

**PARK COUNTY
LIVINGSTON, MONTANA**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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TABLE OF CONTENTS

	<u>Page No.</u>
ORGANIZATION	1
INDEPENDENT AUDITOR'S REPORT.....	2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion & Analysis	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund.....	16
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Fiduciary Net Position - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to Basic Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	40
Fair Fund	41
Disaster Fund	42
Public Safety Fund	43
PILT Fund.....	44
Notes to Required Supplementary Information	45
Pension Plan Information:	
Schedule of Contributions	46
Schedule of Proportionate Share of the Net Pension Liability	47
Notes to Required Supplementary Information-Pension Plan Information	48
Schedule of Changes in the Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios	50
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards.....	51
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 <i>GOVERNMENT AUDITING STANDARDS</i>	54
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	56
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	58
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	59
CORRECTIVE ACTION PLAN	60



PARK COUNTY

ORGANIZATION

June 30, 2021

BOARD OF COUNTY COMMISSIONERS

Steven Caldwell	Board Chairperson
Bill Berg	Commissioner
Clint Tinsley	Commissioner

ELECTED OFFICIALS

Maritza Reddington	County Clerk and Recorder
Kevin Larkin	County Treasurer
Brad Bichler	County Sheriff
Kendra Lassiter	County Attorney
Mollie Waldum	County Superintendent
Molly Bradberry	Clerk of District Court
Linda Cantin	Justice of the Peace
Albert Jenkins	County Coroner
Sue Martin	Public Administrator
Martha Miller	County Auditor

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Park County
Livingston, 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 Park County, Montana (the government) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the government, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the government adopted the provisions GASB Statement No. 84. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan information and the schedule of changes in the total other post-employment benefits (OPEB) liability and related ratios identified in the table of contents 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 government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022, on our consideration of the government'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 solely 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 the effectiveness of the government's 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 government's internal control over financial reporting and compliance.

O'Neiss & Associates, PC

Billings, Montana
May 6, 2022

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Park County's management offers readers of the county's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here, in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net position for Park County was \$34,717,645.
- The County's total net position increased 3.7% for this year's operations. Net position of governmental activities increased by \$1,332,659 or 4.1%, while net position of business-type activities decreased by \$96,726 or 12.2%.
- During the year, governmental revenues of \$16,151,136 were \$1,282,447 more than the \$14,866,689 in expenses, before transfers out. The total cost of governmental activities (expenses) increased over the prior year by \$1,177,148 or 8.6%.
- In the business-type activities before transfers in and out, revenues increased \$225,704 (16.6%) and expenses increased \$160,073 (10.9%).
- The General Fund fund balance reported an increase this year of \$435,806, or 42.7%.

USING THIS AUDIT REPORT

This audit report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the government as a whole and present a longer-term view of the county's finances. For governmental activities, fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the government's operations in more detail than the all-inclusive, government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the government acts solely as a trustee or agent for the benefit of those outside of county government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to Park County's basic financial statements. The county basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Park County's finances in a manner similar to a private-sector business.

The Statement of Net Position and the Statement of Activities (pages 10 and 11) report information about the government as a whole. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements also report net position and changes in it. Over time, increases or decreases in the county's net position are one indicator of its financial condition. The reader will need to consider other non-financial factors, such as changes in the property tax base and the condition of our capital assets, to assess overall health.

In the Statement of Net Position and the Statement of Activities, Park County's finances are divided into two categories:

Governmental activities: Basic services are reported here, including general government, public safety, public works, public health, social and economic services, conservation of natural resources, and culture and recreation. Property taxes and state and federal grants finance most of these activities.

Business-type activities: The County charges fees to customers to help it cover all or most of the cost of certain services it provides. Solid waste services are reported here.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Park County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, and to help it control and manage money for particular purposes. All of the county's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations (pages 13 and 15).

Proprietary Funds: The County charges fees to customers for the services it provides – whether to outside customers or to other units of the government – and these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The county has two enterprise funds, Landfill and Refuse, which deal with solid waste. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services to other departments of the government. The county has no internal service funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the accrual basis of accounting. Fiduciary funds are *not* included in the government-wide financial statements because these assets are not available to finance Park County operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

Net position: Net position may serve over time as a useful indicator of a government's financial position. The following schedules provide summaries of changes in net position of the county's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,825,033	\$ 15,848,042	\$ 1,774,366	\$ 1,858,822	\$ 20,599,399	\$ 17,706,864
Capital assets	24,447,029	25,020,674	684,099	670,878	25,131,128	25,691,552
Total assets	43,272,062	40,868,716	2,458,465	2,529,700	45,730,527	43,398,416
Deferred outflows-pension plans	1,900,026	1,261,430	89,449	51,641	1,989,475	1,313,071
Other liabilities	1,590,716	518,479	44,988	-	1,635,704	518,479
Long-term liabilities outstanding	8,555,431	7,126,548	1,757,643	1,712,333	10,313,074	8,838,881
Total liabilities	10,146,147	7,645,027	1,802,631	1,712,333	11,948,778	9,357,360
Deferred inflows-pension plans	1,001,542	1,793,379	52,037	79,036	1,053,579	1,872,415
Net position:						
Net investment in capital assets	22,921,554	23,318,174	684,099	670,878	23,605,653	23,989,052
Restricted	13,452,849	12,974,444	180,218	118,391	13,633,067	13,092,835
Unrestricted	(2,350,004)	(3,600,878)	(171,071)	703	(2,521,075)	(3,600,175)
Total net position	\$ 34,024,399	\$ 32,691,740	\$ 693,246	\$ 789,972	\$ 34,717,645	\$ 33,481,712

A large portion of the County's net position reflects its investment in capital assets (land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. We use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the governmental and business-type activities, \$13,452,849, represent resources that are subject to external restrictions on how they may be used.

At the end of the fiscal year, the County is able to report positive net position, both for the governmental as a whole as well as for its business-type activities. Net position was \$34,024,399 for the governmental activities and \$693,246 for the business-type activities, or a total of \$34,717,645.

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

The County's overall net position increased 3.7% or \$1,235,933 from fiscal year 2020 to 2021. There was a 4.1% or \$1,332,659 increase in net position in the governmental activities, mainly due to CRF funding. The business-type activities saw a 12.2% decrease or \$96,726. The decrease occurred because assessments are not high enough to cover costs.

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,222,650	\$ 984,329	\$ 1,474,526	\$ 1,324,497	\$ 2,697,176	\$ 2,308,826
Operating grants and contributions	3,324,341	2,442,475	19,050	6,218	3,343,391	2,448,693
Capital grants and contributions	412,220	996,650	-	-	412,220	996,650
General revenues:						
Taxes	7,979,437	7,839,958	-	-	7,979,437	7,839,958
Licenses and permits	59,057	49,826	-	-	59,057	49,826
Intergovernmental	2,988,851	2,603,378	-	-	2,988,851	2,603,378
Interest	120,063	237,515	26,525	25,740	146,588	263,255
Miscellaneous	44,307	122,844	4,410	37	48,717	122,881
Gain on disposal of capital assets	210	77,313	57,685	-	57,895	77,313
Total revenues	<u>16,151,136</u>	<u>15,354,288</u>	<u>1,582,196</u>	<u>1,356,492</u>	<u>17,733,332</u>	<u>16,710,780</u>
Expenses:						
General government	3,853,166	3,678,651	-	-	3,853,166	3,678,651
Public safety	4,572,206	4,251,553	-	-	4,572,206	4,251,553
Public works	2,752,589	2,886,307	-	-	2,752,589	2,886,307
Public health	1,293,358	634,964	-	-	1,293,358	634,964
Social and economic services	482,835	410,038	-	-	482,835	410,038
Culture and recreation	1,089,480	1,178,140	-	-	1,089,480	1,178,140
Housing and community development	78,805	50,175	-	-	78,805	50,175
Other Current Charges	485,729	408,957	-	-	485,729	408,957
Landfill	-	-	32,169	30,371	32,169	30,371
Incinerator/transfer station	-	-	1,598,541	1,440,266	1,598,541	1,440,266
Collections	-	-	-	-	-	-
Interest on long-term debt	27,741	37,295	-	-	27,741	37,295
Intergovernmental	230,780	153,461	-	-	230,780	153,461
Total expenses	<u>14,866,689</u>	<u>13,689,541</u>	<u>1,630,710</u>	<u>1,470,637</u>	<u>16,497,399</u>	<u>15,160,178</u>
Change in net position before transfers	1,284,447	1,664,747	(48,514)	(114,145)	1,235,933	1,550,602
Transfers	48,212	(19,793)	(48,212)	19,793	-	-
Change in net position	1,332,659	1,644,954	(96,726)	(94,352)	1,235,933	1,550,602
Net position, beginning	32,691,740	31,046,786	789,972	884,324	33,481,712	31,931,110
Prior period adjustment	-	-	-	-	-	-
Net position, ending	<u>\$ 34,024,399</u>	<u>\$ 32,691,740</u>	<u>\$ 693,246</u>	<u>\$ 789,972</u>	<u>\$ 34,717,645</u>	<u>\$ 33,481,712</u>

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the major (most significant) funds. To be reported as a major fund, a fund must meet each of the two following criteria. Governments may choose to report other governmental and enterprise funds as major funds, even though they do not meet this test. The General Fund is always reported as a major fund.

Total assets and deferred outflows and liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds).

The same element that met the 10 percent criterion is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Governmental Funds

Park County has six governmental funds that are reported as major funds in fiscal year 2021. These are: General, Fair, Disaster Emergency, Public Safety (Law Enforcement), Payment in Lieu of Taxes (PILT), and the General Capital Improvement funds.

- **General Fund:** This is the primary operating fund for Park County and includes the Commissioners, Justice of the Peace, Clerk and Recorder, Elections Administration, Auditor, Treasurer, County Attorney, Building Maintenance, Public Administrator, School Superintendent, Mail/copier Services, Juvenile Detention, Coroner, Sanitarian, Health Department, Extension, Public Works, Veteran Services, Mental Health Services, County Parks, Historical Research, Accounting, Grant Administration, Human Resources, Information Technology, and Geographic Information Systems.

Besides taxes and charges for services, General fund revenue sources include a Local Option Tax, which amounted to \$961,212 in fiscal year 2021, an increase of 5.8% over fiscal year 2020. Before transfers in and transfers out, revenues increased 15.2% or \$528,948 and expenditures increased 6.1% or \$230,638 over the prior fiscal year. Transfers in from Permissive Medical Levy, Road, PILT, Records Preservation and the Enterprise funds amounted to \$463,092, a decrease of \$66,477 from 2020. A portion of the transfer decrease is attributed to the local government CARES funding for eligible health personnel that was higher in 2020. For overall revenues there were unanticipated revenues from an agreement between the State of Montana in which Park County was a subrecipient to help cover vaccination costs including Health personnel which contributed to the General Fund exceeding the revenues budget.

- **Fair Fund:** The Fairgrounds and Parks fund covers activities at the Park County Fairgrounds, and assists activity coordination at the Park County owned parks. Due to the interfund loan entered into with the General Capital Improvement fund for \$207,200, there is a resulting payable that will decline as the funds are paid back. There is a 2 year deferral period on the 10 year loan, and a prior year transfer was returned and relisted as part of the interfund due.
- **Disaster/Emergency Fund:** The county has used the Disaster/Emergency Fund to track 8 different Covid related grants through the year. Based on recommended practice and Covid uncertainty, the fund did not have a preset budget. By the end of 2021, Revenues were at \$792,958 with additional Unearned Revenue of \$1,498,099 from ARPA funds received and to be obligated by 2024. Expenditures were \$805,229.
- **Public Safety:** The Public Safety fund accounts for activities for Law Enforcement: Sheriff's Office, detention center, civil clerk, concealed weapons licensing, and the community service program. Revenues for fiscal year 2021 before transfers in increased \$602,877, or 31.4% over the prior year. CARES funds for Public Safety wages were transferred to PILT in the amount of \$783,308 per Commission direction to repay PILT for transfers to support the department and to free up the funds for future Commission discretion. Tax revenues were up \$74,892 from 2020, or 5.1%. Transfers in from other funds decreased \$120,405 or 15.9% for reserve balancing. The largest share of transfers in, \$349,200, was from PILT and decreased \$100,000 from 2020.

Public Safety's expenses decreased by 2.5% or \$68,071 due to vehicle purchases that were ordered in 2020 and 2021 and were not received by June 30. With the rebalancing, the ending fund balance decreased \$301,958 or 36%.

- **Payment in Lieu of Taxes (PILT):** PILT funds are received annually from the federal government in lieu of taxes on federal property within the county. The majority of appropriations from PILT are transfers out to other funds in order to finance their operations, such as Law Enforcement, General, Road, Planning and Fair funds. PILT is also used to pay for operating costs of certain Public Safety services, litigation expenses, motor pool maintenance, Commissioners' special projects, and support of the city/county dispatch.

In fiscal year 2021, the amount that the county received for PILT was \$1,628,109, a \$31,620 or 2.0% increase from the prior fiscal year. CARES funds for Public Safety wages were transferred to PILT in the amount of \$783,308 per Commission direction to repay PILT for transfers to support the department and to free up the funds for future Commission discretion. The amount transferred to other funds was \$931,139, a 25.9% increase back to pre-COVID funding levels covering normal PILT transfers. The net change in fund balance from the prior fiscal year was an increase of \$1,032,364, for an ending fund balance of \$2,421,853.

- **General Capital Improvement Fund:** This fund represents the amount awarded to the county from a 1999 lawsuit settlement plus interest. Use of this fund is restricted by resolutions passed by the County Commissioners. Revenues consists of interest. Besides investment interest, annual payments are received for loans made from the fund. In 2015 it loaned \$53,441 to the Cooke City Fire District for equipment purchases. In 2021, a \$207,200 loan was entered into with the Fairgrounds and Parks fund to cover capital purchases and increased pay for staff.

Whereas earlier resolutions by the Board of County Commissioners restricted expenditures for only specific purposes, Resolution No. 1145, signed in November 2012, allowed interest from the BN fund to be expended on capital improvement projects. In fiscal year 2021, \$80,072 was expended for a loan payment for a new building for Search and Rescue and a loan

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

payment for Convict Grade Bridge for \$38,533. The ending fund balance was \$8,699,288, a decrease of \$2,178 over the prior year.

Enterprise Funds

The county's waste disposal system has been in transition since 2012. The Park County Transfer Station no longer accepts refuse or recycling; all refuse activities have moved to the city of Livingston Transfer Station. In the fall of 2016 the Park County landfill was closed. All landfill jobs have been eliminated. The decrease in net position for the refuse facility of \$96,726 was the result of assessments not being high enough to cover costs.

BUDGETARY HIGHLIGHTS

Original budget compared to final budget expenditures

FEMA, local government CARES, American Rescue Plan (ARPA) and other grants awarded funds to Park County for coronavirus relief which passed through the Emergency Disaster Fund to cover reimbursable costs and future expenditures, and the budget increased \$805,300. The Landfill fund increased its budget by \$19,600 to cover an equipment purchase mostly covered by a trade-in. There were other adjustments for increased costs due to weather, operating costs and additional revenues received and distributed.

Final budget compared to actual results. Other financing sources and uses include transfers in from and out to other funds. Actual revenues for the General Fund before other financing sources were 20% over budget. Other financing sources were 4% over the final budget. Total actual revenues including transfers in were \$258,555, 6.9% over budget. Actual General fund tax revenues were \$6,684 under budget; local option taxes, which are collected in the General fund, were 10.1% more than budgeted. Investment earnings went up in 2021.

General Fund actual expenditures were 99% of budgeted appropriations. The net change in the General Fund balance was an increase of \$435,806 due to transfers in. Additional funds from vaccination payments and local CARES funding contributed to the additional revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Park County's net investment in capital assets as of June 30, 2021 totaled \$23,605,653. This investment includes land, construction in progress, buildings, infrastructure, machinery, and equipment. See the notes to financial statements for changes in capital assets.

Long Term Debt: Debt Service Funds are used to account for the payment of interest and principal on long term bonded debt other than revenue bonds. Montana statutes specify that a single debt service fund be established for each general obligation bond, special assessment bond, judgment levy, and S.I.D. revolving.

State statute limits the amount of county indebtedness to 2.5 percent of the total assessed value of taxable property. The 2020 market value of property in the County was \$3,377,685,122, and the statutory limit of county indebtedness was \$84,442,128. As of June 30, 2021 Park County had at total of \$1,525,475 in outstanding notes, of which \$1,325,842 is long term. Park County's total debt decreased \$177,025 due to regularly scheduled principal payments on existing debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2020 recertified taxable value of property in Park County, less the value of the Tax Increment Financing Districts, was used during fiscal year 2021 financial period of tax collections. The rate increased 2.6% from \$52,855,369 in fiscal year 2020 to \$54,251,151 in fiscal year 2021. The value of newly taxable property county-wide was \$1,628,166, which accounts for a portion of that increase. For the valuation cycle, January 1, 2021 through December 31, 2022, property is valued as of January 1, 2020. The Montana Department of Revenue is required by state law to conduct periodic reappraisals of property in the interest of equal taxation.

A Tax Increment Financing District (TIF) is a vehicle by which a targeted economic development district can set aside incremental increases in tax revenues above a base year for specific uses, generally allied to infrastructure. These increases in tax revenue are not available to other affected taxing bodies. There are 2 TIF's in Park County, both of which are within the City of Livingston. The downtown TIF expires in 2034, and the west end TIF expires in 2025 when the related infrastructure bonds are paid.

County general mills are split among the General, Bridge, Weed Control, Fair, Airport, District Court, Comprehensive Insurance, Senior Citizens, Law Enforcement, and Museum Funds at the commissioners' discretion, with certain restrictions. The growth in number of authorized mills for these aggregate mills went from 76.24 in fiscal year 2020 to 77.39 in fiscal year 2021. Calculations were done according to Montana Code Annotated, Title 15, Section 10, Part 420, which limits the growth in mills to one half the average of inflation over the prior 3 years and new construction. The commissioners levied the full amount authorized in fiscal year 2021.

With the increase in value of a county mill and the increase in number of mills authorized to be levied, tax revenues for the county general mills were expected to increase 4.2%, from \$4,029,693 in fiscal year 2020 to \$4,198,485 that was budgeted in fiscal year 2021. The actual property tax revenue received was \$4,069,825, or 96.9% of budget.

PARK COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Payment in Lieu of Taxes (PILT) funds are received annually from the federal government in lieu of taxes on federal property within the county and continue to be a major source of operating funds. The majority of appropriations from PILT are transfers out to other funds in order to finance their operations, such as Law Enforcement, General, Road, Planning, and Fair funds. PILT is also used to pay for operating costs of motor pool maintenance, litigation expenses, commissioners' special projects, and certain Public Safety services such as support of the city/county dispatch. In fiscal year 2021 the county received \$1,628,109 for the 2020 PILT from the federal government, or a 2% increase. Expenditures in 2021 were \$1,384,450 or 15.5% more than the prior year which is back to the pre-pandemic level of spending. The net change in fund balance from the prior fiscal year was an increase of \$1,032,364, for an ending fund balance of \$2,421,853. The Public Safety fund was able to repay spending from PILT as the county continues the process of evaluating the demands on the PILT fund and balancing the demands on the PILT reserve.

The county's waste disposal system has been in transition since 2012. The Park County Transfer Station no longer accepts refuse or recycling; all refuse activities have moved to the city of Livingston Transfer Station. In the fall of 2015 the Park County Solid Waste Board recommended and the Commissioners moved to close the landfill, pending DEQ approval. All landfill jobs have been eliminated. The landfill closure project was completed in 2016, and funds held in trust to cover the costs were released to the county to cover expenditures in 2020 and 2021.

In light of the COVID-19 and economic uncertainty, the county's Compensation Board recommended that elected officials not receive a Cost of Living Adjustment in 2021. The Commission approved a \$0.25 per hour wage increase for non-elected eligible employees as well as individual increases based on the implemented 2020 wage compensation study for wage equity.

Grants financed a number of projects during the year, including some capital projects which will continue into subsequent fiscal years. Recurring grants are discussed as well.

- There is one FLAP project underway. The Old Yellowstone Trail South project is a corridor study to review safety and needs. Of the total estimated cost of \$235,000, Park County has paid \$16,510 through 2021. The \$235,000 project is ongoing with no financial activity in 2021.
- FEMA, Federal Emergency Management Agency, awarded a grant to help defray the costs of the COVID-19 pandemic. The 2021 portion of the award was \$72,264 with the 25% match being covered by local government CARES funds until the announcement that FEMA would cover 100% of eligible Covid costs.
- The Montana Governor's Office has overseen the local government CARES reimbursement distribution of Coronavirus Relief Funds from the US Government. Funds received for 2021 amount to \$1,314,572 excluding the FEMA match.
- In 2021, the Federal government awarded Park County \$3,234,521 for Coronavirus State and Local Fiscal Recovery Funds of which \$1,612,761 was received and \$114,662 expended.
- The Sheriff's Department has two active COPS grants to assist in hiring additional deputies. Each grant provides \$125,000 over three years to defray the personnel cost. The first COPS grant will fund \$47,367. A second COPS grant was awarded with the same funding parameters. The second COPS grant will fund \$26,988 for 2021 expenditures.
- There are multiple on-going grants for the Health Department annually. In 2021, \$243,343 in state grants funded Maternal Child Health, Public Health Preparedness, Immunization, Asthma, Tobacco and Women, Infant and Child programs. This includes additional Funds made available for COVID-19 through Public Health Preparedness and Immunization.
- The federal government awarded grants through its Homeland Security programs. A new communications tower in Wilsall will be funded over multiple years, and \$6,200 will be reimbursed for 2021 expenditures.
- The Victim Witness position program grant received \$45,486 in 2021.
- The Disaster and Emergency Services position receives partial funding annually. In 2021, the DES position and program received \$37,497.
- The state 911 approved a cyber security grant in 2021 which reimbursed \$16,354.
- The Noxious Weed program grants received a total of \$32,648 for noxious weed mitigation in various parts of Park County.
- The Airport received \$57,126 in grant funds to support a Master Plan of development for the physical space at Mission Field and for FAA CARES grants to support Airport operations during Covid .
- The MT Board of Crime Control partially funded the Missouri River Drug Task Force position in the Sheriff's Office for \$26,180.
- The Road department received two TSEP (Treasure State Endowment Program) grants for \$120,457 for Mission Creek and Cooke City bridges.
- The Park County Transit program for Windrider public buses received a total of \$248,788 for bus operations, training, and equipment purchases through various grants.
- An ongoing HAVA election security grant expended funds received in 2020 in 2021 for \$11,230, and there was a Southwest Juvenile Detention grant for \$7,190. Angel Line received \$3,300 in grant funds in 2021.
- Park County acted as a pass through for a Community Development Block Grant to assist the Gardiner Food Pantry. The total cost of the project was \$28,000 with \$21,000 from the CDBG grant. A \$7,000 match came from the Gardiner Food Pantry.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Park 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 financial information should be addressed to the Park County Finance Office, 414 E. Callender Street, Livingston, MT 59047.

PARK COUNTY
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 8,751,188	\$ 332	\$ 8,751,520
Investments	8,935,000	-	8,935,000
Receivables:			
Taxes/assessments	297,939	313,693	611,632
Accounts	275,877	-	275,877
Solid waste	-	4,401	4,401
Governments	411,684	-	411,684
Internal balances	10,000	(10,000)	-
Inventories	93,768	-	93,768
Prepays	49,577	-	49,577
Restricted assets:			
Cash and equivalents	-	12,364	12,364
Investments	-	1,453,576	1,453,576
Capital assets:			
Capital assets not being depreciated-land and construction in progress	743,229	52,528	795,757
Capital assets, net of accumulated depreciation	23,703,800	631,571	24,335,371
Total assets	<u>43,272,062</u>	<u>2,458,465</u>	<u>45,730,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other post-employment benefits	36,020	2,525	38,545
Pension plans	1,864,006	86,924	1,950,930
Total deferred outflows of resources	<u>1,900,026</u>	<u>89,449</u>	<u>1,989,475</u>
LIABILITIES			
Cash overdraft	-	37,454	37,454
Accounts payable-vendors	88,415	7,534	95,949
Unearned revenue	1,502,301	-	1,502,301
Noncurrent liabilities:			
Due within one year:			
Notes	199,633	-	199,633
Compensated absences	92,031	7,016	99,047
Due in more than one year:			
Notes	1,325,842	-	1,325,842
Compensated absences	398,418	63,147	461,565
Landfill closure/postclosure costs payable	-	1,285,722	1,285,722
Total other post-employment benefits liability	466,763	32,716	499,479
Net pension liability	6,072,744	369,042	6,441,786
Total liabilities	<u>10,146,147</u>	<u>1,802,631</u>	<u>11,948,778</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits	518,286	36,327	554,613
Pension plans	483,256	15,710	498,966
Total deferred inflows of resources	<u>1,001,542</u>	<u>52,037</u>	<u>1,053,579</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	22,921,554	684,099	23,605,653
Restricted for:			
General government	1,688,109	-	1,688,109
Public safety	931,127	-	931,127
Public works	723,023	-	723,023
Public health	264,935	-	264,935
Social and economic services	66,964	-	66,964
Culture and recreation	537,634	-	537,634
Housing and community development	221,661	-	221,661
Capital projects	9,019,396	-	9,019,396
Landfill closure/postclosure costs	-	180,218	180,218
Unrestricted (deficit)	<u>(2,350,004)</u>	<u>(171,071)</u>	<u>(2,521,075)</u>
Total net position (deficit)	<u>\$ 34,024,399</u>	<u>\$ 693,246</u>	<u>\$ 34,717,645</u>

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,853,166	\$ 551,323	\$ 462,124	\$ 11,230	\$ (2,828,489)	\$ -	\$ (2,828,489)
Public safety	4,572,206	280,744	1,110,642	22,555	(3,158,265)	-	(3,158,265)
Public works	2,752,589	122,406	635,721	145,590	(1,848,872)	-	(1,848,872)
Public health	1,293,358	245,622	816,314	127,702	(103,720)	-	(103,720)
Social and economic services	482,835	7,277	217,791	81,594	(176,173)	-	(176,173)
Culture and recreation	1,089,480	15,278	60,749	23,549	(989,904)	-	(989,904)
Housing and community development	78,805	-	21,000	-	(57,805)	-	(57,805)
Other current charges	485,729	-	-	-	(485,729)	-	(485,729)
Interest on long-term debt	27,741	-	-	-	(27,741)	-	(27,741)
Intergovernmental	230,780	-	-	-	(230,780)	-	(230,780)
Total governmental activities	14,866,689	1,222,650	3,324,341	412,220	(9,907,478)	-	(9,907,478)
Business-type activities:							
Landfill	32,169	498	-	-	-	(31,671)	(31,671)
Refuse Facility	1,598,541	1,474,028	19,050	-	-	(105,463)	(105,463)
Total business-type activities	1,630,710	1,474,526	19,050	-	-	(137,134)	(137,134)
Total	\$ 16,497,399	\$ 2,697,176	\$ 3,343,391	\$ 412,220	(9,907,478)	(137,134)	(10,044,612)
General revenues:							
Property taxes					7,979,437	-	7,979,437
Licenses and permits					59,057	-	59,057
Intergovernmental					2,988,851	-	2,988,851
Unrestricted investment earnings					120,063	26,525	146,588
Miscellaneous					44,307	4,410	48,717
Gain on disposal of capital assets					210	57,685	57,895
Transfers					48,212	(48,212)	-
Total general revenues and transfers					11,240,137	40,408	11,280,545
Change in net position					1,332,659	(96,726)	1,235,933
Net position - beginning					32,691,740	789,972	33,481,712
Net position - ending					\$ 34,024,399	\$ 693,246	\$ 34,717,645

PARK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Fair	Disaster	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 1,339,463	\$ 8,668	\$ 1,503,768	\$ 509,018	\$ 1,849,205	\$ 44,767	\$ 3,496,299	\$ 8,751,188
Investments	-	-	-	-	500,000	8,435,000	-	8,935,000
Receivables:								
Taxes/assessments	56,480	4,570	394	69,500	-	-	166,995	297,939
Governments	126,783	-	28,157	27,322	70,148	12,321	146,953	411,684
Accounts	38,108	-	-	1,387	-	-	236,382	275,877
Due from other funds	-	-	-	-	10,000	207,200	-	217,200
Inventories	-	-	-	-	-	-	93,768	93,768
Prepaid items	4,200	-	-	-	-	-	45,377	49,577
Total assets	\$ 1,565,034	\$ 13,238	\$ 1,532,319	\$ 607,227	\$ 2,429,353	\$ 8,699,288	\$ 4,185,774	\$ 19,032,233
LIABILITIES								
Accounts payable-vendors	\$ 47,357	\$ -	\$ 1,946	\$ 1,464	\$ 7,500	\$ -	\$ 30,148	\$ 88,415
Due to other funds	-	207,200	-	-	-	-	-	207,200
Unearned revenue	4,202	-	1,498,099	-	-	-	-	1,502,301
Total liabilities	51,559	207,200	1,500,045	1,464	7,500	-	30,148	1,797,916
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-taxes/assessments	56,480	4,570	394	69,500	-	-	166,995	297,939
FUND BALANCES (DEFICITS)								
Nonspendable:								
Prepaid items	4,200	-	-	-	-	-	45,377	49,577
Inventory	-	-	-	-	-	-	93,768	93,768
Noncurrent portion of interfund receivable	-	-	-	-	-	207,200	-	207,200
Restricted for:								
General government	-	-	-	-	-	-	1,629,372	1,629,372
Public safety	-	-	-	536,263	-	-	249,571	785,834
Public works	-	-	-	-	-	-	587,376	587,376
Public health	-	-	31,880	-	-	-	225,392	257,272
Social and economic services	-	-	-	-	-	-	61,477	61,477
Culture and recreation	-	-	-	-	-	-	514,427	514,427
Housing and community development	-	-	-	-	-	-	221,661	221,661
Capital projects	-	-	-	-	-	8,492,088	320,108	8,812,196
Committed for:								
General government	-	-	-	-	2,421,853	-	-	2,421,853
Public safety	-	-	-	-	-	-	40,102	40,102
Unassigned	1,452,795	(198,532)	-	-	-	-	-	1,254,263
Total fund balances (deficits)	1,456,995	(198,532)	31,880	536,263	2,421,853	8,699,288	3,988,631	16,936,378
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,565,034	\$ 13,238	\$ 1,532,319	\$ 607,227	\$ 2,429,353	\$ 8,699,288	\$ 4,185,774	\$ 19,032,233

PARK COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

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

Total fund balances, governmental funds	\$ 16,936,378
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,447,029
Deferred inflows of resources related to taxes and assessments are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	297,939
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows:	
Pensions	1,864,006
Other post-employment benefits	36,020
Deferred inflows:	
Pensions	(483,256)
Other post-employment benefits	(518,286)
Long-term liabilities, such as notes payable, compensated absences, the net pension liability and the total other post-employment benefits liability, are not due and payable in the current period and, therefore, are not included in the funds.	<u>(8,555,431)</u>
Net position of governmental activities	<u><u>\$ 34,024,399</u></u>

PARK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General	Fair	Disaster	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes/assessments	\$ 2,252,638	\$ 98,415	\$ 2,413	\$ 1,541,640	\$ -	\$ -	\$ 4,137,753	\$ 8,032,859
Fines and forfeitures	118,264	-	-	-	-	-	15,044	133,308
Licenses and permits	41,379	-	-	2,625	-	-	18,077	62,081
Intergovernmental	833,714	8,520	784,545	861,290	1,628,109	-	2,383,386	6,499,564
Charges for services	700,016	12,533	-	111,529	-	-	219,063	1,043,141
Investment earnings	6,733	-	-	-	3,403	106,824	3,103	120,063
Miscellaneous	61,129	48,827	6,000	3,546	43	-	150,610	270,155
Total revenues	4,013,873	168,295	792,958	2,520,630	1,631,555	106,824	6,927,036	16,161,171
EXPENDITURES								
Current:								
General government	2,910,146	-	54,792	-	77,947	-	551,697	3,594,582
Public safety	190,730	-	127,797	2,601,196	262,814	-	1,116,557	4,299,094
Public works	142,083	-	-	-	97	-	1,832,503	1,974,683
Public health	404,462	-	494,938	-	15,000	-	335,329	1,249,729
Social and economic services	180,660	-	-	-	5,000	-	252,300	437,960
Culture and recreation	10,748	262,034	-	-	-	-	753,573	1,026,355
Housing and community development	51,000	-	-	-	-	-	27,805	78,805
Other current charges	-	-	-	-	-	-	485,729	485,729
Debt service:								
Principal	-	-	-	-	28,027	-	148,998	177,025
Interest and other charges	-	-	-	-	2,466	-	25,275	27,741
Capital outlay	94,688	-	127,702	37,000	62,009	-	435,039	756,438
Intergovernmental	-	-	-	-	-	-	230,780	230,780
Total expenditures	3,984,517	262,034	805,229	2,638,196	453,360	-	6,195,585	14,338,921
Excess (deficiency) of revenues over expenditures	29,356	(93,739)	(12,271)	(117,566)	1,178,195	106,824	731,451	1,822,250
OTHER FINANCING SOURCES (USES)								
Insurance recoveries	8,498	-	-	13,157	-	-	18,756	40,411
Sale of capital assets	488	-	-	3,638	-	-	-	4,126
Transfers in	463,092	54,075	32	635,829	785,308	-	1,463,848	3,402,184
Transfers out	(65,628)	(15,400)	-	(837,016)	(931,139)	(109,002)	(1,395,787)	(3,353,972)
Total other financing sources (uses)	406,450	38,675	32	(184,392)	(145,831)	(109,002)	86,817	92,749
Net change in fund balances	435,806	(55,064)	(12,239)	(301,958)	1,032,364	(2,178)	818,268	1,914,999
Fund balances (deficits) - beginning	1,021,189	(143,468)	44,119	838,221	1,389,489	8,701,466	3,170,363	15,021,379
Fund balances (deficits) - ending	\$ 1,456,995	\$ (198,532)	\$ 31,880	\$ 536,263	\$ 2,421,853	\$ 8,699,288	\$ 3,988,631	\$ 16,936,378

PARK COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 1,914,999
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation expense.</p> <p>This is the amount by which depreciation (\$1,326,167) exceeded capital outlay (\$756,438) in the current period.</p>	
	(569,729)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position.</p>	
	(3,916)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>	
	(10,245)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.</p>	
	(312,686)
<p>Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of long-term debt principal payments.</p>	
	177,025
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
Compensated absences	7,719
Other post-employment benefits	129,492
	137,211
Change in net position of governmental activities	\$ 1,332,659

PARK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2021

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 332	\$ 332
Receivables:			
Taxes/assessments	17,466	296,227	313,693
Solid waste	-	4,401	4,401
Total current assets	<u>17,466</u>	<u>300,960</u>	<u>318,426</u>
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	12,364	-	12,364
Investments	1,453,576	-	1,453,576
	<u>1,465,940</u>	<u>-</u>	<u>1,465,940</u>
Capital assets:			
Land	-	52,528	52,528
Buildings and improvements	54,241	425,548	479,789
Equipment and furniture	345,216	1,502,509	1,847,725
Less: accumulated depreciation	(369,393)	(1,326,550)	(1,695,943)
	<u>30,064</u>	<u>654,035</u>	<u>684,099</u>
Total non-current assets	<u>1,496,004</u>	<u>654,035</u>	<u>2,150,039</u>
Total assets	<u>1,513,470</u>	<u>954,995</u>	<u>2,468,465</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plans	-	86,924	86,924
Other post-employment benefits	-	2,525	2,525
Total deferred outflows of resources	<u>-</u>	<u>89,449</u>	<u>89,449</u>
LIABILITIES			
Current liabilities:			
Cash overdraft	37,454	-	37,454
Accounts payable-vendors	-	7,534	7,534
Due to other funds	-	10,000	10,000
Compensated absences	-	7,016	7,016
Total current liabilities	<u>37,454</u>	<u>24,550</u>	<u>62,004</u>
Non-current liabilities:			
Compensated absences	-	63,147	63,147
Landfill closure/postclosure costs payable	1,285,722	-	1,285,722
Net pension liability	-	369,042	369,042
Total other post-employment benefits liability	-	32,716	32,716
Total non-current liabilities	<u>1,285,722</u>	<u>464,905</u>	<u>1,750,627</u>
Total liabilities	<u>1,323,176</u>	<u>489,455</u>	<u>1,812,631</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plans	-	15,710	15,710
Other post-employment benefits	-	36,327	36,327
Total deferred inflows of resources	<u>-</u>	<u>52,037</u>	<u>52,037</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	30,064	654,035	684,099
Restricted:			
Landfill closure/postclosure	180,218	-	180,218
Unrestricted (deficit)	(19,988)	(151,083)	(171,071)
Total net position (deficit)	<u>\$ 190,294</u>	<u>\$ 502,952</u>	<u>\$ 693,246</u>

PARK COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2021

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
REVENUES			
Charges for services	\$ -	\$ 26,410	\$ 26,410
Assessment revenue	498	1,447,618	1,448,116
Total operating revenues	498	1,474,028	1,474,526
OPERATING EXPENSES			
Personal services	-	497,351	497,351
Supplies	-	77,705	77,705
Purchased services	1,619	893,352	894,971
Fixed charges	27,713	66,771	94,484
Depreciation	2,837	63,362	66,199
Total operating expenses	32,169	1,598,541	1,630,710
Operating loss	(31,671)	(124,513)	(156,184)
NON-OPERATING REVENUES			
Interest and investment revenue	26,525	-	26,525
Miscellaneous revenue	-	4,410	4,410
Operating grants and contributions	-	19,050	19,050
Gain on disposal of capital assets	56,000	1,685	57,685
Total non-operating revenues	82,525	25,145	107,670
Income (loss) before transfers	50,854	(99,368)	(48,514)
Transfers in	-	56,000	56,000
Transfers out	(56,000)	(48,212)	(104,212)
Change in net position	(5,146)	(91,580)	(96,726)
Net position - beginning	195,440	594,532	789,972
Net position - ending	\$ 190,294	\$ 502,952	\$ 693,246

PARK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,476	\$ 1,441,602	\$ 1,443,078
Cash paid to employees	-	(462,496)	(462,496)
Cash paid to suppliers for goods and services	(29,332)	(1,030,294)	(1,059,626)
Net cash used by operating activities	(27,856)	(51,188)	(79,044)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from interfund loan	-	10,000	10,000
Cash received from miscellaneous sources	-	4,410	4,410
Cash paid for operating transfers out	-	(48,212)	(48,212)
Cash paid for landfill closure/postclosure care costs	(35,302)	-	(35,302)
Net cash used by noncapital financing activities	(35,302)	(33,802)	(69,104)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Cash paid for capital assets	-	(21,735)	(21,735)
Net cash used by capital financing activities	-	(21,735)	(21,735)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net change in investments	(24,449)	-	(24,449)
Interest received	26,525	-	26,525
Net cash provided by investing activities	2,076	-	2,076
Change in cash and cash equivalents	(61,082)	(106,725)	(167,807)
Cash and cash equivalents - beginning (Landfill includes restricted cash and cash equivalents of \$10,288)	35,992	107,057	143,049
Cash and cash equivalents - ending (Landfill includes restricted cash and cash equivalents of \$12,364)	\$ (25,090)	\$ 332	\$ (24,758)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (31,671)	\$ (124,513)	\$ (156,184)
Adjustment to reconcile operating loss to net cash used by operating activities:			
Depreciation	2,837	63,362	66,199
Other post-employment benefits	-	(7,956)	(7,956)
Pensions	-	53,761	53,761
(Increase) decrease in taxes/assessments receivable	978	(32,426)	(31,448)
Increase in accounts payable	-	7,534	7,534
Decrease in compensated absences	-	(10,950)	(10,950)
Net cash used by operating activities	\$ (27,856)	\$ (51,188)	\$ (79,044)

PARK COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Custodial Funds</u>		
	<u>External Investment Pool</u>	<u>Other</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,404,688	\$ 965,989	\$ 5,370,677
Investments	60,824	-	60,824
Taxes and assessments	-	978,046	978,046
Equity position in external investment pool	-	4,465,512	4,465,512
	<u>4,465,512</u>	<u>6,409,547</u>	<u>10,875,059</u>
LIABILITIES			
Accounts payable	-	398,339	398,339
	<u>-</u>	<u>398,339</u>	<u>398,339</u>
NET POSITION			
Restricted for:			
Pool participants	4,465,512	-	4,465,512
Individuals, organizations and other governments	-	6,011,208	6,011,208
	<u>-</u>	<u>6,011,208</u>	<u>6,011,208</u>
Total net position	<u>\$ 4,465,512</u>	<u>\$ 6,011,208</u>	<u>\$ 10,476,720</u>

PARK COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>		
	External Investment Pool	Other	Total
ADDITIONS:			
Contributions from pool participants	\$ 6,903,926	\$ -	\$ 6,903,926
Property taxes billed for other governments	-	22,638,162	22,638,162
Interest	-	7,489	7,489
Federal, state and local sources	-	6,169,119	6,169,119
	<u>6,903,926</u>	<u>28,814,770</u>	<u>35,718,696</u>
DEDUCTIONS:			
Distributions to pool participants	6,988,524	-	6,988,524
Distributions to other governments	-	11,079,323	11,079,323
Distributions to others	-	1,420,746	1,420,746
Payments made on behalf of school districts	-	14,217,431	14,217,431
Payments made on behalf of special districts	-	1,956,779	1,956,779
	<u>6,988,524</u>	<u>28,674,279</u>	<u>35,662,803</u>
Net increase in fiduciary net position	(84,598)	140,491	55,893
Net position - beginning	4,550,110	-	4,550,110
Prior period adjustment	-	5,870,717	5,870,717
Net position - ending	<u>\$ 4,465,512</u>	<u>\$ 6,011,208</u>	<u>\$ 10,476,720</u>

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The government adopted the provisions of the following GASB statement:

For the year ended June 30, 2021, the government implemented the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the government's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial or governmental funds, as applicable.

The government's significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the government has included all funds, organizations, agencies, boards, commissions and authorities. The government has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the government's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. Based on the criteria established by the Governmental Accounting Standards Board, the government has no component units.

Related Organizations - The Board of County Commissioners is responsible for appointing members of the boards of other organizations, but the government's accountability for these organizations does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements with exception of interfund services provided and used. 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. Fiduciary activities are not included in the government-wide financial statements.

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 identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and each type of fiduciary fund is reported.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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, then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The general fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major.

The fair fund accounts for resources accumulated from property taxes and state entitlement and payments made for the operation of the county fair.

The disaster fund accounts for resources accumulated from property taxes and other sources and payments made for emergencies.

The public safety fund accounts for resources accumulated from property taxes, state entitlement and charges for services and payments made for providing law enforcement and public safety services.

The PILT fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Payments made from the fund are at the discretion of the Board of County Commissioners.

The general capital improvement fund account for financial resources earmarked or segregated for the acquisition and construction of major capital facilities, purchase of equipment and other project-oriented activities.

The government reports the following major enterprise funds:

The landfill and refuse facility funds account for the activities of the government's landfill and sanitation services.

Additionally, the government reports the following fund types:

The fiduciary funds consist of the investment trust fund and custodial funds. The investment trust fund accounts for the external portion of the investment pool administered by the county and includes assets held for other local governments. Custodial Funds account for assets held by the government as an agent for various local governments, special districts, and individuals. Included are funds for property taxes, shared revenues and other financial resources for schools, special districts, and other local and state governments.

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The investment pool is not registered with the SEC. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool. 18% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value versus amortized cost.

The pool unit value is fixed at \$1 for purchases and redemptions. Income is automatically reinvested in additional units. The government did not provide or obtain any legally binding guarantees to support the value of the units. The pool does not include any involuntary participants.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year. The government does not charge an administrative fee to all participants in the pool or individual investment accounts.

Receivables and Payables

Transactions 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

Inventories and Prepaid Items

All inventories are valued at cost. Inventories are recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

The government is required by state and federal laws and regulations to make annual contributions to a trust to finance the closure and postclosure care costs of its landfill. The amount is reported as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, \$10,000 for buildings and improvements and \$25,000 for infrastructure and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is determined as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2021.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-15
Infrastructure	50
Buildings	40-100
Machinery and equipment	5-30

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under State statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the government's statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The government has two items that meet this criterion: pension plans and other post-employment benefits.

In addition to liabilities, the statements 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 and so will not be recognized as revenue until then. The government has two items that meet the criterion for this category: pension plans and other post-employment benefits.

In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The government will not recognize the related revenues until they are available under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.

Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.

Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Unrestricted - any portion of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Proprietary fund equity is classified the same as in the government-wide statements.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority (i.e., governing body). The government establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The governing body has, by resolution, authorized the finance director and/or the commissioners to assign fund balance. There was no assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the government considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Fair (\$198,532) fund had a deficit fund balance as of June 30, 2021. The deficit occurred because current and past years expenditures exceeded revenues. The deficit is being evaluated by management.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

The government's cash, cash equivalents and investments are reported as follows:

Governmental activities	\$ 17,686,188
Business-type activities	1,428,818
Fiduciary funds	<u>5,431,501</u>
	<u><u>\$ 24,546,507</u></u>

Total carrying value of cash, cash equivalents and investments as of June 30, 2021, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 3,430	\$ -	\$ 3,430
Cash in banks:			
Demand deposits	659,690	-	659,690
Savings deposits	278,363	-	278,363
Time deposits	-	4,260,824	4,260,824
U.S. Government securities	-	6,188,576	6,188,576
Broker money market	12,364	-	12,364
Short-term Investment Program (STIP)	<u>13,143,260</u>	<u>-</u>	<u>13,143,260</u>
	<u><u>\$ 14,097,107</u></u>	<u><u>\$ 10,449,400</u></u>	<u><u>\$ 24,546,507</u></u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$1,428,876 of the government's bank balance of \$6,194,860 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u><u>\$ 1,428,876</u></u>
---	----------------------------

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2021, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2021:

	Fair Value	Fair Value Measurements Using		
Investments		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Government securities	\$ 6,170,654	<u>\$ 6,170,654</u>	<u>\$ -</u>	<u>\$ -</u>
State Short-Term Investment Program (STIP)	<u>13,144,430</u>			
	<u><u>\$ 19,315,084</u></u>			

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. The government had no investments categorized as Level 2 or 3 inputs.

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". This pool is managed to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested for one or more days and redeemed with one business days' notice. The government's STIP ownership is represented by shares. Share prices are fixed at \$1.00

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

per share for transactional purposes. The STIP investment portfolio consists of securities with maximum maturity of 2 years or less. The portfolio is reported at fair value for financial reporting purposes. STIP income is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares.

Interest Rate Risk. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under state statute, an investment 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.

Credit Risk. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). The STIP portfolio is reported on at fair value versus amortized cost. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

Investments made by the government are summarized below. The investments that are represented by specific identifiable investment securities are categorized in the following manner: Category 1-Insured or registered, with securities held by the government or its agent in the government's name; Category 2-Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; Category 3-Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

	Custodial Credit Risk Category			Carrying Amount	Fair Value
	1	2	3		
U.S. government securities	\$ 1,500,000	\$ -	\$ 4,688,576	\$ 6,188,576	\$ 6,170,654
Broker money market	12,364	-	-	12,364	12,364
	<u>\$ 1,512,364</u>	<u>\$ -</u>	<u>\$ 4,688,576</u>	6,200,940	6,183,018
Uncategorized: STIP				<u>13,143,260</u>	<u>13,144,430</u>
				<u>\$ 19,344,200</u>	<u>\$ 19,327,448</u>

Following is the condensed schedule of changes in net position for the investment pool for the year ended June 30, 2021:

	Internal	External	Total
Net position - beginning of year	\$ 16,795,720	\$ 4,550,110	\$ 21,345,830
Contributions from participants	20,703,387	6,896,437	27,599,824
Investment earnings/change in fair value	146,801	7,489	154,290
Distributions to participants	(17,564,913)	(6,988,524)	(24,553,437)
Net position - end of year	<u>\$ 20,080,995</u>	<u>\$ 4,465,512</u>	<u>\$ 24,546,507</u>

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 622,193	\$ -	\$ -	\$ 622,193
Construction-in-progress	69,415	66,371	(14,750)	121,036
Total capital assets, not being depreciated	<u>691,608</u>	<u>66,371</u>	<u>(14,750)</u>	<u>743,229</u>
Capital assets, being depreciated				
Buildings/improvements	7,214,573	-	-	7,214,573
Improvements other than buildings	5,138,338	168,574	-	5,306,912
Machinery and equipment	8,334,182	412,853	(276,389)	8,470,646
Infrastructure	15,564,225	127,890	-	15,692,115
Total capital assets, being depreciated	<u>36,251,318</u>	<u>709,317</u>	<u>(276,389)</u>	<u>36,684,246</u>
Less accumulated depreciation for:				
Buildings/improvements	(3,574,482)	(135,069)	-	(3,709,551)
Improvements other than buildings	(2,037,272)	(259,552)	-	(2,296,824)
Machinery and equipment	(4,948,879)	(599,321)	267,973	(5,280,227)
Infrastructure	(1,361,619)	(332,225)	-	(1,693,844)
Total accumulated depreciation	<u>(11,922,252)</u>	<u>(1,326,167)</u>	<u>267,973</u>	<u>(12,980,446)</u>
Total capital assets, being depreciated, net	<u>24,329,066</u>	<u>(616,850)</u>	<u>(8,416)</u>	<u>23,703,800</u>
Governmental activities capital assets, net	<u>\$ 25,020,674</u>	<u>\$ (550,479)</u>	<u>\$ (23,166)</u>	<u>\$ 24,447,029</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 129,717
Public safety	330,173
Public works	761,304
Public health	3,004
Social and economic	36,508
Culture and recreation	65,461
	<u>65,461</u>
Total depreciation-governmental activities	<u>\$ 1,326,167</u>

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 52,528	\$ -	\$ -	\$ 52,528
Total capital assets, not being depreciated	<u>52,528</u>	<u>-</u>	<u>-</u>	<u>52,528</u>
Capital assets, being depreciated				
Buildings and systems	299,952	-	-	299,952
Improvements other than buildings	166,202	13,635	-	179,837
Machinery and equipment	2,083,077	65,785	(301,137)	1,847,725
Total capital assets, being depreciated	<u>2,549,231</u>	<u>79,420</u>	<u>(301,137)</u>	<u>2,327,514</u>
Less accumulated depreciation for:				
Buildings and systems	(126,827)	(9,948)	-	(136,775)
Improvements other than buildings	(94,225)	(7,649)	-	(101,874)
Machinery and equipment	(1,709,829)	(48,602)	301,137	(1,457,294)
Total accumulated depreciation	<u>(1,930,881)</u>	<u>(66,199)</u>	<u>301,137</u>	<u>(1,695,943)</u>
Total capital assets, being depreciated, net	<u>618,350</u>	<u>13,221</u>	<u>-</u>	<u>631,571</u>
Business-type activities capital assets, net	<u>\$ 670,878</u>	<u>\$ 13,221</u>	<u>\$ -</u>	<u>\$ 684,099</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities:	
Landfill	\$ 2,837
Refuse facility	<u>63,362</u>
Total depreciation-business-type activities	<u>\$ 66,199</u>

Interfund Receivables, Payables and Transfers

Interfund transfers consisted of the following:

	Transfer In	Transfer Out	Total
Governmental activities:			
General	\$ 463,092	\$ (65,628)	\$ 397,464
Fair	54,075	(15,400)	38,675
Disaster	32	-	32
Public Safety	635,829	(837,016)	(201,187)
PILT	785,308	(931,139)	(145,831)
General capital improvement	-	(109,002)	(109,002)
Nonmajor governmental funds	1,463,848	(1,395,787)	68,061
	<u>\$ 3,402,184</u>	<u>\$ (3,353,972)</u>	<u>\$ 48,212</u>
Business-type activities:			
Landfill	\$ -	\$ (56,000)	\$ (56,000)
Refuse facility	56,000	(48,212)	7,788
	<u>\$ 56,000</u>	<u>\$ (104,212)</u>	<u>\$ (48,212)</u>

Transfers are normal recurring amounts used to fund operations of various governmental and business-type activities.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Interfund balances as of June 30, 2021, consisted of the following:

	<u>Due from funds</u>	<u>Due to funds</u>	<u>Long-term portion</u>
Governmental activities:			
Fair (1)	\$ -	\$ (207,200)	\$ (207,200)
PILT (1)	10,000	-	-
General capital improvement (1)	<u>207,200</u>	<u>-</u>	<u>207,200</u>
Total governmental activities	<u>\$ 217,200</u>	<u>\$ (207,200)</u>	<u>\$ -</u>
Business-type activities:			
Refuse Facility (1)	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ -</u>
(1) Cover cash overdraft			

Operating Leases

The government leases equipment under noncancelable operating leases. Total rental paid for operating leases was \$31,003 for the year ended June 30, 2021. Scheduled minimum rental payments for succeeding years ending June 30, are as follows:

Year ending <u>June 30,</u>		
2022	\$	17,750
2023		6,798
2024		3,795

Long-Term Debt

Notes from direct borrowings consist of the following:

	<u>Original Amount</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Payment</u>	<u>Balance June 30, 2021</u>
Convict grade bridge-2020 (1)	\$ 551,362	15 yr	1.65%	Semi-annual	\$ 507,100
Grader and complex remodel-2020 (1)	405,914	7 yr	1.65%	Semi-annual	379,231
Dispatch and equipment-2017 (1)	357,500	7 yr	1.65%	Semi-annual	188,679
Search and rescue building-2013 (1)	700,000	15 yr	1.65%	Semi-annual	<u>450,465</u>
(1) INTERCAP, through Montana Board of Investments					<u>\$ 1,525,475</u>

Notes from direct borrowings (INTERCAP) include a provision that interest is adjusted each February 1st, up to a maximum of 15 percent. The loans are general obligations that require backing by the full faith and credit of the government and obligates the government to levy a tax sufficient to repay the obligation.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Annual debt service requirements to maturity for notes from direct borrowings are as follows:

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 199,633	\$ 24,345	\$ 223,978
2023	204,055	21,034	225,089
2024	208,591	17,647	226,238
2025	183,538	14,228	197,766
2026	159,734	11,379	171,113
2027-2031	416,581	25,830	442,411
2032-2035	153,343	5,114	158,457
	<u>\$ 1,525,475</u>	<u>\$ 119,577</u>	<u>\$ 1,645,052</u>

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Governmental activities:					
Notes payable	\$ 1,702,500	\$ -	\$ (177,025)	\$ 1,525,475	\$ 199,633
Compensated absences	498,168	-	(7,719)	490,449	92,031
Governmental activity long-term liabilities	<u>\$ 2,200,668</u>	<u>\$ -</u>	<u>\$ (184,744)</u>	<u>\$ 2,015,924</u>	<u>\$ 291,664</u>
Business-type activities:					
Compensated absences	\$ 81,113	\$ -	\$ (10,950)	\$ 70,163	\$ 7,016
Business-type activity long-term liabilities	<u>\$ 81,113</u>	<u>\$ -</u>	<u>\$ (10,950)</u>	<u>\$ 70,163</u>	<u>\$ 7,016</u>

For the governmental activities, notes payable are liquidated by several governmental funds and compensated absences are liquidated from where the terminated employee was paid from.

Landfill Postclosure

The landfill was officially closed in the fall of 2016. A final cover was placed on the landfill site in accordance with state and federal regulations. The government is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The postclosure care costs will be paid on an annual basis and will reduce the postclosure care liability. \$1,285,722 is reported as a landfill postclosure care liability as of June 30, 2021. Actual postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations. If additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations), these costs may need to be covered by charges to future landfill users or from future tax revenue.

In prior years, the government was required by state and federal laws and regulations to make annual contributions to a trust to finance postclosure care costs and corrective action. The government is in compliance with the requirements, and, as of June 30, 2021, \$1,465,940 had been set aside for this purpose and is restricted and reported on the statement of net position as "restricted assets." The government expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The following changes occurred in the closure and postclosure care liability during the year ended June 30, 2021:

Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
<u>\$ 1,321,024</u>	<u>\$ -</u>	<u>\$ (35,302)</u>	<u>\$ 1,285,722</u>

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. Policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The government participates in MACO's Joint Powers Insurance Authority which offers insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Given lack of coverage available, the government has no coverage for potential losses from environmental damages.

Interlocal Agreements

The City of Livingston and Park County entered into an agreement to fund a library for City and County residents. The City maintains the library accounting records and includes the financial activities of the library in its financial statements. The County contributed \$465,742 during fiscal year 2021.

The City of Livingston and Park County entered into agreements for the City-County Law Enforcement Dispatch Center and ambulance services. The City provides dispatch and ambulance services to the County. The County contributed \$261,948 and \$715,372, respectively, during fiscal year 2021 for these services.

The City-County Airport is owned and operated jointly by the City of Livingston and Park County. The operation of the airport is accounted for by the County. The airport is administered by a five-member board, consisting of the two City-appointed members, two County-appointed members and one member-at-large appointed by the Airport Board. The budget is approved by the controlling members. The Airport Board exercises control over the airport's normal operations.

Prior Period Adjustments

Prior period adjustments resulted from implementing GASB Statement No. 84.

Subsequent Events

On January 12, 2022, the county was approved for two loans in the amounts of \$50,000 and \$102,852 through the Montana Department of Transportation. The loans are for airport improvements. Repayments terms are annual over 10 years with interest at 1.6.25%.

Commitments and Contingencies

In March 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". The outbreak, known now as COVID-19, has had a significant impact worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the government continues to monitor the situation and evaluate its potential impact. No impairments were recorded as of the statement of net position date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the government's financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimable at this time.

At year-end, the government had commitments outstanding, in the form of contracts, of approximately \$1,038,923, primarily for construction projects and equipment.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Retirement Plans

Plan Descriptions

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA) The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

The Sheriffs' Retirement System (SRS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the SRS web site at mpera.mt.gov.

Pension Benefits

Public Employees Retirement System

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2) if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2) if between 10 and 30 years of membership service, 1.785 of HAC multiplied by years of service credit, or 3) if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

Second retirement applies to plan members re-employed in a PERS position after retirement. Plan members who retire before January 1, 2016 and accumulate less than 2 years' additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years' additional service credit receive a refund of the plan member's contributions from the second employment plus regular interest at 2.02%.

Plan members who retire before January 1, 2016 and accumulate at least 2 years of additional service credit receive a recalculated retirement benefit based on the laws in effect at second retirement. Plan members who retire on or after January 1, 2016 and accumulate 5 or more years of additional service credit receive the same retirement benefit as prior to their return to service and a second retirement benefit for the second period of service based on the laws in effect at second retirement.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1% for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

Sheriff's Retirement System

SRS provides retirement, disability and death benefits. Members with 20 years of membership service are eligible to retire. Retirement benefits are determined as 2.5 percent of the member's highest average compensation (HAC) multiplied by years of service credit.

For plan members hired prior to July 1, 2011, HAC is determined during any consecutive 36 months. For plan members hired on or after July 1, 2011, HAC is determined during any consecutive 60 months. For plan members hired on or after July 1, 2013, HAC is determined on 110% annual cap on compensation. Members age 50 with 5 years of membership service are eligible for early retirement. Retirement benefits are determined using HAC and years of service credit at early retirement, reduced to the actuarial equivalent.

Plan members are eligible for early retirement at age 50 with 5 years of membership service. This benefit is calculated using HAC and service credit at early retirement and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

Second Retirement applies to retirement system members re-employed in a SRS position on or after July 1, 2017. If the member works

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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. 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 is awarded service credit for the period of reemployment. Starting the first month following termination of service, the member receives the same retirement benefit previously paid to the member and a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members rehire date. The member does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA on the initial retirement benefit in January immediately following second retirement, and on the second retirement benefit starting in January after receiving that benefit for at least 12 months. A member who returns to covered service is not eligible for a disability benefit.

Member and Employer Contributions

Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years.

Employers contributed 8.77% of each member's compensation. This was temporarily increased from 7.07% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The additional employer contributions terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Sheriff's Retirement System

Members contribute 10.495% of their compensation. Interest is credited at rates determined by the Board. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions. Employers contribute 13.115% of each member's compensation. The rate increased from 10.115% to 13.115% on July 1, 2018.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2021, the government recorded a liability of \$4,613,027 (PERS) and \$1,828,759 (SRS) for its proportionate share of the net pension liability.

PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The government's and State of Montana's proportionate share of the net pension liability are presented below:

	Net Pension Liability June 30, 2021	
	PERS	SRS
Employer proportionate share	\$ 4,613,027	\$ 1,828,759
State of Montana proportionate share associated with employer	1,456,069	-
Total	\$ 6,069,096	\$ 1,828,759

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 for PERS and SRS. The government's proportion of the net pension liability was based on the government's contributions received by PERS and SRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2021, the government's proportion was .1749 and 1.5004 percent for PERS and SRS, respectively.

For the year ended June 30, 2021, the government recognized \$677,012 (PERS) and \$144,200 (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$238,129 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$915,141 and \$144,200 for PERS and SRS, respectively.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

At June 30, 2021, the government reported its proportionate share of PERS and SRS deferred outflows and inflows of resources from the following sources:

	PERS		SRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 74,464	\$ 131,893	\$ 82,813	\$ 512
Changes in actuarial assumptions	319,434	-	376,154	284,718
Difference between projected and actual investment earnings	399,447	-	224,803	-
Changes in the proportion and differences between actual and expected contributions	-	64,488	-	17,355
Employer contributions subsequent to measurement date	293,200	-	180,615	-
	<u>\$ 1,086,545</u>	<u>\$ 196,381</u>	<u>\$ 864,385</u>	<u>\$ 302,585</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2022	\$ 74,753	\$ (50,608)
2023	282,844	149,457
2024	139,570	153,524
2025	99,797	128,812

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	SRS
Investment rate of return, net of investment and administrative expenses	7.34%	7.34%
Salary increases	3.50%	3.50%
Inflation	2.40%	2.40%

Mortality rates for the PERS and SRS retirement plans are based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB, set back one year for males.

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the PERS and SRS plans. The most recent PERS and SRS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the PERS and SRS target asset allocation as of June 30, 2020, and are summarized in the following table:

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.0%	0.11%
Domestic equity	30.0%	6.19%
Foreign equity	16.0%	6.92%
Natural resources	4.0%	3.43%
Fixed income	20.0%	1.57%
Private equity	14.0%	10.37%
Real estate	9.0%	5.74%
High yield bonds	5.0%	3.97%
	<u>100.0%</u>	

Discount Rate

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school governments. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Sheriff's Retirement System (SRS)

The discount rate used to measure the total pension liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2120. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share of the PERS and SRS net pension liability calculated using the discount rate of 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

	1% Decrease (6.34%)	Current Discount Rate (7.34%)	1% Increase (8.34%)
Net pension liability-PERS	\$ 6,349,558	\$ 4,613,027	\$ 3,154,352
Net pension liability-SRS	2,908,820	1,828,759	945,264

Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

Plan Description. The government provides postemployment health care benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions, and (2) surviving dependents of deceased employees. Retirement eligibility is determined based on the minimum of (1) reaching age 50 with at least 5 years of membership service or (2) reaching 25 years of membership at any age. The OPEB plan is a single-employer defined benefit plan administered by the government. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs, and covers these costs when they come due.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

The above described OPEB plan does not provide a stand-alone financial report.

Benefits provided: The government provides healthcare insurance benefits for retirees and their dependents upon reaching the age and service years defined in 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums.

Employees Covered by Benefit Terms. As of July 1, 2019, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active plan members	<u>106</u>
	<u><u>108</u></u>

Total OPEB Liability

The total OPEB liability of \$499,479 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019.
Actuarial cost method	Entry age, level percentage of pay.
Salary increases	2.5%.
Discount rate	2.40% (based on the 20 year municipal bond index).
Healthcare costs trend rates	6.25%% as of July 1, 2019, grading to 5.00% over 6 years.
Participation	45% of future retirees are assumed to elect medical coverage.
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2018 Generational Improvement Scale.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows (in thousands):

Service cost	\$ 51,848
Interest on the total OPEB liability	11,980
Benefits payments	<u>(23,154)</u>
Net change in total OPEB liability	40,674
Total OPEB liability - beginning of year	<u>458,805</u>
Total OPEB liability - end of year	<u><u>\$ 499,479</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the employer's total OPEB liability calculated using the discount rate of 2.40%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (1.40%) or 1.00% higher (3.40%) than the current rate.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	1% Decrease (1.40%)	Current Discount Rate (2.40%)	1% Increase (3.40%)
Total OPEB liability	\$ 533,501	\$ 499,479	\$ 467,558

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 2.8%) or 1-percentage-point higher (8.5% decreasing to 4.8%) than the current healthcare cost trend rates:

	1% Decrease (5.25% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% decreasing to 5.00%)	1% Increase (7.25% decreasing to 6.00%)
Total OPEB liability	\$ 441,660	\$ 499,479	\$ 567,853

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the government recognized OPEB expense of \$(114,294). As of June 30, 2021, the government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,545	\$ 483,017
Changes in actuarial assumptions	-	71,596
	\$ 38,545	\$ 554,613

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:		
2022	\$	(178,122)
2023		(178,122)
2024		(178,122)
2025		3,743
2026		3,743
Thereafter		10,807

Future Implementation of GASB Pronouncements

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements addresses issues related to public-private and public-public partnerships, and provides guidance for accounting and financial reporting for availability payment arrangements. Statement 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter.

PARK COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The following pronouncements are affected:

- Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, Majority Equity Interests, effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, Conduit Debt Obligations, effective for reporting periods beginning after December 15, 2021.
- Statement No. 92, Omnibus 2020, Paragraphs 6 and 7, effective for fiscal years beginning after June 15, 2021; paragraphs 8, 9 and 12 - effective for reporting periods beginning after June 15, 2021; Paragraph 10 - government acquisitions occurring in reporting periods beginning after June 15, 2021.
- Statement No. 93, Replacement of Interbank Offered Rates, Paragraphs 13 and 14 Except for Paragraph 11b and Paragraphs 13 and 14, effective for reporting periods beginning after June 15, 2020; Paragraph 11b (removal of LIBOR as appropriate benchmark interest rate) - reporting periods ending after December 31, 2021; Paragraphs 13 and 14 - effective for fiscal years beginning after June 15, 2021.

Statement No. 96, Subscription-Based Information Technology Arrangements provides accounting and financial reporting guidance for subscription-based information technology arrangements used by state and local governments. Statement 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	<u>Original</u>	<u>Final</u>			
REVENUES					
Taxes/assessments	\$ 2,126,291	\$ 2,126,291	\$ 2,252,638	\$ -	\$ 2,252,638
Fees and fines	115,000	115,000	118,264	-	118,264
Licenses and permits	28,000	28,000	41,379	-	41,379
Intergovernmental	540,671	540,671	614,635	219,079	833,714
Charges for services	472,977	472,977	700,016	-	700,016
Investment earnings	15,000	15,000	6,733	-	6,733
Miscellaneous	51,710	51,710	61,129	-	61,129
Total revenues	<u>3,349,649</u>	<u>3,349,649</u>	<u>3,794,794</u>	<u>219,079</u>	<u>4,013,873</u>
EXPENDITURES					
Current:					
General government	2,970,561	2,970,561	2,790,792	119,354	2,910,146
Public safety	157,285	157,285	178,571	12,159	190,730
Public works	118,884	118,884	102,233	39,850	142,083
Public health	406,132	406,132	374,755	29,707	404,462
Social and economic services	181,333	181,333	172,948	7,712	180,660
Culture and recreation	500	500	451	10,297	10,748
Housing and community development	51,000	51,000	51,000	-	51,000
Capital outlay	107,999	107,999	94,688	-	94,688
Total expenditures	<u>3,993,694</u>	<u>3,993,694</u>	<u>3,765,438</u>	<u>219,079</u>	<u>3,984,517</u>
Excess (deficiency) of revenues over expenditures	<u>(644,045)</u>	<u>(644,045)</u>	<u>29,356</u>	<u>-</u>	<u>29,356</u>
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	-	-	8,498	-	8,498
Sale of capital assets	-	-	488	-	488
Transfers in	454,434	454,434	463,092	-	463,092
Transfers out	(56,000)	(56,000)	(65,628)	-	(65,628)
Total other financing sources (uses)	<u>398,434</u>	<u>398,434</u>	<u>406,450</u>	<u>-</u>	<u>406,450</u>
Net change in fund balance	<u>\$ (245,611)</u>	<u>\$ (245,611)</u>	435,806	-	435,806
Fund balance - beginning			<u>1,021,189</u>	<u>-</u>	<u>1,021,189</u>
Fund balance - ending			<u>\$ 1,456,995</u>	<u>\$ -</u>	<u>\$ 1,456,995</u>

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Fair Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
REVENUES			
Taxes/assessments	\$ 98,194	\$ 98,194	\$ 98,415
Intergovernmental	8,520	8,520	8,520
Charges for services	42,807	42,807	12,533
Miscellaneous	36,300	36,300	48,827
Total revenues	<u>185,821</u>	<u>185,821</u>	<u>168,295</u>
EXPENDITURES			
Current:			
Culture and recreation	351,051	351,051	262,034
Total expenditures	<u>351,051</u>	<u>351,051</u>	<u>262,034</u>
Excess (deficiency) of revenues over expenditures	<u>(165,230)</u>	<u>(165,230)</u>	<u>(93,739)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	134,075	134,075	54,075
Transfers out	-	-	(15,400)
Total other financing sources (uses)	<u>134,075</u>	<u>134,075</u>	<u>38,675</u>
Net change in fund balance	<u>\$ (31,155)</u>	<u>\$ (31,155)</u>	(55,064)
Fund balance - beginning			<u>(143,468)</u>
Fund balance - ending			<u>\$ (198,532)</u>

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Disaster Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
REVENUES			
Taxes/assessments	\$ -	\$ -	\$ 2,413
Intergovernmental	-	805,300	784,545
Miscellaneous	-	-	6,000
Total revenues	<u>-</u>	<u>805,300</u>	<u>792,958</u>
EXPENDITURES			
Current:			
General government	-	55,000	54,792
Public safety	-	127,841	127,797
Public health	-	622,459	494,938
Capital outlay	-	-	127,702
Total expenditures	<u>-</u>	<u>805,300</u>	<u>805,229</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(12,271)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	32
Total other financing sources	<u>-</u>	<u>-</u>	<u>32</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,239)</u>
Fund balance - beginning			<u>44,119</u>
Fund balance - ending			<u>\$ 31,880</u>

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Public Safety Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes/assessments	\$ 1,545,186	\$ 1,545,186	\$ 1,541,640
Licenses and permits	1,500	1,500	2,625
Intergovernmental	179,991	758,991	861,290
Charges for services	95,000	95,000	111,529
Miscellaneous	6,000	6,000	3,546
Total revenues	<u>1,827,677</u>	<u>2,406,677</u>	<u>2,520,630</u>
EXPENDITURES			
Current:			
Public safety	2,625,709	2,627,109	2,601,196
Capital outlay	220,000	220,000	37,000
Total expenditures	<u>2,845,709</u>	<u>2,847,109</u>	<u>2,638,196</u>
Excess (deficiency) of revenues over expenditures	<u>(1,018,032)</u>	<u>(440,432)</u>	<u>(117,566)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	100	100	13,157
Sale of capital assets	5,000	5,000	3,638
Transfers in	634,808	634,808	635,829
Transfers out	(49,200)	(628,200)	(837,016)
Total other financing sources (uses)	<u>590,708</u>	<u>11,708</u>	<u>(184,392)</u>
Net change in fund balance	<u>\$ (427,324)</u>	<u>\$ (428,724)</u>	(301,958)
Fund balance - beginning			<u>838,221</u>
Fund balance - ending			<u>\$ 536,263</u>

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PILT Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 1,469,000	\$ 1,469,000	\$ 1,628,109
Investment earnings	5,000	5,000	3,403
Miscellaneous	2,900	2,900	43
Total revenues	<u>1,476,900</u>	<u>1,476,900</u>	<u>1,631,555</u>
EXPENDITURES:			
Current:			
General government	66,580	66,580	77,947
Public safety	461,182	461,182	262,814
Public works	100	100	97
Public health	32,500	32,500	15,000
Social and economic services	5,000	5,000	5,000
Debt service:			
Principal	28,027	28,027	28,027
Interest and other charges	2,466	2,466	2,466
Capital outlay	143,500	143,500	62,009
Total expenditures	<u>739,355</u>	<u>739,355</u>	<u>453,360</u>
Excess (deficiency) of revenues over expenditures	<u>737,545</u>	<u>737,545</u>	<u>1,178,195</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,500	13,500	785,308
Transfers out	<u>(1,001,700)</u>	<u>(1,001,700)</u>	<u>(931,139)</u>
Total other financing sources (uses)	<u>(988,200)</u>	<u>(988,200)</u>	<u>(145,831)</u>
Net change in fund balance	<u>\$ (250,655)</u>	<u>\$ (250,655)</u>	1,032,364
Fund balance - beginning			<u>1,389,489</u>
Fund balance - ending			<u>\$ 2,421,853</u>

PARK COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

BUDGETARY INFORMATION

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

The difference between budget and actual results for the general fund are related to the on-behalf pension revenues and expenditures.

PARK COUNTY
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA
For the Years Ended June 30,

Public Employees Retirement System:	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 293,200	\$ 256,599	\$ 241,715	\$ 217,482	\$ 214,614	\$ 212,925	\$ 209,627
Contributions in relation to the contractually required contributions	293,200	256,599	241,715	217,482	214,614	212,925	209,627
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,343,215	\$ 2,933,819	\$ 2,810,418	\$ 2,567,692	\$ 2,564,017	\$ 2,421,961	\$ 2,388,307
Contributions as a percentage of covered payroll	8.77%	8.75%	8.60%	8.47%	8.37%	8.79%	8.78%
Sheriffs' Retirement System:	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 180,615	\$ 167,084	\$ 154,264	\$ 153,717	\$ 114,388	\$ 116,115	\$ 110,946
Contributions in relation to the contractually required contributions	180,615	167,084	154,264	153,717	114,388	116,115	110,946
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,377,159	\$ 1,273,989	\$ 1,171,155	\$ 1,150,523	\$ 1,130,869	\$ 1,120,309	\$ 1,093,721
Contributions as a percentage of covered payroll	13.12%	13.12%	13.17%	13.36%	10.12%	10.36%	10.14%

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

PARK COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA
For the Years Ended June 30,

Public Employees Retirement System:	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.1749%	0.1703%	0.1561%	0.2067%	0.2022%	0.2047%	0.2242%
Employer's proportionate share of the net pension liability associated with the employer	\$ 4,613,027	\$ 3,560,417	\$ 3,258,699	\$ 4,025,616	\$ 3,444,108	\$ 2,860,745	\$ 2,793,286
State of Montana's proportionate share of the net pension liability associated with the employer	1,456,069	1,162,304	1,095,427	57,927	42,083	35,139	34,110
Total	\$ 6,069,096	\$ 4,722,721	\$ 4,354,126	\$ 4,083,543	\$ 3,486,191	\$ 2,895,884	\$ 2,827,396
Employer's covered payroll	\$ 2,933,819	\$ 2,810,418	\$ 2,567,692	\$ 2,564,017	\$ 2,421,961	\$ 2,388,307	\$ 2,559,683
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	157.24%	126.69%	126.91%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%
Sheriffs' Retirement System:	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.5004%	1.4590%	1.4829%	1.5115%	1.5870%	1.6073%	1.5860%
Employer's proportionate share of the net pension liability associated with the employer	\$ 1,828,759	\$ 1,216,854	\$ 1,114,703	\$ 1,150,173	\$ 2,787,990	\$ 1,549,455	\$ 660,064
State of Montana's proportionate share of the net pension liability associated with the employer	-	-	-	-	-	-	-
Total	\$ 1,828,759	\$ 1,216,854	\$ 1,114,703	\$ 1,150,173	\$ 2,787,990	\$ 1,549,455	\$ 660,064
Employer's covered payroll	\$ 1,273,945	\$ 1,171,527	\$ 1,150,523	\$ 1,130,869	\$ 1,120,309	\$ 1,093,721	\$ 1,025,736
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	143.55%	103.87%	96.89%	101.71%	248.86%	141.67%	64.35%
Plan fiduciary net position as a percentage of the total pension liability	75.92%	81.89%	82.68%	81.30%	63.00%	75.40%	87.24%

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

PARK COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION
For the Year Ended June 30, 2021

Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

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.

Refunds:

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts:

- The interest credited to member accounts increased from 0.25% to 0.77%.

Lump-sum Payouts:

- Lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Sheriffs' Retirement System

Changes of Benefit Terms:

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

2017:

1. Increase in SRS Employee and Employer Contributions, effective July 1, 2017:
 - SRS employee contributions increase 1.25% from 9.245% to 10.495%.
 - SRS employer additional contributions increase 3%, from 0.58% to 3.58%, for a total employer contributions rate of 13.115%.
 - SRS employee contributions will return to 9.245% and SRS employer contributions will return to 9.535% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years.

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:
 - is not awarded service credit for the period of reemployment;
 - is refunded the accumulated contributions associated with the period of reemployment;
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - 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.

PARK COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION
For the Year Ended June 30, 2021

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:
 - Is awarded service credit for the period of reemployment;
 - 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
 - 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:

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts:

- Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts:

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Changes in actuarial assumptions and other inputs:

Method and assumptions used in calculations of actuarially determined contributions:

	PERS and SRS
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years (PERS) and 21 years (SRS)
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.65%, net of pension plan investment expense and including inflation

PARK COUNTY
SCHEDULE OF CHANGES IN THE TOTAL OTHER POST-EMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
For the Years Ended June 30,

Schedule of Changes in the Total OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability - beginning of year	\$ 458,805	\$ 1,284,162	\$ 1,154,672	\$ 987,179
Service cost	51,848	50,095	112,525	110,848
Interest cost	11,980	51,302	46,842	40,328
Differences in experience	-	(805,031)	-	53,200
Changes in assumption	-	(104,289)	-	(12,449)
Benefit payments	<u>(23,154)</u>	<u>(17,434)</u>	<u>(29,877)</u>	<u>(24,434)</u>
Total OPEB liability - end of year	<u>\$ 499,479</u>	<u>\$ 458,805</u>	<u>\$ 1,284,162</u>	<u>\$ 1,154,672</u>
Covered-employee payroll	\$ 5,208,131	\$ 5,032,011	\$ 4,143,314	\$ 3,983,956
Total OPEB liability as a percentage of covered-employee payroll	9.59%	9.12%	30.99%	28.98%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

2.40%	2.40%	3.87%	3.87%
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Differences in experience measure the expected versus actual claims experience.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2020	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2021
<u>U.S. Department of Transportation:</u>								
Direct Program:								
Airport Improvement Program	20.106	DOT-FA18NM-2052	\$ 152,381	\$ (18,800)	\$ 18,800	\$ 26,910	\$ -	\$ (26,910)
Airport Improvement Program (1)	20.106	DOT-FA20NM-K2037	20,000	-	216	216	-	-
Airport Improvement Program (1)	20.106	DOT-FA20NM-K2015	30,000	-	30,000	30,000	-	-
Total direct program				(18,800)	49,016	57,126	-	(26,910)
Passed through the Montana Department of Transportation:								
Bus and Bus Facilities Formula Program	20.526	111180	57,901	-	57,901	57,901	-	-
Subtotal				-	57,901	57,901	-	-
Formula Grants for Rural Areas and Tribal Transit Program (1)	20.509	110739C	45,583	(24,759)	24,759	-	-	-
Formula Grants for Rural Areas and Tribal Transit Program (1)	20.509	111604	700,000	-	19,635	23,692	-	(4,057)
Formula Grants for Rural Areas and Tribal Transit Program	20.509	111308	134,890	-	112,678	134,890	-	(22,212)
Total pass-through program				(24,759)	157,072	158,582	-	(26,269)
Total U.S. Department of Transportation				(43,559)	263,989	273,609	-	(53,179)
<u>U.S. Department of Justice:</u>								
Direct Program:								
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0038	125,000	(10,954)	46,766	47,367	-	(11,555)
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0112	125,000	-	13,745	26,988	-	(13,243)
Subtotal				(10,954)	60,511	74,355	-	(24,798)
Passed through the Montana Board of Crime Control:								
Violence Against Women Formula Grants	16.588	19-W03-92435	45,776	(8,077)	8,077	-	-	-
Violence Against Women Formula Grants	16.588	20-W03-92607	45,846	-	31,969	45,846	-	(13,877)
Subtotal				(8,077)	40,046	45,846	-	(13,877)
Coronavirus Emergency Supplemental Funding Program (1)	16.034	20-CV01-92668	54,792	-	54,792	54,792	-	-
Coronavirus Emergency Supplemental Funding Program (1)	16.034	20-CV01-92668	1,650	-	1,650	1,650	-	-
Subtotal				-	56,442	56,442	-	-
Passed through Gallatin County:								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-G01-92483	28,280	(14,501)	17,626	3,125	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-G01-92643	26,180	-	26,180	26,180	-	-
Subtotal				(14,501)	43,806	29,305	-	-
Total U.S. Department of Justice				(33,532)	200,805	205,948	-	(38,675)
<u>U.S. Department of Homeland Security:</u>								
Passed through the Montana Department of Military Affairs - Disaster & Emergency Services Division:								
Homeland Security Grant Program	97.067	EMW-2020-SS-00018	205,651	-	-	6,200	-	(6,200)
Subtotal				-	-	6,200	-	(6,200)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4405-DR-MT	89,101	-	5,569	5,569	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (1)	97.036	PA-08-MT-4508	124,322	(52,058)	124,322	72,264	-	-
Subtotal				(52,058)	129,891	77,833	-	-
Emergency Management Performance Grants	97.042	19-20 EMPG Park	34,232	(7,323)	7,323	-	-	-
Emergency Management Performance Grants	97.042	EMD-2020-EP-00003	37,497	-	29,708	37,497	-	(7,789)
Subtotal				(7,323)	37,031	37,497	-	(7,789)
Total U.S. Department of Homeland Security				(59,381)	166,922	121,530	-	(13,989)

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2020	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2021
<u>U.S. Department of Health and Human Services:</u>								
Passed through the Montana Department of Public Health and Human Services:								
Maternal and Child Health Services								
Block Grant to the States	93.994	20-07-5-01-034-0	13,661	(5,464)	8,196	2,732	-	-
Maternal and Child Health Services								
Block Grant to the States	93.994	21-25-5-01-034-0	13,767	-	5,507	8,260	-	(2,753)
Subtotal				(5,464)	13,703	10,992	-	(2,753)
Immunization Cooperative Agreements	93.268	20-07-4-31-131-0	8,931	-	2,233	-	(2,233)	-
Immunization Cooperative Agreements (1)	93.268	21-07-4-31-131-0	7,095	-	7,095	7,095	-	-
Immunization Cooperative Agreements (1)	93.268	21-07-4-31-131-0	40,152	-	40,152	40,152	-	-
Immunization Cooperative Agreements	93.268	21-07-4-31-131-0	8,931	-	6,698	8,931	-	(2,233)
Subtotal				-	56,178	56,178	(2,233)	(2,233)
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (1)	93.354	20-07-6-11-038-0	36,817	-	36,817	36,817	-	-
Subtotal				-	36,817	36,817	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (1)	93.323	20-07-6-11-038-0	91,812	-	-	6,272	-	(6,272)
Subtotal				-	-	6,272	-	(6,272)
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	20-07-6-11-038-0	118,722	-	39,574	39,574	-	-
Subtotal				-	39,574	39,574	-	-
Passed through Rocky Mountain Area IV Agency on Aging: National Family Caregiver Support, Title III, Part E	93.052	2021-004-015	3,300	-	3,300	3,300	-	-
Subtotal				-	3,300	3,300	-	-
Total U.S. Department of Health and Human Services				(5,464)	149,572	153,133	(2,233)	(11,258)
<u>U.S. Department of the Treasury:</u>								
Passed through the Montana Department of Administration:								
Coronavirus Relief Fund (1)	21.019	N/A	150,080	-	150,080	150,080	-	-
Coronavirus Relief Fund (1)	21.019	N/A	1,652,096	(487,604)	1,633,501	1,164,492	-	(18,595)
Subtotal				(487,604)	1,783,581	1,314,572	-	(18,595)
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	N/A	3,234,521	-	1,612,761	114,662	-	1,498,099
Subtotal				-	1,612,761	114,662	-	1,498,099
Total U.S. Department of the Treasury				(487,604)	3,396,342	1,429,234	-	1,479,504
<u>U.S. Election Assistance Commission:</u>								
Passed through the Montana Secretary of State:								
Help America Vote Act Requirements Payments	90.401	N/A	31,899	15,432	-	11,230	-	4,202
Total U.S. Election Assistance Commission				15,432	-	11,230	-	4,202
<u>U.S. Department of Agriculture:</u>								
Direct Programs:								
Schools and Roads - Grants to States	10.665	15-PA-11011100-002	5,000	-	3,524	3,524	-	-
Subtotal direct programs				-	3,524	3,524	-	-
Passed through the Montana Department of Administration:								
Schools and Roads - Grants to States	10.665	N/A	239,800	-	239,800	239,800	-	-
Subtotal pass-through programs				-	239,800	239,800	-	-
Subtotal				-	243,324	243,324	-	-
Passed through the Montana Department of Public Health and Human Services:								
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	20-07-5-21-032-0	49,622	(17,521)	30,923	13,402	-	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	21-25-5-21-032-0	53,591	-	29,865	37,314	90	(7,359)
Subtotal				(17,521)	60,788	50,716	90	(7,359)

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2020	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2021
Passed through the Montana Department of Natural Resources and Conservation:								
Cooperative Forestry Assistance	10.664	VFA-19-340	8,500	(6,079)	6,079	-	-	-
Subtotal				(6,079)	6,079	-	-	-
Passed through the Montana Department of Agriculture:								
Forest Health Protection	10.680	2020-706X	25,000	-	25,000	20,327	(4,673)	-
Forest Health Protection	10.680	2021-705X	28,000	-	-	2,333	-	(2,333)
Subtotal				-	25,000	22,660	(4,673)	(2,333)
Total U.S. Department of Agriculture				(23,600)	335,191	316,700	(4,583)	(9,692)
<u>U.S. Department of Housing and Urban Development:</u>								
Passed through the Montana Department of Commerce:								
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	MT-CDBG-PL-18-20	21,000	-	21,000	21,000	-	-
Total U.S. Department of Housing and Urban Development				-	21,000	21,000	-	-
Total Federal Awards				\$ (637,708)	\$ 4,533,821	\$ 2,532,384	\$ (6,816)	\$ 1,356,913

(1) - Covid 19

Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the government under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATES

The government has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - DONATED PPE

The estimated Fair Market Value (FMV) of donated PPE for the year ended June 30, 2021 was \$25,400 (unaudited).

OLNESS & ASSOCIATES, P. C.
CERTIFIED PUBLIC ACCOUNTANTS

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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
Park County
Livingston, Montana

We have audited, in accordance with the 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 Park County, Montana (the government) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated May 6, 2022. The report included an explanatory paragraph to describe a change in accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the government's internal control over financial reporting (internal control) as a basis for designing 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 government's internal control. Accordingly, we do not express an opinion on the effectiveness of the government's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 (CONTINUED)

The Government's Response to Findings

The government's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The government's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

O'Leary & Associates, PC

Billings, Montana
May 6, 2022

OLNESS & ASSOCIATES, P. C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of County Commissioners
Park County
Livingston, Montana

Report on Compliance for Each Major Federal Program

We have audited Park County, Montana's (the government) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the government's major federal program for the year ended June 30, 2021. The government'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the government, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the government, 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 government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the government's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

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

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

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

O'Leary & Associates, PC

Billings, Montana
May 6, 2022

PARK COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? √ yes no
- Significant deficiencies identified? yes √ none reported

Noncompliance material to the financial statements noted? yes √ no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes √ no
- Significant deficiencies identified? yes √ none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)? yes √ no

Major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? yes √ no

FINDINGS - FINANCIAL STATEMENT AUDIT

2021-001. SEGREGATION OF DUTIES

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The government agrees with this finding and will adhere to the attached correction action plan.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PARK COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

2020-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2021-001 for the year ended June 30, 2021.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT

2020-002. ALL MAJOR FEDERAL AWARD PROGRAMS

Status: This finding was resolved.

PARK COUNTY
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT

2021-001. SEGREGATION OF DUTIES

Name of Contact person: Commission

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will continue to be involved in providing some of these controls.

Proposed Completion Date: The governing board will implement the above procedure immediately.

FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT

None