

REQUIRED SUPPLEMENTARY INFORMATION

**YELLOWSTONE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDING JUNE 30, 2018**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

GASB Statement 75 was implemented beginning in Fiscal Year 2018. This Statement requires supplementary information for 10-year schedules containing service cost, interest, changes of benefit terms, if any, differences between expected and actual experience, changes of actuarial assumptions or other inputs and benefit payments, as applicable to the Local Government's OPEB plan and method of calculating the OPEB liability.

Last 10 Fiscal Years*

Total OPEB liability	2018										
Service cost	\$ 346,974										
Interest	138,708										
Changes of benefit terms	-										
Differences between expected and actual experience	-										
Changes of assumptions or other inputs	-										
Benefit payments	(161,881)										
Net change in total OPEB liability	\$ 323,801	\$ -									
Total OPEB liability - beginning	3,812,943										
Total OPEB liability - ending	\$ 4,136,744	\$ -									
Covered-employee payroll	\$ 20,377,371	\$ -	\$ -								
Total OPEB liability as a percentage of covered-employee payroll	20.30%	0.00%									

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

Notes to Schedule:

Plan Changes: The County no longer offers health insurance to retirees who are eligible for Medicare. Therefore, there is no post-age 65 implicit rate subsidy and the ten post-age 65 retirees on the County's medical plan as of July 1, 2016 are no longer included.

Assumption Changes: The discount rate was changed from 3.00% to 3.40%.

Method Changes: The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

YELLOWSTONE COUNTY
Notes to the Required Supplementary Information
For the Employer's Fiscal Year Ended June 30, 2018 (June 30, 2017 Measurement Date)

Changes of Benefit Terms

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

2015 Legislative Changes:

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

Second Retirement Benefit – for PERS

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

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

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

The PCR was paid off effective March 2016 and the contributions of 2.37%, .47% and the 1.00% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017

YELLOWSTONE COUNTY
Notes to the Required Supplementary Information
For the Employer's Fiscal Year Ended June 30, 2018 (June 30, 2017 Measurement Date)

Working Retiree Limitations – for PERS

If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Terminating Employers – Recovery of actuary costs – for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

1. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

PERS Statutory Appropriation – House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

1. FY2018 - \$31.386 million
2. FY2019 - \$31.958 million
3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY2020 - \$32.277 million
 - b. FY2021 - \$32.6 million
 - c. FY2022 - \$32.926 million
 - d. FY2023 - \$33.255 million

YELLOWSTONE COUNTY
Notes to the Required Supplementary Information
For the Employer's Fiscal Year Ended June 30, 2018 (June 30, 2017 Measurement Date)

- e. FY2024 - \$33.588 million
- f. FY2025 - \$33.924 million

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2017 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 6.30%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.26%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

**YELLOWSTONE COUNTY
FISCAL YEAR ENDING JUNE 30, 2018**

**Public Employees Retirement Plan (PERS)
Required Supplementary Information**

**Schedule of Proportionate Share of the Net Pension Liability
For the Last Ten Fiscal Years***

As of Measurement Date:	2017	2016	2015	2014
Reporting Date:	2018	2017	2016	2015
Employer's proportion of the Net Pension Liability as a percentage	1.151200%	1.155600%	1.112963%	1.123574%
Employer's Net Pension Liability as an amount	\$ 22,422,029.00	\$ 19,683,035.00	\$ 15,557,794.00	\$ 13,999,854.00
State of Montana's Net Pension Liability associated with the Employer	\$ 298,536.00	\$ 240,504.00	\$ 191,101.00	\$ 170,960.00
Total	\$ 22,720,565.00	\$ 19,923,539.00	\$ 15,748,895.00	\$ 14,170,814.00

Employer's Covered Payroll	\$ 14,281,064.00	\$ 13,841,480.00	\$ 12,988,499.00	\$ 12,718,839.00
Employer's proportionate share as a percent of Covered Payroll	157.01%	142.20%	119.78%	110.07%
Plan Fiduciary Net Position as a percent of the Total Pension Liability	73.75%	74.71%	78.40%	79.90%

**The amounts presented for each fiscal year were determined as of June 30
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**Schedule of Contributions
For the Last Ten Fiscal Years***

As of Reporting Date:	2018	2017	2016	2015
Contractually Required DB Contributions	\$ 1,244,877.00	\$ 1,197,695.00	\$ 119,173.00	\$ 1,128,489.00
Plan Choice Rate Required Contributions	\$ -	\$ -	\$ 33,765.00	\$ 58,185.00
Contributions in Relation to the Contractually Required Contributions	\$ 1,244,877.00	\$ 1,197,695.00	\$ 1,191,173.00	\$ 1,128,489.00
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 14,697,390.00	\$ 14,309,208.00	\$ 13,841,480.00	\$ 12,988,499.00
Contributions as a percentage of Covered Payroll	8.470%	8.370%	8.606%	8.688%

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Sheriffs' Retirement System (SRS)
Notes to the Required Supplementary Information
For the Year ended June 30, 2018

Changes of Benefit Terms

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

2015 Legislative Changes: none

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017

Second Retirement Benefit – for SRS

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
3. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
4. A member who returns to covered service is not eligible for a disability benefit.

Refunds

1. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.

Sheriffs' Retirement System (SRS)
Notes to the Required Supplementary Information
For the Year ended June 30, 2018

2. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2017 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 6.30%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table
Admin Expense as % of Payroll	0.21%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expense.

**YELLOWSTONE COUNTY
FISCAL YEAR ENDING JUNE 30, 2018**

**Sheriffs' Retirement System (SRS)
Required Supplementary Information**

**Schedule of Proportionate Share of the Net Pension Liability
For the Last Ten Fiscal Years***

As of Measurement Date:	2017	2016	2015	2014
Reporting Date:	2018	2017	2016	2015
Employer's proportion of the Net Pension Liability as a percentage	9.267800%	9.276300%	9.202068%	9.021873%
Employer's Net Pension Liability as an amount	7052513	\$ 16,296,484.00	\$ 8,870,691.00	\$ 3,754,635.00
Total	\$ 7,052,513.00	\$ 16,296,484.00	\$ 8,870,691.00	\$ 3,754,635.00

Employer's Covered Payroll	\$ 6,934,156.00	\$ 6,548,480.00	\$ 6,261,595.00	\$ 5,834,683.00
Employer's proportionate share as a percent of Covered Payroll	101.710%	248.860%	141.670%	64.350%
Plan Fiduciary Net Position as a percent of the Total Pension Liability	81.300%	63.000%	75.400%	87.240%

**The amounts presented for each fiscal year were determined as of June 30
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**Schedule of Contributions
For the Last Ten Fiscal Years***

As of Reporting Date:	2018	2017	2016	2015
Contractually Required Contributions	\$ 946,998.00	\$ 701,390.00	\$ 678,720.00	\$ 635,168.00
Contributions in Relation to the Contractually Required Contributions	\$ 946,998.00	\$ 701,390.00	\$ 678,720.00	\$ 635,168.00
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 7,220,726.00	\$ 6,934,156.00	\$ 6,548,480.00	\$ 6,261,595.00
Contributions as a percentage of Covered Payroll	13.115%	10.110%	10.365%	10.144%

**The amounts presented for each fiscal year were determined as of June 30
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

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, 2018

	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		
REVENUES:								
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special assessments	\$300,000	\$300,000	\$256,718	(\$43,282)	\$0	\$0	\$0	\$0
Licenses and permits	0	0	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0	0	0
Charges for services	0	0	0	0	21,000	21,000	24,838	3,838
Other	400	400	206	(194)	100,681	100,681	194,121	93,440
Total revenues	300,400	300,400	256,924	(43,476)	121,681	121,681	218,959	97,278
EXPENDITURES:								
Current:								
General government	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	0	0
Public works	0	0	0	0	0	0	0	0
Public health	0	0	0	0	0	0	0	0
Social and economic services	0	0	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0	0	0
Conservation of natural resources	0	0	0	0	0	0	0	0
Community development	0	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	20,073,530	20,143,530	11,443,452	8,700,078
Debt service:								
Principal	200,000	200,000	213,000	(13,000)	0	0	0	0
Interest	56,050	56,050	47,764	8,286	0	105,000	102,937	2,063
Total expenditures	256,050	256,050	260,764	(4,714)	20,073,530	20,248,530	11,546,389	8,702,141
Excess (deficiency) of revenues over (under) expenditures	44,350	44,350	(3,840)	(48,190)	(19,951,849)	(20,126,849)	(11,327,430)	8,799,419
OTHER FINANCING SOURCES (USES):								
Interfund transfers in	25,000	25,000	0	(25,000)	4,550,000	4,550,000	5,485,000	935,000
Interfund transfers out	(1,000)	(1,000)	(21,872)	(20,872)	0	0	0	0
Gain on disposal of assets	0	0	0	0	0	0	0	0
Long term bond proceeds	0	0	0	0	0	9,700,000	9,693,354	(6,646)
Assessment Refunds	0	0	0	0	0	0	0	0
Total other financing sources (uses)	24,000	24,000	(21,872)	(45,872)	4,550,000	14,250,000	15,178,354	928,354
Net change in fund balances	\$68,350	\$68,350	(25,712)	(\$94,062)	(\$15,401,849)	(\$5,876,849)	3,850,924	\$9,727,773
Fund balance July 1, 2017			171,239				14,232,099	
Fund balance June 30, 2018			\$145,527				\$18,083,023	

**YELLOWSTONE COUNTY, MONTANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

<u>ASSETS</u>	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Cash and demand investments, pooled	\$4,788,889	\$143,121	\$3,268	\$4,935,278
Cash investments, pooled	6,467,504	194,903	4,450	6,666,857
Receivables (net of allowance for uncollectibles):				
Property taxes	1,954,981	118	0	1,955,099
Accounts	543,879	0	0	543,879
Delinquent assessments	16,338	0	0	16,338
Accrued interest	13,026	0	0	13,026
Prepaid expenses	0	0	0	0
Inventories	80,134	0	0	80,134
Total assets	\$13,864,751	\$338,142	\$7,718	\$14,210,611
<u>LIABILITIES:</u>				
Accounts payable	\$883,168	\$0	\$7,718	\$890,886
Accrued liabilities	478,697	0	0	478,697
Due to other funds	73,001	0	0	73,001
Due to other taxing districts	188,516	0	0	188,516
Total liabilities	1,623,382	0	7,718	1,631,100
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Uncollected tax revenue	1,971,319	118	0	1,971,437
Total deferred inflow of resources	1,971,319	118	0	1,971,437
<u>FUND BALANCE:</u>				
Reserved for debt service	0	338,024	0	338,024
Reserved for capital improvements	0	0	0	0
Reserved for inventories	80,134	0	0	80,134
Unreserved	10,189,916	0	0	10,189,916
Total fund balance	10,270,050	338,024	0	10,608,074
Total liabilities, deferred inflows and fund balance	\$13,864,751	\$338,142	\$7,718	\$14,210,611

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, 2018

	Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES:								
Taxes	\$14,763,915	\$14,034,899	\$0	\$0	\$0	\$0	\$14,763,915	\$14,034,899
Special assessments	1,000,158	1,031,564	0	0	0	0	1,000,158	1,031,564
Licenses and permits	70,000	70,000	0	0	0	0	70,000	70,000
Intergovernmental	1,705,934	1,742,254	0	0	0	0	1,705,934	1,742,254
Fines and forfeitures	50,000	64,957	0	0	0	0	50,000	64,957
Charges for services	2,251,049	2,195,348	0	3,349	0	0	2,251,049	2,198,697
Other	50,795	72,670	0	0	1	115,833	50,796	188,503
Total revenues	19,891,851	19,211,692	0	3,349	1	115,833	19,891,852	19,330,874
EXPENDITURES:								
Current:								
General government	129,900	87,486	0	0	0	0	129,900	87,486
Public safety	7,751,498	7,060,317	0	0	0	0	7,751,498	7,060,317
Public works	2,797,534	1,569,050	0	0	0	0	2,797,534	1,569,050
Public health	4,134,655	3,846,392	0	0	0	0	4,134,655	3,846,392
Social and economic services	1,875,591	1,764,548	0	0	0	0	1,875,591	1,764,548
Culture and recreation	1,710,090	1,529,675	0	0	0	0	1,710,090	1,529,675
Conservation of natural resources	109,797	109,356	0	0	0	0	109,797	109,356
Debt service:								
Principal	24,038	24,038	1,040,000	1,040,000	0	0	1,064,038	1,064,038
Interest	5,528	5,638	251,387	251,736	0	0	256,915	257,374
Capital outlay:								
General government	0	0	0	0	0	0	0	0
Public safety	339,755	94,276	0	0	0	0	339,755	94,276
Public works	2,126,251	889,562	0	0	0	154,360	2,126,251	1,043,922
Social and economic services	3,900	3,810	0	0	0	0	3,900	3,810
Culture and recreation	149,644	16,050	0	0	0	0	149,644	16,050
Total expenditures	21,158,181	17,000,198	1,291,387	1,291,736	0	154,360	22,449,568	18,446,294
Excess (deficiency) of revenues over (under) expenditures	(1,266,330)	2,211,494	(1,291,387)	(1,288,387)	1	(38,527)	(2,557,716)	884,580
OTHER FINANCING SOURCES (USES):								
Interfund transfers in	3,171,794	3,168,695	1,291,387	1,291,736	0	38,611	4,463,181	4,499,042
Interfund transfers out	(4,396,953)	(4,813,265)	25,000	0	0	(381,181)	(4,371,953)	(5,194,446)
Total other financing sources (uses)	(1,225,159)	(1,644,570)	1,316,387	1,291,736	0	(342,570)	91,228	(695,404)
Net change in fund balances	(\$2,491,489)	566,924	\$25,000	3,349	\$1	(381,097)	(\$2,466,488)	189,176
Fund balance July 1, 2017		9,703,126		334,675		381,097		10,418,898
Fund balance June 30, 2018		\$10,270,050		\$338,024		\$0		\$10,608,074