PARK COUNTY
LIVINGSTON, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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PARK
COUNTY

ORGANIZATION

June 30, 2022

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
Albert Jenkins	Public Administrator
Martha Miller	County Auditor

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Park County
Livingston, Montana

Qualified and Unmodified Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Qualified Opinions:

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the government, as of June 30, 2022, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions:

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the government as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the government and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions:

Because we did not observe year-end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities, we were unable to form an opinion regarding the amounts at which inventory was recorded in the governmental activities and the aggregate remaining fund information.

Emphasis of Matter

As described in Note 1 to the financial statements, the government adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 government's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 March 24, 2023, 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.

Olness & Associates, PC

Billings, Montana
March 24, 2023

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, 2022. Readers are encouraged to consider the information presented here, in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net position for Park County was $35,540,637.
- The County's total net position increased 2.4% for this year's operations. Net position of governmental activities increased by $1,079,265 or 3.2%, while net position of business-type activities decreased by $256,271 or (37.0%).
- During the year governmental revenues of $17,444,634 were $1,095,794 more than the $16,348,840 in expenses, before transfers out. The total cost of governmental activities (expenses) increased over the prior year by $1,482,151 or 10.0%.
- In the business-type activities, before transfers, revenues decreased $83,376 (5.3%) and expenses increased $140,910 or 8.6%.
- General Fund fund balance reported an increase this year of $93,461, or 6.4%.

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 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 method 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 the net position and changes in them. 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 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.

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 net position and changes in net position of the county's governmental and business-type activities.

NET POSITION:	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 21,129,811	$ 18,825,033	$ 1,062,489	$ 1,774,366	$ 22,192,300	$ 20,599,399
Capital assets	24,806,689	24,447,029	1,050,604	684,099	25,857,293	25,131,128
Total assets	45,936,500	43,272,062	2,113,093	2,458,465	48,049,593	45,730,527
Deferred outflows	1,845,980	1,900,026	92,505	89,449	1,938,485	1,989,475
Other liabilities	3,150,833	1,590,716	9,683	44,988	3,160,516	1,635,704
Long-term liabilities	6,532,867	8,555,431	1,609,482	1,757,643	8,142,349	10,313,074
Total liabilities	9,683,700	10,146,147	1,619,165	1,802,631	11,302,865	11,948,778
Deferred inflows	2,995,116	1,001,542	149,460	52,037	3,144,576	1,053,579
Net position:						
Net investment in capital assets	23,359,112	22,921,554	1,050,604	684,099	24,409,716	23,605,653
Restricted	13,788,946	13,452,849	201,397	180,218	13,990,343	13,633,067
Unrestricted	(2,044,394)	(2,350,004)	(815,028)	(171,071)	(2,859,422)	(2,521,075)
Total net position	$ 35,103,664	$ 34,024,399	$ 436,973	$ 693,246	$ 35,540,637	$ 34,717,645

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, $13,990,343, 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 balances in all reported categories of net position, both for the government as a whole as well as for its business-type activities. Net position was $35,103,664 for the governmental activities and $436,973 for the business-type activities, or a total of $35,540,637.

The County's overall net position increased 2.4% or $822,994 from fiscal year 2021 to 2022. There was a 3.2% increase in net position in the governmental activities of $1,079,265, mostly due to capital asset increases, and the business-type activities saw a 37.0% decrease, or $256,271, again related to capital asset changes.

CHANGE IN NET POSITION:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 1,233,244	$ 1,222,650	$ 1,401,082	$ 1,474,526	$ 2,634,326	$ 2,697,176
Operating grants and contributions	3,554,334	3,324,341	55,375	19,050	3,609,709	3,343,391
Capital grants and contributions	673,793	412,220	-	-	673,793	412,220
General revenues:						
Taxes	8,507,974	7,979,437	-	-	8,507,974	7,979,437
Licenses and permits	51,013	59,057	-	-	51,013	59,057
Intergovernmental	3,127,613	2,988,851	-	-	3,127,613	2,988,851
Interest	113,396	120,063	19,334	26,525	132,730	146,588
Miscellaneous	56,599	44,307	23,029	4,410	79,628	48,717
Gain on disposal of capital assets	126,668	210	-	57,685	126,668	57,895
Total revenues	17,444,634	16,151,136	1,498,820	1,582,196	18,943,454	17,733,332
Expenses:						
General government	3,967,019	3,853,166	-	-	3,967,019	3,853,166
Public safety	5,146,540	4,572,206	-	-	5,146,540	4,572,206
Public works	3,212,414	2,752,589	-	-	3,212,414	2,752,589
Public health	1,239,942	1,293,358	-	-	1,239,942	1,293,358
Social and economic services	576,592	482,835	-	-	576,592	482,835
Culture and recreation	1,357,400	1,089,480	-	-	1,357,400	1,089,480
Housing and community development	42,000	78,805	-	-	42,000	78,805
Other current charges	529,655	485,729	-	-	529,655	485,729
Landfill	-	-	30,610	32,169	30,610	32,169
Refuse facility	-	-	1,741,012	1,598,541	1,741,012	1,598,541
Interest on long-term debt	31,445	27,741	-	-	31,445	27,741
Intergovernmental	245,833	230,780	-	-	245,833	230,780
Total expenses	16,348,840	14,866,689	1,771,622	1,630,710	18,120,462	16,497,399
Change in net position before transfe	1,095,794	1,284,447	(272,802)	(48,514)	822,992	1,235,933
Transfers	(16,529)	48,212	16,529	(48,212)	-	-
Change in net position	1,079,265	1,332,659	(256,273)	(96,726)	822,992	1,235,933
Net position, beginning	34,024,399	32,691,740	693,246	789,972	34,717,645	33,481,712
Net position, ending	$ 35,103,664	$ 34,024,399	$ 436,973	$ 693,246	$ 35,540,637	$ 34,717,645

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.

Governmental Funds

Park County has five governmental funds that are reported as major funds in fiscal year 2022. These are: General, 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 $1,004,427 in fiscal year 2022, an increase of 4.5% over fiscal year 2021. Before transfers, revenues increased 2.5% by $100,082 and expenditures increased 10.21% by $408,028 over the prior fiscal year. Transfers in from Permissive Medical Levy, Road, PILT, Records Preservation and the Enterprise funds amounted to $459,490, a decrease of $3,602 from 2021. For overall revenues there were unanticipated revenues from an agreement with 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 revenue budget.

- *Disaster/Emergency Fund:* The county continues to receive funding support that makes the Emergency Disaster fund have a significant impact on county finances. In FY22, FEMA grants continued to cover COVID costs and ARPA funds have been distributed to non-profits in the community and in support of county projects. By the end of 2022, Revenues were $782,281 with additional Unearned Revenue of $1,132,358 from ARPA funds received and to be obligated by 2024. Expenditures were $824,891. The June year end 1,000 year flood had a last minute financial impact that will continue for the next couple of years.

- *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 2022 before transfers in decreased $540,969, or 21.5% over the prior year. CARES funds awarded in FY21 for Public Safety wages were non-recurring and skews the year to year comparison. Tax revenues were up $82,051 from 2021, or 5.3%. Transfers in from other funds decreased $262,308 or 33.4% for reserve balancing. The largest share of transfers in, $523,000, was from PILT and increased $173,800 from 2021.

  Public Safety's expenses increased by 14.7% or $388,442 due to vehicle purchases and new pay rates for public safety officers. The ending fund balance decreased $158,065 or 29.5%.

- *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 2022, the amount that the county received for PILT was $1,715,101, a $93,897 or 5.7% increase from the prior fiscal year. The amount transferred to other funds was $1,168,382, a 25.5% increase. The net change in fund balance from the prior fiscal year was a flat decrease of $22,643, for an ending fund balance of $2,399,210.

- *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 2022, a $207,200 loan was entered into with the Fairgrounds and Parks fund to cover capital purchases and increased pay for staff. In 2022 the Museum fund received a loan to install solar panels with the savings to offset the repayments. The loan amount was $21,050.

  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 2022, $69,664 was expended for a loan payment for a new building for Search and Rescue and a loan payment for Convict Grade Bridge for $38,538. The ending fund balance was $8,590,607, a decrease of $108,681 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 net position decrease for the refuse facility of $275,132 came from a reduction in its cash position due to timing to move assessments from mobile home properties to land parcels. The balance included capital asset and depreciation adjustments and noncash changes to pension plan information.

BUDGETARY HIGHLIGHTS

Original budget compared to final budget expenditures
The Road budget increased $555,000 to purchase equipment and create an interfund loan for needed Road equipment. Savings from bringing more work in-house will allow the fund to pay back the loan. Alcohol Rehabilitation received extra funding for $72,000 which was passed on to Southwest Chemical Dependency. 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 10% over budget. Other financing sources were 0.1% over the final budget. Total actual revenues including transfers in were $355,545, 9.1% over budget. Actual General fund tax revenues were $9,044 under budget; local option taxes, which are collected in the General fund, were 11.6% more than budgeted. Investment earnings went up in 2022.

General Fund actual expenditures were 99.15% of budgeted appropriations. The net change in the General Fund balance was an increase of $87,510 due to increased revenues. Additional funds from vaccination payments contributed to the additional revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Park County's net investment in capital assets as of June 30, 2022 totaled $24,409,716. 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 2021 market value of property in the County was $4,096,373,228, and the statutory limit of county indebtedness was $102,409,331. As of June 30, 2022 Park County had a total of $1,447,577 in outstanding debt, of which $1,191,424 is long term. Park County's total debt decreased $252,186 due to regularly scheduled principal payments on existing debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2021 recertified taxable value of property in Park County, less the value of the Tax Increment Financing Districts, was used during fiscal year 2022 financial period of tax collections. The rate increased 19.1% from $54,251,151 in fiscal year 2021 to $64,614,943 in fiscal year 2022. The value of newly taxable property county-wide was $2,399,584, which accounts for a portion of that increase. For the valuation cycle, January 1, 2022 through December 31, 2022, property is valued as of January 1, 2021. 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 decrease in number of authorized mills for these aggregate mills went from 77.39 in fiscal year 2021 to 68.11 in fiscal year 2022. There is an inverse relationship between rapid rises in taxable values and the decline in mills due to revenue growth limitations. 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 2022.

Tax revenues for the county general mills were expected to increase 4.8%, from $4,198,485 in fiscal year 2021 to $4,400,928 that was budgeted in fiscal year 2022. The actual property tax revenue received was $4,408,315, or slightly over 100% of budget.

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 2022 the county received $1,715,101 for the 2021 PILT from the federal government, or a 5.8% increase. Expenditures and transfers in 2022 were $1,744,649 or 26% more than the prior year. The net change in fund balance from the prior fiscal year was an decrease of $22,643, for an ending fund balance of $2,399,210.

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 2021 and 2022.

The county's Compensation Board recommended that elected officials a 3% Cost of Living Adjustment. The Compensation Board included a $0.25 per hour increase to match the increase staff received during FY21 that was approved for non-elected eligible employees. The Commission approved a 3% Cost of Living Adjustment for non-elected eligible employees as well as individual increases based on the implemented 2019 wage compensation study for wage equity. On October 1, 2021 the Compensation Board and the Commission approved an additional wage increase of $1.00 per hour for all staff, elected and non-elected, to keep up with the Cost of Living. The Commission also chose to increase the elected Sheriff wages in line with Senate Bill 238 from the 2021 Montana State Legislative session which allows for the Commission to add a discretionary salary increase for the Sheriff that is included in determining wages for deputy and detention staff within the Sheriff's Department. The Commission set the discretionary pay at $6,895 to bring the sheriff's wages to $68,500 for FY22 on October 1, 2021.

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. The $235,000 project is ongoing with no financial activity in 2022.
- FEMA, Federal Emergency Management Agency, awarded a grant to help defray the costs of the COVID-19 pandemic. In 2022, FEMA covered 100% of COVID reimbursements for $197,108. The Federal government awarded Park County $3,234,521 in American Rescue Plan Act of 2021 which must be obligated by 2024. In 2022, the county used $480,403 of ARPA funds for internal and pass through grants for COVID and to support the local economy. The state also provided for Minimum Allocation grants to wastewater projects, of which $25,000 was used for Cooke City Sewer.
- In June 2022, a 1,000 year flood created costs in 2022 that were reimbursed from FEMA for $159,653. The 25% match for the costs will be covered by the county emergency mills.
- 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 funded $9,676 as it closed out during 2022. A second COPS grant was awarded with the same funding parameters. The second COPS grant funded $49,060 for 2022 expenditures.
- There are multiple on-going grants which help fund the Health Department annually. In 2022, $261,495 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 $162,551 was reimbursed for 2022 expenditures. An IT cyber security grant covered $36,841 in costs.
- The Victim Witness position program grant received $47,816 in 2022.
- The Disaster and Emergency Services position receives partial funding annually. In 2022, the DES position and program received $37,500.
- The state 911 continued a cyber security grant in 2022 which reimbursed $14,388.
- The Noxious Weed program grants received a total of $25,670 for noxious weed mitigation in various parts of Park County.
- The Airport received $40,680 in grant funds to support a Master Plan of development for the physical space at Mission Field. The Airport also received $50,785 for FAA CARES grants to support Airport operations for Gardiner and Livingston Airports. Livingston Mission Field received two other grants for Maintenance and Taxiway development totaling $358,716.
- The MT Board of Crime Control partially funded the Missouri River Drug Task Force position in the Sheriff's Office in the amount of $28,743.
- The Park County Transit program for Windrider public buses received a total of $328,225 for bus operations, training, building a new bus barn and equipment purchases through various grants.
- An ongoing HAVA election security grant expended funds received in 2022 for $16,582, and there was a Southwest Juvenile Detention grant for $9,968. Angel Line also received grant funds in the amount of $3,300 in 2022.
- Park County acted as a pass through for a Community Development Block Grant to assist the Gardiner to develop a capital plan. The project received 8,353 from a CDBG grant.
- Park County has developed a crisis intervention program with the assistance of a state grant which reimbursed $47,677.
- There was an additional Detention grant for $14,806. There was a RAC grant for forest service patrols which reimbursed $15,596.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	$ 8,886,617	$ (19,304)	$ 8,867,313
Investments	8,935,000	-	8,935,000
Receivables:			
Taxes/assessments	255,125	245,773	500,898
Accounts	348,527	-	348,527
Governments	1,181,225	29,512	1,210,737
Leases	471,672	-	471,672
Internal balances	632,457	(632,457)	-
Inventories	93,768	-	93,768
Prepaids	325,420	-	325,420
Restricted assets:			
Cash and equivalents	-	5,964	5,964
Investments	-	1,433,001	1,433,001
Capital assets:			
Capital assets not being depreciated-land and construction in progress	1,278,106	52,528	1,330,634
Capital assets, net of accumulated depreciation	23,528,583	998,076	24,526,659
Total assets	45,936,500	2,113,093	48,049,593
DEFERRED OUTFLOWS OF RESOURCES			
Other post-employment benefits	31,327	2,333	33,660
Pension plans	1,814,653	90,172	1,904,825
Total deferred outflows of resources	1,845,980	92,505	1,938,485
LIABILITIES			
Accounts payable-vendors	247,557	9,683	257,240
Unearned revenue	2,903,276	-	2,903,276
Noncurrent liabilities:			
Due within one year:			
Notes and leases payable	256,153	-	256,153
Compensated absences	47,307	7,093	54,400
Due in more than one year:			
Notes and leases payable	1,191,424	-	1,191,424
Compensated absences	425,762	63,840	489,602
Landfill closure/postclosure costs payable	-	1,237,568	1,237,568
Total other post-employment benefits liability	328,298	24,445	352,743
Net pension liability	4,283,923	276,536	4,560,459
Total liabilities	9,683,700	1,619,165	11,302,865
DEFERRED INFLOWS OF RESOURCES			
Leases	461,883	-	461,883
Other post-employment benefits	475,845	35,431	511,276
Pension plans	2,057,388	114,029	2,171,417
Total deferred inflows of resources	2,995,116	149,460	3,144,576
NET POSITION			
Net investment in capital assets	23,359,112	1,050,604	24,409,716
Restricted for:			
General government	1,947,990	-	1,947,990
Public safety	720,718	-	720,718
Public works	723,846	-	723,846
Public health	231,586	-	231,586
Social and economic services	69,159	-	69,159
Culture and recreation	675,435	-	675,435
Housing and community development	221,661	-	221,661
Capital projects	9,198,551	-	9,198,551
Landfill closure/postclosure costs	-	201,397	201,397
Unrestricted (deficit)	(2,044,394)	(815,028)	(2,859,422)
Total net position	$ 35,103,664	$ 436,973	$ 35,540,637

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contr butions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-type Activities	Net (Expense) Revenue and Change in Net Position: Total
Governmental activities:							
General government	$ 3,967,019	$ 528,532	$ 367,588	$ 31,196	$ (3,039,703)	$ -	$ (3,039,703)
Public safety	5,146,540	294,826	608,255	213,781	(4,029,678)	-	(4,029,678)
Public works	3,212,414	180,047	1,746,137	202,642	(1,083,588)	-	(1,083,588)
Public health	1,239,942	171,709	484,057	-	(584,176)	-	(584,176)
Social and economic services	576,592	19,852	173,083	226,174	(157,483)	-	(157,483)
Culture and recreation	1,357,400	38,278	166,861	-	(1,152,261)	-	(1,152,261)
Housing and community development	42,000	-	8,353	-	(33,647)	-	(33,647)
Other current charges	529,655	-	-	-	(529,655)	-	(529,655)
Interest on long-term debt	31,445	-	-	-	(31,445)	-	(31,445)
Intergovermental	245,833	-	-	-	(245,833)	-	(245,833)
Total governmental activities	16,348,840	1,233,244	3,554,334	673,793	(10,887,469)	-	(10,887,469)
Business-type activities:							
Landfill	30,610	201	-	-	-	(30,409)	(30,409)
Refuse Facility	1,741,012	1,400,881	55,375	-	-	(284,756)	(284,756)
Total business-type activities	1,771,622	1,401,082	55,375	-	-	(315,165)	(315,165)
Total	$ 18,120,462	$ 2,634,326	$ 3,609,709	$ 673,793	(10,887,469)	(315,165)	(11,202,634)
General revenues:							
Property taxes					8,507,974	-	8,507,974
Licenses and permits					51,013	-	51,013
Intergovernmental					3,127,613	-	3,127,613
Unrestricted investment earnings					113,396	19,334	132,730
Miscellaneous					56,599	23,029	79,628
Gain on disposal of capital assets					126,668	-	126,668
Transfers					(16,529)	16,529	-
Total general revenues and transfers					11,966,734	58,892	12,025,626
Change in net position					1,079,265	(256,273)	822,992
Net position - beginning					34,024,399	693,246	34,717,645
Net position - ending					$ 35,103,664	$ 436,973	$ 35,540,637

PARK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Disaster	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,392,970	$ 2,225,163	$ 354,164	$ 753,814	$ 15,036	$ 4,145,470	$ 8,886,617
Investments	-	-	-	500,000	8,435,000	-	8,935,000
Receivables:							
Taxes/assessments	49,099	303	59,423	-	-	146,300	255,125
Governments	186,154	344,027	19,534	-	12,321	619,189	1,181,225
Accounts	-	-	4,500	-	-	344,027	348,527
Leases	38,780	-	-	-	-	432,892	471,672
Due from other funds	-	-	-	1,145,396	128,250	-	1,273,646
Inventories	-	-	-	-	-	93,768	93,768
Prepaid items	-	60,500	-	-	-	264,920	325,420
Total assets	$ 1,667,003	$ 2,629,993	$ 437,621	$ 2,399,210	$ 8,590,607	$ 6,046,566	$ 21,771,000
LIABILITIES							
Accounts payable-vendors	$ 29,796	$ 35,355	$ -	$ -	$ -	$ 182,406	$ 247,557
Due to other funds	-	-	-	-	-	641,189	641,189
Unearned revenue	-	2,630,457	-	-	-	272,819	2,903,276
Total liabilities	29,796	2,665,812	-	-	-	1,096,414	3,792,022
DEFERRED INFLOWS OF RESOURCES							
Leases	37,652	-	-	-	-	424,231	461,883
Unavailable revenue-taxes/assessments	49,099	303	59,423	-	-	146,300	255,125
Total deferred inflows of resources	86,751	303	59,423	-	-	570,531	717,008
FUND BALANCES (DEFICITS)							
Nonspendable:							
Prepaid items	-	60,500	-	-	-	264,920	325,420
Inventory	-	-	-	-	-	93,768	93,768
Noncurrent portion of interfund receivable	-	-	-	800,834	128,250	-	929,084
Restricted for:							
General government	-	-	-	-	-	1,896,595	1,896,595
Public safety	-	-	378,198	-	-	189,669	567,867
Public works	-	-	-	-	-	535,771	535,771
Public health	-	-	-	-	-	223,264	223,264
Social and economic services	-	-	-	-	-	64,501	64,501
Culture and recreation	-	-	-	-	-	650,021	650,021
Housing and community development	-	-	-	-	-	221,661	221,661
Capital projects	-	-	-	-	8,462,357	413,445	8,875,802
Committed for:							
General government	-	-	-	1,598,376	-	-	1,598,376
Public safety	-	-	-	-	-	50,855	50,855
Unassigned (deficits)	1,550,456	(96,622)	-	-	-	(224,849)	1,228,985
Total fund balances (deficits)	1,550,456	(36,122)	378,198	2,399,210	8,590,607	4,379,621	17,261,970
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 1,667,003	$ 2,629,993	$ 437,621	$ 2,399,210	$ 8,590,607	$ 6,046,566	$ 21,771,000

See notes to basic financial statements.

PARK COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2022

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

Total fund balances, governmental funds	$ 17,261,970
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,806,689
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.	255,125
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows:	
Pensions	1,814,653
Other post-employment benefits	31,327
Deferred inflows:	
Pensions	(2,057,388)
Other post-employment benefits	(475,845)
Long-term liabilities, such as notes payable, leases, 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.	(6,532,867)
Net position of governmental activities	$ 35,103,664

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	Disaster	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes/assessments	$ 2,380,725	$ 19	$ 1,623,691	$ -	$ -	$ 4,598,096	$ 8,602,531
Fines and forfeitures	131,816	-	-	-	-	12,265	144,081
Licenses and permits	37,300	-	5,985	-	-	10,434	53,719
Intergovernmental	849,437	775,327	222,066	1,715,101	-	3,416,811	6,978,742
Charges for services	623,010	-	113,696	-	-	292,635	1,029,341
Investment earnings	10,878	4,617	-	6,562	63,389	27,950	113,396
Miscellaneous	81,277	2,319	14,223	343	232	320,493	418,887
Total revenues	4,114,443	782,282	1,979,661	1,722,006	63,621	8,678,684	17,340,697
EXPENDITURES							
Current:							
General government	3,289,067	-	-	62,128	-	558,154	3,909,349
Public safety	223,356	296,230	2,835,492	395,498	-	1,315,318	5,065,894
Public works	165,190	55,146	-	99	4,100	2,212,706	2,437,241
Public health	442,489	342,408	-	-	-	446,037	1,230,934
Social and economic services	199,926	51,325	-	5,000	-	276,526	532,777
Culture and recreation	17,885	-	-	-	-	1,271,247	1,289,132
Housing and community development	17,000	25,000	-	-	-	-	42,000
Other current charges	-	8,003	-	-	-	521,652	529,655
Debt service:							
Principal	29,639	-	16,259	31,155	-	175,133	252,186
Interest and other charges	3,181	-	2,941	1,980	-	23,343	31,445
Capital outlay	4,812	46,779	171,946	80,397	-	1,347,722	1,651,656
Intergovernmental	-	-	-	-	-	245,833	245,833
Total expenditures	4,392,545	824,891	3,026,638	576,257	4,100	8,393,671	17,218,102
Excess (deficiency) of revenues over expenditures	(278,102)	(42,609)	(1,046,977)	1,145,749	59,521	285,013	122,595
OTHER FINANCING SOURCES (USES)							
Insurance recoveries	-	-	19,452	-	-	5,469	24,921
Sale of capital assets	-	-	30,105	-	-	164,500	194,605
Transfers in	459,490	-	869,961	-	-	2,185,809	3,515,260
Transfers out	(87,927)	(25,393)	(30,606)	(1,168,392)	(168,202)	(2,051,269)	(3,531,789)
Total other financing sources (uses)	371,563	(25,393)	888,912	(1,168,392)	(168,202)	304,509	202,997
Net change in fund balances	93,461	(68,002)	(158,065)	(22,643)	(108,681)	589,522	325,592
Fund balances - beginning	1,456,995	31,880	536,263	2,421,853	8,699,288	3,790,099	16,936,378
Fund balances (deficits) - ending	$ 1,550,456	$ (36,122)	$ 378,198	$ 2,399,210	$ 8,590,607	$ 4,379,621	$ 17,261,970

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, 2022

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

Net change in fund balances - total governmental funds	$ 325,592
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/amortization expense.	
This is the amount by which capital outlay ($1,651,656) exceeded depreciation/amortization ($1,412,961) in the current period.	238,695
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position.	(67,937)
Donated capital assets.	14,614
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.	(42,814)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.	165,336
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.	252,186
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:	
Compensated absences	17,380
Other post-employment benefits	176,213
Change in net position of governmental activities	$ 1,079,265

PARK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2022

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,757	$ -	$ 1,757
Receivables:			
Taxes/assessments	15,684	230,089	245,773
Governments	-	29,512	29,512
Total current assets	17,441	259,601	277,042
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	5,964	-	5,964
Investments	1,433,001	-	1,433,001
	1,438,965	-	1,438,965
Capital assets:			
Land	-	52,528	52,528
Buildings and improvements	-	539,310	539,310
Equipment and furniture	-	2,235,202	2,235,202
Less: accumulated depreciation	-	(1,776,436)	(1,776,436)
	-	1,050,604	1,050,604
Total non-current assets	1,438,965	1,050,604	2,489,569
Total assets	1,456,406	1,310,205	2,766,611
DEFERRED OUTFLOWS OF RESOURCES			
Pension plans	-	90,172	90,172
Other post-employment benefits	-	2,333	2,333
Total deferred outflows of resources	-	92,505	92,505
LIABILITIES			
Current liabilities:			
Cash overdraft	-	21,061	21,061
Accounts payable-vendors	9,683	-	9,683
Due to other funds	-	632,457	632,457
Compensated absences	-	7,093	7,093
Total current liabilities	9,683	660,611	670,294
Non-current liabilities:			
Compensated absences	-	63,840	63,840
Landfill closure/postclosure costs payable	1,237,568	-	1,237,568
Net pension liability	-	276,536	276,536
Total other post-employment benefits liability	-	24,445	24,445
Total non-current liabilities	1,237,568	364,821	1,602,389
Total liabilities	1,247,251	1,025,432	2,272,683
DEFERRED INFLOWS OF RESOURCES			
Pension plans	-	114,029	114,029
Other post-employment benefits	-	35,431	35,431
Total deferred inflows of resources	-	149,460	149,460
NET POSITION			
Net investment in capital assets	-	1,050,604	1,050,604
Restricted:			
Landfill closure/postclosure	201,397	-	201,397
Unrestricted (deficit)	7,758	(822,786)	(815,028)
Total net position	$ 209,155	$ 227,818	$ 436,973

PARK COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2022

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
REVENUES			
Charges for services	$ -	$ 20,872	$ 20,872
Assessment revenue	201	1,380,009	1,380,210
Total operating revenues	201	1,400,881	1,401,082
OPERATING EXPENSES			
Personal services	-	503,442	503,442
Supplies	-	116,566	116,566
Purchased services	2,229	969,371	971,600
Fixed charges	28,381	71,140	99,521
Depreciation	-	80,493	80,493
Total operating expenses	30,610	1,741,012	1,771,622
Operating loss	(30,409)	(340,131)	(370,540)
NON-OPERATING REVENUES			
Interest and investment revenue	19,334	-	19,334
Miscellaneous revenue	-	23,029	23,029
Operating grants and contributions	-	55,375	55,375
Total non-operating revenues	19,334	78,404	97,738
Loss before transfers	(11,075)	(261,727)	(272,802)
Transfers in	60,000	33,930	93,930
Transfers out	(30,064)	(47,337)	(77,401)
Change in net position	18,861	(275,134)	(256,273)
Net position - beginning	190,294	502,952	693,246
Net position - ending	$ 209,155	$ 227,818	$ 436,973

PARK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2022

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,983	$ 1,471,420	$ 1,473,403
Cash paid to employees	-	(509,082)	(509,082)
Cash paid to suppliers for goods and services	(20,927)	(1,164,609)	(1,185,536)
Net cash used by operating activities	(18,944)	(202,271)	(221,215)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from interfund loan	-	622,457	622,457
Cash received from miscellaneous sources	-	23,029	23,029
Cash paid for operating transfers out	-	(47,337)	(47,337)
Cash received from operating grants and contributions	-	25,863	25,863
Cash received from operating transfers in	60,000	3,866	63,866
Cash paid for landfill closure/postclosure care costs	(48,154)	-	(48,154)
Net cash provided by noncapital financing activities	11,846	627,878	639,724
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Cash paid for capital assets	-	(447,000)	(447,000)
Net cash used by capital financing activities	-	(447,000)	(447,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net change in investments	20,575	-	20,575
Interest received	19,334	-	19,334
Net cash provided by investing activities	39,909	-	39,909
Change in cash and cash equivalents	32,811	(21,393)	11,418
Cash and cash equivalents - beginning (Landfill includes restricted cash and cash equivalents of $12,364)	(25,090)	332	(24,758)
Cash and cash equivalents - ending (Landfill includes restricted cash and cash equivalents of $5,964)	$ 7,721	$ (21,061)	$ (13,340)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	$ (30,409)	$ (340,129)	$ (370,538)
Adjustment to reconcile operating loss to net cash used by operating activities:			
Depreciation	-	80,493	80,493
Other post-employment benefits	-	(8,975)	(8,975)
Pensions	-	2,565	2,565
Decrease in taxes/assessments receivable	1,782	70,539	72,321
Increase (decrease) in accounts payable	9,683	(7,534)	2,149
Increase in compensated absences	-	770	770
Net cash used by operating activities	$ (18,944)	$ (202,271)	$ (221,215)

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2022

	Custodial Funds		
	External Investment Pool	Other	Total
ASSETS			
Cash and cash equivalents	$ 4,412,814	$ 1,192,986	$ 5,605,800
Investments	60,887	-	60,887
Taxes and assessments	-	914,963	914,963
Equity position in external investment pool	-	4,473,701	4,473,701
Total assets	4,473,701	6,581,650	11,055,351
LIABILITIES			
Accounts payable	-	578,214	578,214
Total liabilities	-	578,214	578,214
NET POSITION			
Restricted for:			
Pool participants	4,473,701	-	4,473,701
Individuals, organizations and other governments	-	6,003,436	6,003,436
Total net position	$ 4,473,701	$ 6,003,436	$ 10,477,137

PARK COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2022

	Custodial Funds		
	External Investment Pool	Other	Total
ADDITIONS:			
Contributions from pool participants	$ 6,537,846	$ -	$ 6,537,846
Property taxes billed for other governments	-	24,213,606	24,213,606
Interest	-	19,167	19,167
Federal, state and local sources	-	8,688,771	8,688,771
Total additions	6,537,846	32,921,544	39,459,390
DEDUCTIONS:			
Distributions to pool participants	6,529,657	-	6,529,657
Distributions to other governments	-	12,877,331	12,877,331
Distributions to others	-	2,821,545	2,821,545
Payments made on behalf of school districts	-	15,445,345	15,445,345
Payments made on behalf of special districts	-	1,785,095	1,785,095
Total deductions	6,529,657	32,929,316	39,458,973
Net increase in fiduciary net position	8,189	(7,772)	417
Net position - beginning	4,465,512	6,011,208	10,476,720
Net position - ending	$ 4,473,701	$ 6,003,436	$ 10,477,137

See notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government adopted the provisions of the following GASB statement:

For the year ended June 30, 2022, the government implemented the provisions of GASB Statement No. 87, Leases. This Statement was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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 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 (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Fiduciary activities are only reported in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental and 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.

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 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 type:

Custodial funds account for assets held by the government as an agent for various local governments, special districts, and individuals. The external portion of the investment pool is reported as part of the custodial funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through 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 been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). 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.

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 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.

Receivables

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 expenditures/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 are tangible and intangible 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. 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.

As the government constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed below under the Leases section). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	10-15
Infrastructure	50
Buildings	40-100
Machinery and equipment	5-30
Right to use leased assets	3-20

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 includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The government has two items that qualify for reporting in this category: pension plans and other post-employment benefits.

In addition to liabilities, the statements of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The government has three items that qualify for reporting in this category: leases, pension plans and other post-employment benefits.

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

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." Governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

- Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of a resolution committing fund balance for a specified purpose by the governing board prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the governing board adopts another resolution to remove or revise the limitation.

- Assigned fund balance represents amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the finance director to assign fund balance. The governing board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Leases

As a lessee, the government recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The government recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the government initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The government uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the government generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The government monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As a lessor, the government recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the government initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the government determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The government uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The government monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

At year-end, the Fair, Museum and Disaster funds had deficit fund balances of $204,139, $20,710 and $36,122, respectively. The deficits occurred because current and past years expenditures exceeded revenues. The deficits will be eliminated through transfers from the General or PILT funds.

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	$ 17,821,617
Business-type activities	1,419,661
Fiduciary funds	5,666,687
	$ 24,907,965

Total carrying value of cash, cash equivalents and investments as of June 30, 2022, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	$ 3,530	$ -	$ 3,530
Cash in banks:			
Demand deposits	3,279,135	-	3,279,135
Savings deposits	418,998	-	418,998
Time deposits	-	4,310,887	4,310,887
U.S. Government securities	-	6,118,001	6,118,001
Broker money market	5,964	-	5,964
Short-term Investment Program (STIP)	10,771,450	-	10,771,450
	$ 14,479,077	$ 10,428,888	$ 24,907,965

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, 2022, $6,512,582 of the government's bank balance of $11,344,350 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 2,704,703
Uninsured and collateral held by the pledging bank's trust department not in the government's name	3,807,879
	$ 6,512,582

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, 2022, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2022:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Government securities	$ 5,822,241	$ 5,822,241	$ -	$ -
State Short-Term Investment Program (STIP)	10,754,291			
	$ 16,576,532			

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 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	Fair
	1	2	3	Amount	Value
U.S. government securities	$ 1,500,000	$ -	$ 4,618,001	$ 6,118,001	$ 5,822,241
Broker money market	5,964	-	-	5,964	5,964
	$ 1,505,964	$ -	$ 4,618,001	6,123,965	5,828,205
Uncategorized:					
STIP				10,771,450	10,754,291
				$ 16,895,415	$ 16,582,496

Following is the condensed schedule of changes in net position for the investment pool for the year ended June 30, 2022:

	Internal	External	Total
Net position - beginning of year	$ 20,080,995	$ 4,465,512	$ 24,546,507
Contributions from participants	19,387,410	6,528,159	25,915,569
Investment earnings/change in fair value	108,334	9,687	118,021
Distributions to participants	(19,142,475)	(6,529,657)	(25,672,132)
Net position - end of year	$ 20,434,264	$ 4,473,701	$ 24,907,965

Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated/amortized				
Land	$ 622,193	$ -	$ -	$ 622,193
Construction-in-progress	121,036	589,542	(54,665)	655,913
Total capital assets, not being depreciated/amortized	743,229	589,542	(54,665)	1,278,106
Capital assets, being depreciated/amortized				
Buildings/improvements	7,214,573	-	-	7,214,573
Improvements other than buildings	5,306,912	63,985	-	5,370,897
Machinery and equipment	8,470,646	981,492	(860,584)	8,591,554
Right-to-use leased assets	174,288	-	-	174,288
Infrastructure	15,692,115	85,916	-	15,778,031
Total capital assets, being depreciated/amortized	36,858,534	1,131,393	(860,584)	37,129,343
Less accumulated depreciation/amortization for:				
Buildings/improvements	(3,709,551)	(134,898)	-	(3,844,449)
Improvements other than buildings	(2,296,824)	(268,098)	-	(2,564,922)
Machinery and equipment	(5,280,227)	(620,361)	792,647	(5,107,941)
Right-to-use leased assets	-	(55,309)	-	(55,309)
Infrastructure	(1,693,844)	(334,295)	-	(2,028,139)
Total accumulated depreciation/amortization	(12,980,446)	(1,412,961)	792,647	(13,600,760)
Total capital assets, being depreciated/amortized, net	23,878,088	(281,568)	(67,937)	23,528,583
Governmental activities capital assets, net	$ 24,621,317	$ 307,974	$ (122,602)	$ 24,806,689

Depreciation/amortization expense was charged to governmental activities as follows:

Governmental activities:	
General government	$ 158,723
Public safety	339,822
Public works	784,785
Public health	7,801
Social and economic	44,184
Culture and recreation	77,646
Total depreciation/amortization-governmental activities	$ 1,412,961

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-type activities:				
Capital assets, not being depreciated/amortized				
Land	$ 52,528	$ -	$ -	$ 52,528
Total capital assets, not being depreciated/amortized	52,528	-	-	52,528
Capital assets, being depreciated/amortized				
Buildings and systems	299,952	-	-	299,952
Improvements other than buildings	179,837	59,521	-	239,358
Machinery and equipment	1,847,725	387,477	-	2,235,202
Total capital assets, being depreciated/amortized	2,327,514	446,998	-	2,774,512
Less accumulated depreciation/amortization for:				
Buildings and systems	(136,775)	(9,947)	-	(146,722)
Improvements other than buildings	(101,874)	(11,409)	-	(113,283)
Machinery and equipment	(1,457,294)	(59,137)	-	(1,516,431)
Total accumulated depreciation/amortization	(1,695,943)	(80,493)	-	(1,776,436)
Total capital assets, being depreciated/amortized, net	631,571	366,505	-	998,076
Business-type activities capital assets, net	$ 684,099	$ 366,505	$ -	$ 1,050,604

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

Business-type activities:	
Refuse facility	$ 80,493

Interfund Receivables, Payables and Transfers

Interfund balances as of June 30, 2022, consisted of the following:

	Due from funds	Due to funds
Governmental activities:		
PILT	$ 1,145,396	$ -
General capital improvement	128,250	-
Nonmajor governmental funds	-	641,189
Total governmental activities	$ 1,273,646	$ 641,189
Business-type activites:		
Refuse facility	$ -	$ 632,457

The balances of $1,145,396 and $128,250 in the PILT and General capital improvements funds, respectively, resulted from loans made to eliminate deficit cash balances. $800,834 of the total balance is not scheduled to be collected in the subsequent year.

Interfund transfers consisted of the following:

	Transfers In	Transfers Out
Governmental activities:		
General	$ 459,490	$ (87,927)
Disaster	-	(25,393)
Public safety	869,961	(30,606)
PILT	-	(1,168,392)
General capital improvement	-	(168,202)
Nonmajor governmental funds	2,185,809	(2,051,269)
Total governmental activities	$ 3,515,260	$ (3,531,789)
Business-type activities		
Landfill	$ 60,000	$ (30,064)
Refuse facility	33,930	(47,337)
Total business-type activities	$ 93,930	$ (77,401)

Transfers use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Leases

Government as Lessee

The government, as a lessee, has entered into lease agreements involving copiers and office space. The total costs of the government's lease assets are recorded as $174,288, less accumulated amortization of $55,309. The future lease payments under lease agreements are as follows:

Year ending	Governmental Activities		
June 30,	Principal	Interest	Total
2023	$ 52,425	$ 4,829	$ 57,254
2024	41,982	2,479	44,461
2025	23,817	708	24,525
2026	3,180	20	3,200
	$ 121,404	$ 8,036	$ 129,440

Government as Lessor

The government leases airport hangars, buildings and land to several third parties. The leases range from five to forty years. The government recognized $37,165 in lease revenue and $24,610 in interest revenue during the year related to these leases. As of June 30, 2022, the government's receivable for lease payments was $471,672. Also, the government has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $461,883.

Long-Term Debt

Notes from direct borrowings consist of the following:

		Original Amount	Term	Interest Rate	Payment		Balance June 30, 2022
Convict grade bridge-2020 (1)	$	551,362	15 yr	1.55%	Semi-annual	$	476,803
Grader and complex remodel-2020 (1)		405,914	7 yr	1.55%	Semi-annual		324,800
Dispatch and equipment-2017 (1)		357,500	7 yr	1.55%	Semi-annual		136,240
Search and rescue building-2013 (1)		700,000	15 yr	1.55%	Semi-annual		388,330
(1) INTERCAP, through Montana Board of Investments						$	1,326,173

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.

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

Year ending June 30,		Governmental Activities Principal		Interest		Total
2023	$	203,728	$	19,765	$	223,493
2024		208,174		16,590		224,764
2025		184,443		13,376		197,819
2026		159,781		10,692		170,473
2027		163,122		8,203		171,325
2028-2032		295,902		18,278		314,180
2033-2035		111,023		2,594		113,617
	$	1,326,173	$	89,498	$	1,415,671

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental activities:					
Leases	$ 174,288	$ -	$ (52,884)	$ 121,404	$ 52,425
Notes payable	1,525,475	-	(199,302)	1,326,173	203,728
Compensated absences	490,449	-	(17,380)	473,069	47,307
Governmental activity long-term liabilities	$ 2,190,212	$ -	$ (269,566)	$ 1,920,646	$ 303,460
Business-type activities:					
Compensated absences	$ 70,163	$ 770	$ -	$ 70,933	$ 7,093
Business-type activity long-term liabilities	$ 70,163	$ 770	$ -	$ 70,933	$ 7,093

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

Landfill Closure/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. $1,237,568 is reported as a landfill postclosure care liability as of June 30, 2022. 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, 2022, $1,438,965 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, 2022:

Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
$ 1,285,722	$ -	$ (48,154)	$ 1,237,568

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 the Montana State Fund for workers' compensation coverage. 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 $546,071 during fiscal year 2022.

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 $393,600 and $823,405, respectively, during fiscal year 2022 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.

Subsequent Events

Subsequent to year-end, the government was approved for a loan fron the Montana Department of Transportation in the amount of $102,852.

Commitments and Contingencies

At year-end, the government had commitments outstanding, in the form of contracts, of approximately $3,780,199, primarily for construction projects.

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 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 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% 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 more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member 1). is not awarded service credit for the period of reemployment; 2). is refunded the accumulated contributions associated with the period of reemployment; 3). starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and 4). 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 8.87% 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 .1% 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, 2017.

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

At June 30, 2022, the government recorded a liability of $3,456,697 (PERS) and $1,103,762 (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, 2022	
	PERS	SRS
Employer proportionate share	$ 3,456,697	$ 1,103,762
State of Montana proportionate share associated with employer	1,019,827	-
Total	$ 4,476,524	$ 1,103,762

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 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, 2020, through June 30, 2021, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2022, the government's proportion was .1906 and 1.5153 percent for PERS and SRS, respectively.

For the year ended June 30, 2022, the government recognized $342,696 (PERS) and $3,068 (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of $323,287 (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 $665,983 and $3,068 for PERS and SRS, respectively.

At June 30, 2022, 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	$ 36,889	$ 25,023	$ 142,898	$ -
Changes in actuarial assumptions	512,001	-	418,067	-
Difference between projected and actual investment earnings	-	1,400,344	-	746,050
Changes in the proportion and differences between actual and expected contributions	267,615	-	18,820	-
Employer contributions subsequent to measurement date	310,643	-	197,892	-
	$ 1,127,148	$ 1,425,367	$ 777,677	$ 746,050

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, 2023. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2023	$ 164,950	$ 409
2024	11,432	4,452
2025	(338,219)	(20,555)
2026	(447,025)	(150,571)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2021 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	7.06%	7.06%
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 rate of return for both PERS and SRS was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table below.

	PERS and SRS	
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.0%	-0.33%
Domestic equity	30.0%	5.90%
International equity	17.0%	7.14%
Real assets	5.0%	4.03%
Core fixed income	15.0%	1.14%
Private investments	15.0%	9.13%
Real estate	9.0%	5.41%
Non-core fixed income	6.0%	3.02%
	100.0%	

Discount Rate

Public Employees Retirement System
The discount rate used to measure the total pension liability was 7.06%. 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 districts. 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 2126. 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 7.06%. 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 2124. 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 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

	1% Decrease (6.06%)	Current Discount Rate (7.06%)	1% Increase (8.06%)
Net pension liability-PERS	$ 5,486,968	$ 3,456,697	$ 1,753,771
Net pension liability-SRS	2,331,335	1,103,762	101,941

PERS Disclosure for the Defined Contribution Plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 340 employers that have participants in the PERS-DCRP totaled $1,103,889.

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. 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, 2021, 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	101
	103

Total OPEB Liability

The total OPEB liability of $352,743 was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2021.

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	July 1, 2021
Actuarial cost method	Entry age, level percentage of pay.
Salary increases	2.5%.
Discount rate	3.8% (based on the 20 year municipal bond index).
Healthcare costs trend rates	6.25%% as of July 1, 2021, grading to 5.00% over 6 years and then to 4.00% over the next 48 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-2020 Generational Improvement Scale.

Changes in the Total OPEB Liability

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

Service cost	$ 31,965
Interest on the total OPEB liability	12,556
Changes of assumptions/differences between actual and expected	(174,588)
Benefits payments	(16,669)
Net change in total OPEB liability	(146,736)
Total OPEB liability - beginning of year	499,479
Total OPEB liability - end of year	$ 352,743

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 3.80%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (2.80%) or 1.00% higher (4.80%) than the current rate.

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB liability	$ 378,020	$ 352,743	$ 329,272

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 (5.50% decreasing to 3.00%) or 1-percentage-point higher (7.50% decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.00%)	Healthcare Cost Trend Rates (6.50% decreasing to 4.00%)	1% Increase (7.50% decreasing to 5.00%)
Total OPEB liability	$ 315,404	$ 352,743	$ 396,543

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

For the year ended June 30, 2022, the government recognized OPEB expense of $(168,519). As of June 30, 2022, 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	$ 33,660	$ 440,262
Changes in actuarial assumptions	-	71,014
	$ 33,660	$ 511,276

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

Year Ended June 30:	
2023	$ (213,040)
2024	(213,035)
2025	(31,175)
2026	(31,173)
2027	3,743
Therafter	7,064

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.

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.

GASB Statement No. 99, Omnibus 2022. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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, 2022

	Budgeted Amounts				
	Original	Final	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Taxes/assessments	$ 2,267,253	$ 2,267,253	$ 2,380,725	$ -	$ 2,380,725
Fees and fines	115,000	115,000	131,816	-	131,816
Licenses and permits	40,000	40,000	37,300	-	37,300
Intergovernmental	523,560	523,560	552,013	297,424	849,437
Charges for services	449,161	449,161	623,010	-	623,010
Investment earnings	20,000	20,000	10,878	-	10,878
Miscellaneous	47,110	47,110	81,277	-	81,277
Total revenues	3,462,084	3,462,084	3,817,019	297,424	4,114,443
EXPENDITURES					
Current:					
General government	3,161,017	3,161,017	3,134,406	154,661	3,289,067
Public safety	259,233	259,233	205,511	17,845	223,356
Public works	127,597	127,597	117,602	47,588	165,190
Public health	368,708	368,708	397,875	44,614	442,489
Social and economic services	189,735	189,735	185,055	14,871	199,926
Culture and recreation	500	500	40	17,845	17,885
Housing and community development	48,954	48,954	17,000	-	17,000
Debt service:				-	
Principal	-	-	29,639	-	29,639
Interest and other charges	-	-	3,181	-	3,181
Capital outlay	9,500	9,500	4,812	-	4,812
Total expenditures	4,165,244	4,165,244	4,095,121	297,424	4,392,545
Excess (deficiency) of revenues over expenditures	(703,160)	(703,160)	(278,102)	-	(278,102)
OTHER FINANCING SOURCES (USES)					
Transfers in	458,884	458,884	459,490	-	459,490
Transfers out	(52,600)	(52,600)	(87,927)	-	(87,927)
Total other financing sources (uses)	406,284	406,284	371,563	-	371,563
Net change in fund balance	$ (296,876)	$ (296,876)	93,461	-	93,461
Fund balance - beginning			1,456,995	-	1,456,995
Fund balance - ending			$ 1,550,456	$ -	$ 1,550,456

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Disaster Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ -	$ -	$ 19
Intergovernmental	1,600,000	1,600,000	775,327
Investment earnings	-	-	4,617
Miscellaneous	-	-	2,319
Total revenues	1,600,000	1,600,000	782,282
EXPENDITURES			
Current:			
Public safety	-	-	296,230
Public works	-	-	55,146
Public health	1,060,096	1,060,096	342,408
Social and economic services	-	-	51,325
Housing and community development	40,000	40,000	25,000
Other current charges	-	-	8,003
Capital outlay	-	-	46,779
Total expenditures	1,100,096	1,100,096	824,891
Excess (deficiency) of revenues over expenditures	499,904	499,904	(42,609)
OTHER FINANCING USES			
Transfers out	(153,500)	(153,500)	(25,393)
Total other financing uses	(153,500)	(153,500)	(25,393)
Net change in fund balance	$ 346,404	$ 346,404	(68,002)
Fund balance - beginning			31,880
Fund balance - ending			$ (36,122)

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Public Safety Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ 1,619,729	$ 1,619,729	$ 1,623,691
Licenses and permits	1,500	1,500	5,985
Intergovernmental	232,321	232,321	222,066
Charges for services	95,000	95,000	113,696
Miscellaneous	4,500	4,500	14,223
Total revenues	1,953,050	1,953,050	1,979,661
EXPENDITURES			
Current:			
Public safety	2,924,577	2,924,577	2,835,492
Debt service:			
Principal	-	-	16,259
Interest and other charges	-	-	2,941
Capital outlay	244,000	244,000	171,946
Total expenditures	3,168,577	3,168,577	3,026,638
Excess (deficiency) of revenues over expenditures	(1,215,527)	(1,215,527)	(1,046,977)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	100	100	19,452
Sale of capital assets	5,000	5,000	30,105
Transfers in	842,752	842,752	869,961
Transfers out	(30,000)	(30,000)	(30,606)
Total other financing sources (uses)	817,852	817,852	888,912
Net change in fund balance	$ (397,675)	$ (397,675)	(158,065)
Fund balance - beginning			536,263
Fund balance - ending			$ 378,198

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PILT Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Intergovernmental	$ 1,600,000	$ 1,600,000	$ 1,715,101
Investment earnings	5,000	5,000	6,562
Miscellaneous	2,900	2,900	343
Total revenues	1,607,900	1,607,900	1,722,006
EXPENDITURES:			
Current:			
General government	97,826	97,826	62,128
Public safety	397,100	397,100	395,498
Public works	30,000	30,000	99
Public health	32,500	32,500	-
Social and economic services	5,000	5,000	5,000
Debt service:			
Principal	31,155	31,155	31,155
Interest and other charges	1,980	1,980	1,980
Capital outlay	65,600	65,600	80,397
Total expenditures	661,161	661,161	576,257
Excess (deficiency) of revenues over expenditures	946,739	946,739	1,145,749
OTHER FINANCING USES			
Transfers out	(1,333,979)	(1,333,979)	(1,168,392)
Total other financing uses	(1,333,979)	(1,333,979)	(1,168,392)
Net change in fund balance	$ (387,240)	$ (387,240)	(22,643)
Fund balance - beginning			2,421,853
Fund balance - ending			$ 2,399,210

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:	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 310,643	$ 298,416	$ 257,037	$ 241,715	$ 217,482	$ 214,614	$ 212,925	$ 209,627
Contributions in relation to the contractually required contributions	310,643	298,416	257,037	241,715	217,482	214,614	212,925	209,627
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 3,502,175	$ 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	8.87%	8.93%	8.76%	8.60%	8.47%	8.37%	8.79%	8.78%

Sheriffs' Retirement System:	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 197,892	$ 180,277	$ 167,671	$ 154,264	$ 153,717	$ 114,388	$ 116,115	$ 110,946
Contributions in relation to the contractually required contributions	197,892	180,277	167,671	154,264	153,717	114,388	116,115	110,946
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 1,508,898	$ 1,377,159	$ 1,273,945	$ 1,171,527	$ 1,150,523	$ 1,130,869	$ 1,120,309	$ 1,093,721
Contributions as a percentage of covered payroll	13.12%	13.09%	13.16%	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.

See notes to required supplementary information-pension plan information.

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:	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.1906%	0.1749%	0.1703%	0.1561%	0.2067%	0.2022%	0.2047%	0.2242%
Employer's proportionate share of the net pension liability associated wi h the employer	$ 3,456,697	$ 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	1,019,827	1,456,069	1,162,304	1,095,427	57,927	42,083	35,139	34,110
Total	$ 4,476,524	$ 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	$ 3,343,215	$ 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	103.39%	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	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

Sheriffs' Retirement System:	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.5153%	1.5004%	1.4590%	1.4829%	1.5115%	1.5870%	1.6073%	1.5860%
Employer's proportionate share of the net pension liability associated wi h the employer	$ 1,103,762	$ 1,828,759	$ 1,216,854	$ 1,114,703	$ 1,150,173	$ 2,787,990	$ 1,549,455	$ 660,064
State of Montana's propor ionate share of the net pension liability associated with the employer	-	-	-	-	-	-	-	-
Total	$ 1,103,762	$ 1,828,759	$ 1,216,854	$ 1,114,703	$ 1,150,173	$ 2,787,990	$ 1,549,455	$ 660,064
Employer's covered payroll	$ 1,377,159	$ 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	80.15%	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	86.94%	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.

Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS:

- Effective July 1, 2017, 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:

- Effective July 1, 2017, 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.
-

Disabled PERS Defined Contribution (DC) Members:

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

Sheriffs' Retirement System

Changes of Benefit Terms:

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

2017:

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:

Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

- 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.

- 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:
  - 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 member's rehire date; and
  - 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.

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

	2022	2021	2020	2019	2018
Total OPEB liability - beginning of year	$ 499,479	$ 458,805	$ 1,284,162	$ 1,154,672	$ 987,179
Service cost	31,965	51,848	50,095	112,525	110,848
Interest cost	12,556	11,980	51,302	46,842	40,328
Differences in experience	(147,815)	-	(805,031)	-	53,200
Changes in assumption	(26,773)	-	(104,289)	-	(12,449)
Benefit payments	(16,669)	(23,154)	(17,434)	(29,877)	(24,434)
Total OPEB liability - end of year	$ 352,743	$ 499,479	$ 458,805	$ 1,284,162	$ 1,154,672
Covered-employee payroll	$ 5,467,678	$ 5,208,131	$ 5,032,011	$ 4,143,314	$ 3,983,956
Total OPEB liability as a percentage of covered-employee payroll	6.45%	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.	3.80%	2.40%	2.40%	3.87%	3.87%

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.

SUPPLEMENTARY INFORMATION

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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, 2021	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2022	Amount Provided to Subrecipients
U.S. Department of Transportation:									
Direct Program:									
Airport Improvement Program	20.106	3-30-0051-010-2018	$ 152,700	$ (26,910)	$ 67,590	$ 40,680	$ -	$ -	$ -
Airport Improvement Program (1)	20.106	3-30-0051-013-2021	272,000	-	221,774	270,480	(594)	(49,300)	-
Airport Improvement Program	20.106	3-30-0051-016-2022	1,310,419	-	-	87,642	-	(87,642)	-
Airport Improvement Program (1)	20.106	3-30-0031-002-2020	20,000	-	19,784	19,784	-	-	-
Airport Improvement Program (1)	20.106	3-30-0051-015-2022	22,000	-	22,000	22,000	-	-	-
Airport Improvement Program (1)	20.106	3-30-0051-014-2021	9,000	-	9,000	9,000	-	-	-
Total direct program				(26,910)	340,148	449,586	(594)	(136,942)	-
Passed through the Neponset Valley Transportation Management Association (NVTMA):									
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	70,170	-	20,400	21,710	-	(1,310)	-
Passed through the Montana Department of Transportation:									
Formula Grants for Rural Areas and Tribal Transit Program (1)	20.509	111604	1,350,000	(4,057)	180,381	226,174	-	(49,850)	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	111823	70,006	-	49,575	70,006	-	(20,431)	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	111308	134,890	(22,212)	22,212	-	-	-	-
Subtotal				(26,269)	272,568	317,890	-	(71,591)	-
Total U.S. Department of Transportation				(53,179)	612,716	767,476	(594)	(208,533)	-
U.S. Department of Justice:									
Direct Program:									
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0038	125,000	(11,555)	21,231	9,676	-	-	-
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0112	125,000	(13,243)	51,747	49,060	-	(10,556)	-
Subtotal				(24,798)	72,978	58,736	-	(10,556)	-
Passed through the Montana Board of Crime Control:									
Violence Against Women Formula Grants	16.588	20-W03-92607	45,846	(13,877)	13,877	-	-	-	-
Violence Against Women Formula Grants	16.588	W03-741	47,816	-	34,112	47,816	-	(13,704)	-
Subtotal				(13,877)	47,989	47,816	-	(13,704)	-
Coronavirus Emergency Supplemental Funding Program (1)	16.034	21-CV01-92773	14,812	-	14,806	14,806	-	-	-
Subtotal				-	14,806	14,806	-	-	-
Passed through the City of Bozeman:									
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	28,744	-	28,744	28,744	-	-	-
Subtotal				-	28,744	28,744	-	-	-
Total U.S. Department of Justice				(38,675)	164,517	150,102	-	(24,260)	-
U.S. Department of Homeland Security:									
Passed through the Montana Department of Military Affairs - Disaster & Emergency Services Division:									
Homeland Security Grant Program	97.067	EMW-2021-SS-00042	70,067	-	34,845	52,474	-	(17,629)	
Homeland Security Grant Program	97.067	EMW-2020-SS-00018	205,651	(6,200)	168,751	162,551	-	-	-
Subtotal				(6,200)	203,596	215,025	-	(17,629)	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4437-DR-MT	135,810	-	1,154	-	(1,154)	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4655-DR-MT	-	-	-	-	-	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (1)	97.036	FEMA-4508-DR-MT	197,386	-	-	197,386	-	(197,386)	-
Subtotal				-	1,154	197,386	(1,154)	(197,386)	-
Emergency Management Performance Grants	97.042	EMD-2020-EP-00003	37,497	(7,789)	7,789	-	-	-	-
Emergency Management Performance Grants	97.042	EMD-2021-EP-00003	37,500	-	30,492	37,500	-	(7,008)	-
Subtotal				(7,789)	38,281	37,500	-	(7,008)	-
Total U.S. Department of Homeland Security				(13,989)	243,031	449,911	(1,154)	(222,023)	-

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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, 2021	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2022	Amount Provided to Subrecipients
U.S. Department of Health and Human Services:									
Passed through the Montana Department of Public Health and Human Services:									
Maternal and Child Health Services Block Grant to the States	93.994	21-25-5-01-034-0	13,767	(2,753)	8,259	5,506	-	-	-
Maternal and Child Health Services Block Grant to the States	93.994	22-25-5-01-034-0	12,795	-	2,559	7,677	-	(5,118)	-
Subtotal				(2,753)	10,818	13,183	-	(5,118)	-
Immunization Cooperative Agreements	93.268	21-07-4-31-131-0	5,973	(2,233)	2,233	-	-	-	
Immunization Cooperative Agreements	93.268	22-07-4-31-131-0	5,973	-	5,973	5,973	-	-	
Immunization Cooperative Agreements (1)	93.268	22-07-4-31-131-0	155,669	-	155,669	-	-	155,669	-
Subtotal				(2,233)	163,875	5,973	-	155,669	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	22-07-3-01-167-0	5,000	-	5,000	5,000	-	-	-
Subtotal				-	5,000	5,000	-	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (1)	93.354	20-07-6-11-038-0	130,000	-	-	400	-	(400)	-
Subtotal				-	-	400	-	(400)	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (1)	93.323	20-07-6-11-038-0	92,699	-	-	-	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (1)	93.323	20-07-6-11-038-0	183,624	(6,272)	114,765	80,354	-	28,139	-
Subtotal				(6,272)	114,765	80,354	-	28,139	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	20-07-6-11-038-0	118,722	-	29,679	39,574	-	(9,895)	-
Subtotal				-	29,679	39,574	-	(9,895)	-
Passed through Rocky Mountain Area IV Agency on Aging:									
National Family Caregiver Support, Title III, Part E	93.052	2022-004-015	3,300	-	3,300	3,300	-	-	-
Subtotal				-	3,300	3,300	-	-	-
Total U.S. Department of Health and Human Services				(11,258)	327,437	147,784	-	168,395	-
U.S. Department of the Treasury:									
Passed through the Montana Department of Administration:									
Coronavirus Relief Fund (1)	21.019	N/A	1,652,096	(18,595)	26,282	7,687	-	-	-
Subtotal				(18,595)	26,282	7,687	-	-	-
Direct Programs:									
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	N/A	3,234,521	1,498,099	1,612,761	480,403	-	2,630,457	-
Subtotal direct programs				1,498,099	1,612,761	480,403	-	2,630,457	-
Passed through the Montana Department of Natural Resources and Conservation:									
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	AM-22-0043	200,000	-	-	-	-	-	-
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	AM-22-0068	200,000	-	-	25,000	-	(25,000)	25,000
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	AM-22-0174	275,517	-	-	1,099	-	(1,099)	-
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	RRG-22-1869A	10,000	-	10,000	10,000	-	-	-
Subtotal pass-through programs				-	10,000	36,099	-	(26,099)	25,000
Subtotal				1,498,099	1,622,761	516,502	-	2,604,358	25,000
Total U.S. Department of the Treasury				1,479,504	1,649,043	524,189	-	2,604,358	25,000
U.S. Election Assistance Commission:									
Passed through the Montana Secretary of State:									
Help America Vote Act Requirements Payments	90.401	N/A	31,899	4,202	12,380	16,582	-	-	-
Total U.S. Election Assistance Commission				4,202	12,380	16,582	-	-	-

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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, 2021	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2022	Amount Provided to Subrecipients
U.S. Department of Agriculture:									
Direct Programs:									
Schools and Roads - Grants to States	10.665	21-CS-11011100-005	25,000	-	-	25,000	-	(25,000)	-
Subtotal direct programs				-	-	25,000	-	(25,000)	-
Passed through the Montana Department of Administration:									
Schools and Roads - Grants to States	10.665	N/A	294,886	-	294,886	294,886	-	-	-
Subtotal pass-through programs				-	294,886	294,886	-	-	-
Subtotal				-	294,886	319,886	-	(25,000)	-
Passed through the Montana Department of Public Health and Human Services:									
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	21-25-5-21-032-0	53,591	(7,359)	20,172	12,813	-	-	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	22-25-5-21-032-0	61,449	-	32,777	40,728	-	(7,951)	-
Subtotal				(7,359)	52,949	53,541	-	(7,951)	-
WIC Grants to States (WGS)	10.578	22-25-5-21-032-0	4,477	-	3,336	3,880	-	(544)	-
Subtotal				-	3,336	3,880	-	(544)	-
Passed through the Montana Department of Natural Resources and Conservation:									
Cooperative Forestry Assistance	10.664	RFC-22-340	6,000	-	5,923	5,923	-	-	-
Subtotal				-	5,923	5,923	-	-	-
Passed through the Montana Department of Agriculture:									
Forest Health Protection	10.680	21-705-001	28,000	(2,333)	28,000	25,667	-	-	-
Subtotal				(2,333)	28,000	25,667	-	-	-
Total U.S. Department of Agriculture				(9,692)	385,094	408,897	-	(33,495)	-
U.S. Department of Housing and Urban Development:									
Passed through the Montana Department of Commerce:									
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	MT-CDBG-PL-20-09	30,000	-	-	8,401	-	(8,401)	-
Total U.S. Department of Housing and Urban Development				-	-	8,401	-	(8,401)	-
Total Federal Awards				$ 1,356,913	$ 3,394,218	$ 2,473,342	$ (1,748)	$ 2,276,041	$ 25,000

(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, 2022. 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 - NDIRECT 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, 2022 was $2,500 (unaudited).

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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

Report on the Financial Statements

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, 2022, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated March 24, 2023. The report included an explanatory paragraph to describe a change in accounting principles. Also, the report on the governmental activities and the aggregate remaining fund information was qualified because we did not observe year-end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities.

Report on 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2022-002 through 2022-009 to be significant deficiencies.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-008 and 2022-009.

<u>The Government's Response to Findings</u>

Government Auditing Standards requires the auditor to perform limited procedures on the government's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The government's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

<u>Purpose of this Report</u>

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.

Olness & Associates, PL

Billings, Montana
March 24, 2023

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

Qualified and Unmodified Opinions

We have audited Park County, Montana's (the government) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the government's major federal programs for the year ended June 30, 2022. The government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Assistance Listing No. 10.665 Schools and Roads-Grants to States and Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing No. 10.665 Schools and Roads-Grants to States and Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the government and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the government's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Assistance Listing No. 10.665 Schools and Roads-Grants to States and Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

As described in Findings 2022-010 and 2022-011 in the accompanying schedule of findings and questioned costs, the government did not comply with requirements regarding the following:

Finding No.	Assistance Listing No.	Program (or Cluster) Name	Compliance Requirement
2022-010	10.665	Schools and Roads-Grants to States	Special Tests and Provisions
2022-011	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement, Suspension & Debarment

Compliance with such requirements is necessary, in our opinion, for the government to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the government's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the government's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the government's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the government's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the government's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the government's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the government’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The government’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Olness & Associates, PL

Billings, Montana
March 24, 2023

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

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, Homeland Security Grant Program, Qualified, Schools and Roads-Grants to States and Coronavirus State and Local Fiscal Recovery Funds

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

Major programs:

Assistance Listing No.	*Name of Federal Program or Cluster*
10.665	Schools and Roads-Grants to States
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.067	Homeland Security Grant Program

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

2022-001. <u>SEGREGATION OF DUTIES</u>

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.

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

Effect: Transactions could be mishandled.

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 action: The government agrees with this finding and will adhere to the attached corrective action plan.

2022-002. IDENTIFY AND CORRECTLY CODE PREPAID ITEMS

Criteria: It is the responsibility of department heads, directors and the finance office to identify and code expenditures paid in advance of receiving goods or services as prepaid items.

Condition: In February 2022, the director of operations requested the finance office pay a bill for the purchase of a roller that the county had not yet received.

Cause: The director of operations wanted to have the warrant available to give to the vendor when the roller was delivered. The roller was delivered October 2022.

Effect: Fund level expenditures were overstated and assets were understated by approximately $141,000. At the government-wide level, the roller was capitalized and depreciated.

Recommendation: As a general rule, bills should not be paid prior to receiving goods or services. In rare instances when a bill is required to be paid prior to receiving the goods or services, it should be classified as a prepaid expenditure.

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

2022-003. DEVELOP A SCHEDULE OF MONTH-END AND YEAR-END CLOSING PROCEDURES

Criteria: A checklist/schedule of month-end and year-end closing procedures will help to ensure that processes are completed in a timely manner.

Condition: A substantial number of journal vouchers were made during the audit. Most of the entries were to correct bookkeeping errors or to make accrual entries and other adjustments that should have been made by the finance office.

Cause: Employee turnover.

Effect: The financial information management is relying on may be inaccurate.

Recommendation: A checklist/schedule of month-end and year-end closing procedures should be developed and followed to ensure the county's books and records are accurate and closed in a timely manner.

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

2022-004. CASH AND INVESTMENT RECONCILIATIONS NOT COMPLETE OR ACCURATE

Criteria: In order for financial reports generated for the county's use and reports sent from the treasurer's office to other governmental agencies to be as meaningful and as useful as possible, cash and investment reconciliations need to be complete and accurate.

Condition: Unreconciled differences existed throughout the year between the bank reconciliations and the general ledger cash balances.

Cause: Procedures are not in place to identify the unreconciled differences.

Effect: Park County commissioners, other elected officials, department heads and other governmental agencies relying on financial reports and cash balances could be making decisions based on erroneous information.

Recommendation: The treasurer should develop procedures to ensure cash and investments reconciliations are complete and accurate.

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

2022-005. ACCOUNTS RECEIVABLE MANAGEMENT

Criteria: The county sends bills for hangar leases and landing fees related to the airport.

Condition: A formal process does not exist to ensure the accuracy and completeness of hangar leases and landing fees billing, collection and monitoring.

Cause: Unknown.

Effect: Hangar lease and landing fee revenue may not be collected.

Recommendation: Written procedures should be developed to ensure the completeness and accuracy of hangar lease and landing fee revenue. The procedures should include making a monthly entry in the general ledger for bills sent, verifying the general ledger accounts receivable control account agrees with an aged accounts receivable schedule and follow up for amounts in excess of 30 days.

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

2022-006. YEAR-END INVENTORY NOT CONDUCTED

Criteria: Periodic physical inventories provide a basis for updating inventory balances and aid in detecting significant inventory shortages.

Condition: The government did not conduct year-end inventories of materials and supply inventory in the road and bridge departments.

Cause: Unknown.

Effect: The audit opinion is qualified for the governmental activities and the aggregate remaining fund information.

Recommendation: We recommend that materials and supplies inventory items purchased out of the road and bridge funds be inventoried at year-end, dollar costs assigned and the general ledger updated.

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

2022-007. GRANT MANAGEMENT

Criteria: Grant funding is a significant portion of the county's annual operating budget. The county has multiple locations with substantial decentralization of department heads and management. As such, it is important that a highly-developed, well-communicated, and consistent grant management system be maintained.

Condition: A number of major grant funded functions and activities exist outside of the courthouse at various locations. Currently, there are no formally documented policies and procedures to ensure that grants are managed in a consistent or uniform manner and in accordance with all grant terms and conditions. Further, no one person is in charge of identifying, organizing accounting for and monitoring federal and state grants.

Cause: Unknown.

Effect: Potential questioned costs, non-compliance with federal and state grant requirements, grant funds being spent outside of the period of performance, potentially unspent grant funds remaining on hand after the grant period has closed.

Recommendation: The County should identify, in detail, the various grant funded activities existing within the County and how and where they are administered. The county should designate specific individuals for accounting, grant delivery and administrative monitoring. The individual would be responsible for the following: a). classification of grant revenues b). maintaining complete and organized grant files, including the grant application, correspondence with the granting agency, draw requests, evidence of monitoring any special grant terms and conditions and the close out report that agrees with the accounting records, c). developing adequate cash management procedures, d). identifying, approving and monitoring match requirements and, when applicable, e). follow up with subrecipients.

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

2022-008. NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS REQUIREMENTS, SCHOOLS AND ROADS-GRANTS TO STATES; AL No. 10.665; GRANT No. 21-CS-11011100-005, YEAR ENDED JUNE 30 2022

Criteria: The Challenge Cost Share Agreement between Park County and the USDA, Forest Service establishes conditions which must be understood and agreed to by the county too secure funding under the Schools and Roads – Grants to States grant program.

Condition: The county did not adhere to the following provisions of the Challenge Cost Share Agreement:

1. Ensure that all employees of the contractor complete the I-9 form to certify that they are eligible for lawful employment under the Immigration and Nationality Act (8 USC 1324a).
2. Prepare and submit Program Performance Reports (PPR)

Cause: The county does not have a system in place that will allow full compliance with all program terms and conditions.

Effect: Non-compliance with program terns and conditions.

Questioned Costs: None

Recommendation: The commissioners should designate a county official to become familiar with and be responsible for all program requirements.

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

2022-009. NONCOMPLIANCE WITH PROCUREMENT, SUSPENSION & DEBARMENT REQUIREMENTS, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS; AL No. 21.027, YEAR ENDED JUNE 30 2022

Criteria: The Coronavirus State and Local Fiscal Recovery Funds program is implemented by Treasury's Interim Final Rule and Final Rule at 31 CFR.35. The Interim Final Rule and Final Rule states that prior to entering into subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR section 19.300.

Condition: The county did not verify that program recipients/participants were not suspended, debarred, or otherwise excluded from participation in the program.

Cause: The county does not have a system in place that will allow full compliance with all program terms and conditions.

Effect: Non-compliance with program terns and conditions.

Questioned Costs: None

Recommendation: Management should develop procedures that will provide reasonable assurance that procurement of goods and services are made in compliance with applicable federal regulations and other procurement requirements specific to a federal award or subaward, and that no subaward, contract, or agreement for purchase of goods or services is made with any suspended or debarred party.

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

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S DEPARTMENT OF AGRICULTURE:

2022-010. SCHOOLS AND ROADS-GRANTS TO STATES; AL No. 10.665; GRANT No. 21-CS-11011100-005, YEAR ENDED JUNE 30 2022

Finding 2022-008 applies to this federal award program.

U.S. DEPARTMENT OF THE TREASURY:

2022-011. CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS; AL No. 21.027, YEAR ENDED JUNE 30 2022

Finding 2022-009 applies to this federal award program.

PARK COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

2021-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2022-001 for the year ended June 30, 2022.

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

None

FINDINGS - FINANCIAL STATEMENT AUDIT

2022-001. 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: Immediately

2022-002. IDENTIFY AND CORRECTLY CODE PREPAID ITEMS

Name of contact person: Finance Director

Corrective Action: Finance will update procedures as follows: When a department has a signed purchase order for goods arriving with an uncertain date, the department head should hold onto the purchase order and only submit it with a request for payment on the day of or one day prior to delivery. In the event there is travel involved to pick up an item, the request for payment should be made the day before travel. Requests for advance payment should not be made without direct discussion with the Finance Office. If a delivery or pick up is delayed for any reason then the check should be returned immediately to the Finance Office to be voided. Checks will not be held in the Finance Office for future use. In the rare event that there is a valid reason for advance payment, the Department Head and Finance will code the item as a prepayment with specific information provided when the prepayment goes into service to expense the item.

Proposed Completion Date: Immediately

2022-003. DEVELOP A SCHEDULE OF MONTH-END AND YEAR-END CLOSING PROCEDURES

Name of contact person: Finance Director

Corrective Action: Finance is cross training with new employees to ensure existing written procedures are followed. The department continues to encourage timely submissions of claims to reduce the number of accrual entries at year end. The 2022 flood impacted the department’s capacity to manage all bookkeeping functions as efficiently as possible.

Proposed Completion Date: Immediately

2022-004. CASH AND INVESTMENT RECONCILIATIONS NOT COMPLETE OR ACCURATE

Name of contact person: Treasurer

Corrective Action: Treasurer needs and will redevelop the reconciliation process as to tighten up how credit cards are being processed as per the last 4 days work comes in to the bank account the next month creating Treasurer to have carry forward balances. With more and more credit cards being accepted from other departments this has become very confusing. On the Treasurers’ side we now accept e-checks and they come in separate from the credit cards and most of the time have multiple days combined in one total to be deposited to the bank. Some months have been a result of cash coming in the bank account with no direction of what or who it is for causing us to research to find where it belongs. In both the above we have started to process the credit cards only for what shows day by day in bank account other than running into having to have carry over deposits. We have also started to put unknown deposits into a holding funds until we can determine where and who it belongs to.

Proposed Completion Date: Immediately

2022-005. ACCOUNTS RECEIVABLE MANAGEMENT

Name of contact person: Finance Director

Corrective Action: Finance has been working with the City/County Airport Board over the last few years. Capacity issues have made it difficult to keep up with the timing of payments. Based on the auditors' recommendation, the Airport Board approved of setting up invoicing and tracking in QuickBooks. The system has been set up by Finance and is in the process of being turned over to the Airport Board. The Airport Board also contracted with a person to assume responsibilities for leasing and more currently landing fees. Finance will have written procedures to ensure the department receives timely reports and books receivables on a monthly basis.

Proposed Completion Date: Immediately

2022-006. YEAR-END INVENTORY NOT CONDUCTED

Name of contact person Public Works Director:

Corrective Action: Public works will perform an audit of all materials and supplies purchased from department funds in June of each year. Public works will partner with the auditor to insure all materials and supplies required on the audit are accounted for.

Proposed Completion Date Immediately:

2022-007. GRANT MANAGEMENT

Name of contact person: Director of Grants and Special Projects

Corrective Action: The county will develop written procedures in collaboration with affected departments to identify all of the items in the recommendation and present it to the Commission for review.

Proposed Completion Date:

2022-008. NONCOMPLIANCE WITH SPECIAL TESTS AND PROVISIONS REQUIREMENTS, SCHOOLS AND ROADS-GRANTS TO STATES; AL No. 10.665; GRANT No. 21-CS-11011100-005, YEAR ENDED JUNE 30 2022

Name of contact person: Director of Grants and Special Projects

Corrective Action: The county will develop written procedures as recommended in finding 2022-007 to address this issue and incorporate this finding's recommendation.

Proposed Completion Date: Immediately

2022-009. NONCOMPLIANCE WITH PROCUREMENT, SUSPENSION & DEBARMENT REQUIREMENTS, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS; AL No. 21.027, YEAR ENDED JUNE 30 2022

Name of contact person: Director of Grants and Special Projects

Corrective Action: The county will develop written procedures as recommended in finding 2022-007 to address this issue and incorporate this finding's recommendation.

Proposed Completion Date: Immediately

FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT

U.S DEPARTMENT OF AGRICULTURE:

2022-010. SCHOOLS AND ROADS-GRANTS TO STATES; AL No. 10.665; GRANT No. 21-CS-11011100-005, YEAR ENDED JUNE 30 2022

Finding 2022-008 applies to this federal award program.

U.S. DEPARTMENT OF THE TREASURY:

2022-011. CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS; AL No. 21.027, YEAR ENDED JUNE 30 2022

Finding 2022-009 applies to this federal award program.