

PARK COUNTY  
LIVINGSTON, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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# PARK COUNTY

## ORGANIZATION

June 30, 2020

### BOARD OF COUNTY COMMISSIONERS

Steven Caldwell	Board Chairperson
Bill Berg	Commissioner
Clint Tinsley	Commissioner

### ELECTED OFFICIALS

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

# OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Park County  
Livingston, Montana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park County, Montana (the government) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the government, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

*O'Hass & Associates, PC*

Billings, Montana  
December 3, 2020

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

Park County's management offers readers of the county's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here, in conjunction with the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Net position for Park County was \$33,481,712.
- The County's total net position increased 4.9% for this year's operations. Net position of governmental activities increased by \$1,644,954 or 5.3%, while net position of business-type activities decreased by \$94,352 or 10.7%.
- During the year governmental general and program revenues of \$15,354,288 were \$1,664,747 more than the \$13,689,541 in expenses, before transfers out. The total cost of governmental activities expenses increased over the prior year by \$1,045,039 or 8.3%.
- In the business-type activities, before transfers in and out, revenues increased \$61,671 (4.8%) and expenses increased \$92,713 (6.7%).
- The General fund balance reported an increase this year of \$221,133, or 27.64%.

**USING THIS AUDIT REPORT**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

These two statements also report 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

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

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 (pages 13 and 15).

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

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

**THE GOVERNMENT AS A WHOLE**

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$15,848,042	\$13,757,861	\$1,858,822	\$2,076,181	\$17,706,864	\$15,834,042
Capital assets	25,020,674	24,183,306	670,878	599,766	25,691,552	24,783,072
<b>Total assets</b>	<b>40,868,716</b>	<b>37,941,167</b>	<b>2,529,700</b>	<b>2,675,947</b>	<b>43,398,416</b>	<b>40,617,114</b>
Deferred outflow s-pension plans	1,261,430	1,647,941	51,641	66,039	1,313,071	1,713,980
Other liabilities	518,479	54,299	-	-	518,479	54,299
Long-term liabilities outstanding	7,126,548	6,707,191	1,712,333	1,806,874	8,838,881	8,514,065
<b>Total liabilities</b>	<b>7,645,027</b>	<b>6,761,490</b>	<b>1,712,333</b>	<b>1,806,874</b>	<b>9,357,360</b>	<b>8,568,364</b>
Deferred inflow s-pension plans	1,793,379	1,780,832	79,036	50,788	1,872,415	1,831,620
<b>Net position:</b>						
Net investment in capital assets	23,318,174	23,304,342	670,878	599,766	23,989,052	23,904,108
Restricted	12,974,444	12,466,523	118,391	92,561	13,092,835	12,559,084
Unrestricted	(3,600,878)	(4,724,079)	703	191,997	(3,600,175)	(4,532,082)
<b>Total net position</b>	<b>\$32,691,740</b>	<b>\$31,046,786</b>	<b>\$ 789,972</b>	<b>\$ 884,324</b>	<b>\$33,481,712</b>	<b>\$31,931,110</b>

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, \$13,092,835, 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 governmental activities as well as for its business-type activities. Net position was \$32,691,740 for the governmental activities and \$789,972 for the business-type activities, or a total of \$33,481,712.

The County's overall net position increased 4.9% or \$1,550,602 from fiscal year 2019 to 2020. There was a 5.3% increase in net

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

position in the governmental activities of \$1,644,954, mostly due to capital grants. Business-type activities saw a 10.7% decrease, or \$94,352. The decrease can be attributable to depreciation expense.

CHANGE IN NET POSITION:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 984,329	\$ 968,034	\$ 1,324,497	\$ 1,271,721	\$ 2,308,826	\$ 2,239,755
Operating grants and contributions	2,442,475	1,805,098	6,218	5,632	2,448,693	1,810,730
Capital grants and contributions	996,650	2,769,637	-	-	996,650	2,769,837
General revenues:						
Taxes	7,839,958	6,968,383	-	-	7,839,958	6,968,383
Licenses and permits	49,826	56,974	-	-	49,826	56,974
Intergovernmental	2,603,378	2,397,667	-	-	2,603,378	2,397,667
Interest	237,515	257,924	25,740	16,393	263,255	274,317
Miscellaneous	122,844	128,880	37	45	122,881	128,925
Gain on disposal of capital assets	77,313	51,956	-	1,030	77,313	52,986
<b>Total revenues</b>	<b>15,354,288</b>	<b>15,404,753</b>	<b>1,356,492</b>	<b>1,294,821</b>	<b>16,710,780</b>	<b>16,699,574</b>
<b>Expenses:</b>						
General government	3,678,651	3,507,722	-	-	3,678,651	3,507,722
Public safety	4,251,553	3,479,334	-	-	4,251,553	3,479,334
Public works	2,886,307	2,745,989	-	-	2,886,307	2,745,989
Public health	634,964	649,252	-	-	634,964	649,252
Social and economic services	410,038	440,462	-	-	410,038	440,462
Culture and recreation	1,178,140	1,128,246	-	-	1,178,140	1,128,246
Housing and community development	50,175	138,954	-	-	50,175	138,954
Other current charges	408,957	404,665	-	-	408,957	404,665
Landfill	-	-	30,371	30,209	30,371	30,209
Refuse facility	-	-	1,440,266	1,347,715	1,440,266	1,347,715
Interest on long-term debt	37,295	32,064	-	-	37,295	32,064
Intergovernmental	153,461	117,814	-	-	153,461	117,814
<b>Total expenses</b>	<b>13,689,541</b>	<b>12,644,502</b>	<b>1,470,637</b>	<b>1,377,924</b>	<b>15,160,178</b>	<b>14,022,426</b>
Change in net position before transfers	1,664,747	2,760,251	(114,145)	(83,103)	1,550,602	2,677,148
Transfers	(19,793)	51,858	19,793	(51,858)	-	-
Change in net position	1,644,954	2,812,109	(94,352)	(134,961)	1,550,602	2,677,148
Net position, beginning	31,046,786	28,234,677	884,324	1,019,285	31,931,110	29,253,962
Net position, ending	<u>\$ 32,691,740</u>	<u>\$ 31,046,786</u>	<u>\$ 789,972</u>	<u>\$ 884,324</u>	<u>\$ 33,481,712</u>	<u>\$ 31,931,110</u>

**FUND FINANCIAL STATEMENTS**

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

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

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

**Governmental Funds**

Park County has seven governmental funds that are reported as major funds in fiscal year 2020. These are: General, Fair, Library, Ambulance, Public Safety (Law Enforcement), Payment in Lieu of Taxes (PILT) and the General Capital Improvement funds.

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

- *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 \$908,623 in fiscal year 2020, an increase of 6.1% over fiscal year 2019. Before transfers in and transfers out, revenues increased 5.2% by \$173,182 and expenditures decreased 0.4% by \$14,741 over the prior fiscal year. Transfers in from Permissive Medical Levy, Road, PILT, Records Preservation and the Enterprise funds amountad to \$529,569, an increase of \$60,242 from 2019. A portion of the increase included local government CARES funding for eligible health personnel from March 12 through June 30, 2020 to support the response for the COVID-19 coronavirus pandemic.

- *Fair Fund:* The Fair fund covers activities at the Park County Fairgrounds, and assists activity coordination at the Park County owned parks. Due to the interfund loan entered into with the General Capital Improvement fund for \$207,200, there is a resulting payable that will decline as the funds are paid back. There is a 2 year deferral period on the 10 year loan, and a prior year transfer was returned and relisted as part of the interfund due.
- *Library Fund:* The Park County library is managed by the City of Livingston with funds from both the county and the city. Due to year end timing, the county library payment was set up as a payable for \$155,000. The amount was paid in July 2020.
- *Ambulance Fund:* The ambulance service, providing services to city and county residents, is managed by the City of Livingston with funds from both the county and the city. Due to year end timing, the county ambulance payment was set up as a payable for \$265,904. The amount was paid in July 2020.
- *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 2020 before transfers in increased \$184,981, or 10.7% over the prior year. Tax revenues were up \$59,368 from 2019, or 4.26%. Transfers in from other funds increased \$13,370 or 1.8%. The largest share of transfers in, \$449,200, was from PILT which saw no increase from 2019. The increase in tax revenue is due to a rebalancing to allow the Public Safety fund to use the Determination of Tax Revenue sheet annually to determine mills. The change allows the fund to grow by inflation and new construction.

Public Safety fund expenditures increased by 16% or \$373,957 due to vehicle purchases that were ordered in 2019 and 2020 and arrived in in 2020. With the increase in vehicle purchases, the ending fund balance decreased \$83,480 or 9.1%.

- *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 2020, the amount that the county received for PILT was \$1,596,489, a \$127,485 or 8.7% increase from the prior fiscal year. The amount transferred to other funds was \$739,770, a 24.2% decrease due to COVID-19 relief funding covering normal PILT transfers. The net change in fund balance from the prior fiscal year was an increase of \$438,360, for an ending fund balance of \$1,389,489.

- *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 2020, a \$207,200 loan was entered into with the Fairgrounds and Parks fund to cover capital purchases and increased pay for staff. Two loans were paid off in 2020, the \$20,000 Cooke City Water District loan and a \$25,000 Angel Line transportation loan.

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 2020, \$80,072 was expended for a loan payment for a new building for Search and Rescue and two capital improvement projects including Mill Creek Road and Old Yellowstone Trail Federal Lands Access Project grant matches. The ending fund balance was \$8,701,466, an increase of \$93,096 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

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

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 \$90,324 came from a reduction in its cash position. The balance included capital asset and depreciation adjustments and noncash changes to pension plan information.

#### BUDGETARY HIGHLIGHTS

*Original budget compared to final budget expenditures*

FEMA and local government CARES awarded funds to Park County for coronavirus relief which passed through the Emergency Disaster Fund to cover reimbursable costs, and the budget increased \$393,500. The Refuse fund increased its budget by \$122,000 to cover increased tipping fees. 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 7.6% over budget. Other financing sources were 2.2% over the final budget. Total actual revenues including transfers in were \$258,555, 6.9% over budget. Actual General fund tax revenues were \$6,684 under budget; local option taxes, which are collected in the General fund, were 10.1% more than budgeted. Investment earnings went up in 2020.

General Fund actual expenditures were 98.3% of budgeted appropriations. The net change in the General fund und balance was an increase of \$221,133 due to increased revenues and decreased expenditures. The stay-at-home work order from Montana Governor Bullock for COVID-19 reduced expenditures as there were fewer staff in the building for a period of time.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets:** Park County's net investment in capital assets as of June 30, 2020 totaled \$23,989,052. This investment includes land, construction in progress, buildings, infrastructure, machinery, and equipment. See the notes to financial statements for changes in capital assets.

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

State statute limits the amount of county indebtedness to 2.5 percent of the total assessed value of taxable property. The 2020 market value of property in the County was \$3,323,873,350 and the statutory limit of county indebtedness was \$83,096,834. As of June 30, 2020, Park County had at total of \$1,702,500 in outstanding notes, of which \$1,525,801 is long-term. Park County's total debt decreased \$823,536 during the fiscal year to cover the Convict Grade Bridge replacement and the purchase of a grader. There were some reductions by regularly scheduled principal payments on existing debt.

#### CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2019 recertified taxable value of property in Park County, less the value of the Tax Increment Financing Districts, was used during fiscal year 2020 financial period of tax collections. The rate increased 17% from \$45,162,088 in fiscal year 2019 to \$52,855,369 in fiscal year 2020. The value of newly taxable property county-wide was \$1,890,055, which accounts for a portion of that increase. It should also be noted that 2019 was a reassessment year for the Montana Department of Revenue, who is required by state law to conduct periodic reappraisals of property in the interest of equal taxation. The next reassessment will occur in 2021.

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

County general mills are split among the General, Bridge, Weed Control, Fair, Airport, District Court, Comprehensive Insurance, Senior Citizens, Law Enforcement, and Museum Funds at the commissioners' discretion, with certain restrictions. The growth in number of authorized mills for these aggregate mills went from 85.17 in fiscal year 2019 to 76.24 in fiscal year 2020. 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 2020.

With the increase in value of a county mill and the decrease in number of mills authorized to be levied, tax revenues for the county general mills were expected to increase 4.8%, from \$3,846,278 in fiscal year 2019 to \$4,029,693 that was budgeted in fiscal year 2020. The actual property tax revenue received was \$4,001,003, or 99.3% 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

PARK COUNTY  
MANAGEMENT'S DISCUSSION & ANALYSIS

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 2020 the county received \$1,596,489 for the 2020 PILT from the federal government, or an 8.7% increase. Expenditures in 2020 were \$1,198,792 or 14% less than the prior year. The net change in fund balance from the prior fiscal year was an increase of \$438,360, for an ending fund balance of \$1,389,489. The county is continuing the process of evaluating the demands on the PILT fund and reducing the demands on the PILT reserve.

The County's waste disposal system has been in transition since 2012. The Park County Transfer Station no longer accepts refuse or recycling; all refuse activities have moved to the city of Livingston Transfer Station. In the Fall of 2015, the Park County Solid Waste Board recommended and the Commissioners moved to close the landfill, pending DEQ approval. All landfill jobs have been eliminated. The landfill closure project was completed in 2016, and funds held in trust to cover the costs were released to the county to cover expenditures in 2019 and 2020.

In light of the most recent Consumer Price Index statistics indicating a Cost of Living Adjustment of 2.4% and in an effort to equalize pay increases, the county's Compensation Board recommended that elected officials receive a 3% per hour increase to their base salary. Wages for non-elected eligible county employees were adjusted by 2% in order to allow room for a 2019 wage compensation study to be implemented for employees paid below market wage.

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 are two FLAP projects underway. The Old Yellowstone Trail South project is a corridor study to review safety and needs. Of the total estimated cost of \$235,000, Park County has paid \$16,510 through 2020. The project is ongoing. The final payment of \$47,610 was paid for the Mill Creek FLAP for six miles of Mill Creek Road repairs and upgrades.
- FEMA, Federal Emergency Management Agency, awarded a grant to help defray the costs of the COVID-19 pandemic. The 2020 portion of the award was \$54,973 with the 25% match of \$18,084 being covered by local government CARES funds for a total coverage of \$73,057.
- The Montana Governor's Office has overseen the local government CARES reimbursement distribution of Coronavirus Relief Funds from the US Government. Funds received and due to be received for 2020 amount to \$487,604 excluding the FEMA match.
- The Sheriff's Department received a three year COPS grant to assist in hiring additional deputies. Each grant provides \$125,000 over three years to defray the personnel cost. The first COPS grant reimbursed \$34,709 and closed out in 2020. A second COPS grant was awarded with the same funding parameters. The second COPS grant reimbursed \$47,952 in 2020.
- There are multiple on-going grants which help fund the Health Department annually. In 2020, \$178,198 in state grants funded Maternal Child Health, Public Health Preparedness, Asthma, Tobacco and Women, Infant and Child programs. This includes additional Funds made available for COVID-19 through Public Health Preparedness for \$18,409.
- The federal government awarded grants through its Homeland Security programs. A satellite communications trailer grant received \$53,941 in funding, and the new Sheep Mountain tower repeater grant received \$35,625 in 2020.
- The Victim Witness position program grant received \$45,776 in 2020.
- The Disaster and Emergency Services position receives partial funding annually. In 2020, the DES position and program received \$35,775.
- The state 911 program distributed three grants to Park County in 2020. There was a radio repeater grant which received \$49,860, a phone system grant received \$166,199, and a recording system grant received \$61,781.
- The Noxious Weed program grants received a total of \$29,925 for noxious weed mitigation in various parts of Park County.
- The Airport received \$18,800 in grant funds to support a Master Plan of development for the physical space at Mission Field. The Airport also received \$454,700 to create an expanded turnaround for larger planes. The 10% grant match for the turnaround was funded by a donation.
- The Missouri River Drug Task Force position in the Sheriff's Office is partially funded by the MT Board of Crime Control and received \$31,577.
- The Road department received two TSEP (Treasure State Endowment Program) grants for \$120,457 for Mission Creek and Cooke City bridges.
- The Park County Transit program for Windrider public buses received a total of \$76,322 for bus operations and training.
- A HAVA election security grant was received for \$12,910, and there was a Southwest Juvenile Detention grant for \$8,410. A GIS (Geographic Information System) grant for \$20,000 from the Montana Land Information Act was distributed through the Montana State Library to update the county's land designations and boundaries. Angel Line also received grant funds in the amount of \$3,300 in 2020.

## 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, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 5,659,202	\$ 132,761	\$ 5,791,963
Investments	8,700,000	-	8,700,000
Receivables:			
Taxes/assessments	308,184	286,646	594,830
Accounts	225,655	-	225,655
Governments	798,533	-	798,533
Inventories	148,250	-	146,250
Prepays	10,218	-	10,218
Restricted assets:			
Cash and equivalents	-	10,288	10,288
Investments	-	1,429,127	1,429,127
Capital assets:			
Capital assets not being depreciated-land and construction in progress	691,608	52,528	744,136
Capital assets, net of accumulated depreciation	24,329,066	618,350	24,947,416
Total assets	<u>40,868,716</u>	<u>2,529,700</u>	<u>43,398,416</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other post-employment benefits	40,625	2,805	43,430
Pension plans	1,220,805	48,836	1,269,641
Total deferred outflows of resources	<u>1,261,430</u>	<u>51,641</u>	<u>1,313,071</u>
<b>LIABILITIES</b>			
Accounts payable-vendors	501,349	-	501,349
Payable to other governments	1,698	-	1,698
Unearned revenue	15,432	-	15,432
Noncurrent liabilities:			
Due within one year:			
Notes	176,699	-	176,699
Compensated absences	49,817	8,111	57,928
Due in more than one year:			
Notes	1,525,801	-	1,525,801
Compensated absences	448,351	73,002	521,353
Landfill closure/postclosure costs payable	-	1,321,024	1,321,024
Total other post-employment benefits liability	429,170	29,635	458,805
Net pension liability	4,496,710	280,561	4,777,271
Total liabilities	<u>7,645,027</u>	<u>1,712,333</u>	<u>9,357,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other post-employment benefits	689,976	47,644	737,620
Pension plans	1,103,403	31,392	1,134,795
Total deferred inflows of resources	<u>1,793,379</u>	<u>79,036</u>	<u>1,872,415</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	23,318,174	670,878	23,989,052
Restricted for:			
General government	1,397,684	-	1,397,684
Public safety	1,175,897	-	1,175,897
Public works	599,726	-	599,726
Public health	187,968	-	187,968
Social and economic services	58,075	-	58,075
Culture and recreation	413,161	-	413,161
Housing and community development	221,661	-	221,661
Debt service	-	-	-
Capital projects	8,920,272	-	8,920,272
Landfill closure/postclosure costs	-	118,391	118,391
Unrestricted (deficit)	<u>(3,600,878)</u>	<u>703</u>	<u>(3,600,175)</u>
Total net position (deficit)	<u>\$ 32,691,740</u>	<u>\$ 789,972</u>	<u>\$ 33,481,712</u>

See notes to basic financial statements.

PARK COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 3,678,651	\$ 471,532	\$ 249,448	\$ -	\$ (2,957,671)	\$ -	\$ (2,957,671)
Public safety	4,251,553	260,238	508,683	353,642	(3,128,990)	-	(3,128,990)
Public works	2,886,307	123,865	1,091,299	643,008	(1,028,135)	-	(1,028,135)
Public health	634,964	96,058	284,024	-	(254,882)	-	(254,882)
Social and economic services	410,038	1,737	129,183	-	(279,118)	-	(279,118)
Culture and recreation	1,178,140	30,899	26,377	-	(1,120,864)	-	(1,120,864)
Housing and community development	50,175	-	-	-	(50,175)	-	(50,175)
Other current charges	408,957	-	-	-	(408,957)	-	(408,957)
Interest on long-term debt	37,295	-	-	-	(37,295)	-	(37,295)
Intergovernmental	153,461	-	153,461	-	-	-	-
<b>Total governmental activities</b>	<b>13,689,541</b>	<b>984,329</b>	<b>2,442,475</b>	<b>996,650</b>	<b>(9,266,087)</b>	<b>-</b>	<b>(9,266,087)</b>
<b>Business-type activities:</b>							
Landfill	30,371	603	-	-	-	(29,768)	(29,768)
Refuse Facility	1,440,266	1,323,894	6,218	-	-	(110,154)	(110,154)
<b>Total business-type activities</b>	<b>1,470,637</b>	<b>1,324,497</b>	<b>6,218</b>	<b>-</b>	<b>-</b>	<b>(139,922)</b>	<b>(139,922)</b>
<b>Total</b>	<b>\$ 15,160,178</b>	<b>\$ 2,308,826</b>	<b>\$ 2,448,693</b>	<b>\$ 996,650</b>	<b>(9,266,087)</b>	<b>(139,922)</b>	<b>(9,406,009)</b>
<b>General revenues:</b>							
Property taxes					7,839,958	-	7,839,958
Licenses and permits					49,826	-	49,826
Intergovernmental					2,603,378	-	2,603,378
Unrestricted investment earnings					237,515	25,740	263,255
Miscellaneous					122,844	37	122,881
Gain on disposal of capital assets					77,313	-	77,313
Transfers					(19,793)	19,793	-
<b>Total general revenues and transfers</b>					<b>10,911,041</b>	<b>45,570</b>	<b>10,956,611</b>
<b>Change in net position</b>					<b>1,644,954</b>	<b>(94,352)</b>	<b>1,550,602</b>
<b>Net position - beginning</b>					<b>31,046,786</b>	<b>884,324</b>	<b>31,931,110</b>
<b>Net position - ending</b>					<b>\$ 32,691,740</b>	<b>\$ 789,972</b>	<b>\$ 33,481,712</b>

PARK COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

	General	Fair	Library	Ambulance	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 972,981	\$ 63,732	\$ 156,050	\$ 265,904	\$ 698,655	\$ 947,523	\$ 276,339	\$ 2,278,018	\$ 5,659,202
Investments	-	-	-	-	-	500,000	8,200,000	-	8,700,000
Receivables:									
Taxes/assessments	57,618	4,728	17,514	28,254	69,864	-	-	130,206	308,184
Governments	74,080	-	-	-	143,790	-	17,927	562,736	798,533
Accounts	705	-	-	-	-	-	-	224,950	225,655
Due from other funds	-	-	-	-	-	175	207,200	-	207,375
Inventories	-	-	-	-	-	-	-	146,250	146,250
Prepaid items	-	-	-	-	-	-	-	10,216	10,216
<b>Total assets</b>	<b>\$ 1,105,384</b>	<b>\$ 68,460</b>	<b>\$ 173,564</b>	<b>\$ 294,158</b>	<b>\$ 912,309</b>	<b>\$ 1,447,698</b>	<b>\$ 8,701,466</b>	<b>\$ 3,352,378</b>	<b>\$ 16,055,417</b>
<b>LIABILITIES</b>									
Accounts payable-vendors	\$ 11,145	\$ -	\$ 155,000	\$ 265,904	\$ 4,224	\$ 56,209	\$ -	\$ 6,867	\$ 501,349
Due to other funds	-	207,200	-	-	-	-	-	175	207,375
Payable to other governments	-	-	-	-	-	-	-	1,698	1,698
Unearned revenue	15,432	-	-	-	-	-	-	-	15,432
<b>Total liabilities</b>	<b>26,577</b>	<b>207,200</b>	<b>155,000</b>	<b>265,904</b>	<b>4,224</b>	<b>56,209</b>	<b>-</b>	<b>8,740</b>	<b>725,854</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue-taxes/assessments	57,618	4,728	17,514	28,254	69,864	-	-	130,206	308,184
<b>FUND BALANCES (DEFICITS)</b>									
Nonspendable:									
Prepaid items	-	-	-	-	-	-	-	10,218	10,218
Inventory	-	-	-	-	-	-	-	146,250	146,250
Noncurrent portion of interfund receivable	-	-	-	-	-	-	207,200	-	207,200
Restricted for:									
General government	-	-	-	-	-	-	-	1,334,558	1,334,558
Public safety	-	-	-	-	638,221	-	-	236,527	1,074,748
Public works	-	-	-	-	-	-	-	407,733	407,733
Public health	-	-	-	-	-	-	-	179,957	179,957
Social and economic services	-	-	-	-	-	-	-	42,292	42,292
Culture and recreation	-	-	1,050	-	-	-	-	385,139	386,189
Housing and community development	-	-	-	-	-	-	-	221,661	221,661
Capital projects	-	-	-	-	-	-	8,494,266	218,806	8,713,072
Committed for:									
General government	-	-	-	-	-	1,369,489	-	-	1,369,489
Public safety	-	-	-	-	-	-	-	30,466	30,466
Unassigned	1,021,189	(143,468)	-	-	-	-	-	(175)	877,546
<b>Total fund balances (deficits)</b>	<b>1,021,189</b>	<b>(143,468)</b>	<b>1,050</b>	<b>-</b>	<b>838,221</b>	<b>1,389,489</b>	<b>8,701,466</b>	<b>3,213,432</b>	<b>15,021,379</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 1,105,384</b>	<b>\$ 68,460</b>	<b>\$ 173,564</b>	<b>\$ 294,158</b>	<b>\$ 912,309</b>	<b>\$ 1,447,698</b>	<b>\$ 8,701,466</b>	<b>\$ 3,352,378</b>	<b>\$ 16,055,417</b>

PARK COUNTY  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
 June 30, 2020

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

Total fund balances, governmental funds	\$ 15,021,379
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,020,674
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.	308,184
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows:	
Pensions	1,220,805
Other post-employment benefits	40,625
Deferred inflows:	
Pensions	(1,103,403)
Other post-employment benefits	(689,976)
Long-term liabilities, such as notes payable, compensated absences, the net pension liability and the total other post-employment benefits liability, are not due and payable in the current period and, therefore, are not included in the funds.	<u>(7,126,548)</u>
Net position of governmental activities	<u><u>\$ 32,691,740</u></u>

PARK COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	General	Fair	Library	Ambulance	Public Safety	PILT	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>									
Taxes/assessments	\$ 2,158,831	\$ 97,688	\$ 418,312	\$ 724,196	\$ 1,466,748	\$ -	\$ -	\$ 2,942,531	\$ 7,808,306
Fines and forfeitures	120,434	-	-	-	-	-	-	17,904	138,338
Licenses and permits	34,310	-	-	-	4,025	-	-	14,677	53,012
Intergovernmental	601,590	8,302	29,374	8,942	342,888	1,596,489	-	3,232,330	5,819,915
Charges for services	498,014	20,427	-	-	88,903	-	-	194,193	801,537
Investment earnings	23,842	-	-	-	-	1,554	193,312	18,807	237,515
Miscellaneous	48,392	54,977	-	-	15,189	39,109	-	157,940	315,607
<b>Total revenues</b>	<b>3,485,413</b>	<b>181,394</b>	<b>447,686</b>	<b>733,138</b>	<b>1,917,753</b>	<b>1,637,152</b>	<b>193,312</b>	<b>6,578,382</b>	<b>15,174,230</b>
<b>EXPENDITURES</b>									
Current:									
General government	2,895,814	-	-	-	-	51,877	-	507,251	3,454,742
Public safety	172,498	-	-	738,138	2,378,758	330,334	-	471,537	4,091,265
Public works	138,387	-	-	-	-	100	64,225	1,934,716	2,137,428
Public health	336,334	-	-	-	-	15,000	-	268,405	619,739
Social and economic services	151,542	-	-	-	-	5,000	-	218,673	375,215
Culture and recreation	4,315	312,288	451,636	-	-	-	-	346,992	1,115,231
Housing and community development	50,000	-	-	-	-	-	-	175	50,175
Other current charges	-	-	-	-	-	-	-	408,957	408,957
Debt service:									
Principal	-	-	-	-	-	25,013	-	108,727	133,740
Interest and other charges	-	-	-	-	-	4,698	-	32,597	37,295
Capital outlay	5,189	-	-	-	327,509	27,000	-	1,736,628	2,096,326
Intergovernmental	-	-	-	-	-	-	-	153,461	153,461
<b>Total expenditures</b>	<b>3,753,879</b>	<b>312,288</b>	<b>451,636</b>	<b>738,138</b>	<b>2,706,267</b>	<b>459,022</b>	<b>64,225</b>	<b>6,188,119</b>	<b>14,673,574</b>
Excess (deficiency) of revenues over expenditures	(268,466)	(130,894)	(3,950)	(5,000)	(788,514)	1,178,130	129,087	390,263	500,656
<b>OTHER FINANCING SOURCES (USES)</b>									
Long-term debt issued	4,562	-	-	-	-	-	-	952,614	957,276
Insurance recoveries	-	-	-	-	-	-	-	24,446	24,446
Sale of capital assets	-	-	-	-	-	-	-	90,496	90,496
Transfers in	529,569	77,181	-	-	758,294	-	-	1,653,633	3,016,617
Transfers out	(44,632)	(43,700)	-	-	(51,200)	(739,770)	(123,191)	(2,033,917)	(3,036,410)
<b>Total other financing sources</b>	<b>489,599</b>	<b>33,481</b>	<b>-</b>	<b>-</b>	<b>705,034</b>	<b>(739,770)</b>	<b>(123,191)</b>	<b>687,272</b>	<b>1,052,425</b>
<b>Net change in fund balances</b>	<b>221,133</b>	<b>(97,413)</b>	<b>(3,950)</b>	<b>(5,000)</b>	<b>(83,480)</b>	<b>438,360</b>	<b>5,896</b>	<b>1,077,535</b>	<b>1,553,081</b>
Fund balances - beginning	800,056	41,145	5,000	5,000	921,701	951,129	8,608,370	2,135,897	13,468,298
Prior period adjustments	-	(87,200)	-	-	-	-	87,200	-	-
<b>Fund balances (deficits) - ending</b>	<b>\$ 1,021,189</b>	<b>\$ (143,488)</b>	<b>\$ 1,050</b>	<b>\$ -</b>	<b>\$ 838,221</b>	<b>\$ 1,389,489</b>	<b>\$ 8,701,466</b>	<b>\$ 3,213,432</b>	<b>\$ 15,021,379</b>

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, 2020

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

Net change in fund balances - total governmental funds	\$ 1,553,081
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation expense.</p>	
This is the amount by which capital outlay (\$2,096,326) exceeded depreciation (\$1,275,600) in the current period.	820,726
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position.	(13,183)
Donated capital assets.	29,825
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.	72,920
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.	(89,447)
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 by which long-term debt issued exceeded debt principal repayments.	(823,536)
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	6,490
Other post-employment benefits	88,078
	154,588
Change in net position of governmental activities	\$ 1,644,954

PARK COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2020

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 25,704	\$ 107,057	\$ 132,761
Receivables:			
Taxes/assessments	18,444	268,202	286,646
Total current assets	<u>44,148</u>	<u>375,259</u>	<u>419,407</u>
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	10,288	-	10,288
Investments	1,429,127	-	1,429,127
	<u>1,439,415</u>	<u>-</u>	<u>1,439,415</u>
Capital assets:			
Land	-	52,528	52,528
Buildings and improvements	54,241	411,913	466,154
Equipment and furniture	598,875	1,484,202	2,083,077
Less: accumulated depreciation	(620,215)	(1,310,666)	(1,930,881)
	<u>32,901</u>	<u>637,977</u>	<u>670,878</u>
Total non-current assets	<u>1,472,316</u>	<u>637,977</u>	<u>2,110,293</u>
Total assets	<u>1,516,464</u>	<u>1,013,236</u>	<u>2,529,700</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plans	-	48,836	48,836
Other post-employment benefits	-	2,805	2,805
Total deferred outflows of resources	<u>-</u>	<u>51,641</u>	<u>51,641</u>
<b>LIABILITIES</b>			
Current liabilities:			
Compensated absences	-	8,111	8,111
Non-current liabilities:			
Compensated absences	-	73,002	73,002
Landfill closure/postclosure costs payable	1,321,024	-	1,321,024
Net pension liability	-	280,561	280,561
Total other post-employment benefits liability	-	29,635	29,635
Total non-current liabilities	<u>1,321,024</u>	<u>383,198</u>	<u>1,704,222</u>
Total liabilities	<u>1,321,024</u>	<u>391,309</u>	<u>1,712,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plans	-	31,392	31,392
Other post-employment benefits	-	47,644	47,644
Total deferred inflows of resources	<u>-</u>	<u>79,036</u>	<u>79,036</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	32,901	637,977	670,878
Restricted:			
Landfill closure/postclosure	118,391	127,846	246,237
Unrestricted (deficit)	44,148	(171,291)	(127,143)
Total net position (deficit)	<u>\$ 195,440</u>	<u>\$ 594,532</u>	<u>\$ 789,972</u>

PARK COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended June 30, 2020

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
<b>REVENUES</b>			
Charges for services	\$ 20	\$ 29,636	\$ 29,656
Assessment revenue	583	1,294,258	1,294,841
<b>Total operating revenues</b>	<b>603</b>	<b>1,323,894</b>	<b>1,324,497</b>
<b>OPERATING EXPENSES</b>			
Personal services	-	457,501	457,501
Supplies	-	66,692	66,692
Purchased services	2,013	795,474	797,487
Fixed charges	25,521	57,090	82,611
Depreciation	2,837	63,509	66,346
<b>Total operating expenses</b>	<b>30,371</b>	<b>1,440,266</b>	<b>1,470,637</b>
<b>Operating loss</b>	<b>(29,768)</b>	<b>(116,372)</b>	<b>(146,140)</b>
<b>NON-OPERATING REVENUES</b>			
Interest and investment revenue	25,740	-	25,740
Miscellaneous revenue	-	37	37
Operating grants and contributions	-	6,218	6,218
<b>Total non-operating revenues</b>	<b>25,740</b>	<b>6,255</b>	<b>31,995</b>
<b>Loss before transfers</b>	<b>(4,028)</b>	<b>(110,117)</b>	<b>(114,145)</b>
Transfers in	-	137,458	137,458
Transfers out	-	(117,665)	(117,665)
<b>Change in net position</b>	<b>(4,028)</b>	<b>(90,324)</b>	<b>(94,352)</b>
<b>Net position - beginning</b>	<b>199,468</b>	<b>684,856</b>	<b>884,324</b>
<b>Net position - ending</b>	<b>\$ 195,440</b>	<b>\$ 594,532</b>	<b>\$ 789,972</b>

PARK COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended June 30, 2020

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 2,019	\$ 1,298,375	\$ 1,300,394
Cash paid to employees	-	(419,700)	(419,700)
Cash paid to suppliers for goods and services	(27,534)	(919,256)	(946,790)
Net cash used by operating activities	(25,515)	(40,581)	(66,096)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from miscellaneous sources	-	37	37
Cash paid for operating transfers out	-	(117,665)	(117,665)
Cash paid for landfill closure/postclosure care costs	(83,478)	-	(83,478)
Net cash used by noncapital financing activities	(83,478)	(117,628)	(201,106)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net change in investments	(83,615)	-	(83,615)
Interest received	25,740	-	25,740
Net cash used by investing activities	(57,875)	-	(57,875)
Change in cash and cash equivalents	(166,868)	(158,209)	(325,077)
Cash and cash equivalents - beginning (Landfill includes restricted cash and cash equivalents of \$151,551)	202,860	265,266	468,126
Cash and cash equivalents - ending (Landfill includes restricted cash and cash equivalents of \$10,288)	<u>\$ 35,992</u>	<u>\$ 107,057</u>	<u>\$ 143,049</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Operating loss	\$ (29,768)	\$ (116,372)	\$ (146,140)
Adjustment to reconcile operating loss to net cash used by operating activities:			
Depreciation	2,837	63,509	66,346
Other post-employment benefits	-	31,146	31,146
Pensions	-	(6,081)	(6,081)
(Increase) decrease in taxes/assessments receivable	1,416	(25,519)	(24,103)
Increase in compensated absences	-	12,736	12,736
Net cash used by operating activities	<u>\$ (25,515)</u>	<u>\$ (40,581)</u>	<u>\$ (66,096)</u>
<b>Schedule of noncash investing, capital and financing activities:</b>			
Capital assets contributed from government activities	<u>\$ -</u>	<u>\$ 137,458</u>	<u>\$ 137,458</u>

PARK COUNTY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020

	External Investment Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,489,410	\$ 864,342
Investments	60,700	-
Taxes/assessments receivable	-	1,006,301
	4,550,110	<u>\$ 1,870,643</u>
<b>LIABILITIES</b>		
Accounts payable	-	\$ 325,954
Due to special districts	-	63,246
Due to state	-	346,929
Due to schools	-	487,877
Due to cities/towns	-	646,637
	-	<u>\$ 1,870,643</u>
<b>NET POSITION</b>		
Net position held in trust for external participants	<u>\$ 4,550,110</u>	

PARK COUNTY  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
For the Year Ended June 30, 2020

	External Investment Trust Fund
ADDITIONS	
Contributions	\$ 7,272,310
Interest	51,592
Total additions	7,323,902
DEDUCTIONS	
Distribution of investments	7,103,643
Change in net position	220,259
Net position - beginning	4,329,851
Net position - ending	\$ 4,550,110

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government's significant accounting policies are described below.

Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements with exception of interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major governmental funds:

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

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

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

The library fund accounts for resources accumulated from property taxes and payments made to fund the interlocal agreement with the City of Livingston for operation of the City-owned library.

The ambulance fund accounts for resources accumulated from property taxes and payments made to fund the interlocal agreement with the City of Livingston for the operation of the City-operated ambulance service.

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 proprietary funds:

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

Additionally, the government reports the following fund types:

The government's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities.

Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.

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. 21% 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.

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

Inventories and Prepays

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, \$10,000 for buildings and improvements and \$25,000 for infrastructure and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is determined as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2020. Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

Collections Not Capitalized

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

Compensated Absences

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

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

Long-term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

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

Net Position

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

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

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

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

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

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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

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

Fund Balance

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

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

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

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

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

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

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

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

Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Fair (\$143,468) and CDBG Grant (\$175) funds had deficit fund balances as of June 30, 2020. The deficits occurred because current year expenditures exceeded current year revenues. The deficit in the Fair fund is being evaluated by management. The deficit in the CDBG Grant fund is expected to be eliminated through a transfer from the General fund.

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	\$ 14,359,202
Business-type activities	1,572,176
Fiduciary funds	<u>5,414,452</u>
	<u>\$ 21,345,830</u>

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

Total carrying value of cash, cash equivalents and investments as of June 30, 2020, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 3,430	\$ -	\$ 3,430
Cash in banks:			
Demand deposits	3,092,947	-	3,092,947
Savings deposits	239,696	-	239,696
Time deposits	-	5,010,700	5,010,700
U.S. Government securities	-	5,179,127	5,179,127
Broker money market	245,288	-	245,288
Short-term Investment Program (STIP)	7,574,642	-	7,574,642
	<u>\$ 11,156,003</u>	<u>\$ 10,189,827</u>	<u>\$ 21,345,830</u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$3,406,939 of the government's bank balance of \$8,959,878 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 182,158
Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u>3,224,781</u>
	<u>\$ 3,406,939</u>

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2020, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Government securities	\$ 5,229,146	<u>\$ 5,229,146</u>	<u>\$ -</u>	<u>\$ -</u>
State Short-Term Investment Program (STIP)	<u>7,578,076</u>			
	<u>\$ 12,807,222</u>			

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

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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

	Custodial Credit Risk Category			Carrying Amount	Fair Value
	1	2	3		
U.S. government securities	\$ 1,500,000	\$ -	\$ 3,679,127	\$ 5,179,127	\$ 5,229,146
Broker money market	245,288	-	-	245,288	245,288
	<u>\$ 1,745,288</u>	<u>\$ -</u>	<u>\$ 3,679,127</u>	5,424,415	5,474,434
Uncategorized: STIP				<u>7,574,642</u>	<u>7,578,076</u>
				<u>\$ 12,999,057</u>	<u>\$ 13,052,510</u>

Following is the condensed schedule of changes in net position for the investment pool for the year ended June 30, 2020:

	Internal	External	Total
Net position - beginning of year	\$ 15,190,523	\$ 4,329,851	\$ 19,520,374
Contributions from participants	22,077,807	7,272,310	29,350,117
Investment earnings/change in fair value	268,654	51,592	320,246
Distributions to participants	<u>(20,741,264)</u>	<u>(7,103,643)</u>	<u>(27,844,907)</u>
Net position - end of year	<u>\$ 16,795,720</u>	<u>\$ 4,550,110</u>	<u>\$ 21,345,830</u>

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 622,193	\$ -	\$ -	\$ 622,193
Construction-in-progress	715,235	69,415	(715,235)	69,415
Total capital assets, not being depreciated	<u>1,337,428</u>	<u>69,415</u>	<u>(715,235)</u>	<u>691,608</u>
Capital assets, being depreciated				
Buildings/improvements	7,234,612	-	(20,039)	7,214,573
Improvements other than buildings	4,596,871	541,467	-	5,138,338
Machinery and equipment	7,475,423	1,289,404	(430,645)	8,334,182
Infrastructure	14,623,125	941,100	-	15,564,225
Total capital assets, being depreciated	<u>33,930,031</u>	<u>2,771,971</u>	<u>(450,684)</u>	<u>36,251,318</u>
Less accumulated depreciation for:				
Buildings/improvements	(3,452,118)	(135,890)	13,526	(3,574,482)
Improvements other than buildings	(1,794,663)	(242,609)	-	(2,037,272)
Machinery and equipment	(4,805,768)	(567,086)	423,975	(4,948,879)
Infrastructure	(1,031,604)	(330,015)	-	(1,361,619)
Total accumulated depreciation	<u>(11,084,153)</u>	<u>(1,275,600)</u>	<u>437,501</u>	<u>(11,922,252)</u>
Total capital assets, being depreciated, net	<u>22,845,878</u>	<u>1,496,371</u>	<u>(13,183)</u>	<u>24,329,066</u>
Governmental activities capital assets, net	<u>\$ 24,183,306</u>	<u>\$ 1,565,786</u>	<u>\$ (728,418)</u>	<u>\$ 25,020,674</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 122,202
Public safety	308,465
Public works	752,840
Public health	3,393
Social and economic	30,564
Culture and recreation	58,136
Total depreciation-governmental activities	<u>\$ 1,275,600</u>

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 52,528	\$ -	\$ -	\$ 52,528
Total capital assets, not being depreciated	<u>52,528</u>	<u>-</u>	<u>-</u>	<u>52,528</u>
Capital assets, being depreciated				
Buildings and systems	299,952	-	-	299,952
Improvements other than buildings	151,296	14,906	-	166,202
Machinery and equipment	1,960,525	122,552	-	2,083,077
Total capital assets, being depreciated	<u>2,411,773</u>	<u>137,458</u>	<u>-</u>	<u>2,549,231</u>
Less accumulated depreciation for:				
Buildings and systems	(116,877)	(9,950)	-	(126,827)
Improvements other than buildings	(87,089)	(7,136)	-	(94,225)
Machinery and equipment	(1,660,569)	(49,260)	-	(1,709,829)
Total accumulated depreciation	<u>(1,864,535)</u>	<u>(66,346)</u>	<u>-</u>	<u>(1,930,881)</u>
Total capital assets, being depreciated, net	<u>547,238</u>	<u>71,112</u>	<u>-</u>	<u>618,350</u>
Business-type activities capital assets, net	<u>\$ 599,766</u>	<u>\$ 71,112</u>	<u>\$ -</u>	<u>\$ 670,878</u>

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

Business-type activities:	
Landfill	\$ 2,837
Refuse facility	<u>63,509</u>
Total depreciation-business-type activities	<u>\$ 66,346</u>

Interfund Transfers, Receivables and Payables

Interfund transfers consisted of the following:

	Transfer In	Transfer Out	Total
Governmental activities:			
General	\$ 529,569	\$ (44,632)	\$ 484,937
Fair	77,181	(43,700)	33,481
Public safety	756,234	(51,200)	705,034
PILT	-	(739,770)	(739,770)
General capital improvement	-	(123,191)	(123,191)
Nonmajor governmental funds	1,653,633	(2,033,917)	(380,284)
	<u>\$ 3,016,617</u>	<u>\$ (3,036,410)</u>	<u>\$ (19,793)</u>
Business-type activities:			
Refuse facility	<u>\$ 137,458</u>	<u>\$ (117,665)</u>	<u>\$ 19,793</u>

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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

Interfund balances as of June 30, 2020, consisted of the following:

	Due from funds	Due to funds	Long-term portion
Governmental activities:			
Fair (1)	\$ -	\$ (207,200)	\$ (207,200)
PILT (1)	175	-	-
General capital improvement (1)	207,200	-	207,200
Nonmajor governmental funds (1)	-	(175)	-
<b>Total governmental activities</b>	<b>\$ 207,375</b>	<b>\$ (207,375)</b>	<b>\$ -</b>

1. Cover cash overdraft

Operating Leases

The government leases equipment under noncancelable operating leases. Total rental expenses for operating leases were \$32,214 for the year ended June 30, 2020. Scheduled minimum rental payments for succeeding years ending June 30, are as follows:

Year ending June 30,	
2021	\$ 31,003
2022	17,750
2023	6,798
2024	3,795

Long-Term Debt

Notes from direct borrowings consist of the following:

	Original Amount	Term	Interest Rate	Payment	Balance June 30, 2020
Durapatcher-2011	\$ 77,500	10 yr	1.63%	Annual	\$ 7,750
Convict grade bridge-2020 (1)	551,362	15 yr	1.00%	Semi-annual	536,400
Grader and complex remodel-2020 (1)	405,914	7 yr	1.00%	Semi-annual	405,914
Dispatch and equipment-2017 (1)	357,500	7 yr	1.00%	Semi-annual	239,778
Search and rescue building-2013 (1)	700,000	15 yr	1.00%	Semi-annual	512,658
(1) INTERCAP, through Montana Board of Investments					<u>\$ 1,702,500</u>

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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

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

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 176,699	\$ 27,628	\$ 204,327
2022	199,675	35,337	235,012
2023	204,097	30,303	234,400
2024	208,632	25,157	233,789
2025	183,580	19,910	203,490
2026-2030	535,547	47,271	582,818
2031-2035	194,270	12,354	206,624
	<u>\$ 1,702,500</u>	<u>\$ 197,960</u>	<u>\$ 1,900,460</u>

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental activities:					
Notes payable	\$ 878,964	\$ 957,276	\$ (133,740)	\$ 1,702,500	\$ 176,699
Compensated absences	504,658	-	(6,490)	498,168	49,817
Governmental activity long-term liabilities	<u>\$ 1,383,622</u>	<u>\$ 957,276</u>	<u>\$ (140,230)</u>	<u>\$ 2,200,668</u>	<u>\$ 226,516</u>
Business-type activities:					
Compensated absences	\$ 68,377	\$ 12,736	\$ -	\$ 81,113	\$ 8,111
Business-type activity long-term liabilities	<u>\$ 68,377</u>	<u>\$ 12,736</u>	<u>\$ -</u>	<u>\$ 81,113</u>	<u>\$ 8,111</u>

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

Landfill Postclosure

The landfill was officially closed in the fall of 2016. A final cover was placed on the landfill site in accordance with state and federal regulations. The government is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The postclosure care costs will be paid on an annual basis and will reduce the postclosure care liability. \$1,321,024 is reported as a landfill postclosure care liability as of June 30, 2020. 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, 2020, \$1,439,415 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, 2020:

Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<u>\$ 1,404,502</u>	<u>\$ -</u>	<u>\$ (83,478)</u>	<u>\$ 1,321,024</u>

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

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(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 a state-wide public risk pool, MACO, for workers' compensation coverage. The government pays monthly premiums for its employee injury insurance coverage. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. The government also 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 \$451,636 during fiscal year 2020.

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 \$327,300 and \$702,138, respectively, during fiscal year 2020 for these services.

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

Prior Period Adjustments

The prior period adjustment of \$87,200 for governmental funds correct interfund loan balances.

Contingencies

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

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](http://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

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plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the SRS web site at [mpera.mt.gov](http://mpera.mt.gov).

Pension Benefits

Public Employees Retirement System

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

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

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

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

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

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

Sheriff's Retirement System

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

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

Plan members are eligible for early retirement at age 50 with 5 years of membership service. This benefit 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 a) is not awarded service credit for the period of reemployment; b) is refunded the accumulated contributions associated with the period of reemployment; c) starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and d) does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member: is awarded service credit for the period of reemployment. Starting the first month following termination of service, the member receives the same retirement benefit previously paid to the member and a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members rehire date. The member does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA on the initial retirement benefit in January immediately following second retirement, and on the second retirement benefit starting in January after receiving that benefit for at least 12 months. A member who returns to covered service is not eligible for

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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. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.67% 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, 2018.

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

At June 30, 2020, the government recorded a liability of \$3,560,417 (PERS) and \$1,216,854 (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, 2020	
	PERS	SRS
Employer proportionate share	\$ 3,560,417	\$ 1,216,854
State of Montana proportionate share associated with employer	1,162,304	-
Total	\$ 4,722,721	\$ 1,216,854

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 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, 2018, through June 30, 2019, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2020, the government's proportion was .1703 and 1.4590 percent for PERS and SRS, respectively.

For the year ended June 30, 2020, the government recognized \$503,890 (PERS) and \$34,168 (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$78,908 (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 \$582,798 and \$34,168 for PERS and SRS, respectively.

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At June 30, 2020, 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	\$ 168,827	\$ 167,532	\$ 78,379	\$ 1,471
Changes in actuarial assumptions	151,151	-	380,910	657,033
Difference between projected and actual investment earnings	43,169	-	23,522	-
Changes in the proportion and differences between actual and expected contributions	-	230,848	-	77,911
Employer contributions subsequent to measurement date	256,599	-	167,084	-
	\$ 619,746	\$ 398,380	\$ 649,895	\$ 736,415

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, 2021. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2021	\$ 99,821	\$ (121,887)
2022	(189,858)	(175,381)
2023	16,059	19,764
2024	38,745	23,900

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2019 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	7.65%	7.65%
Salary increases	3.50%	3.50%
Inflation	2.75%	2.75%

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

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the PERS and SRS plans. The most recent PERS and SRS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the PERS and SRS target asset allocation as of June 30, 2019, and are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	3.0%	0.00%
Domestic equity	36.0%	2.12%
Foreign equity	18.0%	1.26%
Fixed income	23.0%	0.50%
Private equity	12.0%	1.27%
Real estate	8.0%	0.46%
	100.0%	

Discount Rate

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school governments. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2120. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share of the PERS and SRS net pension liability calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.65%) or 1.00% higher (8.65%) than the current rate.

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net pension liability-PERS	\$ 5,115,304	\$ 3,560,417	\$ 2,253,730
Net pension liability-SRS	2,158,955	1,216,854	444,617

Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

*Plan Description.* The government provides postemployment health care benefits in accordance with Montana Code Annotated, Title 2, Chapter 18, Section, 704 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

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

premiums.

*Employees Covered by Benefit Terms.* As of June 30, 2020, 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	106
	108

Total OPEB Liability

The total OPEB liability of \$458,805 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

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

Valuation date	July 1, 2019
Actuarial cost method	Entry age, level percentage pay
Salary increases	2.50%
Discount rate	2.40% (based on the 20 year municipal bond index).
Healthcare costs trend rates	6.50% as of July 1, 2019, grading to 5.00% over 6 years.
Participation	45% of future retirees are assumed to elect medical coverage.
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2018 Generational Improvement Scale

The actuarial assumptions used in the July 1, 2019 valuation were based on the estimated annual average claims of \$18,280 per participant.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

Total OPEB liability - beginning of year	\$ 1,284,162
Service cost	50,095
Interest on the total OPEB liability	51,302
Differences in experience	(805,031)
Changes of assumptions	(104,289)
Benefits payments	(17,434)
Net change in total OPEB liability	(825,357)
Total OPEB liability - end of year	\$ 458,805

Changes of benefit terms reflect revised health care trend rates and retiree contribution increases based on revised projects and future increases to retirees contributions to match health care cost trend rates. Changes of assumptions and other inputs reflect a change in status, trend, discount and other inputs.

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

*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 3.40%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (1.40%) or 1.00% higher (3.40%) than the current rate.

	1% Decrease (1.40%)	Current Discount Rate (2.40%)	1% Increase (3.40%)
Total OPEB liability	\$ 489,958	\$ 458,805	\$ 429,501

*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 (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB liability	\$ 408,855	\$ 458,805	\$ 517,422

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

For the year ended June 30, 2020, the government recognized OPEB expense of (\$76,725). As of June 30, 2020, 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	\$ 43,430	\$ -
Changes in actuarial assumptions	-	737,620
	\$ 43,430	\$ 737,620

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

Year Ended June 30:		
2021	\$	(178,122)
2022		(178,122)
2023		(178,122)
2024		(178,117)
2025		3,743
Therafter		14,550

Future Implementation of GASB Pronouncements

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

- Statement No. 84, Fiduciary Activities, reporting periods beginning after December 15, 2019

PARK COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

PARK COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
General Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes/assessments	\$ 2,081,892	\$ 2,081,892	\$ 2,158,831	\$ -	\$ 2,158,831
Fees and fines	115,000	115,000	120,434	-	120,434
Licenses and permits	26,000	26,000	34,310	-	34,310
Intergovernmental	517,975	517,975	528,900	72,690	601,590
Charges for services	428,649	428,649	498,014	-	498,014
Investment earnings	15,000	15,000	23,842	-	23,842
Miscellaneous	53,710	53,710	48,392	-	48,392
Total revenues	<u>3,238,226</u>	<u>3,238,226</u>	<u>3,412,723</u>	<u>72,690</u>	<u>3,485,413</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,903,921	2,903,921	2,854,333	41,281	2,895,614
Public safety	140,560	140,560	167,911	4,587	172,498
Public works	124,050	124,050	123,784	14,603	138,387
Public health	401,463	401,463	330,410	5,924	336,334
Social and economic services	181,149	181,149	149,034	2,508	151,542
Culture and recreation	500	500	528	3,787	4,315
Housing and community development	50,000	50,000	50,000	-	50,000
Capital outlay	16,500	16,500	5,189	-	5,189
Total expenditures	<u>3,818,143</u>	<u>3,818,143</u>	<u>3,681,189</u>	<u>72,690</u>	<u>3,753,879</u>
Excess (deficiency) of revenues over expenditures	<u>(579,917)</u>	<u>(579,917)</u>	<u>(268,466)</u>	<u>-</u>	<u>(268,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt, net	-	-	4,662	-	4,662
Transfers in	522,863	522,863	529,569	-	529,569
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(44,632)</u>	<u>-</u>	<u>(44,632)</u>
Total other financing sources (uses)	<u>482,863</u>	<u>482,863</u>	<u>489,599</u>	<u>-</u>	<u>489,599</u>
Net change in fund balance	<u>\$ (97,054)</u>	<u>\$ (97,054)</u>	221,133	-	221,133
Fund balance - beginning			<u>800,056</u>	<u>-</u>	<u>800,056</u>
Fund balance - ending			<u>\$ 1,021,189</u>	<u>\$ -</u>	<u>\$ 1,021,189</u>

PARK COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Fair Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Taxes/assessments	\$ 98,310	\$ 98,310	\$ 97,688
Intergovernmental	8,302	8,302	8,302
Charges for services	20,500	20,500	20,427
Miscellaneous	73,000	73,000	54,977
Total revenues	<u>200,112</u>	<u>200,112</u>	<u>181,394</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	<u>368,053</u>	<u>368,053</u>	<u>312,288</u>
Total expenditures	<u>368,053</u>	<u>368,053</u>	<u>312,288</u>
Excess (deficiency) of revenues over expenditures	<u>(167,941)</u>	<u>(167,941)</u>	<u>(130,894)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	163,379	163,379	77,181
Transfers out	-	-	(43,700)
Total other financing sources (uses)	<u>163,379</u>	<u>163,379</u>	<u>33,481</u>
Net change in fund balance	<u>\$ (4,562)</u>	<u>\$ (4,562)</u>	(97,413)
Fund balance - beginning			41,145
Prior period adjustments			<u>(87,200)</u>
Fund balance - ending			<u>\$ (143,468)</u>

PARK COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Library Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Taxes/assessments	\$ 422,840	\$ 422,840	\$ 418,312
Intergovernmental	29,374	29,374	29,374
Total revenues	<u>452,214</u>	<u>452,214</u>	<u>447,686</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	452,214	452,214	451,636
Total expenditures	<u>452,214</u>	<u>452,214</u>	<u>451,636</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,950)
Fund balance - beginning			<u>5,000</u>
Fund balance - ending			<u>\$ 1,050</u>

PARK COUNTY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 Ambulance Fund  
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes/assessments	\$ 741,595	\$ 741,595	\$ 724,196
Intergovernmental	8,942	8,942	8,942
Total revenues	750,537	750,537	733,138
EXPENDITURES:			
Current:			
Public safety	750,537	750,537	738,138
Total expenditures	750,537	750,537	738,138
Net change in fund balance	\$ -	\$ -	(5,000)
Fund balance - beginning			5,000
Fund balance - ending			\$ -

PARK COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Public Safety Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Taxes/assessments	\$ 1,483,354	\$ 1,483,354	\$ 1,466,748
Licenses and permits	1,500	1,500	4,025
Intergovernmental	197,166	197,166	342,888
Charges for services	92,000	92,000	88,903
Miscellaneous	6,000	6,000	15,189
Total revenues	<u>1,780,020</u>	<u>1,780,020</u>	<u>1,917,753</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	2,569,344	2,569,344	2,378,758
Capital outlay	356,480	356,480	327,509
Total expenditures	<u>2,925,824</u>	<u>2,925,824</u>	<u>2,706,267</u>
Excess (deficiency) of revenues over expenditures	<u>(1,145,804)</u>	<u>(1,145,804)</u>	<u>(788,514)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	5,000	5,000	-
Transfers in	758,312	758,312	756,234
Transfers out	<u>(51,200)</u>	<u>(51,200)</u>	<u>(51,200)</u>
Total other financing sources (uses)	<u>712,112</u>	<u>712,112</u>	<u>705,034</u>
Net change in fund balance	<u>\$ (433,692)</u>	<u>\$ (433,692)</u>	<u>(83,480)</u>
Fund balance - beginning			<u>921,701</u>
Fund balance - ending			<u>\$ 838,221</u>

PARK COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PILT Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Intergovernmental	\$ 1,469,000	\$ 1,469,000	\$ 1,596,489
Investment earnings	5,000	5,000	1,554
Miscellaneous	2,900	2,900	39,109
Total revenues	<u>1,476,900</u>	<u>1,476,900</u>	<u>1,637,152</u>
<b>EXPENDITURES:</b>			
Current:			
General government	59,580	59,580	51,877
Public safety	362,288	362,288	330,334
Public works	100	100	100
Public health	25,250	25,250	15,000
Social and economic services	5,000	5,000	5,000
Debt service:			
Principal	27,930	27,930	25,013
Interest and other charges	5,548	5,548	4,698
Capital outlay	25,000	25,000	27,000
Total expenditures	<u>510,696</u>	<u>510,696</u>	<u>459,022</u>
Excess (deficiency) of revenues over expenditures	<u>966,204</u>	<u>966,204</u>	<u>1,178,130</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(1,017,600)</u>	<u>(1,017,600)</u>	<u>(739,770)</u>
Total other financing uses	<u>(1,017,600)</u>	<u>(1,017,600)</u>	<u>(739,770)</u>
Net change in fund balance	<u>\$ (51,396)</u>	<u>\$ (51,396)</u>	438,360
Fund balance - beginning			<u>951,129</u>
Fund balance - ending			<u>\$ 1,389,489</u>

PARK COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020

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:	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 256,599	\$ 241,715	\$ 217,482	\$ 214,614	\$ 212,925	\$ 209,627
Contributions in relation to the contractually required contributions	<u>256,599</u>	<u>241,715</u>	<u>217,482</u>	<u>214,614</u>	<u>212,925</u>	<u>209,627</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Employer's covered payroll	\$ 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	8.75%	8.60%	8.47%	8.37%	8.79%	8.78%
Sheriffs' Retirement System:	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 167,084	\$ 154,264	\$ 153,717	\$ 114,388	\$ 116,115	\$ 110,946
Contributions in relation to the contractually required contributions	<u>167,084</u>	<u>154,264</u>	<u>153,717</u>	<u>114,388</u>	<u>116,115</u>	<u>110,946</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Employer's covered payroll	\$ 1,273,989	\$ 1,171,155	\$ 1,150,523	\$ 1,130,869	\$ 1,120,309	\$ 1,093,721
Contributions as a percentage of covered payroll	13.12%	13.17%	13.36%	10.12%	10.36%	10.14%

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

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

<u>Public Employees Retirement System.</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.1703%	0.1561%	0.2067%	0.2022%	0.2047%	0.2242%
Employer's proportionate share of the net pension liability associated with the employer	\$ 3,580,417	\$ 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	1,162,304	1,095,427	57,927	42,083	35,139	34,110
Total	<u>\$ 4,722,721</u>	<u>\$ 4,354,126</u>	<u>\$ 4,083,543</u>	<u>\$ 3,486,191</u>	<u>\$ 2,895,884</u>	<u>\$ 2,827,396</u>
Employer's covered payroll	\$ 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	126.69%	126.91%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%
<u>Sheriffs' Retirement System.</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.4590%	1.4829%	1.5115%	1.5870%	1.6073%	1.5860%
Employer's proportionate share of the net pension liability associated with the employer	\$ 1,216,854	\$ 1,114,703	\$ 1,150,173	\$ 2,787,990	\$ 1,549,455	\$ 660,064
State of Montana's proportionate share of the net pension liability associated with the employer	-	-	-	-	-	-
Total	<u>\$ 1,216,854</u>	<u>\$ 1,114,703</u>	<u>\$ 1,150,173</u>	<u>\$ 2,787,990</u>	<u>\$ 1,549,455</u>	<u>\$ 660,064</u>
Employer's covered payroll	\$ 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	103.87%	96.89%	101.71%	248.86%	141.67%	64.35%
Plan fiduciary net position as a percentage of the total pension liability	81.89%	82.68%	81.30%	63.00%	75.40%	87.24%

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

PARK COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION  
For the Year Ended June 30, 2020

**Public Employees Retirement System**

**Changes of Benefit Terms:**

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

2017:

Working Retiree Limitations - for PERS:

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

Refunds:

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

Interest Credited to Member Accounts:

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

Lump-sum Payouts:

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

**Sheriffs' Retirement System**

**Changes of Benefit Terms:**

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

2017:

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

Second Retirement Benefit - for SRS:

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - is not awarded service credit for the period of reemployment;
  - is refunded the accumulated contributions associated with the period of reemployment;
  - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

PARK COUNTY  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION  
 For the Year Ended June 30, 2020

3. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
  - Is awarded service credit for the period of reemployment;
  - Starting the first month following termination of service, receives:
    - I. The same retirement benefit previously paid to the member, and
    - II. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
  - Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
    - I. On the initial retirement benefit in January immediately following second retirement, and
    - II. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
4. A member who returns to covered service is not eligible for a disability benefit.

Refunds:

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

Interest credited to member accounts:

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

Lump-sum payouts:

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

**Changes in actuarial assumptions and other inputs:**

**Method and assumptions used in calculations of actuarially determined contributions:**

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

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

Schedule of Changes in the Total OPEB Liability

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

Notes to Schedule

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

PARK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2019	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2020
<b>U.S. Department of Transportation:</b>								
Direct Program:								
Airport Improvement Program	20.106	DOT-FA18NM-2052	\$ 152,381	\$ (19,630)	\$ 19,630	\$ 18,800	\$ -	\$ (18,800)
Airport Improvement Program	20.106	DOT-FA19NM-2041	472,000	-	454,700	454,700	-	-
Total direct program				(19,630)	474,330	473,500	-	(18,800)
Passed through the Montana Department of Transportation:								
Bus and Bus Facilities Formula Program	20.526	111180	57,901	-	-	-	-	-
Subtotal				-	-	-	-	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	110739	59,986	-	38,552	31,773	-	6,779
Formula Grants for Rural Areas and Tribal Transit Program	20.509	110739C	45,583	-	20,824	28,082	-	(7,258)
Formula Grants for Rural Areas and Tribal Transit Program	20.509	110739	60,000	(12,502)	12,502	-	-	-
Total pass-through program				(12,502)	71,878	59,855	-	(479)
Total U.S. Department of Transportation				(32,132)	546,208	533,355	-	(19,279)
<b>U.S. Department of Justice:</b>								
Direct Program:								
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0038	125,000	(9,815)	46,812	47,951	-	(10,954)
Public Safety Partnership and Community Policing Grants	16.710	2016UMWX0184	125,000	(9,615)	37,524	27,909	-	-
Subtotal				(19,430)	84,336	75,860	-	(10,954)
Bulletproof Vest Partnership Program	16.807	2019BUBX19097669	6,800	-	6,800	6,800	-	-
Subtotal				-	6,800	6,800	-	-
Total direct programs				(19,430)	91,136	82,660	-	(10,954)
Passed through the Montana Board of Crime Control:								
Violence Against Women Formula Grants	16.588	18-W03-92243	39,846	(7,699)	7,699	-	-	-
Violence Against Women Formula Grants	16.588	19-W03-92435	45,776	-	37,699	45,776	-	(8,077)
Subtotal				(7,699)	45,398	45,776	-	(8,077)
Passed through Gallatin County:								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-G01-92483	28,280	-	13,779	28,280	-	(14,501)
Subtotal				-	13,779	28,280	-	(14,501)
Subtotal pass-through programs				(7,699)	59,177	74,056	-	(22,578)
Total U.S. Department of Justice				(27,129)	150,313	156,716	-	(33,532)
<b>U.S. Department of Homeland Security:</b>								
Passed through the Montana Department of Military Affairs - Disaster & Emergency Services Division:								
Homeland Security Grant Program	97.067	EMW-2018-SS-00021	115,863	(64,208)	99,833	35,625	-	-
Homeland Security Grant Program	97.067	EMW-2019-SS-00010	53,941	-	53,941	53,941	-	-
Subtotal				(64,208)	153,774	89,566	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4405-DR-MT	89,101	(86,540)	82,302	-	4,238	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4437-DR-MT	135,810	-	135,810	135,810	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-MT-4508	69,411	-	-	69,411	-	(69,411)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PDMC-PL-08-MT-2015-005	18,749	(1,875)	1,875	-	-	-
Subtotal				(86,415)	219,987	205,221	4,238	(69,411)
Emergency Management Performance Grants	97.042	EMD-2018-EP-00005-S01	36,433	(8,920)	8,920	-	-	-
Emergency Management Performance Grants	97.042	19-20 EMPG Park	34,232	-	26,909	34,232	-	(7,323)
Subtotal				(8,920)	35,829	34,232	-	(7,323)
Total U.S. Department of Homeland Security				(161,543)	409,590	329,019	4,238	(76,734)

PARK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2019	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2020
<b>U.S. Department of Health and Human Services:</b>								
Passed through the Montana Department of Public Health and Human Services:								
Maternal and Child Health Services Block Grant to the States	93.994	19-07-5-01-034-0	18,121	(4,687)	8,061	4,813	1,439	-
Maternal and Child Health Services Block Grant to the States	93.994	20-07-5-01-034-0	13,861	-	2,732	8,196	-	(5,464)
Subtotal				(4,687)	10,793	13,009	1,439	(5,464)
Immunization Cooperative Agreements	93.268	19-07-4-31-131-0	8,866	(2,216)	2,216	-	-	-
Immunization Cooperative Agreements	93.268	20-07-4-31-131-0	8,931	-	6,698	7,893	1,195	-
Subtotal				(2,216)	8,914	7,893	1,195	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	20-07-6-110-38-0	36,817	-	-	-	-	-
Subtotal				-	-	-	-	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	19-07-6-11-037-0	42,936	10,735	-	-	(10,735)	-
Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	20-07-6-110-38-0	118,722	-	29,679	25,451	(4,228)	-
Subtotal				10,735	29,679	25,451	(14,963)	-
Passed through Rocky Mountain Area IV Agency on Aging: National Family Caregiver Support, Title III, Part E	93.052	2020-004-015	3,300	-	3,300	3,300	-	-
Subtotal				-	3,300	3,300	-	-
<b>Total U.S. Department of Health and Human Services</b>				<b>3,832</b>	<b>52,686</b>	<b>49,653</b>	<b>(12,329)</b>	<b>(5,464)</b>
<b>U.S. Department of the Treasury:</b>								
Passed through the Montana Department of Administration:								
Coronavirus Relief Fund	21.019	N/A	487,604	-	-	487,604	-	(487,604)
<b>Total U.S. Department of the Treasury</b>				<b>-</b>	<b>-</b>	<b>487,604</b>	<b>-</b>	<b>(487,604)</b>
<b>U.S. Election Assistance Commission:</b>								
Passed through the Montana Secretary of State:								
Help America Vote Act Requirements Payments	90.401	N/A	31,899	-	19,519	4,087	-	15,432
Help America Vote Act Requirements Payments	90.401	N/A	8,823	-	8,823	8,823	-	-
<b>Total U.S. Election Assistance Commission</b>				<b>-</b>	<b>28,342</b>	<b>12,910</b>	<b>-</b>	<b>15,432</b>
<b>U.S. Department of Agriculture:</b>								
Direct Programs:								
Schools and Roads - Grants to States	10.665	15-PA-11011100-072	5,000	(2,061)	4,983	2,922	-	-
Subtotal direct programs				(2,061)	4,983	2,922	-	-
Passed through the Montana Department of Administration:								
Schools and Roads - Grants to States	10.665	N/A	294,426	12,114	282,312	294,426	-	-
Subtotal pass-through programs				12,114	282,312	294,426	-	-
Subtotal				10,053	287,295	297,348	-	-
Passed through the Montana Department of Public Health and Human Services:								
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	20-07-5-21-032-0	49,622	-	4,565	22,086	-	(17,521)
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	18-07-5-21-032-0	40,728	3,269	-	-	(3,289)	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	19-07-5-21-032-0	46,218	(6,866)	17,935	10,163	(906)	-
Subtotal				(3,597)	22,500	32,249	(4,175)	(17,521)

PARK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass- through Grantor's Number	Program or Award Amount	Balance July 1, 2019	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2020
Passed through the Montana Department of Natural Resources and Conservation:								
Cooperative Forestry Assistance	10.664	RFC-20-340	9,800	-	-	6,079	-	(6,079)
Cooperative Forestry Assistance	10.664	VFA-19-341	500	-	500	500	-	-
Cooperative Forestry Assistance	10.664	VFA-19-340	8,500	(8,500)	8,500	-	-	-
Subtotal				(8,500)	9,000	6,579	-	(8,079)
Passed through the Montana Department of Agriculture:								
Forest Health Protection	10.680	2020-706X	25,000	-	4,113	4,113	-	-
Forest Health Protection	10.680	2018-807X	24,742	(5,381)	19,066	12,680	(1,005)	-
Subtotal				(5,381)	23,179	16,793	(1,005)	-
Total U.S. Department of Agriculture				(7,425)	341,974	352,969	(5,180)	(23,600)
Total Federal Awards				<u>\$ (224,397)</u>	<u>\$ 1,529,113</u>	<u>\$ 1,922,226</u>	<u>\$ (13,271)</u>	<u>\$ (630,781)</u>

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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATES

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

# OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of County Commissioners  
Park County  
Livingston, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park County, Montana (the government) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated December 3, 2020.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### The Government's Response to Findings

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS (CONTINUED)

Purpose of this Report

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

*Olmstead Associates, PC*

Billings, Montana  
December 3, 2020

# OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of County Commissioners  
Park County  
Livingston, Montana

### Report on Compliance for Each Major Federal Program

We have audited Park County, Montana's (the government) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the government's major federal programs for the year ended June 30, 2020. 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.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

In our opinion, the government, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### Report on Internal Control over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a material weakness.

The government's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The government's response was not subjected to the auditing procedures applied in the audit of 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.

*O'Neal & Associates, PC*

Billings, Montana  
December 3, 2020



PARK COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

*FINANCIAL STATEMENTS*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?        yes   ✓   no

*FEDERAL AWARDS*

Internal control over major programs:

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

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

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

Major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
21.019	Coronavirus Relief Fund
10.665	Schools and Roads - Grants to States

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

2020-001. SEGREGATION OF DUTIES

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

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

Effect: Transactions could be mishandled.

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

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

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

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2020-002. ALL MAJOR FEDERAL AWARD PROGRAMS

Finding 2020-001 applies to these major programs.

PARK COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2020

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

2019-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2020-001 for the year ended June 30, 2020.

2019-002. INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING

Status: This finding has been resolved.

2019-003. JUSTICE OF THE PEACE TIME PAY ACCOUNTING

Status: This finding has been resolved.

2019-004. FINAL BUDGET DOCUMENT TIMELY SUBMISSION

Status: This finding has been resolved.

2019-005. RESTRICTIONS ON DONATIONS

Status: This finding has been resolved.

2019-006. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Status: This finding has been resolved.

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

2019-007. ALL MAJOR FEDERAL AWARD PROGRAMS

Status: See 2019-002 above.

U.S. DEPARTMENT OF HOMELAND SECURITY

2019-008. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Status: See 2019-006 above.

PARK COUNTY  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2020

FINDINGS - FINANCIAL STATEMENT AUDIT

2020-001. SEGREGATION OF DUTIES

Name of Contact person: Commission

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

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

FINDINGS AND QUESTIONED COSTS – MAJOR  
FEDERAL AWARD PROGRAMS AUDIT

2020-002. ALL MAJOR FEDERAL AWARD PROGRAMS

Finding 2020-001 applies to these federal award programs.