>	<b>167,606</b>	<b>2,935,694</b>	<b>141,587</b>	<b>173,753</b>	<b>564,147</b>
<b>Total nonmajor governmental funds</b>										
Reserved	669,030	838,325	763,921	748,372	735,111	724,621	3,487,964	716,292	694,660	1,063,658
Unreserved	8,923,053	7,447,836	6,900,346	7,154,395	6,787,842	6,112,246	5,567,529	5,339,679	5,473,068	4,846,480
<b>Total nonmajor governmental funds</b>	<b>9,592,083</b>	<b>8,286,161</b>	<b>7,664,267</b>	<b>7,902,767</b>	<b>7,522,953</b>	<b>6,836,867</b>	<b>9,055,493</b>	<b>6,055,971</b>	<b>6,167,728</b>	<b>5,910,138</b>
<b>Total Governmental Funds</b>										
Reserved	14,140,108	11,518,414	10,583,155	9,162,966	10,016,937	9,744,437	9,250,884	6,044,731	5,619,820	6,212,958
Unreserved	27,030,507	24,469,977	22,117,433	21,553,609	20,906,815	20,631,079	18,892,265	18,290,582	17,321,295	15,944,127
<b>Total governmental funds</b>	<b>41,170,615</b>	<b>35,988,391</b>	<b>32,700,588</b>	<b>30,716,575</b>	<b>30,923,752</b>	<b>30,375,516</b>	<b>28,143,149</b>	<b>24,335,313</b>	<b>22,941,115</b>	<b>22,157,085</b>

**(UNAUDITED)**  
**Schedule 4**  
**Yellowstone County, Montana**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REVENUES:</b>										
Taxes	\$ 40,391,184	\$ 34,993,149	\$ 33,244,680	\$ 33,372,159	\$ 30,395,670	\$ 31,552,002	\$ 26,873,599	\$ 25,103,650	\$ 22,614,667	\$ 20,762,475
Special assessments	1,029,178	1,537,633	947,268	896,191	844,124	789,855	698,922	611,209	661,314	666,137
Licenses and permits	4,275,535	4,080,191	3,726,882	3,905,750	3,986,783	4,030,775	4,154,976	4,026,781	3,799,944	3,640,571
Intergovernmental	5,651,079	5,289,244	6,189,151	5,360,808	4,764,633	4,527,281	4,929,710	5,068,068	6,634,482	6,793,582
Fines and forfeitures	695,445	684,403	631,851	709,613	726,393	703,843	738,133	717,034	691,857	686,062
Charges for services	7,367,401	7,320,963	6,840,740	5,940,463	5,574,455	5,897,296	6,039,577	6,229,532	6,447,618	5,893,581
Other	675,296	1,478,661	622,156	793,188	2,143,182	2,698,136	1,933,233	2,418,965	1,184,528	975,028
<b>Total revenues</b>	<b>60,085,118</b>	<b>55,384,244</b>	<b>52,202,728</b>	<b>50,978,172</b>	<b>48,435,240</b>	<b>50,199,188</b>	<b>45,368,150</b>	<b>44,175,239</b>	<b>42,034,410</b>	<b>39,417,436</b>
<b>EXPENDITURES:</b>										
General government	8,933,728	8,683,307	8,410,309	9,504,936	9,069,533	8,060,966	7,766,095	7,746,699	6,196,276	7,107,271
Public safety	23,769,089	22,997,113	21,820,108	21,428,629	19,964,420	19,531,456	18,880,774	17,677,083	19,719,685	17,522,970
Public works	8,423,056	6,531,479	6,827,892	5,974,350	6,182,694	5,240,217	5,494,076	4,786,574	4,181,359	4,173,865
Public health	3,202,983	2,975,552	2,962,539	2,997,024	2,725,067	2,535,164	2,235,162	2,095,402	2,046,213	1,878,884
Social and economic services	1,778,029	1,655,298	1,629,740	1,614,595	1,583,521	1,588,268	1,474,655	1,242,595	1,189,049	1,226,118
Culture and recreation	1,466,596	1,282,557	1,191,320	1,186,482	1,229,904	1,143,785	1,042,509	1,558,979	1,109,867	792,437
Conservation of natural resources	113,224	119,889	124,678	121,509	127,685	113,809	110,115	108,094	102,905	81,647
Community development	458,829	386,634	370,700	373,325	360,046	373,484	322,919	301,666	603,326	1,441
Capital outlay	3,432,222	4,746,187	4,241,139	6,845,381	4,442,447	6,272,060	4,488,745	5,087,838	3,478,893	3,785,290
Debt service:										
Principal	1,564,434	1,361,945	1,285,777	993,000	963,000	926,425	830,575	777,809	953,654	759,415
Interest	210,100	233,123	283,780	225,030	262,710	332,471	246,936	264,698	286,236	287,515
Refunding bond issuance costs		0	0	0	0	55,150	0	0	0	0
<b>Total expenditures</b>	<b>53,352,290</b>	<b>50,973,084</b>	<b>49,147,982</b>	<b>51,264,261</b>	<b>46,911,027</b>	<b>46,173,255</b>	<b>42,892,561</b>	<b>41,647,437</b>	<b>39,867,463</b>	<b>37,616,853</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,732,828</b>	<b>4,411,160</b>	<b>3,054,746</b>	<b>(286,089)</b>	<b>1,524,213</b>	<b>4,025,933</b>	<b>2,475,589</b>	<b>2,527,802</b>	<b>2,166,947</b>	<b>1,800,583</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Interfund transfers in	9,779,273	6,705,027	7,145,394	6,388,940	6,195,507	6,902,009	5,375,099	3,745,926	3,599,577	3,208,270
Interfund transfers out	(11,329,877)	(7,828,384)	(8,216,127)	(8,484,749)	(7,171,484)	(8,755,260)	(7,042,852)	(5,252,530)	(4,982,494)	(4,375,970)
Gain on disposal of fixed assets	0	0	0	921,000	0	0	0	0	0	0
Long term debt proceeds	0	0	0	1,253,721	0	3,440,000	3,000,000	373,000	0	1,183,000
Payment to refunded bond escrow account	0	0	0	0	0	(3,380,315)	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>(1,550,604)</b>	<b>(1,123,357)</b>	<b>(1,070,733)</b>	<b>78,912</b>	<b>(975,977)</b>	<b>(1,793,566)</b>	<b>1,332,247</b>	<b>(1,133,604)</b>	<b>(1,382,917)</b>	<b>15,300</b>
<b>Net change in fund balances</b>	<b>5,182,224</b>	<b>3,287,803</b>	<b>1,984,013</b>	<b>(207,177)</b>	<b>548,236</b>	<b>2,232,367</b>	<b>3,807,836</b>	<b>1,394,198</b>	<b>784,030</b>	<b>1,815,883</b>
Prior period adjustment										(201,646)
Debt service as a percentage of noncapital expenditures	3.6%	3.5%	3.5%	2.7%	2.9%	3.2%	2.8%	2.9%	3.4%	3.1%

(UNAUDITED)  
Schedule 5  
YELLOWSTONE COUNTY, MONTANA  
TAXABLE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
(Last Ten Fiscal Years)

Fiscal Year	Real Property		Personal Property		Total		Tax Increment	Countywide Taxable Value Excluding Tax Increment	Total Direct Tax Rate (9)	Percent of Taxable Value to Estimated Actual Value
	Adjusted Market Value	Taxable Value	Adjusted Market Value	Taxable Value	Adjusted Market Value	Taxable Value	Taxable Value			
04-05	6,337,572,859	206,023,984	322,562,972	6,290,199	6,660,135,831	212,314,183	Already Excluded	212,314,183	\$ 89.23	3.19%
05-06	6,787,795,509	216,388,822	333,086,458	10,068,464	7,120,881,967	226,457,286	3,417,151	223,040,135	\$ 92.66	3.18%
06-07	7,290,505,305	224,693,468	341,724,937	10,265,600	7,632,230,242	234,959,068	Already Excluded	234,959,068	\$ 98.94	3.08%
07-08	7,894,071,923	239,583,004	374,323,352	11,173,823	8,268,395,275	250,756,827	4,459,548	246,297,279	\$ 102.37	3.03%
08-09	7,806,494,120	254,155,444	383,830,059	11,944,224	8,190,324,179	266,099,668	426,415	265,673,253	\$ 105.16	3.25%
09-10	8,349,674,677	261,845,031	433,114,252	12,863,487	8,782,788,929	274,708,518	1,795,143	272,913,375	\$ 105.67	3.13%
10-11	10,053,412,391	278,579,151	407,399,367	11,935,460	10,460,811,758	290,514,611	6,028,312	284,486,299	\$ 113.09	2.78%
11-12	8,812,059,768	267,366,350	342,771,817	29,880,298	9,154,831,585	297,246,648	6,443,099	290,803,549	\$ 113.17	3.25%
12-13	9,873,974,856	289,380,143	461,007,839	8,924,561	10,334,982,695	298,304,704	5,519,168	292,785,536	\$ 115.90	2.89%
13-14	10,290,618,165	296,197,384	444,182,433	9,971,215	10,734,800,598	306,168,599	6,854,293	299,314,306	\$ 117.02	2.85%

**NOTE:** Adjusted Market Value reflects market value after statutory exemptions.

Source: State of Montana Department of Revenue, Property Assessment Division.

(UNAUDITED)  
Schedule 6  
YELLOWSTONE COUNTY, MONTANA  
DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES  
Last Ten Fiscal Years  
(PER \$1,000 OF TAXABLE VALUE)

	Fiscal Year Taxes Are Payable									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>COUNTY-WIDE DIRECT RATES</b>										
(Permissive	\$ 115.51	\$ 114.00	\$ 111.27	\$ 111.29	\$ 103.79	\$ 103.15	\$ 100.21	\$ 96.43	\$ 89.98	\$ 86.49
General Obligation Debt	1.51	1.90	1.90	1.80	1.88	2.01	2.16	2.51	2.68	2.74
Total county-wide direct rate	117.02	115.90	113.17	113.09	105.67	105.16	102.37	98.94	92.66	89.23
<b>OTHER COUNTY LEVIES FOR SPECIAL DISTRICTS</b>										
Library	5.55	5.55	5.46	5.46	5.31	5.25	5.20	5.11	4.66	4.53
Road	38.63	38.48	36.93	36.93	34.91	34.53	33.16	32.48	29.64	28.87
Billings- County Planning	1.31	1.29	1.27	1.27	1.22	1.21	1.19	1.14	1.10	1.09
Laurel Planning	1.88	1.87	1.89	1.89	1.72	1.66	1.39	1.35	1.22	1.17
Soil Conservation	0.41	0.44	0.49	0.49	0.53	0.46	0.45	0.46	0.49	0.49
Big Sky Economic Development Authority	3.09	3.09	3.05	3.05	3.05	3.02	2.94	2.82	2.76	2.71
Emergency Levy	0.00	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00
School retirement and transportation	49.36	52.09	49.96	49.34	47.98	49.72	49.12	51.71	51.60	56.45
Huntley Cemetery	8.72	8.72	8.44	8.71	8.02	7.93	7.73	7.41	7.07	6.70
Custer Cemetery	4.51	4.51	4.51	4.92	4.43	4.38	4.38	3.77	3.77	3.77
Shepherd Cemetery	2.23	2.20	2.12	2.07	1.97	1.95	1.91	1.87	1.68	1.68
Broadview Cemetery	-	1.00	1.50	2.30	1.77	1.75	1.70	1.66	1.54	1.54
<b>CITY RATES</b>										
City of Billings	178.70	174.58	168.73	171.42	169.44	163.76	157.53	141.58	132.81	113.73
City of Laurel	207.59	208.40	204.18	202.51	194.41	185.93	169.79	167.36	164.76	159.56
Town of Broadview	151.57	151.57	151.57	122.77	122.77	114.00	104.54	104.54	100.28	96.85
Billings Fire Hydrant/Park District	12.17	11.84	7.18	12.71	12.71	12.71	12.71	9.11	9.11	9.11
<b>SCHOOL DISTRICTS</b>										
School District #2 - Billings	215.54	204.53	199.19	199.73	193.87	192.18	202.96	200.83	224.99	222.88
School District #3 - Blue Creek	159.56	154.83	153.43	164.52	187.25	155.76	164.35	196.35	203.62	208.17
School District #4 - Canyon Creek	260.07	274.64	275.04	261.13	277.13	287.65	268.28	261.21	274.00	272.97
School District #7 - Laurel	189.50	214.21	214.64	232.44	216.66	196.49	236.07	253.51	256.30	212.78
School District #8 - Elder Grove	233.15	181.40	178.81	180.83	173.30	181.15	189.61	191.75	212.54	185.15
School District #12 - Molt	80.90	72.28	78.32	75.25	63.13	87.47	67.02	64.09	87.05	80.51
School District #15 - Custer	209.97	202.67	206.78	222.64	219.46	209.02	201.35	213.73	203.26	205.62
School District #17 - Morin	139.34	133.62	151.22	148.13	137.94	134.35	136.71	137.76	145.46	149.11
School District #21 - Broadview	104.65	110.03	98.83	97.90	72.93	115.53	104.72	113.45	96.89	90.94
School District #23 - Elysian	133.86	103.02	100.92	96.11	95.10	97.88	103.15	95.67	104.35	102.35
School District #24 - Huntley	259.29	276.92	275.95	289.01	286.41	220.93	202.11	191.66	181.77	185.59
School District #26 - Lockwood	251.69	231.30	229.28	237.24	253.70	267.01	292.98	271.05	279.40	266.68
School District #37 - Shepherd	283.10	289.96	277.67	273.44	251.68	254.02	252.68	252.18	252.98	262.44
School District #41 - Pioneer	273.74	267.30	255.41	260.38	251.38	250.93	244.15	257.27	264.65	277.94
School District #52 - Independent	244.98	225.50	241.71	233.44	234.43	174.29	179.20	181.09	201.44	193.25
School District #58 - Yellowstone Education Center	112.05	112.19	71.10	70.92	70.42	70.31	71.68	65.51	72.47	71.53
<b>STATE RATE FOR EDUCATION</b>	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50
<b>FIRE DISTRICTS</b>										
Broadview Fire #3	0.58	0.58	0.71	0.71	0.71	0.67	0.67	0.68	0.65	0.68
Worden Fire #4	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17	19.17
Laurel Fire #5	24.00	24.00	12.00	18.00	12.00	16.00	16.00	18.00	18.00	33.49
Laurel Fire #7	17.22	17.00	16.00	18.50	18.50	22.30	21.32	22.60	22.60	24.00
Lockwood Fire #8	163.00	165.00	135.00	132.00	128.28	126.87	124.41	116.50	91.35	84.55

Source: Yellowstone County Finance

(UNAUDITED)  
**SCHEDULE 7**  
**YELLOWSTONE COUNTY, MONTANA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**FISCAL YEAR 2014**

Taxpayer	Type of Business	Taxable Value	Rank	Percentage of Total Taxable Value*
<b>CHS, Inc./Cenex</b>	Oil refinery	\$ 22,167,721	1	7.24%
<b>Northwestern Energy Corp</b>	Utility	17,792,917	2	5.81%
<b>Phillips 66</b>	Oil refinery	16,500,425	3	5.39%
<b>Exxon Mobil Corporation</b>	Oil refinery	9,029,598	4	2.95%
<b>Burlington Northern/Santa Fe RR</b>	Railroad	5,050,754	5	1.65%
<b>Bresnan/Charter</b>	Communication	3,075,214	6	1.00%
<b>Century Link</b>	Communication	2,966,547	7	0.97%
<b>Montana Dakota Utilities</b>	Utility	2,851,800	8	0.93%
<b>AT&amp;T Mobility</b>	Communication	1,512,620	9	0.49%
<b>Puget Sound Energy</b>	Utility	1,467,510	10	0.48%
		<b>\$ 82,415,106</b>		<b>26.92%</b>

**FISCAL YEAR 2005**

Taxpayer	Type of Business	Taxable Value	Rank	Percentage of Total Taxable Value*
<b>CHS - Cenex, Inc.</b>	Oil refinery	6,259,086	3	2.76%
<b>Northwestern Energy Corp</b>	Utility	14,722,221	1	6.48%
<b>ConocoPhillips Company</b>	Oil refinery	6,958,804	2	3.07%
<b>Exxon Corporation</b>	Oil refinery	5,645,906	4	2.49%
<b>Burlington Northern/Santa Fe</b>	Railroad	3,636,285	5	1.60%
<b>Montana Dakota Utilities</b>	Utility	1,485,038	10	0.65%
<b>Puget Sound Energy Incorp.</b>	Utility	1,922,228	8	0.85%
<b>PPL Montana LLC</b>	Utility	3,498,985	6	1.54%
<b>Qwest Corporation</b>	Communication	3,147,962	7	1.39%
<b>Avista Corp.</b>	Communication	1,692,185	9	0.75%
		<b>\$ 48,968,700</b>		<b>21.57%</b>

**NOTE:** Many of the principal taxpayers have undergone corporate name changes.

Total Countywide taxable value for tax year 2013 (fiscal year 2013-2014), including tax increment **\$306,168,599**

Total Countywide taxable value for tax year 2004 (fiscal year 2004-2005), including tax increment **\$227,020,603**

**(UNAUDITED)**  
**Schedule 8**  
**Yellowstone County, Montana**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Total Collections To Date</u>		<u>Tax Collections in Protest Tax Fund at Yearend</u>
				<u>Amount</u>	<u>Percentage of Original Levy</u>	<u>Amount</u>	<u>Percentage of Adjusted Levy</u>	
2005	n/a	n/a	\$21,854,305	\$21,067,167	n/a	n/a	n/a	\$353,530
2006	\$23,900,349	\$135,737	\$24,036,086	\$23,231,281	96.65%	\$23,923,687	99.53%	\$626,815
2007	\$26,795,549	\$36,546	\$26,832,096	\$26,111,206	97.31%	\$26,111,206	97.31%	\$1,318,474
2008	\$29,374,228	\$1,461,891	\$30,836,119	\$29,351,049	95.18%	\$29,351,049	95.18%	\$1,812,786
2009	\$32,742,742	-\$130,142	\$32,612,600	\$30,496,131	93.51%	\$33,053,636	101.35%	\$1,007,965
2010	\$34,130,456	-\$401,217	\$33,729,239	\$31,620,285	93.75%	\$31,799,440	94.28%	\$2,685,788
2011	\$38,024,150	-\$320,505	\$37,703,645	\$35,302,636	93.63%	\$36,145,938	95.87%	\$4,601,845
2012	\$38,748,879	-\$66,615	\$38,682,264	\$35,021,929	90.54%	\$35,667,569	92.21%	\$7,735,953
2013	\$40,548,431	-\$32,387	\$40,516,044	\$37,385,634	92.27%	\$37,573,348	92.74%	\$10,447,698
2014	\$41,517,683	-\$1,177,909	\$40,339,774	\$39,189,682	97.15%	\$43,067,531	106.76%	(a) \$6,707,672

(a) Total collections in FY14 exceed 100% due to the settlement of several large tax protests.

Source: County Finance Department

Note: The information in this schedule relates to the county's own property tax levies , and does not include those it collects on behalf of other governments. Collection of annual data for years prior to fiscal year 2006 was not considered practical due to change in financial software and unavailability of data on a year-by-year basis.

**(UNAUDITED)**  
**SCHEDULE 9**  
**YELLOWSTONE COUNTY, MONTANA**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**TO TAXABLE VALUE AND NET BONDED DEBT PER CAPITA**  
**(Last Ten Fiscal Years)**

Fiscal Year	GENERAL BONDED DEBT OUTSTANDING			Personal Income	Percentage of Personal Income (a)	Net Taxable Value (b)	Ratio of Net Bonded Debt to Net Taxable Value	Ratio of Net Bonded Debt to Adjusted Market Value (d)	Population	Net Bonded Debt per Capita (d)
	Gross General Obligation Bonded Debt	Debt Service Monies Available (c)	Net General Obligation Bonded Debt							
04-05	5,925,000	211,440	5,713,560	4,281,306,260	0.13%	212,314,183	2.69%	0.09%	134,717	42.41
05-06	5,355,000	214,968	5,140,032	4,584,918,848	0.11%	223,040,135	2.30%	0.07%	136,586	37.63
06-07	4,765,000	242,714	4,522,286	4,921,764,930	0.09%	234,959,068	1.92%	0.06%	138,213	32.72
07-08	7,155,000	210,575	6,944,425	5,334,920,064	0.13%	246,297,279	2.82%	0.08%	139,936	49.63
08-09	6,275,000	204,388	6,070,612	5,426,875,152	0.11%	265,673,253	2.28%	0.07%	142,348	42.65
09-10	5,450,000	165,056	5,284,944	5,636,512,819	0.09%	272,913,375	1.94%	0.06%	144,797	36.50
10-11	7,595,000	156,349	7,438,651	5,831,872,464	0.13%	284,486,299	2.61%	0.07%	147,972	50.27
11-12	6,465,000	160,836	6,304,164	5,775,855,672	0.11%	290,803,549	2.17%	0.07%	150,069	42.01
12-13	5,275,000	167,116	5,107,884	5,969,570,128	0.09%	292,785,536	1.74%	0.05%	151,882	33.63
13-14	4,040,000	0	4,040,000	6,290,734,572	0.06%	299,314,306	1.35%	0.04%	154,162	26.21

NOTES: (a) Population and personal income data can be found in Schedule 12  
(b) Total taxable value less downtown tax increment district.  
(c) Excludes R.S.I.D. Revolving Fund and R.S.I.D. Bond Fund monies.  
(d) Adjusted market value includes tax increment districts.  
Source: Yellowstone County Comprehensive Annual Financial Report

**(UNAUDITED)**  
**SCHEDULE 10**  
**YELLOWSTONE COUNTY, MONTANA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Cities:</b>			
Billings	\$ 28,716,650	53.4%	\$ 15,338,062
Broadview	78,000	0.1%	64
Laurel	480,392	2.2%	10,748
<b>Total cities</b>	<u>29,275,042</u>		<u>15,348,875</u>
<b>School Districts:</b>			
Billings SD #2	115,540,290	58.2%	67,277,113 *
Canyon Creek SD #4	975,000	1.1%	10,457
Laurel SD #7	13,335,000	13.0%	1,737,597
Elder Grove SD #8	5,725,000	1.9%	106,467
Elysian SD #23	9,070,000	7.2%	649,510
Huntley SD #24	6,882,355	2.9%	198,857
Lockwood SD#26	9,985,000	7.0%	698,850
Shepherd SD #37	745,000	1.7%	12,923
Independent SD #52	3,000,000	1.1%	33,635
<b>Total school districts</b>	<u>165,257,645</u>		<u>70,725,407</u>
<b>Subtotal, overlapping debt</b>			<b>86,074,282</b>
<b>Total Direct Debt of Yellowstone County</b>	<u>\$ 5,530,000</u>	100.0%	5,530,000
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 91,604,282</u></u>

Sources: Yellowstone County Superintendent of Schools; Cities of Billings, Laurel, and Broadview;  
State Certified Taxable Valuation As of August 4, 2014

Note: Percentage of overlapping debt based on taxable value of district to countywide taxable value  
excluding tax increment district taxable valuation

\* Billings School District #2 makes annual Sinking Fund Deposits to pay General Obligation School Building  
Bonds at term. Amount shown nets principal with Sinking Fund Deposits to date.

(UNAUDITED)

SCHEDULE 11  
YELLOWSTONE COUNTY, MONTANA  
COMPUTATION OF LEGAL DEBT MARGIN  
(Last Ten Fiscal Years)

Fiscal year ended June 30

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total assessed market value less tax increment district	\$ 10,734,800,598	\$ 10,197,239,558	\$ 9,154,831,585	\$ 10,460,811,758	\$ 8,782,788,929	\$ 8,190,324,179	\$ 8,176,157,568	\$ 8,121,347,212	\$ 7,632,230,242	\$ 7,127,361,573
Debt limit percentage	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	1.4%	1.4%
Debt Limit	<u>\$268,370,015</u>	<u>\$254,930,989</u>	<u>\$228,870,790</u>	<u>\$261,520,294</u>	<u>\$219,569,723</u>	<u>\$204,758,104</u>	<u>\$204,403,939</u>	<u>\$203,033,680</u>	<u>\$106,851,223</u>	<u>\$99,783,062</u>
<u>Amount of debt applicable to debt limit:</u>										
Total general obligation bonded indebtedness	\$4,040,000	\$5,275,000	\$6,465,000	\$7,595,000	\$5,450,000	\$6,275,000	\$7,155,000	\$4,765,000	\$5,355,000	\$5,925,000
Total special assessment bonded indebtedness	1,490,000	1,819,434	975,945	1,131,722	1,016,000	1,154,000	1,290,425	1,511,000	1,301,000	1,642,515
Total matured bonds payable	7,225	7,225	7,225	7,225	7,225	7,225	7,225	7,225	7,225	7,225
Total notes payable	0	0	0	0	0	0	0	0	418,796	563,223
Total amount of debt applicable to debt limit	<u>5,537,225</u>	<u>7,101,659</u>	<u>7,448,170</u>	<u>8,733,947</u>	<u>6,473,225</u>	<u>7,436,225</u>	<u>8,452,650</u>	<u>6,283,225</u>	<u>7,082,021</u>	<u>8,137,963</u>
Legal debt margin	<u>\$262,832,790</u>	<u>\$247,829,330</u>	<u>\$221,422,620</u>	<u>\$252,786,347</u>	<u>\$213,096,498</u>	<u>\$197,321,879</u>	<u>\$195,951,289</u>	<u>\$196,750,455</u>	<u>\$99,769,202</u>	<u>\$91,645,099</u>
Total net debt applicable to the limit as a percentage of debt limit	2.1%	2.8%	3.3%	3.3%	2.9%	3.6%	4.1%	3.1%	6.6%	8.2%

NOTES: 1) The legal debt limit was changed to 1.4% of assessed market value for new debt issued after July 1, 2001. Revised to 2.5% for 2007.

2) Total assessed market value less tax increment district is estimated, 2013 valuation and years following is total market value, as tax increment market value amount is not available

Source: Taxable Value - State Property Assessment Division

Debt Limit - Montana Code Annotated 7-7-2203 & 7-7-2101

Bonded Debt Information - Yellowstone County Comprehensive Annual Financial Report

(UNAUDITED)

SCHEDULE 12  
YELLOWSTONE COUNTY, MONTANA  
DEMOGRAPHIC AND ECONOMIC  
(Last Ten Fiscal Years)

Year	Population	Personal Income	Per Capita Personal Income	Public Elementary School Enrollment	Public High School Enrollment	Active Registered Voters	Inactive Registered Voters	UNEMPLOYMENT RATES		
								Yellowstone County	State of Montana	United States
2004	133,191	\$ 3,960,301,194	\$ 29,734	15,153	6,693	75,240	16,412	3.5%	4.4%	5.5%
2005	134,717	\$ 4,281,306,260	\$ 31,780	15,152	6,744	71,653	15,983	3.2%	4.0%	5.1%
2006	136,586	\$ 4,584,918,848	\$ 33,568	15,002	6,817	78,127	14,015	2.6%	3.2%	4.6%
2007	138,213	\$ 4,921,764,930	\$ 35,610	14,933 (b)	6,622 (b)	68,437	25,695	2.6%	3.1%	4.6%
2008	139,936	\$ 5,334,920,064	\$ 38,124	15,036 (b)	6,489 (b)	79,663	18,751	3.4%	4.1%	4.6%
2009	142,348	\$ 5,426,875,152	\$ 38,124	15,186 (b)	6,381 (b)	76,682	14,841	4.7%	6.7%	9.8%
2010	144,797	\$ 5,636,512,819	\$ 38,927 (a)	15,578 (b)	6,244 (b)	79,278	13,725	5.5%	7.4%	9.6%
2011	147,972	\$ 5,831,872,464	\$ 39,412 (a)	15,707 (b)	6,180 (b)	66,298	21,957	5.4%	7.8%	9.2%
2012	150,069	\$ 5,775,855,672	\$ 38,488 (c)	15,846 (b)	6,248 (b)	70,964	21,622	4.9%	6.3%	8.2%
2013	151,882	\$ 5,969,570,128	\$ 39,304 (c)	16,201 (b)	6,262 (b)	81,187	12,518	4.4%	5.5%	7.6%
2014	154,162	\$ 6,290,734,572	\$ 40,806 (c)	16,429 (b)	6,244 (b)	76,888	18,268	3.7%	4.6%	6.1%

NOTE: ( a ) Fiscal year ended is calculated using 2009 (FY10) personal income data, which is the most recent available

( b ) Spring enrollment

( c ) Per Capita Personal Income was computed using Census Bureau midyear population estimates. Estimates for 2000-2010 reflect county population est. available as of April 2012

Sources: State of Montana Census and Economic Information Center, Yellowstone County Superintendent of Schools, Yellowstone County Election office, Bureau of Labor Statistics

**(UNAUDITED)**

**SCHEDULE 13  
YELLOWSTONE COUNTY, MONTANA  
PRINCIPAL EMPLOYERS**

**Top 20 Private Employers in Yellowstone  
County based on June 2013 Data:**  
(in alphabetical order)

Advanced Employment Services  
Albertsons Food & Drug  
Billings Clinic Health System  
Cabelas Wholesale  
CHS Inc. (Cenex)  
Costco  
Employee Benefit Management Services (EBMS)  
ExxonMobil  
First Interstate Bank  
Food Services of America  
Phillips 66 Company  
Rocky Mountain College  
St. John's Lutheran Home  
St. Vincent Healthcare  
Sysco Food Services  
Target  
UPS  
Wal-Mart  
Wells Fargo  
Yellowstone Boys and Girls Ranch

Source: Montana Department of Labor and Industry

**NOTE:** List does not include governmental or railroad employers. Number of employees for each firm is not available.

**(UNAUDITED)**  
**Schedule 14**  
**Yellowstone County, Montana**  
**Full-time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

<u>Function / Program</u>	Fiscal year ended June 30,									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	114.95	115.48	115.35	117.00	115.75	114.75	112.75	113.75	112.75	115.30
Public safety	229.20	222.70	232.53	236.21	236.38	236.13	235.63	234.88	254.38	250.83
Public works	40.00	40.50	41.00	41.50	41.50	41.50	41.50	42.00	42.00	42.00
Public health	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Social and economic services	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23	2.23
Culture and recreation	33.25	32.75	33.25	32.50	32.50	33.50	33.25	30.50	34.00	37.25
Conservation of natural resources	0	0	0	0	0	0	0	0	0	0
	<b>421.63</b>	<b>415.66</b>	<b>426.36</b>	<b>431.44</b>	<b>430.36</b>	<b>430.11</b>	<b>427.36</b>	<b>425.36</b>	<b>447.36</b>	<b>449.61</b>

Source: Yellowstone County Budgets

Note: In fiscal year 2003 the State of Montana assumed 33 FTEs from the district court judges and juvenile probation departments (public safety) and in 2007 the State of Montana assumed 20.5 FTEs from the county for the public defender's office (public safety).

(UNAUDITED)  
Schedule 15  
YELLOWSTONE COUNTY, MONTANA  
OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>COUNTY ROADS</b>										
Miles of roads - overlay	13.40	8.00	8.40	7.70	10.77	8.20	14.28	7.80	1.10	6.80
Miles of roads - millings	16.48	12.20	10.30	24.02	3.25	1.00	1.00	2.60	7.00	4.00
Miles of gravel/dirt roads improved	7.20	53.05	57.40	27.62	43.58	39.35	44.40	49.80	51.65	35.10
Miles of gravel/dirt roads maintained	2,315.00	5,706.00	6,004.92	4,489.52	4,883.40	6,163.00	6,084.00	5,521.25	5,287.80	5,961.55
Miles of dust control	20.60	13.75	12.85	10.25	16.30	18.55	28.18	37.79	35.35	19.05
Miles of striping	70.30	72.07	45.60	45.60	53.60	45.05	17.40	50.00	6.70	20.60
Miles of chip seal	23.15	25.20	20.70	0.00	0.00	0.00	10.80	7.20	0.00	9.60
Miles of crack fill	0.00	0.00	38.90	0.00	5.00	9.40	15.70	6.69	0.00	6.80
Miles of blade patching	-	3.50	6.00	-	1.00	3.00	1.60	1.00	3.00	3.35
Culvert installs	25.00	20.00	24.00	32.00	11.00	28.00	40.00	25.00	27.00	25.00
Cattle guard installs	0	1	5	2	1	0	0	0	2	7
Miles of fencing	0	5	6	0	1	3	3.1	0.7	n/a	n/a
Miles of seeding	0	2	0	0	0	2	2.4	2.4	n/a	n/a
Bridge Replacements	5	3	6	4	3	5	5	4	4	5
<b>JUNK VEHICLES</b>										
Hauled	47	54	92	319	593	656	993	1225	1248	1232
Crushed	42	0	634	0	733	1004	1032	882	1207	1290
<b>WEED SPRAYING (acres sprayed)</b>										
County	2667	2567	2179	2200	1490	1449	1265	1384	1021	1097
Montana Dept of Transportation	349	351	323	220	379	417	464	605	651	529
Fish, Wildlife, and Parks	14	19	18	8	67	21	22	19	33	22
Bureau of Land Management	30	0	9	28	95	55	55	24	78	51
Department of Natural Resources	6	0	0	0	44	30	30	18	16	19
Private (charged out)	9	2.4	2	2	66	105	58	21	29	37
Private/Public Grant	418	221	0	0	260	265	0	0	0	0
Bureau of Reclamation	0	0	0	9						
<b>Total</b>	<b>3493</b>	<b>3160.4</b>	<b>2531</b>	<b>2467</b>	<b>2401</b>	<b>2342</b>	<b>1894</b>	<b>2071</b>	<b>1828</b>	<b>1755</b>
<b>County Attorney cases</b>										
Civil	21	21	293	199	37	57	63	61	55	38
Deferred Prosecution Agreement	0	18	21	27	1	0	0	0	2	3
Fatality	6	5	10	11	9	4	9	5	2	12
Felony	1425	1233	1049	1076	950	879	881	939	991	1105
Forfeiture	42	30	26	16	13	15	26	23	30	17
Fugitive - Uniform Extradition Act	79	84	108	86	87	86	96	117	110	101
Justice Court Appeal	5	7	9	15	21	12	20	44	48	46
Juvenile Transfer to DC	0	7	8	0	0	0	0	1	3	0
Misdemeanor	1375	1356	1385	1281	1298	1237	1229	1640	1461	1290
Post-Conviction Relief	4	10	10	12	4	4	3	8	8	5
Revocation Proceeding Felony	355	383	309	267	207	9	10	49	72	100
Unknown/Sanities	124	101	0	0	0	0	1	1	2	1
<b>Total</b>	<b>3436</b>	<b>3255</b>	<b>3228</b>	<b>2990</b>	<b>2627</b>	<b>2303</b>	<b>2338</b>	<b>2888</b>	<b>2784</b>	<b>2718</b>

Note: 2014 County Attorney data is based on July1, 2013-June 30, 2014  
2013 County Attorney data is based on July1, 2012-June 30, 2013  
2012 County Attorney data is based on July 1, 2011 to June 30, 2012.  
2011 County Attorney data is based on October 1, 2010 to September 30, 2011.  
2010 County Attorney data is based on November 13, 2009 to November 1, 2010.  
2009 County Attorney data is based on January 1 to November 13, 2009. Due to a new software program, 2008 County Attorney data is based on January 1 to November 21, 2008 data. Years 2007 and prior data is based on a calendar year

**(UNAUDITED)**  
**Schedule 16**  
**Yellowstone County, Montana**  
**County Mill Levies and Tax Revenues**  
**Actual Levies and Revenues Compared to Statutory Limitations**  
**Last Five Fiscal Years**

Fiscal Year	Actual County Mill Levies and Tax Revenues		Statutory Limitation for Mill Levy and Tax Revenue		Actual Mill Levies/Tax Revenues Versus Statutory Limitation	
	Countywide Mills*	Tax Revenue Generated by Levy	Maximum Mills	Maximum Tax Revenue	Available Non-levied Mills	Available Non-levied Tax Revenues
13-14	104.91	\$31,401,032	105.23	\$31,495,553	0.32	\$94,521
12-13	103.40	\$30,274,072	104.32	\$30,542,397	0.92	\$268,325
11-12	100.67	\$29,275,239	102.51	\$29,810,963	1.84	\$535,724
10-11	100.69	\$28,644,895	100.69	\$28,644,895	0.00	\$0
09-10	92.74	\$25,309,952	94.73	\$25,825,796	1.99	\$515,844

\* Includes mills subject to the statutory limitation. Excludes permissive medical levy and general obligation debt

Source: Yellowstone County

**(UNAUDITED)**  
**Schedule 17**  
**Yellowstone County, Montana**  
**Rural Special Improvement Districts Continuing Disclosure**

<b>Balances as of June 30:</b>			
<b>Fiscal Year</b>	<b>Revolving Fund Cash Balance</b>	<b>Outstanding Principal</b>	
		<b>Amount of Bonds</b>	<b>Percentage</b>
13-14	\$327,295	\$1,490,000	22.0%
12-13	\$327,295	\$1,819,434	18.0%
11-12	276,560	975,945	28.3%
10-11	276,560	1,490,000	18.6%
09-10	261,952	1,016,000	25.8%

<b>Summary of Outstanding Rural Special Improvement Districts (Bond) as of June 30, 2014 :</b>						
<b>Bond Issue</b>	<b>Original Amount</b>	<b>Maturity Date</b>	<b>Bonds Outstanding</b>	<b>Total Cash Balance in District Fund</b>	<b>Assessments Outstanding</b>	<b>Cash Balance in the Bond Reserve Acct</b>
RSID 668	\$750,000	06/15/15	\$0	\$43,271	\$25,756	\$0
RSID 682	174,000	08/01/17	7,000	9,168	14,649	5,222
RSID 715	410,000	08/01/19	85,000	29,097	92,829	16,408
RSID 717	738,000	08/01/20	205,000	58,915	228,771	29,534
RSID 758	373,000	07/01/27	208,000	10,235	220,699	7,460
RSID 783	126,777	08/01/25	80,000	10,358	83,740	5,071
RSID 785	126,945	08/01/26	100,000	19,921	89,468	1,269
RSID 803	1,015,434	08/01/27	805,000	82,298	783,513	30,463
Total	<u>\$3,714,156</u>		<u>\$1,490,000</u>	<u>\$263,262</u>	<u>\$1,539,425</u>	<u>\$95,427</u>

<b>Rural Special Improvement Districts (Bond) Assessment Billings and Collections as of June 30:</b>			
<b>Fiscal Year</b>	<b>Assessment Billing</b>	<b>Total Current Annual Collections</b>	
		<b>Amount</b>	<b>Percent</b>
13-14	\$223,526	\$221,486	99.1%
12-13	\$242,824	\$237,920	98.0%
11-12	\$167,853	\$165,339	98.5%
10-11	159,546	\$157,628	98.8%
09-10	158,183	155,016	98.0%

## IV. SINGLE AUDIT SECTION

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  
Yellowstone County  
Billings, 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 Yellowstone County, Montana ( the County), as of and for the year ended June 30, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon December 15, 2014.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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; therefore, material weaknesses or significant deficiencies may exist that were not identified. 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; 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.



Billings, Montana  
December 15, 2014

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

To the Board of County Commissioners  
Yellowstone County  
Billings, Montana

**Report on Compliance on Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Major Federal Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in blue ink, appearing to read "Stephen A. Zipse".

Billings, Montana  
December 15, 2014

**YELLOWSTONE COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(Page 1 of 2)

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through/ Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Program Balance 06/30/13</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>	<u>Program Balance 06/30/14</u>
<b>U.S. Department of Transportation</b>							
<b>Passed through State Department of Transportation/Highway Traffic Safety:</b>							
Yellowstone County STEP OT	20.600, 20.601	106712	10,000	0	1,979	1,979	0
Yellowstone County STEP OT	20.600	107286	10,000	0	4,663	4,663	0
			<u>20,000</u>	<u>0</u>	<u>6,642</u>	<u>6,642</u>	<u>0</u>
<b>Passed through State Department of Transportation:</b>							
Community Transportation Enhancement Program (CTEP)-Sidewalk Hillner Ln-Blngs	20.205	Control No. 7932	109,957	0	87,271	87,271	0
Community Transportation Enhancement Program (CTEP)-Bike/Ped Safety Campaign-Blngs	20.205	Control No. 7939	86,466	0	60,587	60,587	0
			<u>196,423</u>	<u>0</u>	<u>147,858</u>	<u>147,858</u>	<u>0</u>
<b>Total U.S. Department of Transportation</b>			<b>\$216,423</b>	<b>\$0</b>	<b>\$154,500</b>	<b>\$154,500</b>	<b>\$0</b>
<b>U.S. Department of Justice</b>							
<b>Direct Programs:</b>							
Emergency Equipment Enhancements for the City of Billings and Yellowstone County (JAG Sub-grant from City of Billings)	16.738	2011-DJ-BX-3277	12,928	0	432	432	0
Emergency Equipment Enhancements for City and County (JAG Sub-grant from City of Billings)	16.738	2012-DJ-BX-1081	12,910	0	2,764	2,764	0
Emergency Equipment Enhancements for City and County (JAG Sub-grant from City of Billings)	16.738	2013-DJ-BX-1130	10,725	0	6,832	6,832	0
Sub-Total CFDA Number 16.738			<u>36,563</u>	<u>0</u>	<u>10,028</u>	<u>10,028</u>	<u>0</u>
Project CALM	16.745	2010-MO-BX-0061	250,000	0	4,476	4,476	0
			<u>286,563</u>	<u>0</u>	<u>14,504</u>	<u>14,504</u>	<u>0</u>
<b>Passed through State Board of Crime Control:</b>							
Yellowstone County Victim Witness Program	16.575	13-V01-91506	52,178	0	52,178	52,178	0
Jail-Based Treatment Program	16.593	13-R01-91578	32,295	0	32,295	32,295	0
			<u>84,473</u>	<u>0</u>	<u>84,473</u>	<u>84,473</u>	<u>0</u>
<b>Total U.S. Department of Justice</b>			<b>\$371,036</b>	<b>\$0</b>	<b>\$98,977</b>	<b>\$98,977</b>	<b>\$0</b>
<b>U.S. Department of Housing &amp; Urban Development</b>							
<b>Passed through State Department of Commerce</b>							
Community Development Block Grant/Lockwood Water & Sewer District	14.228	MT-CDBG-10PF-08	450,000	0	0	0	0
Community Development Block Grant/Senior Housing Needs Assessment, Market Study & Income Sur	14.228	MT-CDBG-13PL-04	30,000	0	0	0	0
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>\$480,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>U.S. Department of Health and Human Services</b>							
<b>Passed through State Department of Health and Human Services</b>							
Foster Care Title IV-E	93.658	20123LEGL0005	N/A	\$0	157,674	157,674	0
<b>Total U.S. Department of Health and Human Services</b>			<b>\$0</b>	<b>\$0</b>	<b>\$157,674</b>	<b>\$157,674</b>	<b>\$0</b>

The accompanying notes are an integral part of this schedule.

YELLOWSTONE COUNTY, MONTANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(Page 2 of 2)

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through/ Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Program Balance 06/30/13</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>	<u>Program Balance 06/30/14</u>
<b>U.S. Department of Homeland Security</b>							
<u>Passed through State Department of Military Affairs, DES Division</u>							
FEMA Hazard Mitigation Grant	97.039	DR-1767-P-1-R	101,720		52,358	52,358	0
FFY13 Emergency Mgt Performance Grant (EMPG) Yellowstone	97.042	EMW-2013-EP-00044-S01	99,200	0	74,667	74,667	0
FFY12 Emergency Mgt Performance Grant (EMPG) Yellowstone	97.043	EMW-2011-EP-00035/EMW-2012-SS-00143-S01	121,790	0	29,000	29,000	0
<b>Total U.S. Department of Homeland Security</b>			<b>\$322,710</b>	<b>\$0</b>	<b>\$156,025</b>	<b>\$156,025</b>	<b>\$0</b>
<b>U.S. Department of Interior</b>							
<u>Passed through State Department of Natural Resources &amp; Conservation</u>							
Volunteer Fire Assistance Program Sub Award	10.664	VFA-14-560	7,000	0	1,952	1,952	0
2014 Urban and Community Forestry Sub Award	10.664	12-DG-11010000-005	3,000	0	3,000	3,000	0
Sub-Total CFDA Number 10.664			10,000	0	4,952	4,952	0
FEMA Canyon Creek Fire (August 2011)	97.046	FMAG FEMA-2950-FM-MT	18,038	0	18,038	18,038	0
			28,038	0	22,990	22,990	0
<u>Direct Programs</u>							
BLM-MT925-Community Assistance-2009	15.228	L09AC15445	74,025	0	14,312	14,312	0
BLM Noxious Weed Control	15.230	L12AC20322	10,000	0	2,153	2,153	0
Taylor Grazing	N/A	N/A	N/A	0	270	270	0
Bankhead Jones	N/A	N/A	N/A	0	3,086	3,086	0
			84,025	0	19,821	19,821	0
<b>Total U.S. Department of Interior</b>			<b>\$112,063</b>	<b>\$0</b>	<b>\$42,811</b>	<b>\$42,811</b>	<b>\$0</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$1,502,232</b>	<b>\$0</b>	<b>\$609,987</b>	<b>\$609,987</b>	<b>\$0</b>

The accompanying notes are an integral part of this schedule.

**YELLOWSTONE COUNTY, MONTANA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2014**  
**Page 1 of 2**

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yellowstone County, Montana (County) and is presented using a basis of accounting which is consistent with the general purpose financial statements, which is described in note 1 to the County's general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**(2) Relationship to General Purpose Financial Statements**

Federal awards revenues are reported in the County's general purpose financial statements as follows:

	Federal Awards <u>Revenues</u>	State and Local Intergovernmental <u>Revenue</u>	Total Intergovernmental <u>Revenues</u>
General Fund	\$ 390,633	\$ 582,396	\$ 973,029
Road Fund	3,086	2,342,833	2,345,919
Property and Liability Insurance Fund	0	25,079	25,079
Public Safety Fund	53,441	266,411	319,852
Nonmajor Governmental Funds	<u>162,827</u>	<u>1,824,373</u>	<u>1,987,200</u>
<b>Totals</b>	<b>\$ <u>609,987</u></b>	<b>\$ <u>5,041,092</u></b>	<b>\$ <u>5,651,079</u></b>

**YELLOWSTONE COUNTY, MONTANA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2014**

Page 2 of 2

**(3) Matching Funds**

In accordance with the terms of the grants, the County has expended cash and in-kind matching contributions during the year ended June 30, 2014 for the following programs:

	<b><u>Grant No.</u></b>	<b><u>Amount</u></b>
<b><u>US Department of Transportation</u></b>		
Community Transportation Enhancement Program (CTEP)-		
Sidewalk Hillner Lane – Billings	Control No. 7932	13,527
Bike/Ped Safety Campaign – Billings	Control No. 7939	<u>4,872</u>
		<b><u>\$18,399</u></b>
 <b><u>US Department of Justice</u></b>		
Project CALM	2010-MO-BX-0061	2,407
Yellowstone County Victim-Witness Program	13-V01-91506	13,045
Jail-Based Treatment Project - JBT	13-R01-91578	<u>10,765</u>
		<b><u>\$26,217</u></b>
 <b><u>US Department of Homeland Security</u></b>		
FEMA Hazard Mitigation Grant	DR-1767-P-1-R	29,372
FFY13 Emergency Mgt Performance Grant (EMPG) Yellowstone	EMW-2013-EP-00044-S01	74,667
FFY12 Emergency Mgt Performance Grant (EMPG) Yellowstone	EMW-2011-EP-00035/EMW-2012-SS-00143-S01	<u>29,000</u>
		<b><u>\$133,039</u></b>
 <b><u>US Department of Interior</u></b>		
2014 Urban and Community Forestry Sub Award	12-DG-11010000-005	3,000
BLM-MT925-Community Assistance – 2009	L09AC15445	<u>973</u>
		<b><u>\$3,973</u></b>
 <b><u>TOTAL MATCHING ON FEDERAL EXPENDITURES</u></b>		 <b><u><u>\$181,628</u></u></b>

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

**Section I - Summary of Auditors' Results**

**Financial Statements**

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

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

**Identification of Major Programs**

93.658 Foster Care Title IV-E

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

Auditee qualified as low-risk auditee? Yes

**Findings and Significant Deficiencies or Material Weaknesses – Financial Statement Audit-** None Reported

**Findings and Questioned Costs- Major Federal Award Programs Audit-** None Reported

**Prior Year Audit Findings-** None Reported