

**SWEET GRASS COUNTY**

**BIG TIMBER, MONTANA**

**FINANCIAL AND COMPLIANCE REPORT**

**Fiscal Year Ended June 30, 2023**

**Strom & Associates, P. C.**

**PO BOX 1980**

**Billings, Montana 59103**

SWEET GRASS COUNTY  
 BIG TIMBER, MONTANA 59011  
 TABLE OF CONTENTS

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|  | Page No |
|--|---------|
| TABLE OF CONTENTS .....  | 1       |
| ORGANIZATION - BOARD OF COUNTY COMMISSIONERS AND OFFICIALS .....   | 2       |
| MANAGEMENT’S DISCUSSION AND ANALYSIS .....   | 3 - 12  |
| INDEPENDENT AUDITOR’S REPORT .....   | 13 - 14 |
| BASIC FINANCIAL STATEMENTS:  |         |
| Statement of Net Position .....  | 15      |
| Statement of Activities .....  | 16      |
| Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet – Governmental Funds<br>to the Statement of Net Position .....  | 17 - 18 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....   | 19 - 20 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds<br>to the Statement of Activities .....  | 21      |
| Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position .....   | 22 - 23 |
| Notes to the Financial Statements .....  | 24- 48  |
| REQUIRED SUPPLEMENTAL INFORMATION:   |         |
| Schedule of Funding Progress – Postemployment Benefits Other Than Pensions .....   | 49      |
| Schedule of Proportionate Share of Net Pension Liability .....   | 50      |
| Schedule of Contributions to the State of Montana Retirement Systems .....   | 51      |
| Notes to the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to<br>the State of Montana Retirement Systems .....  | 52 - 54 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –<br>All Budgeted Major Funds .....   | 55 - 58 |
| Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....   | 59 - 60 |
| INDEPENDENT AUDITOR’S REPORTS:   |         |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of<br>Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 61 - 62 |
| SCHEDULE OF FINDINGS AND RESPONSES .....   | 63      |

SWEET GRASS COUNTY  
BIG TIMBER, MONTANA 59011  
ORGANIZATION

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BOARD OF COUNTY COMMISSIONERS

JV Moody ..... Commissioner  
Melanie Roe ..... Commissioner  
Bill Wallace ..... Commissioner

OFFICIALS

Vera Pederson ..... Clerk and Recorder  
Charlene Rasnick ..... County Treasurer  
Alan Ronneberg ..... County Sheriff  
Barb Swanson ..... Clerk of District Court  
Jessie Connolly ..... Justice of the Peace  
Callie Rech ..... Superintendent of Schools  
Elaine Allestad ..... Public Administrator  
Patrick Dringman ..... County Attorney  
Vicki Uehling ..... Finance Officer

SWEET GRASS COUNTY

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2023

As management of Sweet Grass County (the County), we offer readers of Sweet Grass County’s financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

**Financial Highlights**

The assets and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year, **June 30, 2023**, by **\$31,656,766** (*total net position*). Of this amount, **\$2,649,959** represents unrestricted net position.

At the close of the current fiscal year, Sweet Grass County’s governmental funds reported combined fund balances of **\$25,424,037**, an increase of **\$4,551,320** in comparison with the prior year. Approximately **26%** of this amount is available for spending at the government’s discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was **\$5,353,454** or approximately 53% of the total general fund expenditures.

Sweet Grass County is home to Sibanye Stillwater Mining Company - East Boulder Mine (SSMC). The company mines platinum and palladium and is the worlds largest producer of platinum. SSMC real estate and gross proceed taxes comprise 45% of the total real estate taxes collected by Sweet Grass County. This gives the mine the distinction of being, by far, our largest taxpayer.

There is currently a county-wide 25-mill voted tax levy for the Pioneer Medical Center (PMC), with the very original vote occurring in FY 2003. The chart below shows the history of the levy. At the end of FY2016 the PMC branched off on its own as a 501c3 non-profit entity. The county began accounting for the mill levy in fund 2235 PMC Facility. The county retains what is needed to pay the yearly insurance bill for the facility with the remainder being disbursed to the PMC.

| History of the PMC Mill Levy |      |               |               |  |
|------------------------------|------|---------------|---------------|--|
| Fiscal Year                  | Levy | Taxable Value | Total Taxes   |  |
| 2003                         |      |               |               | voted in fy 2003 levy to begin fy 2004; 2 years only                                     |
| 2004                         | 25   | \$ 13,060,900 | \$ 326,522.50 |  |
| 2005                         | 25   | \$ 16,488,014 | \$ 412,200.35 | voted in fy 2005 levy to begin fy 2006, 2007, 2008, 2009, 2010                           |
| 2006                         | 25   | \$ 14,640,510 | \$ 366,012.75 | pmc and ambulance combined 7/1/2006  |
| 2007                         | 25   | \$ 15,806,560 | \$ 395,164.00 |  |
| 2008                         | 25   | \$ 17,252,550 | \$ 431,313.75 |  |
| 2009                         | 25   | \$ 17,664,927 | \$ 441,623.18 | voted in fy 2009 levy to begin fy 2010, 2011, 2012, 2013, 2014 (voted on one year early) |

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

|      |    |               |               |  |
|------|----|---------------|---------------|--|
| 2009 | 25 | \$ 17,664,927 | \$ 441,623.18 | voted in fy 2009 levy to begin fy 2010, 2011, 2012, 2013, 2014 (voted on one year early) |
| 2010 | 50 | \$ 17,141,634 | \$ 857,081.70 | 1 year only additional 25 mills  |
| 2011 | 25 | \$ 16,091,971 | \$ 402,299.28 |  |
| 2012 | 25 | \$ 16,389,565 | \$ 409,739.13 |  |
| 2013 | 25 | \$ 17,533,500 | \$ 438,337.50 |  |
| 2014 | 25 | \$ 17,258,261 | \$ 431,456.53 | voted in fy 2014 levy to begin fy 2015, 2016, 2017, 2018, 2019                           |
| 2015 | 25 | \$ 17,451,289 | \$ 436,282.23 |  |
| 2016 | 25 | \$ 18,927,609 | \$ 473,190.23 |  |
| 2017 | 25 | \$ 17,866,541 | \$ 446,663.53 | PMC became non-profit and separated from the county 7/1/2016                             |
| 2018 | 25 | \$ 18,859,074 | \$ 471,476.85 |  |
| 2019 | 25 | \$ 20,889,071 | \$ 522,226.78 | voted in fy 2019 levy to begin fy 2020, 2021, 2022, 2023, 2024                           |
| 2020 | 25 | \$ 22,630,881 | \$ 565,772.03 |  |
| 2021 | 25 | \$ 25,816,538 | \$ 645,413.45 |  |
| 2022 | 25 | \$ 31,686,323 | \$ 792,158.08 |  |
| 2023 | 25 | \$ 32,708,382 | \$ 817,709.55 |  |

This discussion and analysis are intended to serve as an introduction to Sweet Grass County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also 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 Sweet Grass County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Sweet Grass County assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Sweet Grass County is improving or deteriorating.

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

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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Both of the government-wide financial statements distinguish functions of Sweet Grass County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Sweet Grass County include general government, public safety, public works, and culture and recreation.

**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. Sweet Grass County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with Montana Code Annotated and finance-related legal requirements. All the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements, therefore, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sweet Grass County maintains six individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and four special revenue funds.

**Proprietary Funds.** Sweet Grass County does not have any proprietary funds (*business-type activities*).

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support Sweet Grass County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

SWEET GRASS COUNTY

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

Sweet Grass County maintains a single type of fiduciary fund. The *Agency fund* reports resources held by Sweet Grass County in a custodial capacity for other governments.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also contains presents *Required Supplementary Information* (RSI).

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of Sweet Grass County, assets and deferred outflows of resources exceeded liabilities by **\$31,656,766.47** at June 30, 2023 as compared to **\$27,001,251.98** at June 30, 2022; an increase of **\$4,655,514.49**.

| Net Position                     | Governmental Activities |               |                 |
|----------------------------------|-------------------------|---------------|-----------------|
|                                  | FY22                    | FY23          | Change Inc(Dec) |
| Current & other assets           | 21,897,756.89           | 26,277,413.97 | 4,379,657.08    |
| Restricted Assets                |                         |               |                 |
| Capital assets                   | 8,650,365.46            | 8,883,924.37  | 233,558.91      |
| Total assets                     | 30,548,122.35           | 35,161,338.34 | 4,613,215.99    |
| DEFERRED OUTFLOW OF RESOURCES    | 624,634.00              | 679,431.00    | 54,797.00       |
| Current Liabilities              | 985,134.58              | 866,990.87    | (118,143.71)    |
| Long Term Liabilities            | 2,184,311.99            | 3,147,207.00  | 962,895.01      |
| Total Liabilities                | 3,169,446.57            | 4,014,197.87  | 844,751.30      |
| Deferred Inflows of Resources    | 1,002,058.00            | 169,805.00    | (832,253.00)    |
| Net Position:                    |                         |               |                 |
| Net investment in capital assets | 8,650,365.66            | 8,883,924.37  | 233,558.71      |
| Restricted                       | 16,397,560.64           | 20,122,883.37 | 3,725,322.73    |
| Unrestricted (deficit)           | 1,953,325.68            | 2,649,958.73  | 696,633.05      |
| Total Net Position               | 27,001,251.98           | 31,656,766.47 | 4,655,514.49    |

By far, the largest portion of Sweet Grass County’s net position (44%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. Sweet Grass County uses these capital assets to provide a variety of services to its citizens. The County also leases approximately **\$6.9 million** in assets to the Pioneer Medical Center (includes buildings and equipment). Accordingly, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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An additional portion of Sweet Grass County's net position, **\$20,122,883.37** represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totals **\$2,649,958.73**.

At the end of the current fiscal year, Sweet Grass County is able to report positive balances in all restricted and unrestricted categories of net position.

Sweet Grass County's overall change in net position increased by **\$4,655,513.47** from fiscal year 2022. The reason for this overall increase is discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased from **\$27,001,253.00** in FY22 to **\$31,656,766.47** in FY 23, an increase of **\$4,655,513.47**.

**Increases to Revenues:**

The biggest increase to revenues in FY 2023 was interest earned on investments. In July 2022 the interest rate with the State of Montana Board of Investment Short Term Investment Program (STIP) (where most of the county monies are held) was 1.58%, at the end of June the rate was 5.08%. The county was also the recipient of a grant through the Local Assistance and Tribal Consistency fund for \$235,193.

The weed department has numerous grants. These grants are a match grant with land owners. The land owner pays the full amount to spray their weeds and the grant will reimburse them up to 50% of eligible costs.

**Changes in Expenditures**

There were few major changes in expenditures between FY 2022 and FY 2023.



SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

| <b>Sweet Grass County's Change in Net Position</b> |                         |                     |                     |
|--|-------------------------|---------------------|---------------------|
| Changes in Net Position                            | Governmental Activities |                     |                     |
| <b>Revenues</b>                                    |                         |                     |                     |
| <i>Program revenues (by major source)</i>          | FY22                    | FY23                | Change Inc(Dec)     |
| Charges for services                               | 623,690.88              | 979,068.99          | 355,378.11          |
| Operating grants & contributions                   | 708,328.10              | 1,046,246.67        | 337,918.57          |
| Capital grants and contributions                   | 4,229.94                | 58,144.72           | 53,914.78           |
| <i>General revenues (by major source)</i>          |                         |                     | -                   |
| Property taxes for general purposes                | 6,471,425.05            | 7,153,274.84        | 681,849.79          |
| Local option tax                                   | 231,495.73              | 241,438.00          | 9,942.27            |
| Licenses and permits                               | 5,404.36                | 619.74              | (4,784.62)          |
| Federal/State Shared Revenues                      | 2,538,490.24            | 2,216,746.21        | (321,744.03)        |
| Miscellaneous                                      | 277,553.68              | 173,167.59          | (104,386.09)        |
| Gain/Loss on Sale of Assets                        | -                       | 27,629.54           | 27,629.54           |
| Interest/investment earnings                       | 58,241.66               | 754,241.11          | 695,999.45          |
| Insurance/Sale of Equip                            | 2,839.15                | 71,388.18           | 68,549.03           |
| Other  |                         |                     | -                   |
| Total revenues                                     | 10,921,698.79           | 12,721,965.59       | 1,800,266.80        |
| <b>Program expenses</b>                            |                         |                     |                     |
| General government - 41                            | 1,834,143.87            | 2,170,397.48        | 336,253.61          |
| Public safety - 42                                 | 1,802,902.10            | 2,150,791.71        | 347,889.61          |
| Public works - 43                                  | 2,192,868.81            | 2,056,321.37        | (136,547.44)        |
| Public health - 44                                 | 1,021,182.51            | 1,082,735.96        | 61,553.45           |
| Social and economic services - 45                  | 123,010.05              | 132,935.90          | 9,925.85            |
| Culture and recreation - 46                        | 153,516.59              | 152,472.86          | (1,043.73)          |
| Housing and community development - 47             | 124,948.82              | 70,957.37           | (53,991.45)         |
| Miscellaneous                                      | 218,522.11              | 249,739.48          | 31,217.37           |
| Debt service - interest                            |                         |                     | -                   |
| Total expenses                                     | 7,471,094.86            | 8,066,352.13        | 595,257.27          |
| <b>Increase (decrease) in net position</b>         | <b>3,450,603.93</b>     | <b>4,655,613.46</b> | <b>1,205,009.53</b> |

interest rates increased from 1.58% July 2022 to 5.08% June 2023

As noted earlier, Sweet Grass County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements of the State of Montana.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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**Governmental Funds.** The focus of the County's *governmental funds* is to provide information on near term inflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent a portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purpose by the Sweet Grass County Board of Commission.

At June 30, 2023, Sweet Grass County's governmental funds reported combined funds balances of **\$25,424,036.67**, an increase of **\$4,551,309.66** in comparison with the adjusted fund balance from **FY22**. Approximately 21% of this amount (**\$5,365,089.19**) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *non-spendable or restricted* to indicate that it is 1) not in spendable form (**\$566,177.51**), or 2) restricted for a particular purpose (**\$19,504,405.36**).

The general fund is the chief operating fund of Sweet Grass County. At the end of **FY23**, unassigned fund balance of the general fund was **\$5,365,089.19** while total fund balance increased to **\$25,424,036.67**. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately **71%** of total general fund expenditures, while total fund balance represents approximately **72%** of the same amount.

The fund balance of Sweet Grass County's general fund increased by **\$862,808.27** during **FY23**.

**Original budget compared to final budget.** At the end of the fiscal year resolutions were passed to increase the following budgets:

2220 - Library, did not budget all revenue due

2979 - Community Services Directory, received a donation to start a services directory

2998 - Local Assistance & Tribal Consistency Fund, American Rescue Plan money from US Treasury

2969 - Opioid Settlement, money received as a result of opioid lawsuit

**Final budget compared to actual results.** There were several differences in budget to actual revenues that stand out.

1. The commissioners always budget very conservatively for interest revenues. This year we missed the mark by quite a ways not expecting interest rates on our investments to rise as much as they did. We budgeted \$30,558, but earned \$754,241.11.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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2. When budgeting we opt to not anticipate the PILT (payment in lieu of taxes) payment from the federal government. We are always unsure of the amount we will receive. In the past five years we have received \$584,106 (2019), \$587,249 (2020), \$612,577 (2021), \$638,503 (2022) and, \$687,713 (2023).
3. Metal Mine Trust revenue is beginning to level out some but we still budgeted low. We anticipated \$500,000 but actually received \$792,774. Of the \$754,241 in interest earnings, \$212,035 was for the mine trust fund.
4. Triangle Telephone Cooperative retired several years of capital credits and the county received a check for \$59,584
5. The airport fund 2170 received Covid-19 revenue of \$31,000 for operating expenses.

**There are several construction-in-progress projects**

1. Senior Citizen building remodeling continues \$76,260.67
2. The airport is expanding the apron with current costs at \$78,261, but an FY24 budget of \$1,348,000
3. A bridge has been ordered from TrueNorth Steel with a downpayment of \$14,946 for the bridge, total cost anticipated to be approximately \$50,000.

**New purchases and building remodels include:**

1. Weed department - aircondition/heating unit, \$7,786.64
2. Road department - 2022 315 Caterpillar excavator \$229,597
3. Fire department - 1995 Ford F800, \$9,600
4. Road department - 2016 Ford F350 \$36,500
5. Road department - posy pounder \$6,500
6. Road department - 2022 Bobcat T66 Skidsteer \$79,849
7. Road department - 2018 Freightliner truck \$79,050
8. Road department - 2023 John Deere 644P Loader \$275,000
9. Cemetery - 2022 Walker mower \$18,295
10. Elections - DS200 Scanner \$6,380
11. DES - 2019 Ford pickup \$39,500
12. Road department - 12' Henke reversible plow \$53,782

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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13. Search & Rescue - 2023 Mercury Jet Rescue boat \$17,659
14. County - 2023 Bobcat mower \$6,895
15. Communications - radio repeaters on Tin Can Hill \$52,520 (purchased with Homeland Security grant)
16. County - 2023 PowerEdge Server \$9,030
17. Fire department - Randco 2350 gallon water pump/tank \$46,150
18. Road department - Melville bridge replaced - donated from soil conservation \$398,542
19. Law Enforcement - 2021 Dodge Durango - transferred out of construction in progress \$56,663

**Sale of Vehicles/Equipment**

1. Road department - 2003 Cat 312 CL Excavator traded in on 315 Excavator, received \$30,000
2. Road department - 2001 Cat loader model 966G - traded in for 644 loader, received \$55,000
3. Cemetery - 2014 Walker Mower - traded in for 2022 Walker Mower, received \$3,000
4. Road department - sold Case 580 M Series II Backhoe, received \$27,007
5. Annex - disposed of copier \$12,672.11
6. Courthouse - disposed of copier \$7,295
7. Road department - sold 1999 Ford Ranger, received \$1,257

**Long-term debt.** As of June 30, 2023 the County had no outstanding bank debt. Compensated absences \$248,269; Other Post-Employment Benefits (OPEB) \$199,624; Pension liability \$2,780,356

No new debt was entered into during FY 2023.

**Subsequent Events**

1. In late FY 2023 the county began work on an airport apron expansion. The total project is expected to cost \$1,348,000 and will be completed by October 2023
2. The clerk and recorder retired mid-term and a new person was appointed to replace her and fill out her term (subject to the primary election in June 2024)
3. Our largest taxpayer, Sibanye Stillwater Mine saw a downturn in platinum and palladium prices and for the first time in many years we experienced a drop in the gross proceeds value. It dropped \$4.5 million from the previous year. That decrease in conjunction with a property reappraisal year by the Montana Department of Revenue created a challenging year of budgeting for us. Reappraisal values increased on average about 42% for our residential property owners.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2023

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5. The Voges Bridge (approximately 6 miles west of Big Timber) required rip rap repair after scout damage from the flood on the Yellowstone River in May 2022. FEMA determined that it was a project that they would help us repair. Permanent repairs were made in the fall of 2023 at a cost of approximately \$350,000.

**Statistics**

The following statistics are from the most recent data cited:

The latest unemployment rate as of October 2023 for Sweet Grass County is 2.4% compared to a state-wide average of 2.8%.

The major employers in the county are Sibanye-Stillwater Mine, local government, and the high school and grade school districts.

The economy is primarily agriculture, tourism, and mining.

The average earnings for 2021 in Sweet Grass County are \$59,238 according to the Montana Department of Labor and Industry.

Average wages statewide in Montana for 2021 are \$63,249 according to the Montana Department of Labor and Industry.

Inflationary trends in the County compare favorably to national indices.

All these factors were considered in the preparation of Sweet Grass County's budget for the 2023 fiscal year.

The FY 2023 budget reflects 2023 mills and the inflationary increases allowed by statute.

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions concerning this report or need additional financial information, contact the Finance Office at Sweet Grass County 406-932-3012, the County Commissioners at 406-932-5152 or the County Clerk and Recorder at 406-932-5152.



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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Sweet Grass County  
Big Timber, Montana

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sweet Grass County (County) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

GAAP requires that the Management's Discussion and Analysis (pages 3-12), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 48), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 49-53), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 54-59) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, which consisted of inquiries of management about 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 County'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 County's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC  
Billings, Montana  
April 16, 2024

STATEMENT OF NET POSITION  
June 30, 2023

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS:</b>   |                                    |
| Current Assets:  |                                    |
| Cash and Cash Equivalents  | \$ 25,569,339                      |
| Taxes Receivable   | 67,429                             |
| Due from Other Governments   | 74,468                             |
| Inventories  | <u>566,178</u>                     |
| Total Current Assets   | <u>26,277,414</u>                  |
| Noncurrent Assets:   |                                    |
| Capital Assets:  |                                    |
| Land   | 162,723                            |
| Construction in Progress   | 201,719                            |
| Net Depreciable Assets   | <u>8,519,483</u>                   |
| Total Noncurrent Assets  | <u>8,883,925</u>                   |
| Total Assets   | <u>35,161,339</u>                  |
| DEFERRED OUTFLOWS OF RESOURCES:                                    |                                    |
| Employer Pension Plan Related                                      | <u>679,431</u>                     |
| Total Deferred Outflows of Resources                               | <u>679,431</u>                     |
| Total Assets and Deferred Outflows of Resources                    | <u>\$ 35,840,770</u>               |
| LIABILITIES:   |                                    |
| Current Liabilities:   |                                    |
| Accrued Payroll  | \$ 60,081                          |
| Grants Received in Advance   | 725,868                            |
| Current Portion of Compensated Absences                            | <u>81,042</u>                      |
| Total Current Liabilities  | <u>866,991</u>                     |
| Noncurrent Liabilities:  |                                    |
| Compensated Absences   | 167,227                            |
| Net Pension Accrual  | 2,780,356                          |
| Other Postemployment Benefits                                      | <u>199,624</u>                     |
| Total Noncurrent Liabilities                                       | <u>3,147,207</u>                   |
| Total Liabilities  | <u>4,014,198</u>                   |
| DEFERRED INFLOWS OF RESOURCES:                                     |                                    |
| Employer Pension Plan Related                                      | <u>169,805</u>                     |
| Total Deferred Inflows of Resources                                | <u>169,805</u>                     |
| NET POSITION:  |                                    |
| Net Investment in Capital Assets                                   | 8,883,925                          |
| Restricted   | 20,122,885                         |
| Unrestricted (Deficit)   | <u>2,649,957</u>                   |
| Total Net Position   | <u>31,656,767</u>                  |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 35,840,770</u>               |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.



STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

|                                      | Program Revenues |                        |  |  | Net (Expenses) Revenues<br>and Changes in Net Position |
|--------------------------------------|------------------|------------------------|--|--|--|
|                                      | Expenses         | Charge for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                     |
|                                      |                  |                        |  |  | Governmental<br>Activities                             |
| <b>GOVERNMENT OPERATIONS:</b>        |                  |                        |  |  |  |
| General Government                   | \$ 2,170,396     | \$ 599,429             | \$ 43,510                                | \$ -                                   | \$ (1,527,457)   |
| Public Safety                        | 2,150,793        | 273,261                | 312,812                                  | -                                      | (1,564,720)  |
| Public Works                         | 2,056,321        | 31,406                 | 667,369                                  | 58,145                                 | (1,299,401)  |
| Public Health                        | 1,082,736        | 51,574                 | 20,981                                   | -                                      | (1,010,181)  |
| Social and Economic Services         | 132,936          | 2,208                  | 1,394                                    | -                                      | (129,334)  |
| Culture and Recreation               | 152,473          | 21,190                 | 181                                      | -                                      | (131,102)  |
| Housing and Community Development    | 70,957           | -                      | -  | -                                      | (70,957)   |
| Miscellaneous                        | 249,739          | -                      | -  | -                                      | (249,739)  |
| <b>Total Governmental Operations</b> | <u>8,066,351</u> | <u>979,068</u>         | <u>1,046,247</u>                         | <u>58,145</u>                          | <u>(5,982,891)</u>                                     |
| <b>GENERAL REVENUES:</b>             |                  |                        |  |  |  |
| Taxes/Assessments                    |                  |                        |  |  | 7,153,274  |
| Local Option Taxes                   |                  |                        |  |  | 241,438  |
| Licenses and Permits                 |                  |                        |  |  | 620  |
| Federal/State Shared Revenues        |                  |                        |  |  | 2,216,746  |
| Miscellaneous                        |                  |                        |  |  | 173,167  |
| Investment and Royalty Earnings      |                  |                        |  |  | 754,241  |
| Other                                |                  |                        |  |  | 71,289   |
| Gain (loss) on Sale of Assets        |                  |                        |  |  | 27,630   |
| <b>Total General Revenues</b>        |                  |                        |  |  | <u>10,638,405</u>                                      |
| <b>Change in Net Position</b>        |                  |                        |  |  | 4,655,514  |
| <b>NET POSITION:</b>                 |                  |                        |  |  |  |
| Beginning of the Year                |                  |                        |  |  | <u>27,001,253</u>                                      |
| End of the Year                      |                  |                        |  |  | <u>\$ 31,656,767</u>                                   |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023

|  | MAJOR               |                     |                                    |                    |                         |
|--|---------------------|---------------------|------------------------------------|--------------------|-------------------------|
|  | General             | Road                | Pioneer Medical<br>Center Facility | Law<br>Enforcement | Hard Rock<br>Mine Trust |
| <b>ASSETS:</b>   |                     |                     |                                    |                    |                         |
| Current Assets:  |                     |                     |                                    |                    |                         |
| Cash and Cash Equivalents  | \$ 5,317,117        | \$ 936,944          | \$ 90,000                          | \$ 459,158         | \$ 6,524,015            |
| Taxes Receivable   | 15,128              | 8,833               | 7,494                              | 7,972              | -                       |
| Interfund Receivable   | 61,580              | -                   | -                                  | -                  | -                       |
| Due from Other Governments   | 5,469               | -                   | -                                  | 12,325             | -                       |
| Inventories  | -                   | 566,178             | -                                  | -                  | -                       |
| <b>Total Assets</b>  | <u>5,399,294</u>    | <u>1,511,955</u>    | <u>97,494</u>                      | <u>479,455</u>     | <u>6,524,015</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>   |                     |                     |                                    |                    |                         |
| Total Deferred Outflows of Resources   | -                   | -                   | -                                  | -                  | -                       |
| <b>Total Assets and Deferred Outflows of Resources</b>                         | <u>\$ 5,399,294</u> | <u>\$ 1,511,955</u> | <u>\$ 97,494</u>                   | <u>\$ 479,455</u>  | <u>\$ 6,524,015</u>     |
| <b>LIABILITIES:</b>  |                     |                     |                                    |                    |                         |
| Current Liabilities:   |                     |                     |                                    |                    |                         |
| Interfund Payable  | -                   | -                   | -                                  | -                  | -                       |
| Accrued Payroll  | 19,078              | 4,781               | -                                  | 15,821             | -                       |
| Grants Received in Advance   | -                   | -                   | -                                  | -                  | -                       |
| <b>Total Liabilities</b>   | <u>19,078</u>       | <u>4,781</u>        | <u>-</u>                           | <u>15,821</u>      | <u>-</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>  |                     |                     |                                    |                    |                         |
| Unavailable Property Taxes Receivable  | 15,128              | 8,833               | 7,494                              | 7,972              | -                       |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>15,128</u>       | <u>8,833</u>        | <u>7,494</u>                       | <u>7,972</u>       | <u>-</u>                |
| <b>FUND BALANCE (DEFICITS):</b>  |                     |                     |                                    |                    |                         |
| Nonspendable   | -                   | 566,178             | -                                  | -                  | -                       |
| Restricted   | -                   | 932,163             | 90,000                             | 455,662            | 6,524,015               |
| Unassigned   | 5,365,088           | -                   | -                                  | -                  | -                       |
| <b>Total Fund Balance</b>  | <u>5,365,088</u>    | <u>1,498,341</u>    | <u>90,000</u>                      | <u>455,662</u>     | <u>6,524,015</u>        |
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b> | <u>\$ 5,399,294</u> | <u>\$ 1,511,955</u> | <u>\$ 97,494</u>                   | <u>\$ 479,455</u>  | <u>\$ 6,524,015</u>     |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023

|  | MAJOR                       |                                |                                |
|--|-----------------------------|--------------------------------|--------------------------------|
|  | American<br>Rescue Plan Act | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>ASSETS:</b>   |                             |                                |                                |
| Current Assets:  |                             |                                |                                |
| Cash and Cash Equivalents  | \$ 750,923                  | \$ 11,491,182                  | \$ 25,569,339                  |
| Taxes Receivable   | -                           | 28,002                         | 67,429                         |
| Interfund Receivable   | -                           | -                              | 61,580                         |
| Due from Other Governments   | -                           | 56,674                         | 74,468                         |
| Inventories  | -                           | -                              | 566,178                        |
| Total Assets   | <u>750,923</u>              | <u>11,575,858</u>              | <u>26,338,994</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                 |                             |                                |                                |
| Total Deferred Outflows of Resources                                   | -                           | -                              | -                              |
| Total Assets and Deferred Outflows of Resources                        | <u>\$ 750,923</u>           | <u>\$ 11,575,858</u>           | <u>\$ 26,338,994</u>           |
| <b>LIABILITIES:</b>  |                             |                                |                                |
| Current Liabilities:   |                             |                                |                                |
| Interfund Payable  | -                           | 61,580                         | 61,580                         |
| Accrued Payroll  | -                           | 20,401                         | 60,081                         |
| Grants Received in Advance   | 725,868                     | -                              | 725,868                        |
| Total Liabilities  | <u>725,868</u>              | <u>81,981</u>                  | <u>847,529</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                  |                             |                                |                                |
| Unavailable Property Taxes Receivable                                  | -                           | 28,002                         | 67,429                         |
| Total Deferred Inflows of Resources                                    | <u>-</u>                    | <u>28,002</u>                  | <u>67,429</u>                  |
| <b>FUND BALANCE (DEFICITS):</b>  |                             |                                |                                |
| Nonspendable   | -                           | -                              | 566,178                        |
| Restricted   | 25,055                      | 11,477,511                     | 19,504,406                     |
| Unassigned   | -                           | (11,636)                       | 5,353,452                      |
| Total Fund Balance   | <u>25,055</u>               | <u>11,465,875</u>              | <u>25,424,036</u>              |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances | <u>\$ 750,923</u>           | <u>\$ 11,575,858</u>           | <u>\$ 26,338,994</u>           |

RECONCILIATION TO THE STATEMENT OF

|   |                      |
|---|----------------------|
| Total Fund Balance Reported Above       | \$ 25,424,036        |
| Unavailable Property Taxes Receivable   | 67,429               |
| Governmental Capital Assets             | 8,883,925            |
| Employer Pension Plan Related           | 679,431              |
| Long-term Liabilities                   |                      |
| Compensated Absences                    | (248,269)            |
| Net Pension Accrual                     | (2,780,356)          |
| Other Postemployment Benefits           | (199,624)            |
| Employer Pension Plan Related           | (169,805)            |
| Net Position of Governmental Activities | <u>\$ 31,656,767</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

|  | MAJOR               |                     |                                    |                   |                         |
|--|---------------------|---------------------|------------------------------------|-------------------|-------------------------|
|  | General             | Road                | Pioneer Medical<br>Center Facility | Law Enforcement   | Hard Rock Mine<br>Trust |
| <b>REVENUES:</b>                                     |                     |                     |                                    |                   |                         |
| Taxes and Assessments                                | \$ 1,890,581        | \$ 997,358          | \$ 815,564                         | \$ 857,430        | \$ -                    |
| Licenses and Permits                                 | 620                 | 2,025               | -                                  | -                 | -                       |
| Intergovernmental Revenues                           | 917,506             | 213,239             | -                                  | 118,234           | 792,774                 |
| Charges for Services                                 | 169,835             | -                   | -                                  | 266,193           | -                       |
| Fines and Forfeitures                                | 44,448              | -                   | -                                  | -                 | -                       |
| Miscellaneous  | 96,528              | 2,207               | -                                  | 11,150            | -                       |
| Investment and Royalty Earnings                      | 216,955             | -                   | 2,780                              | 10,165            | 212,035                 |
| <b>Total Revenues</b>                                | <u>3,336,473</u>    | <u>1,214,829</u>    | <u>818,344</u>                     | <u>1,263,172</u>  | <u>1,004,809</u>        |
| <b>EXPENDITURES:</b>                                 |                     |                     |                                    |                   |                         |
| Current:   |                     |                     |                                    |                   |                         |
| General Government                                   | 1,502,627           | -                   | -                                  | -                 | -                       |
| Public Safety  | 78,573              | -                   | -                                  | 1,227,337         | -                       |
| Public Works   | 82,735              | 439,567             | -                                  | -                 | -                       |
| Public Health  | 36,635              | -                   | 728,344                            | -                 | -                       |
| Social and Economic Services                         | 1,000               | -                   | -                                  | -                 | -                       |
| Culture and Recreation                               | -                   | -                   | -                                  | -                 | -                       |
| Housing and Community Developmen                     | -                   | -                   | -                                  | -                 | -                       |
| Miscellaneous  | 40,429              | 12,139              | 86,309                             | 29,779            | -                       |
| Capital Outlay                                       | 131,825             | 93,349              | -                                  | -                 | -                       |
| <b>Total Expenditures</b>                            | <u>1,873,824</u>    | <u>545,055</u>      | <u>814,653</u>                     | <u>1,257,116</u>  | <u>-</u>                |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>1,462,649</u>    | <u>669,774</u>      | <u>3,691</u>                       | <u>6,056</u>      | <u>1,004,809</u>        |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                     |                     |                                    |                   |                         |
| Insurance Proceeds/Sale of Equip                     | -                   | 11,576              | -                                  | 16,751            | -                       |
| Fund Transfers In                                    | 3,735               | -                   | -                                  | -                 | -                       |
| Fund Transfers (Out)                                 | (603,577)           | (250,000)           | -                                  | (79,908)          | -                       |
| <b>Total Other Financial Sources (Uses)</b>          | <u>(599,842)</u>    | <u>(238,424)</u>    | <u>-</u>                           | <u>(63,157)</u>   | <u>-</u>                |
| <b>Net Change in Fund Balance</b>                    | <u>862,807</u>      | <u>431,350</u>      | <u>3,691</u>                       | <u>(57,101)</u>   | <u>1,004,809</u>        |
| <b>FUND BALANCE:</b>                                 |                     |                     |                                    |                   |                         |
| Beginning of the Year                                | 4,502,281           | 1,157,547           | 86,309                             | 512,763           | 5,519,206               |
| Change in Inventory                                  | -                   | (90,556)            | -                                  | -                 | -                       |
| <b>End of the Year</b>                               | <u>\$ 5,365,088</u> | <u>\$ 1,498,341</u> | <u>\$ 90,000</u>                   | <u>\$ 455,662</u> | <u>\$ 6,524,015</u>     |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

|  | MAJOR                          |                                |                                |
|--|--------------------------------|--------------------------------|--------------------------------|
|  | American<br>Rescue Plan<br>Act | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>REVENUES:</b>                                     |                                |                                |                                |
| Taxes and Assessments                                | \$ -                           | \$ 2,800,966                   | \$ 7,361,899                   |
| Licenses and Permits                                 | -                              | 2,002                          | 4,647                          |
| Intergovernmental Revenues                           | -                              | 1,037,795                      | 3,079,548                      |
| Charges for Services                                 | -                              | 113,145                        | 549,173                        |
| Fines and Forfeitures                                | -                              | 330                            | 44,778                         |
| Miscellaneous  | -                              | 222,519                        | 332,404                        |
| Investment and Royalty Earnings                      | 23,903                         | 288,403                        | 754,241                        |
| <b>Total Revenues</b>                                | <u>23,903</u>                  | <u>4,465,160</u>               | <u>12,126,690</u>              |
| <b>EXPENDITURES:</b>                                 |                                |                                |                                |
| Current:   |                                |                                |                                |
| General Government                                   | -                              | 468,541                        | 1,971,168                      |
| Public Safety  | -                              | 499,099                        | 1,805,009                      |
| Public Works   | -                              | 690,853                        | 1,213,155                      |
| Public Health  | -                              | 163,072                        | 928,051                        |
| Social and Economic Services                         | -                              | 114,371                        | 115,371                        |
| Culture and Recreation                               | -                              | 129,757                        | 129,757                        |
| Housing and Community Developmen                     | -                              | 70,957                         | 70,957                         |
| Miscellaneous  | -                              | 81,083                         | 249,739                        |
| Capital Outlay                                       | -                              | 847,724                        | 1,072,898                      |
| <b>Total Expenditures</b>                            | <u>-</u>                       | <u>3,065,457</u>               | <u>7,556,105</u>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>23,903</u>                  | <u>1,399,703</u>               | <u>4,570,585</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                                |                                |                                |
| Insurance Proceeds/Sale of Equip                     | -                              | 42,962                         | 71,289                         |
| Fund Transfers In                                    | -                              | 1,912,763                      | 1,916,498                      |
| Fund Transfers (Out)                                 | -                              | (983,013)                      | (1,916,498)                    |
| <b>Total Other Financial Sources (Uses)</b>          | <u>-</u>                       | <u>972,712</u>                 | <u>71,289</u>                  |
| <b>Net Change in Fund Balance</b>                    | <u>23,903</u>                  | <u>2,372,415</u>               | <u>4,641,874</u>               |
| <b>FUND BALANCE:</b>                                 |                                |                                |                                |
| Beginning of the Year                                | 1,152                          | 9,093,460                      | 20,872,718                     |
| Change in Inventory                                  | -                              | -                              | (90,556)                       |
| <b>End of the Year</b>                               | <u>\$ 25,055</u>               | <u>\$ 11,465,875</u>           | <u>\$ 25,424,036</u>           |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2023

|   |                 |    |                  |
|---|-----------------|----|------------------|
| Net Changes in Fund Balance   |                 | \$ | 4,641,874        |
| Revenues on the Statement of Activities not Included in Governmental Funds Statement:                 |                 |    |                  |
| Capital Contributions   | 398,542         |    |                  |
| Increase (Decrease) in Taxes Receivable   | 32,813          |    |                  |
| State Pension Aid   | <u>64,901</u>   |    | 496,256          |
| Expenses on the Statement of Activities not Included in the Governmental Funds Statement:             |                 |    |                  |
| Depreciation Expense  | (1,265,511)     |    |                  |
| Actuarial Pension Expense   | (192,059)       |    |                  |
| Change in Inventory   | (90,556)        |    |                  |
| (Increase) Decrease in Other Postemployment Benefits  | -               |    |                  |
| (Increase) Decrease in Compensated Absence Liability  | <u>(35,018)</u> |    | (1,583,144)      |
| Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities |                 |    |                  |
| Capital Outlays   | 1,072,898       |    |                  |
| Gain (Loss) on Sale of Assets   | 27,630          |    | <u>1,100,528</u> |
| Change in net Position Reported on the Statement of Activities  |                 | \$ | <u>4,655,514</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2023

|                                      | Custodial Funds                          |                                      |
|--------------------------------------|--|--------------------------------------|
|                                      | Aggregate<br>Other<br>Custodial<br>Funds | External<br>Investment Pool<br>Funds |
| ASSETS:                              |  |                                      |
| Current Assets:                      |  |                                      |
| Cash and Cash Equivalents            | \$ 1,497,548                             | \$ 4,574,829                         |
| Taxes Receivable                     | 75,240                                   | -                                    |
| Total Assets                         | \$ 1,572,788                             | \$ 4,574,829                         |
| LIABILITIES:                         |  |                                      |
| Current Liabilities:                 |  |                                      |
| Due to State of Montana              | 126,438                                  | -                                    |
| Due to City/Town Governments         | 38,721                                   | -                                    |
| Due to Other Governments             | 1,473                                    | -                                    |
| Due to Individuals and Organizations | 854,488                                  | -                                    |
| Total Liabilities                    | 1,021,120                                | -                                    |
| NET POSITION:                        |  |                                      |
| Restricted For:                      |  |                                      |
| School Districts                     | 551,668                                  | 4,574,829                            |
| Total Net Position                   | \$ 551,668                               | \$ 4,574,829                         |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2023

|   | Custodial Funds                          |                                      |
|---|--|--------------------------------------|
|   | Aggregate<br>Other<br>Custodial<br>Funds | External<br>Investment Pool<br>Funds |
| ADDITIONS:  |  |                                      |
| Property Taxes Collected for Other Governments        | \$ 7,939,250                             | \$ -                                 |
| Fees Collected For the State of Montana               | 845,349                                  | -                                    |
| Collections for School Districts                      | 8,241,294                                | -                                    |
| Contributions from Other Governments                  | 33                                       | -                                    |
| Contributions from Individuals and Organizations      | 229,128                                  | -                                    |
| Contributions from Participants to Investment Pool    | (142,627)                                | 142,627                              |
| Investment Pool - Investment and Royalty Earnings     | (2,094,960)                              | 2,094,960                            |
| Total Additions                                       | <u>15,017,467</u>                        | <u>2,237,587</u>                     |
| DEDUCTIONS:   |  |                                      |
| Distributions to Participants of Investment Pool      | (2,183,700)                              | 2,183,700                            |
| Distributions to State of Montana                     | 2,348,670                                | -                                    |
| Distributions to City/Town Entities                   | 906,992                                  | -                                    |
| Distributions Applicable to School District Activity  | 13,582,919                               | -                                    |
| Distributions Applicable to Local Government Entities | 22,060                                   | -                                    |
| Distributions to Individuals and Organizations        | 227,719                                  | -                                    |
| Total Deductions                                      | <u>14,904,660</u>                        | <u>2,183,700</u>                     |
| Change in Net Position                                | 112,807                                  | 53,887                               |
| NET POSITION:   |  |                                      |
| Beginning of the Year                                 | <u>438,861</u>                           | <u>4,520,942</u>                     |
| End of the Year                                       | <u>\$ 551,668</u>                        | <u>\$ 4,574,829</u>                  |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2023

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of the Sweet Grass County (County) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana (Montana), which conforms to Generally Accepted Accounting Principles (GAAP), as applied to governmental units. The County applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

At the end of fiscal year 2023, the County adopted the following GASB Statements:

- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements by a government end user (a government). At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset (a capital asset hereinafter referred to as the subscription asset). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
- GASB Statement No. 99 – *OMNIBUS 2022*. This Statement provided for the following, which *have not* been implemented:
  - Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
    - The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
  - Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
  - Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership term and (b) recognition and measurement of installment payments and the transfer of the underlying public-private and public-public partnership asset.
  - Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
    - The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.

The following is a listing of GASB Statements which have been issued and the County’s assessment of effects to the financial statements when implemented.

- GASB Statement No. 100 – *Accounting Changes And Error Corrections – An Amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
- GASB Statement No. 101 – *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

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already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.

**Services Provided:** The County provides a full range of governmental services to the citizens of the County. These services include but are not limited to construction, reconstruction, maintenance, and repair of roads, parks and recreation, public safety, criminal justice, and other government services. The Board of County Commissioners is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations.

**Incorporation:** The County was incorporated under the laws of Montana and as required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and any component units. The criteria for including organizations as component units within the County's reporting entity are set forth in Section 2100 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. The basic criteria include appointing a voting majority of an organization's governing body, as well as the County's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the County. Based on those criteria, the County has no material component units.

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1. GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the *Statement of Net Position* and the *Statement of Activities*. The governmental activities column incorporates data from governmental funds (primary government). Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements report using the economic resource measurement focus and the accrual basis of accounting and generally include the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

The *Statement of Activities* reports the direct expenses of a given governmental function offset by program revenues directly connected with the functional program. Direct expenses are those that are specifically associated with a function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and
- Operating and Capital grants that are restricted to a particular function.

Property taxes investment earnings, state entitlement payments, and other revenue sources not properly included with program revenue are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-supporting or drawing from general revenues.

1. b. 2. FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. 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. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

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Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Custodial funds and funds held in trusts are used to account for resources held for the benefit of parties outside of the County and are reported as fiduciary funds. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets. Revenues are recorded when they are both measurable and available. Available means collectible within the current period – collections that occur after June 30 are generally not material. Unavailable income is recorded in governmental funds for delinquent taxes. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absence payments which are recognized when due. Capital assets are functional expenditures in governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent the related expenditures were made under the provisions of the grant. When such funds are received before the expenditure was incurred, they are recorded as unearned grant revenues. All other revenue items are considered to be measurable and available only when cash is received by the County.

Fiduciary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. For fiduciary activities, a liability to the beneficiaries of a fiduciary activity should be recognized when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. For example, a liability is recognized when tax collections for other governments occurs, even though it may not be required to distribute the taxes to those governments until a specified time in the future.

Major fund determination – GASB Statement No. 34 requires the General fund be reported as a major fund. Other individual governmental funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (e.g., total governmental funds).

The County reports the following major governmental funds:

- General Fund – The General fund is the general operating fund of the County and accounts for all revenues and expenditures of the County not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. In the governmental fund financial statements, the General fund also includes the activities of the following funds since the restrictions on those funds are similar to the General fund:
- Road Fund – This fund is used to account for the construction, maintenance, or improvement of public highways in the county. County levies for the Road Fund that are assessed and collected must be deposited into this fund.
- Pioneer Medical Center (PMC) Facility – This fund is used to account for activities associated with the levy for the PMC. The levy covers the annual insurance costs for the facility, which are paid by the County. The remainder is remitted to the PMC for use at their discretion.
- Law Enforcement – This fund is used to account for providing the public safety of citizens. County levies must be used to support county law enforcement services and to maintain county detention centers and must be deposited into this fund.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

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- Hard Rock Mine Trust – This fund is used to account for financing money received by a county pursuant to MCA 15-37-117 or 90-6-331. The money must remain in the hard-rock mine trust account and may not be appropriated by the governing body until – “
    - (a) a mining operation has permanently ceased all mining-related activity; or
    - (b) the number of persons employed full-time in mining activities by the mining operation is less than one-half of the average number of persons employed full-time in mining activities by the mining operation during the immediately preceding 5-year period.
  - American Rescue Plan Act (ARPA) Fund – This fund is used to account for ARPA grant funds received during the COVID pandemic. The funds may be used to invest in water, sewer, and broadband infrastructure.

1. b. 3. OTHER FUND TYPES

Fiduciary Funds

- Custodial Funds report resources, not in a trust, which are held by the County for other parties outside of County’s reporting entity. The following custodial funds are maintained by the County.
  - External Investment Pool Fund – This fund accounts for the deposits, withdrawals, and earnings of the local government investment fund, and is separately reported as an external investment pool for local governments.
  - Aggregate Other Custodial Funds – These funds account for the assets held, the revenues received and the expenses of other governments, individuals, or organizations.

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Allowable Depositories – Cash includes amounts in demand deposits, as well as short-term investments as authorized by Montana statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in:

- United States government treasury bills, notes, or bonds.
- Certain United States treasury obligations.
- United States government security money market fund if investments consist of those listed above.
- Time or savings deposits with a bank or credit union which is Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association insured.
- Repurchase agreements as authorized by MCA.
- State of Montana Short-Term Investment Pool (STIP).

Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Clearing Funds – Warrants written but not redeemed are reported in the County’s payroll and claims clearing funds. However, for financial reporting purposes, these are treated as cash reconciling items. Cash in the accounting system is held for warrants which were written but have not been paid by the County Treasurer. A warrant is an order by which the drawer (the person with authority to make the order) directs the County trustee to pay a particular sum of money to a payee (person or entity) from funds in the County treasury which are or may become available.

1. c. 2. TAXES

Property Tax Levies – Property tax levies are set in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the County. Taxable values are established by the Montana Department of Revenue based on market values. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

Collections – Property taxes are collected by the County Treasurer, who credits to the County funds its respective share of the collections. Tax levies are collectible in two installments, which become delinquent after November 30 and May 31. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

Delinquency – Unpaid property taxes are liens on the property being taxed. Taxes that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. After a period of three years, the County may begin foreclosure proceedings and sell real property at auction. In the case of personal property, the property may be seized and sold after the taxes become delinquent. The County receives its share of the sale proceeds of any such auction.

1. c. 3. RECEIVABLES

Accounts receivable represent amounts the County expects to receive for providing goods or services delivered or used but not yet paid for by customers or amounts due from governmental agencies for costs incurred but not yet reimbursed. All receivables are current and therefore due within one year.

1. c. 4. INVENTORIES

Materials and supplies inventory are reported as expenditures when acquired in governmental funds (using the purchases method) since the focus of governmental funds is on the use of current financial resources. At year-end, inventories were not material.

1. c. 5. CAPITAL ASSETS

The County’s property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, lighting) are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established when the capital assets were initially recorded by determining the actual cost or estimating the cost using standard costing procedures. The County considers capital assets to be items with a historical cost in excess of \$5,000 and with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method. Land and construction in progress are not depreciated. The useful life of depreciable assets has been estimated as follows:

| <u>Capital Asset Classes</u>      | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Buildings                         | 3 – 108 years      |
| Improvements Other than Buildings | 8 – 15 years       |
| Machinery and Equipment           | 3 – 30 years       |
| Infrastructure                    | 2 – 50 years       |

1. c. 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (e.g., expense/expenditure) until that time.

In addition to liabilities, the Statement of Financial Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an increase to net position that applies to a future period(s) and, as such, will not be recognized as an inflow of resources (e.g., revenue) until that time.

Pension Liability – Deferred Outflows and Inflows – The County recognizes a net pension liability for each qualified pension plan in which it participates. Changes in the net pension liability during the fiscal year are recorded as pension expense, deferred inflows of resources, or deferred outflows of resources depending on the nature of the change and the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

Property Taxes – Deferred Inflows – The County reports deferred inflows under the modified accrual basis of accounting in the governmental funds for property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. In the governmental fund Balance Sheet, they are reported as unavailable from property taxes receivable.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

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1. c. 7. LEASE RELATED ACTIVITIES

In accordance with stipulations set out in GASB No. 87, the County considers leases that meet certain criteria as an exchange of the right to use an underlying nonfinancial asset (e.g., vehicle, building, land, office space). For such qualifying leases, when material, at commencement of the lease term:

- County as Lessor – The County recognizes a lease receivable and a deferred inflow of resources on its government-wide financial statements. The County initially measures these elements at the present value of the payments expected to be made during the lease term. The receivable is amortized and the deferred inflow is recognized as the lease payments are made over the lease term.
  - The lessor retains ownership of the underlying asset and continues to report it as a capital asset net of accumulated depreciation in the County’s financial statement during the lease term.
- County as Lessee – The County recognizes an intangible right-to-use lease asset and a lease liability on its government-wide financial statements and a capital outlay and other revenue on its governmental funds financial statements. The County measures these items at the commencement of the lease at the present value of the payments expected to be made during the lease term. The lease liability is amortized over the lease term and the right-to-use lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

1. c. 8. VACATION AND SICK LEAVE

Vacation Leave – County employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. County employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. Excess vacation time is not forfeited if taken within 90 calendar days from the last day of the calendar year in which the excess was accrued, unless management ensures the employee will use the excess vacation leave before the end of the calendar year in which the leave would have been forfeited. At termination, employees are paid for any accumulated vacation leave at the current rate of pay.

Sick Leave – County employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. At termination, 25% of accumulated sick leave is paid at the employee’s current rate of pay.

Reporting – Liabilities incurred because of unused vacation and sick leave are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned on the *Statement of Activities*. At June 30, 2023, the amount expected to be paid within one year related to governmental activities amounted to \$81,042 and is generally paid out of the General fund.

1. c. 9. NET POSITION AND FUND BALANCE

The *Statement of Net Position* includes the following:

- Net Investment in Capital Assets – This component of net position is comprised of the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – This component of net position is restricted externally by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position is the difference between assets and liabilities that are not reported in the other components of net position.

Governmental fund financial statements include the following fund balances:

- Nonspendable – This balance includes amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

- **Restricted** – This balance includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- **Unassigned** – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

At June 30, 2023, fund balance components other than unassigned fund balance were as follows:

| <b>Purpose</b>               | <b>Nonspendable</b> | <b>Restricted</b>    |
|------------------------------|---------------------|----------------------|
| General Government           | \$ 0                | \$ 2,081,209         |
| Public Safety                | 0                   | 1,065,431            |
| Public Works                 | 566,178             | 9,485,837            |
| Public Health                | 0                   | 212,529              |
| Social and Economic Services | 0                   | 75,074               |
| Culture and Recreation       | 0                   | 150,755              |
| Future Capital Costs         | 0                   | 6,433,571            |
| <b>Totals</b>                | <b>\$ 566,178</b>   | <b>\$ 19,504,406</b> |

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When expenditures are incurred and, assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the Board of County Commissioners has provided otherwise.

1. d. OTHER

1. d. 1. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

At June 30, 2023, cash, cash equivalents, and investments for governmental activities and fiduciary funds were as follows:

|                           | <b>Governmental<br/>Activities</b> | <b>Fiduciary<br/>Funds</b> | <b>Total</b>  |
|---------------------------|------------------------------------|----------------------------|---------------|
| Cash and Cash Equivalents | \$ 25,569,339                      | \$ 6,072,377               | \$ 31,641,716 |

The carrying amounts of cash on hand, deposits, and investments at June 30, 2023 were as follows:

| <b>Account Type</b>                      | <b>Amount</b>        |
|--|----------------------|
| Cash on Hand                             | \$ 25,965            |
| Demand Accounts                          | 2,169,873            |
| Savings, Money Market, and Time Deposits | 3,302,919            |
| STIP                                     | 26,142,959           |
| <b>Total</b>                             | <b>\$ 31,641,716</b> |

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that, in the event of a bank failure, the County’s deposits may not be returned. The County does not have a deposit policy for custodial credit risk. On June 30, 2023, the County’s bank balances were exposed to custodial credit risk as follows:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

| <u>Deposits</u>  | <u>Fair Value</u>   |
|--|---------------------|
| Covered by Depository Insurance  | \$ 1,310,114        |
| Collateral Held by the Pledging Bank's Trust Department but not in the County's Name | 4,303,080           |
| Uninsured and Uncollateralized   | <u>602,452</u>      |
| Total Bank Balance   | <u>\$ 6,215,646</u> |

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The County's investment policy is to hold investments to maturity with the contractual understanding that these investments are minimal risk and locked into a guaranteed rate of return and are therefore not impacted significantly by changes in short term interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment portfolio is made up of securities whose maturities are less than 5 years.

2. a. SHORT TERM INVESTMENT POOL

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. STIP invests the operating funds of Montana, participating local government entity funds, and the liquidity requirements of the various pension and trust funds managed by MBOI.

STIP is a commingled pool for investment purposes. The use of a commingled pool allows for simplified investing and accounting, as well as broader investment diversification, and it provides opportunities for fee savings.

STIP is not registered with the SEC as an investment company and therefore is not required to abide by the SEC's rule 2a-7 of the Investment Company Act of 1940. For financial reporting purposes, the STIP portfolio will be reported on a Net Asset Value basis versus amortized cost starting in fiscal year 2016.

The shareholder's STIP ownership is represented by shares. Shareholders having funds to invest and owning shares are required to give one business days' notice to buy or sell 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 net asset value for financial reporting purposes.

Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved and part of an "Approved List." STIP may invest only in the following securities and investment vehicles: (1) U.S. Treasury or U.S. dollar denominated securities fully guaranteed by the U.S. Government; (2) U.S. Government Agency securities denominated in U.S. dollars; (3) Publicly traded U.S. dollar-denominated corporate bonds, notes, and medium term notes; (4) U.S. dollar-denominated Commercial Paper (CP); (5) U.S. dollar-denominated Bankers' Acceptance (BA); (6) U.S. dollar-denominated certificates of deposits; (7) U.S. dollar-denominated Asset-Backed Securities collateralized by credit cards, automobile loans and leases, student loans, and equipment leases; (8) U.S. dollar-denominated Asset-Backed commercial paper; (9) Repurchase or Reverse Repurchase Agreements with an approved primary dealer or the custodial bank and under the terms of a written master repurchase agreement; (10) investments required to implement the bond credit enhancement authorized by Resolution 219; (11) SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations; and (12) short-term investment vehicles available through the custodial bank.

Fair Value Measurement – STIP categorizes its fair value measurements using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date;
- Level 2: Investments whose values are based on observable inputs other than quoted market prices that a government can access at the measurement date; and,
- Level 3: Unobservable inputs for an asset and may require a degree of professional judgment that a government can access at the measurement date.

For additional information contact the Montana Board of Investments, P.O. Box 200126, Helena, MT 59620-0126 – Telephone (406)-444-0001 or on web at <http://https://investmentmt.com>



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

2. b. EXTERNAL INVESTMENT POOL

The County invested on behalf of most County funds and external participants in accordance with the County’s investment policy and Montana law. The County’s investments were managed by the County Treasurer. The external portion of the County’s investment pools were accounted for as investment trust funds.

The County had one pooled investment trust fund that was invested in STIP and time accounts. The pooled fund was carried at fair value. The County had not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2023 to support the value of shares in the pool. Income from pooled investments was allocated to the County funds or external participants based on the fund or participant’s month-end cash balance in relation to total pooled investments.

The following is a condensed Statement of Net Position and Statement of Changes in Net Position for the County’s pooled investments as of June 30, 2023:

|  | <u>Internal</u>      | <u>External</u>     |
|--|----------------------|---------------------|
| <b>Statement of Net Position:</b>            |                      |                     |
| Equity of pool participants                  | \$ 17,590,042        | \$ 4,574,829        |
| <b>Statement of Changes in Net Position:</b> |                      |                     |
| Investment Earnings                          | \$ 548,394           | \$ 142,627          |
| Participant Investment in Pool               | 8,055,040            | 2,094,960           |
| Distribution to Participants                 | <u>(6,338,554)</u>   | <u>(2,183,700)</u>  |
| Change in Net Position                       | 2,264,880            | 53,887              |
| Net Position – Beginning                     | <u>15,325,162</u>    | <u>4,520,942</u>    |
| Net Position – Ending                        | <u>\$ 17,590,042</u> | <u>\$ 4,574,829</u> |

NOTE 3. TAXES RECEIVABLE

The County is permitted by Montana statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2022, upon which the levy for the 2023 fiscal year was based, amounted to \$32,708,382 for the County general levies and \$27,045,292 for the County rural levies. The tax rates assessed for the year ended June 30, 2023 to finance County operations and applicable taxes receivable were as follows:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

| <b>Fund</b>                      | <b>Mill<br/>Levies</b> | <b>Taxes<br/>Receivable</b> |
|----------------------------------|------------------------|-----------------------------|
| <b><u>Governmental Funds</u></b> |                        |                             |
| General *                        | 50.57                  | \$ 15,128                   |
| Road *                           | 36.99                  | 8,833                       |
| Bridge                           | 29.46                  | 8,742                       |
| Weed                             | 2.98                   | 951                         |
| Predatory Animal Sheep           | -                      | 83                          |
| Predatory Animal Cattle          | -                      | 2,528                       |
| Fair                             | 6.14                   | 1,786                       |
| Airport                          | 2.75                   | 850                         |
| District Court                   | 4.80                   | 1,430                       |
| Library                          | 2.95                   | 702                         |
| PMC Facility *                   | 25.00                  | 7,494                       |
| Cemetery                         | 6.58                   | 1,912                       |
| Planning                         | 0.34                   | 138                         |
| Emergency Disaster               | 2.00                   | 567                         |
| Mental Health                    | 0.19                   | 81                          |
| Senior Citizens                  | 2.12                   | 641                         |
| Extension Services               | 2.94                   | 887                         |
| Law Enforcement *                | 26.26                  | 7,972                       |
| Fire                             | 11.77                  | 2,833                       |
| Permissive Medical Levy          | 9.91                   | 2,956                       |
| Technology                       | 2.23                   | 661                         |
| Alcohol Rehabilitation           | <u>0.82</u>            | <u>254</u>                  |
| Totals                           | <u>226.80</u>          | <u>\$ 67,429</u>            |

\* Denotes Major Fund

**Fiduciary Funds**

|                                 |           |
|---------------------------------|-----------|
| Aggregate Other Custodial Funds | \$ 75,240 |
|---------------------------------|-----------|

Property taxes assessed may be paid under protest and held by the County Treasurer until the action is finally determined to be in favor of or against the governmental entity levying the tax. Money paid under protest is accounted for by the County in a protested tax fiduciary fund until the final determination. The amount reported above includes \$293 of taxes paid under protest.

**NOTE 4. OTHER ASSETS**

**4. a. DUE FROM OTHER GOVERNMENTS**

Due from other governments represent amounts due to the County for costs incurred but not reimbursed by third party governments. The amounts due from other governments as of June 30, 2023 were as follows:

| <b>Fund</b>       | <b>Amount</b>    | <b>Due From</b> | <b>Reason</b>                                      |
|-------------------|------------------|-----------------|--|
| General *         | \$ 5,469         | Montana         | Emergency Management Performance Grant funding     |
| Law Enforcement * | 12,325           | Montana         | Community Oriented Policing Services Grant funding |
| Weed              | 4,154            | Montana         | North Area Weed Grant funding                      |
| Homeland Security | <u>52,520</u>    | Montana         | Tin Can Hill Repeats Grant funding                 |
| Total             | <u>\$ 74,468</u> |                 |  |

\* Denotes Major Fund

**4. b. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables represent the loan of resources from one fund to another fund experiencing a temporary cash shortage. Each fund is a separate fiscal entity and therefore presents interfund borrowing on fund level financial statements. Liabilities arising from interfund borrowing do not constitute general long-term debt. Interfund amounts reported as of June 30, 2023 were as follows:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

| <b>Interfund Receivable</b>       | <b>Amount</b>    | <b>Interfund Payable</b> | <b>Purpose</b>                     |
|-----------------------------------|------------------|--------------------------|------------------------------------|
| Payment in Lieu of Taxes (PILT) * | \$ 251           | Library                  | To cover negative cash in the fund |
| PILT *                            | 4,154            | Weed 2021 North          | To cover negative cash in the fund |
| PILT *                            | 52,520           | Homeland Security        | To cover negative cash in the fund |
| PILT *                            | 4,528            | DPHHS Sweet Grass        | To cover negative cash in the fund |
| PILT *                            | 127              | Telehealth Grant         | To cover negative cash in the fund |
| Total                             | <u>\$ 61,580</u> |                          |                                    |

\* Denotes Major Fund

4. c. INVENTORIES

At June 30, 2023, inventories amounted to \$566,178 and consisted of materials used to maintain roads and related assets.

NOTE 5. CAPITAL ASSETS, DEPRECIATION, AND NET CAPITAL ASSETS

The schedule of changes in general capital assets for the year ended June 30, 2023 follows:

| <b>Governmental Activities</b>    | <b>Balance<br/>July 1, 2022</b> | <b>Additions</b>   | <b>Deletions</b>   | <b>Adjustments/<br/>Transfers</b> | <b>Balance<br/>June 30, 2023</b> |
|-----------------------------------|---------------------------------|--------------------|--------------------|-----------------------------------|----------------------------------|
| <u>Non-depreciable Assets:</u>    |                                 |                    |                    |                                   |                                  |
| Land                              | \$ 162,723                      | \$ 0               | \$ 0               | \$ 0                              | \$ 162,723                       |
| Construction in Progress          | <u>78,577</u>                   | <u>179,805</u>     | <u>0</u>           | <u>(56,663)</u>                   | <u>201,719</u>                   |
| Total Non-depreciable Assets      | 241,300                         | 179,805            | 0                  | (56,663)                          | 364,442                          |
| <u>Depreciable Assets:</u>        |                                 |                    |                    |                                   |                                  |
| Historical Cost:                  |                                 |                    |                    |                                   |                                  |
| Buildings                         | 12,094,856                      | 7,787              | 0                  | 0                                 | 12,102,643                       |
| Improvements Other than Buildings | 23,439                          | 0                  | 0                  | 0                                 | 23,439                           |
| Machinery and Equipment           | 9,216,757                       | 973,307            | (235,374)          | (69,368)                          | 9,885,322                        |
| Infrastructure                    | <u>4,977,561</u>                | <u>398,542</u>     | <u>0</u>           | <u>0</u>                          | <u>5,376,103</u>                 |
| Total Historical Cost             | 26,312,613                      | 1,379,636          | (235,374)          | (69,368)                          | 27,387,507                       |
| Accumulated Depreciation:         |                                 |                    |                    |                                   |                                  |
| Buildings                         | (9,273,750)                     | (340,870)          | 0                  | 0                                 | (9,614,620)                      |
| Improvements Other than Buildings | (16,491)                        | (1,894)            | 0                  | 0                                 | (18,385)                         |
| Machinery and Equipment           | (6,766,715)                     | (686,175)          | 175,003            | 126,031                           | (7,151,856)                      |
| Infrastructure                    | <u>(1,846,591)</u>              | <u>(236,572)</u>   | <u>0</u>           | <u>0</u>                          | <u>(2,083,163)</u>               |
| Total Accumulated Depreciation    | <u>(17,903,547)</u>             | <u>(1,265,511)</u> | <u>175,003</u>     | <u>126,031</u>                    | <u>(18,868,024)</u>              |
| Net Depreciable Assets            | <u>8,409,066</u>                | <u>114,125</u>     | <u>(60,371)</u>    | <u>56,663</u>                     | <u>8,519,483</u>                 |
| Net General Capital Assets        | <u>\$ 8,650,366</u>             | <u>\$ 293,930</u>  | <u>\$ (60,371)</u> | <u>\$ 0</u>                       | <u>\$ 8,883,925</u>              |

Depreciation expense charged to governmental functions was as follows:

| <b>Function</b>              | <b>Amount</b>       |
|------------------------------|---------------------|
| General Government           | \$ 107,612          |
| Public Safety                | 271,049             |
| Public Works                 | 708,706             |
| Public Health                | 142,752             |
| Social and Economic Services | 13,279              |
| Culture and Recreation       | <u>22,113</u>       |
|                              | <u>\$ 1,265,511</u> |

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

NOTE 6. CURRENT LIABILITIES

Current liabilities represent amounts due to creditors, suppliers, or others within a period of time less than one year.

6. a. GRANTS RECEIVED IN ADVANCE

Grants received in advance are unearned revenue, sometimes referred to as deferred revenue, from payments received by the County from nonexchange transactions for which not all applicable eligibility requirements have been met. Once the eligibility criteria have been met, the revenues and expenditure/expenses will be reported.

| <u>Fund</u> | <u>Amount</u> | <u>Purpose</u>                            |
|-------------|---------------|---|
| ARPA *      | \$ 725,868    | Grant funds received but not yet expended |

\* Denotes Major Fund

NOTE 7. LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2023 follows:

| <u>Governmental Activities</u>                 | <u>Balance<br/>July 1, 2022</u> | <u>New Debt<br/>and Other<br/>Additions</u> | <u>Balance<br/>June 30, 2023</u> | <u>Due within<br/>One Year</u> |
|--|---------------------------------|---|----------------------------------|--------------------------------|
| Compensated Absences                           | \$ 213,251                      | \$ 35,018                                   | \$ 248,269                       | \$ 81,042                      |
| Accrued Pension                                | 1,846,652                       | 933,704                                     | 2,780,356                        | 0                              |
| Other Postemployment Benefits                  | <u>199,624</u>                  | <u>0</u>                                    | <u>199,624</u>                   | <u>0</u>                       |
| Total Governmental Activities - Long-term Debt | <u>\$ 2,259,527</u>             | <u>\$ 968,722</u>                           | <u>\$ 3,228,249</u>              | <u>\$ 81,042</u>               |

NOTE 8. DEFERRED INFLOWS OF RESOURCES

The County reported deferred property taxes at June 30, 2023 as follows:

| <u>Fund</u>               | <u>Totals</u>    | <u>Reason</u>    |
|---------------------------|------------------|------------------|
| <u>Governmental Funds</u> |                  |                  |
| General *                 | \$ 15,128        | Taxes receivable |
| Road *                    | 8,833            | Taxes receivable |
| Bridge                    | 8,742            | Taxes receivable |
| Weed                      | 951              | Taxes receivable |
| Predatory Animal Sheep    | 83               | Taxes receivable |
| Predatory Animal Cattle   | 2,528            | Taxes receivable |
| Fair                      | 1,786            | Taxes receivable |
| Airport                   | 850              | Taxes receivable |
| District Court            | 1,430            | Taxes receivable |
| Library                   | 702              | Taxes receivable |
| PMC Facility *            | 7,494            | Taxes receivable |
| Cemetery                  | 1,912            | Taxes receivable |
| Planning                  | 138              | Taxes receivable |
| Emergency Disaster        | 567              | Taxes receivable |
| Mental Health             | 81               | Taxes receivable |
| Senior Citizens           | 641              | Taxes receivable |
| Extension Services        | 887              | Taxes receivable |
| Law Enforcement *         | 7,972            | Taxes receivable |
| Fire                      | 2,833            | Taxes receivable |
| Permissive Medical Levy   | 2,956            | Taxes receivable |
| Technology                | 661              | Taxes receivable |
| Alcohol Rehabilitation    | <u>254</u>       | Taxes receivable |
| Totals                    | <u>\$ 67,429</u> | Taxes receivable |

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

**NOTE 9. DEFICIT FUND BALANCES**

Deficit fund balances result from commitments that exceed the associated resources. The County reported deficit fund balances at June 30, 2023 as follows:

| <b>Fund</b>             | <b>Amount</b>      | <b>County's Plan to Correct</b> |
|-------------------------|--------------------|---------------------------------|
| Library                 | \$ (251)           | Future cash receipts            |
| Permissive Medical Levy | (6,001)            | Future cash receipts            |
| CHW Grant               | (5,257)            | Future cash receipts            |
| Telehealth              | (127)              | Future cash receipts            |
| Total                   | <u>\$ (11,636)</u> |                                 |

**NOTE 10. INTERFUND OPERATING TRANSFERS**

The County recorded interfund transfers during the year ended June 30, 2023 as follows:

| <b>Operating Fund - In</b>      | <b>Amount</b>       | <b>Operating Fund - Out</b>       | <b>Purpose</b>                          |
|---------------------------------|---------------------|-----------------------------------|---|
| General *                       | \$ 3,735            | Capital Improvement (CI) Planning | Return unused prior year transfer       |
| Public Health Nurse             | 37                  | PILT *                            | Correct negative fund balances          |
| Special Gas Tax                 | 3,080               | Bridge                            | To meet grant matching requirement      |
| 911 Emergency                   | 100,000             | General *                         | Funding 911 services                    |
| Compensated Absences            | 30,000              | General *                         | To fund compensated absences fund       |
| Compensated Absences            | 701                 | Ext Serv Fund                     | To fund compensated absences fund       |
| CI Courthouse                   | 278,124             | General *                         | To prepare for future capital purchases |
| CI County Wide                  | 30,000              | General *                         | To prepare for future capital purchases |
| CI Bridge                       | 446,248             | Bridge                            | To prepare for future capital purchases |
| CI Weed                         | 20,000              | Weed                              | To prepare for future capital purchases |
| CI Road Machinery and Equipment | 250,000             | Road *                            | To prepare for future capital purchases |
| CI Airport                      | 63,708              | Airport                           | To prepare for future capital purchases |
| CI Law Enforcement              | 79,908              | Law Enforcement *                 | To prepare for future capital purchases |
| CI Annex                        | 165,416             | General *                         | To prepare for future capital purchases |
| CI Cemetery                     | 128,124             | Cemetery                          | To prepare for future capital purchases |
| CI Technology                   | 41,354              | Technology                        | To prepare for future capital purchases |
| CI Senior Citizen Center        | 45,147              | Senior Citizens                   | To prepare for future capital purchases |
| CI Fair                         | 80,916              | Fair                              | To prepare for future capital purchases |
| CI Fire                         | 150,000             | Fire                              | To prepare for future capital purchases |
| Total                           | <u>\$ 1,916,498</u> |                                   |   |

\* Denotes Major Fund

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS**

11. a. PLAN DESCRIPTION

The County provides its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participating in the County group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit OPEB plan.

11. b. FUNDING POLICY

The County pays OPEB liabilities on a pay as you go basis. A trust fund for future liabilities has not been established.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

11. c. BENEFITS PROVIDED

The County provides healthcare benefits for retirees and their dependents. The County provides the same health care plan to all of its members. Retirees are required to pay 100% of the health insurance premium to retain the healthcare benefits. The County covers 100% of the premiums for active employees.

11. d. EMPLOYEES COVERED BY BENEFIT TERMS

At as of June 30, 2023, the measurement date, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Active employees                         | 40 |
| Inactive employees (may include spouses) | 0  |

11. e. TOTAL OPEB LIABILITY

The County's total OPEB liability amounted to \$199,624 at June 30, 2023. The liability was measured as of June 30, 2022 and was determined by an Alternative Measurement Method valuation as of that date.

11. f. ASSUMPTIONS AND OTHER INPUTS

The County had fewer than 100 plan participants and thus qualified to use an Alternative Measurement Method instead of an Actuarial valuation to determine the OPEB liability.

Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 10% of plan participants would elect to continue coverage after retirement.

The total OPEB liability at June 30, 2023 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |         |
|--|---------|
| Average salary increases                 | 1.50%   |
| Discount rate                            | 3.30%   |
| Retiree's share of benefit related costs | 100.00% |
| Healthcare cost trend rate               | 3.00%   |

11. g. CHANGES IN THE TOTAL OPEB LIABILITY

|                        |                   |
|------------------------|-------------------|
| Balance July 1, 2022   | \$ 199,624        |
| Changes for the Year * | <u>0</u>          |
| Balance June 30, 2023  | <u>\$ 166,624</u> |

\* GASB No. 75 requires an actuarial valuation or calculation using the specified Alternative Measurement Method of the total OPEB liability to be performed at least once every two years and roll forward procedures on the off years. The OPEB liability was measured as of June 30, 2022. No update procedures were used to roll forward the total pension liability to the measurement date. Therefore, normal costs and benefits payments net to zero which results in no change in the OPEB liability.

11. h. SENSITIVITY ANALYSIS

The following illustrates the estimated effect on the County's OPEB liability if the *discount rate* and *healthcare cost trend rate* were 1% lower or 1% higher than the current discount rate and healthcare cost trend rate:

|                      | <b>Discount Rate</b> |                            |                      |
|----------------------|----------------------|----------------------------|----------------------|
|                      | <b>1.0% Decrease</b> | <b>(3.30%)<br/>Current</b> | <b>1.0% Increase</b> |
| Total OPEB Liability | \$ 232,223           | \$ 199,624                 | \$ 172,478           |

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

|                      | <b>Healthcare Cost Trend Rate</b> |                |                      |
|----------------------|-----------------------------------|----------------|----------------------|
|                      | <i>(3.00%)</i>                    |                |                      |
|                      | <b>1.0% Decrease</b>              | <b>Current</b> | <b>1.0% Increase</b> |
| Total OPEB Liability | \$ 167,546                        | \$ 199,624     | \$ 239,160           |

11. i. OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2023, the County reported \$0 in expense related to OPEB.

On June 30, 2023, the County did not report deferred outflows or inflows of resources associated with the OPEB liability as no differences between expected and actual experience are determined using the Alternative Measurement Method valuation.

NOTE 12. RISK MANAGEMENT

The County is exposed to distinct types of risk of loss, including:

- Damage to and loss of property and contents
- Employee torts
- Professional liability, e.g., errors and omissions
- Environmental damage
- Workers' compensation, e.g., employee injuries
- Medical insurance costs of employees.

Several methods are used to provide insurance for these risks

The County elected to participate in the Montana Association of Counties Workers' Compensation Trust (Trust) to provide workers' compensation coverage. The County pays annual premiums to the Trust for its workers' compensation coverage and for its portion of the debt service for the bonds sold by the Trust to provide aggregate excess coverage, provide resources for previously unfunded liabilities, and establish initial insurance reserves. The Trust is governed by an elected board of nine county commissioners which has the authority to determine management and set operational policies. The Trust has obtained reinsurance through commercial companies for claims in excess of \$1,000,000 per occurrence. Financial statements for the Trust are available from the Montana Association of Counties, Helena, Montana.

The County also elected to participate in the Montana Association of Counties Joint Powers Insurance Authority Trust (Authority) to provide liability and general insurance coverage. Coverage is provided in the amount of \$500,000 for property, liability, errors and omissions, and crime coverage. The Authority has obtained reinsurance through commercial companies for claims in excess of the above areas for various amounts. Claims administration services are handled by a private insurance firm and general administration is handled by the Montana Association of Counties. Financial statements are available from the Montana Association of Counties, Helena, Montana.

Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for employee medical insurance. The County has no coverage for potential losses from environmental damages. Levels of insurance have not changed materially from the prior year and settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

NOTE 13. EMPLOYEE RETIREMENT SYSTEM

The County participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all County employees, except certain part-time, non-teaching employees. The plans are established under Montana law and are administered by the State. The County participates in the following Montana administered retirement plans:

- The Public Employees' Retirement System (PERS) covers nonteaching employees.
- The Sheriffs' Retirement System (SRS) covers sheriffs and officers and

The plans issue publicly available annual reports, stand-alone financial statements, actuarial valuations, experience studies, and plan audited financial statements. Those reports may be obtained from the following:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

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**Montana Public Employee Retirement Administration**

P.O. Box 200131  
100 N. Park Avenue Suite 200  
Helena, MT 59620-0131  
Phone: 406-444-3154  
www.mpera.mt.gov

13. a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF RETIREMENT SYSTEMS

The Montana Public Employee Retirement Administration (MPERA) prepares their financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, and information about the fiduciary net position and additions to and deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable GASB statements.

13. b. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The PERS - Defined Benefit Retirement Plan (Defined Benefit plan), administered by the MPERA, is a multiple-employer, cost-sharing plan established July 1, 1945 and is governed by Title 19, chapters 2 & 3, MCA. This plan covers the state, local governments, certain employees of the Montana University System, and school districts.

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

The Defined Benefit provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the State Legislature.

13. b. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement:

- Hired prior to July 1, 2011:
  - Age 60, 5 years of membership service;
  - Age 65, regardless of membership service; or
  - Any age, 30 years of membership service.
- Hired on or after July 1, 2011:
  - Age 65, 5 years of membership service; or
  - Age 70, regardless of membership service.

Early Retirement:  
(actuarially reduced)

- Hired prior to July 1, 2011:
  - Age 50, 5 years of membership service; or
  - Any age, 25 years of membership service.
- Hired on or after July 1, 2011:
  - Age 55, 5 years of membership service.

Second Retirement:  
(requires returning to PERS-covered employer or PERS service)

- 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:
  - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018);
  - No service credit for second employment;
  - Start the same benefit amount the month following termination; and
  - Guaranteed Annual Benefit Adjustment (GABA) starts again in January immediately following the second retirement.
- Retire before January 1, 2016 and accumulate at least 2 years additional service credit:



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

- A recalculated retirement benefit based on provision in effect after the initial retirement; and
- GABA starts on the recalculation benefit in the January after receiving the new benefit for 12 months.
- Retire on or after January 1, 2016 and accumulate 5 or more years additional service credit:
  - The same retirement as prior to the return to service;
  - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
  - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting: 5 years of membership service

- Member's Highest Average Compensation (HAC):
- Hired prior to July 1, 2011:
    - HAC during any consecutive 36 months.
  - Hired on or after July 1, 2011:
    - HAC during any consecutive 60 months.

- Compensation Cap:
- Hired on or after July 1, 2013:
    - 110% annual cap on compensation considered as part of a member's HAC.

- Monthly Benefit Formula:
- Hired prior to July 1, 2011:
    - Less than 25 years of membership service - 1.785% of HAC per year of service credit; or
    - 25 years of membership service or more - 2% of HAC per year of service credit.
  - Hired on or after July 1, 2011:
    - Less than 10 years of membership service - 1.5% of HAC per year of service credit;
    - 10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit; or
    - 30 years or more of membership service - 2% of HAC per year of service credit.

- Guaranteed Annual Benefit Adjustment:
- After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of other adjustments to the member's benefit:
- 3% for members hired **prior** to July 1, 2007
  - 1.5% for members hired **between** July 1, 2007 and June 30, 2013
  - Members hired on or **after** July 1, 2013:
    - 1.5% for each year PERS is funded at or above 90%;
    - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
    - 0% whenever the amortization period for PERS is 40 years or more.

13. b. 2. OVERVIEW OF CONTRIBUTIONS

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

Special Funding: The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

| Fiscal Year | Member             |                    | State &<br>Universities | Local Government | School Districts |          |        |
|-------------|--------------------|--------------------|-------------------------|------------------|------------------|----------|--------|
|             | Hired<br><07/01/11 | Hired<br>>07/01/11 | Employer                | Employer         | State            | Employer | State  |
|             | 2023               | 7.900%             | 7.900%                  | 9.070%           | 8.970%           | 0.100%   | 8.700% |
| 2022        | 7.900%             | 7.900%             | 8.970%                  | 8.870%           | 0.100%           | 8.600%   | 0.370% |
| 2021        | 7.900%             | 7.900%             | 8.870%                  | 8.770%           | 0.100%           | 8.500%   | 0.370% |
| 2020        | 7.900%             | 7.900%             | 8.770%                  | 8.670%           | 0.100%           | 8.400%   | 0.370% |
| 2019        | 7.900%             | 7.900%             | 8.670%                  | 8.570%           | 0.100%           | 8.300%   | 0.370% |
| 2018        | 7.900%             | 7.900%             | 8.570%                  | 8.470%           | 0.100%           | 8.200%   | 0.370% |

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

|           |        |        |        |        |        |        |        |
|-----------|--------|--------|--------|--------|--------|--------|--------|
| 2017      | 7.900% | 7.900% | 8.470% | 8.370% | 0.100% | 8.100% | 0.370% |
| 2016      | 7.900% | 7.900% | 8.370% | 8.270% | 0.100% | 8.000% | 0.370% |
| 2015      | 7.900% | 7.900% | 8.270% | 8.170% | 0.100% | 7.900% | 0.370% |
| 2014      | 7.900% | 7.900% | 8.170% | 8.070% | 0.100% | 7.800% | 0.370% |
| 2012-2013 | 6.900% | 7.900% | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2010-2011 | 6.900% |        | 7.170% | 7.070% | 0.100% | 6.800% | 0.370% |
| 2008-2009 | 6.900% |        | 7.035% | 6.935% | 0.100% | 6.800% | 0.235% |
| 2000-2007 | 6.900% |        | 6.900% | 6.800% | 0.100% | 6.800% | 0.100% |

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

2. Employer contributions to the system:

- a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
- b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer Contributions:

- a. Special Funding - The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.
  - i. The State contributed 0.10% of members' compensation on behalf of local government entities.
  - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
  - iii. The State contributed a Statutory Appropriation from the General Fund amounting to \$34,633,570.

13. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2022 was determined by taking the results of the June 30, 2022 actuarial valuation and applying standard roll forward procedures. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return (net of admin expenses) 7.30%
- Admin Expense as % of Payroll 0.28%
- General Wage Growth (includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA. After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of all other adjustments to the member's benefit:
    - 3% for members hired prior to July 1, 2007
    - 1.5% for members hired between July 1, 2007 and June 30, 2013
    - Members hired on or after July 1, 2013:
      - 1.5% for each year PERS is funded at or above 90%;
      - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
      - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality
  - *Mortality among contributing members* -PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - *Mortality among disabled members* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - *Mortality among beneficiaries* - PUB-2010 General Amount Weighted Contingent Survivor Mortality projected

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.

- o *Mortality among healthy retirees* - PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

13. b. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. 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 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

13. b. 5. TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop 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

| <u>Asset Class</u>    | <u>Target Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return Arithmetic Basis</u> |
|-----------------------|--------------------------------|--|
| Cash                  | 3.00%                          | (0.33)%  |
| Domestic Equity       | 30.00%                         | 5.90%  |
| International Equity  | 17.00%                         | 7.14%  |
| Private Investments   | 15.00%                         | 9.13%  |
| Real Assets           | 5.00%                          | 4.03%  |
| Real Estate           | 9.00%                          | 5.41%  |
| Core Fixed Income     | 15.00%                         | 1.14%  |
| Non-Core Fixed Income | <u>6.00%</u>                   | 3.02%  |
| Total                 | 100.00%                        |  |

13. b. 6. DEFINED CONTRIBUTION PLAN

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

All new PERS members are initially members of the Defined Benefit plan and have a 12-month window during which they may choose to remain in the Defined Benefit plan or join the PERS- Defined Contribution Retirement Plan (Defined Contribution plan) by filing an irrevocable election. Members may not be participants of both the *Defined Benefit* and *Defined Contribution* retirement plans.

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

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the Defined Contribution plan.

At the plan level for the measurement period ended June 30, 2022, the Defined Contribution plan employer did not recognize any net pension liability or pension expense for the Defined Contribution plan. Plan level non-vested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled \$1,681,603.

13. c. SHERIFFS' RETIREMENT SYSTEM

The SRS, administered by MPERA, is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability and death benefits to plan members and their beneficiaries.

13. c. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement

- 20 years of membership service, regardless of age.
- 2.5% of highest average compensation (HAC) x years of service credit.

Early Retirement

- Age 50, 5 years of membership service.
- This benefit is calculated using HAC and service credit at early retirement and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

Second Retirement

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

Member's Compensation Period Used in Benefit Calculation

- Hired prior to July 1, 2011 – HAC is average of the highest 36 consecutive months of compensation paid to members.
- Hired on or after July 1, 2011 – HAC is average of the highest 60 consecutive months of compensation paid to members.

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

**GABA**

After the member has completed 12 full months of retirement, a GABA will be made each year equal to:

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

13. c. 2. OVERVIEW OF CONTRIBUTIONS

Contribution rates are specified by state law and employer and employee contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State Legislature has the authority to establish and amend contribution rates to the plan. Member and employer contribution rates are shown in the table below:

| <b>Fiscal<br/>Year</b> | <b>Member</b> | <b>Employer</b> |
|------------------------|---------------|-----------------|
| 2018-2023              | 10.495%       | 13.115%         |
| 2010-2017              | 9.245%        | 10.115%         |
| 2008-2009              | 9.245%        | 9.825%          |
| 1998-2007              | 9.245%        | 9.535%          |

13. c. 3. ACTUARIAL ASSUMPTIONS

The TPL used to calculate the NPL was determined by taking the results of June 30, 2019, actuarial valuation and applying standard roll forward procedures to update the TPL to June 30, 2020. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return (net of administration expense): 7.30%
- Admin expense as % of Payroll: 0.17%
- General Wage Growth \*: 3.50%  
    \*includes Inflation at: 2.75%
- Merit Increases: 1.00% to 6.40%
- Postretirement Benefit Increases GABA (requires 12 full months of retirement before GABA will be made):
  - For members hired prior to July 1, 2007: 3.00%
  - For members hired on or after July 1, 2007: 1.50%
- Mortality:
  - Contributing members, service retired members, and beneficiaries:
    - *Mortality among contributing members* -PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
    - *Mortality among healthy retirees* - PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
    - *Mortality among disabled members* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year males.
    - *Mortality among beneficiaries* - PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

13. c. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.30%. 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 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

13. c. 5. TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022 is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

| Asset Class           | Target Asset Allocation | Long-Term Expected Real Rate of Return Arithmetic Basis |
|-----------------------|-------------------------|---|
| Cash                  | 3.0%                    | (0.33)%   |
| Domestic Equity       | 30.0%                   | 5.90%   |
| International Equity  | 17.0%                   | 7.14%   |
| Private Investments   | 15.0%                   | 9.13%   |
| Real Assets           | 5.0%                    | 4.03%   |
| Real Estate           | 9.0%                    | 5.41%   |
| Core Fixed Income     | 15.0%                   | 1.14%   |
| Non-Core Fixed Income | 6.0%                    | 3.02%   |
| Total                 | 100.0%                  |   |

13. d. SENSITIVITY ANALYSIS

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the below table presents the net pension liability calculated using the discount rate of 7.30% as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

| As of measurement date         | 1.0% Decrease<br>(6.30%) | Current Discount Rate<br>(7.30%) | 1.0% Increase<br>(8.30%) |
|--------------------------------|--------------------------|----------------------------------|--------------------------|
| <u>PERS</u>                    |                          |                                  |                          |
| Net Pension Liability          | \$ 3,427,832,448         | \$ 2,377,885,194                 | \$ 1,496,992,085         |
| County’s Net Pension Liability | 3,017,836                | 2,093,471                        | 1,317,940                |
| <u>SRS</u>                     |                          |                                  |                          |
| Net Pension Liability          | 222,707,258              | 136,923,616                      | 67,096,177               |
| County’s Net Pension Liability | 1,117,223                | 686,885                          | 336,592                  |

13. e. NET PENSION LIABILITY

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers are required to recognize, and report certain amounts associated with their participation in the PERS and SRS. Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective NPL, Pension Expense, and Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, PERS and SRS have special funding situations in which the State of Montana is legally responsible for making contributions directly to PERS

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

and SRS that are used to provide pension benefits to the retired members. Due to the existence of this special funding situation, employers are also required to report the portion of the State of Montana’s proportionate share of the collective Net Pension Liability that is associated with the employer.

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the State of Montana’s NPL for June 30, 2022, and 2021, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

| As of measurement date  | NPL                 |                    | Percent of Collective NPL |                  | Change in Percent of Collective NPL |
|---|---------------------|--------------------|---------------------------|------------------|-------------------------------------|
|   | as of 6/30/22       | as of 6/30/21      | as of 6/30/22             | as of 6/30/21    |                                     |
| <u>PERS</u>   |                     |                    |                           |                  |                                     |
| County Proportionate Share                                    | \$ 2,093,471        | \$1,497,635        | 0.088039%                 | 0.082595%        | 0.005444%                           |
| State of Montana Proportionate Share associated with Employer | <u>626,154</u>      | <u>442,317</u>     | <u>0.026332%</u>          | <u>0.024394%</u> | <u>0.001938%</u>                    |
| Totals  | <u>\$ 2,719,625</u> | <u>\$1,939,952</u> | <u>0.114371%</u>          | <u>0.106989%</u> | <u>0.007382%</u>                    |
| <u>SRS</u>  |                     |                    |                           |                  |                                     |
| County Proportionate Share                                    | \$ 686,885          | \$ 349,017         | 0.5017%                   | 0.4792%          | 0.0225%                             |

At June 30, 2023, the employer recorded a liability for its proportionate share of the NPL of \$2,093,471 and \$686,885 PERS and SRS, respectively. At June 30, 2023, the employer’s proportion was 0.088039 percent and 0.5017 percent for PERS and SRS, respectively.

The NPL was measured as of June 30, 2022, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2022
- SRS – June 30, 2022

|   | <u>PERS and SRS</u>  |
|---|--|
| <u>Changes in actuarial assumptions, other inputs, and methods:</u> | <ul style="list-style-type: none"> <li>• The discount rate changed from 7.06% to 7.30%</li> <li>• The investment rate of return changed from 7.06% to 7.30%.</li> <li>• Updated all mortality tables to the PUB-2010 tables for general employees.</li> <li>• Updated the rates of withdrawal, retirement, merit and disability.</li> <li>• Payroll growth assumption from changed from 3.50% to 3.25%.</li> <li>• The inflation rate was changed from 2.40% to 2.75%.</li> </ul>  |
| <u>Changes in benefit terms:</u>                                    | There have been no changes in benefit terms since the previous measurement date.   |
| <u>Changes in proportionate share:</u>                              | There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known. |

13. f. PENSION EXPENSE

|  | <u>Pension Expense as of 6/30/22</u> | <u>Pension Expense as of 6/30/21</u> |
|--|--------------------------------------|--------------------------------------|
| <u>PERS (as of measurement date)</u>                                   |                                      |                                      |
| County’s Proportionate Share   | \$ 223,705                           | \$ (164,623)                         |
| Employer Grant Revenue – Montana Proportionate Share with the Employer | <u>64,901</u>                        | <u>119,103</u>                       |
| Totals   | <u>\$ 288,606</u>                    | <u>\$ (45,520)</u>                   |
| <u>SRS (as of measurement date)</u>                                    |                                      |                                      |
| County’s Proportionate Share   | \$ 121,295                           | \$ 4,815                             |



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

At June 30, 2023, the employer recognized a pension expense of \$288,606 and \$121,295 for its proportionate share of the PERS and SRS Pension Expense, respectively. The employer also recognized grant revenue of \$64,901 for the support provided by Montana for its proportionate share of the Pension Expense that is associated with the employer for PERS.

13. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2023, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to PERS and SRS from the following sources:

|   | PERS                           |                               | SRS                            |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected economic experience   | \$ 26,688                      | \$ 0                          | \$ 95,192                      | \$ 0                          |
| Changes in actuarial assumptions  | 78,015                         | 153,261                       | 98,910                         | 16,544                        |
| Difference between projected and actual investment earnings   | 61,526                         | 0                             | 29,156                         | 0                             |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 48,927                         | 0                             | 24,006                         | 0                             |
| Contributions paid subsequent to the measurement date –FY 2023 Contributions *                                | <u>144,400</u>                 | <u>0</u>                      | <u>72,611</u>                  | <u>0</u>                      |
| Totals  | <u>\$ 359,556</u>              | <u>\$ 153,261</u>             | <u>\$ 319,875</u>              | <u>\$ 16,544</u>              |

\* Amounts reported as deferred outflows of resources related to pensions resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows:

| Year Ended June 30 | Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense |           |
|--------------------|---|-----------|
|                    | PERS  | SRS       |
| 2023               | \$ 30,582   | \$ 73,719 |
| 2024               | (42,410)  | 71,536    |
| 2025               | (63,359)  | 30,559    |
| 2026               | 140,082   | 54,906    |
| Thereafter         | 0   | 0         |

13. h. EMPLOYER’S PROPORTION OF PENSION AMOUNTS

|                                | PERS                           | SRS                            | Employer’s Total Pension Amounts |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
|                                | Employer’s Proportionate Share | Employer’s Proportionate Share |                                  |
| Total Pension Liability        | \$ 7,947,878                   | \$ 2,995,573                   | \$ 10,943,451                    |
| Fiduciary Net Position         | <u>5,854,407</u>               | <u>2,308,688</u>               | <u>8,163,095</u>                 |
| Net Pension Liability          | 2,093,471                      | 686,885                        | 2,780,356                        |
| Deferred Outflows of Resources | 359,556                        | 319,875                        | 679,431                          |
| Deferred Inflows of Resources  | 153,261                        | 16,544                         | 169,805                          |
| Pension Expense                | 288,606                        | 121,295                        | 409,901                          |



SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2023

NOTE 14. SUBSEQUENT REPORTABLE EVENTS

The County evaluated subsequent events after June 30, 2023 through the date on which the financial statements were available to be issued and noted the event below:

- The County began work on a project for expansion of the apron at the Big Timber Airport. The project cost is estimated to be \$1,348,000 and will be funded jointly with the Federal Aviation Administration and grant funding.

NOTE 15. RELATED PARTY TRANSACTIONS

The County's Sheriff/Coroner rented a vehicle to the County for use in all job-related duties of the Sheriff/Coroner. Terms of the lease are negotiated annually during the budget process. The arrangement automatically terminates if the Sheriff/Coroner purchases a new vehicle or if the Sheriff/Coroner's employment with the County is terminated. The County paid the Sheriff/Coroner rents amounting to \$7,200 for the fiscal year ended June 30, 2023.

The County purchased goods from Tom Roe & Sons Construction which is owned by the spouse of a County Commissioner. The County's purchases amounted to \$23,705 during the fiscal year ended June 30, 2023.

NOTE 16. CONTINGENCIES

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, will be immaterial.

NOTE 17. INTERLOCAL AGREEMENT

The County provided services to the City of Big Timber under an interlocal agreement. The services provided and the fees assessed during the year ended June 30, 2023 were:

| <u>Service</u>                           | <u>Amount</u>     |
|--|-------------------|
| Law Enforcement                          | \$ 240,000        |
| Law Enforcement Training                 | 9,000             |
| City Court                               | 22,517            |
| County Attorney                          | 19,758            |
| Sanitarian (Health and Safety Inspector) | 5,000             |
| Planning                                 | 21,500            |
| Alcohol/Mental Health Program            | 5,000             |
| Victim/Witness Advocate                  | 5,000             |
| Total                                    | <u>\$ 327,775</u> |

SWEET GRASS COUNTY

SCHEDULE OF FUNDING PROGRESS  
 Other Postemployment Benefits Other Than Pensions  
 For the year ended June 30, 2023

**CHANGE IN LIABILITY**

| Fiscal Year End | Service Cost (a) | Interest (b) | Changes in Benefit Terms (c) | Changes in Assumptions or Other Inputs (d) | Benefit Payments (e) | Net Change in Total OPEB Liability Sum of (a) to (e)=(f) | Total OPEB Liability Beginning (g) | Total OPEB Liability Ending (f)+(g)=(h) |
|-----------------|------------------|--------------|------------------------------|--|----------------------|--|------------------------------------|---|
| 6/30/15         | \$ 180,864       | \$ 18,586    | \$ (257,886)                 | \$ (149,444)                               | \$ (199,450)         | \$(407,330)  | \$1,867,665                        | \$1,460,335                             |
| 6/30/16         | 180,864          | 18,586       | 0                            | 0  | (199,450)            | 0  | 1,460,335                          | 1,460,335                               |
| 6/30/17         | 88,820           | 14,605       | (132,919)                    | (616,096)                                  | (103,425)            | (749,015)  | 1,460,335                          | 711,320                                 |
| 6/30/18         | 88,820           | 14,605       | 0                            | 0  | (103,425)            | 0  | 711,320                            | 711,320                                 |
| 6/30/19         | 65,357           | 19,206       | (409,702)                    | 120,011                                    | (84,243)             | (289,691)  | 711,320                            | 421,629                                 |
| 6/30/20         | 20,871           | 6,114        | (295,692)                    | 76,738                                     | (26,985)             | (218,954)  | 421,629                            | 202,675                                 |
| 6/30/21         | 0                | 0            | 0                            | 0  | 0                    | 0  | 202,675                            | 202,675                                 |
| 6/30/22         | 21,607           | 6,688        | (34,521)                     | 31,470                                     | (28,295)             | (3,051)  | 202,675                            | 199,624                                 |
| 6/30/23         | 0                | 0            | 0                            | 0  | 0                    | 0  | 199,624                            | 199,624                                 |

**PAYROLL RATIO**

| Fiscal Year End | Covered Employee Payroll (i) | Total OPEB Liability as a Percentage of Covered Employee Payroll (h)/(i)=(j) |
|-----------------|------------------------------|--|
| 6/30/15         | \$ 3,374,360                 | 43.28%   |
| 6/30/16         | 3,744,150                    | 39.00%   |
| 6/30/17         | 1,614,141                    | 44.07%   |
| 6/30/18         | 1,584,110                    | 44.90%   |
| 6/30/19         | 1,964,600                    | 21.46%   |
| 6/30/20         | 1,798,305                    | 11.27%   |
| 6/30/21         | 2,161,371                    | 10.66%   |
| 6/30/22         | 2,549,876                    | 7.83%  |
| 6/30/23         | 2,549,876                    | 7.83%  |

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

SWEET GRASS COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 (Determined as of the measurement date)  
 For the year ended June 30, 2023

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Employer's<br>Proportion<br>of the Net<br>Pension<br>Liability | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(a) | State of<br>Montana's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(b) | Total<br>(a)+(b)=(c) | Employer's<br>Covered<br>Payroll<br>(d) | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Its Covered<br>Payroll<br>(a)/(d) | Plan<br>Fiduciary<br>Net Position<br>as a Per-<br>centage of<br>the Total<br>Pension<br>Liability |
|------------------------|--|--|---|----------------------|---|--|---|
| 2014                   | 0.274091%  | \$ 3,415,201   | \$ 41,705   | \$ 3,456,906         | \$ 3,126,572                            | 111.22%  | 79.87%  |
| 2015                   | 0.262432%  | 3,668,458  | 45,061  | 3,713,519            | 3,062,630                               | 119.78%  | 78.40%  |
| 2016                   | 0.262264%  | 4,467,262  | 54,585  | 4,521,847            | 3,141,463                               | 142.20%  | 74.71%  |
| 2017                   | 0.152279%  | 2,965,824  | 38,374  | 3,004,198            | 1,754,885                               | 169.00%  | 73.75%  |
| 2018                   | 0.088192%  | 1,840,687  | 615,503   | 2,456,189            | 1,450,367                               | 126.91%  | 73.47%  |
| 2019                   | 0.087198%  | 1,822,712  | 593,162   | 2,415,873            | 1,438,752                               | 126.69%  | 73.85%  |
| 2020                   | 0.087052%  | 2,296,605  | 724,125   | 3,020,730            | 1,460,577                               | 157.24%  | 68.90%  |
| 2021                   | 0.082595%  | 1,497,635  | 442,317   | 1,939,952            | 1,458,941                               | 102.65%  | 79.91%  |
| 2022                   | 0.088039%  | 2,093,471  | 626,154   | 2,719,625            | 1,547,193                               | 135.31%  | 73.66%  |

**SHERIFFS' RETIREMENT SYSTEM**

| Year<br>Ended<br>June 30: | Employer's<br>Proportion<br>of the Net<br>Pension<br>Liability | Employer's<br>Net Pension<br>Liability<br>(amount)<br>(a) | Total      | Employer's<br>Covered<br>Payroll<br>(d) | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of Its<br>Covered<br>Payroll<br>(a)/(d) | Plan<br>Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|---------------------------|--|---|------------|---|--|---|
| 2014                      | 0.4990%  | \$ 207,681  | \$ 207,681 | \$ 322,735                              | 64.35%   | 87.24%  |
| 2015                      | 0.4770%  | 459,825   | 459,825    | 324,579                                 | 141.67%  | 75.40%  |
| 2016                      | 0.5278%  | 927,210   | 927,210    | 372,584                                 | 248.86%  | 63.00%  |
| 2017                      | 0.4813%  | 366,229   | 366,229    | 360,081                                 | 101.71%  | 81.30%  |
| 2018                      | 0.4857%  | 365,135   | 365,135    | 376,868                                 | 96.89%   | 82.68%  |
| 2019                      | 0.4479%  | 373,519   | 373,519    | 359,553                                 | 103.88%  | 81.89%  |
| 2020                      | 0.4507%  | 549,366   | 549,366    | 382,697                                 | 143.55%  | 75.92%  |
| 2021                      | 0.4792%  | 349,017   | 349,017    | 431,320                                 | 80.92%   | 86.94%  |
| 2022                      | 0.5017%  | 686,885   | 686,885    | 482,365                                 | 142.40%  | 77.07%  |

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

SWEET GRASS COUNTY

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS  
(Determined as of the reporting date)  
For the year ended June 30, 2023

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Contractually<br>Required<br>Contributions<br>(a) | Plan Choice<br>Rate Required<br>Contribution<br>(b) | Contributions<br>in Relation to<br>Contractually<br>Required<br>Contributions<br>(c) | Contribution<br>Deficiency<br>(Excess)<br>(a)+(b)-<br>(c)=(d) | Employer's<br>Covered<br>Payroll<br>(e) | Contributions as<br>a Percentage of<br>Covered<br>Payroll<br>((a)+(b))/(e) |
|------------------------|---|---|--|---|---|--|
| 2015                   | \$ 252,373  | \$ 11,708   | \$ 264,081   | \$ 0  | \$ 3,062,630                            | 8.62%  |
| 2016                   | 262,581   | 5,336   | 267,916  | 0   | 3,141,463                               | 8.53%  |
| 2017                   | 158,115   | 0   | 158,115  | 0   | 1,754,885                               | 9.01%  |
| 2018                   | 122,846   | 0   | 122,846  | 0   | 1,450,367                               | 8.47%  |
| 2019                   | 123,743   | 0   | 123,743  | 0   | 1,438,752                               | 8.60%  |
| 2020                   | 127,966   | 0   | 127,966  | 0   | 1,460,577                               | 8.76%  |
| 2021                   | 129,291   | 0   | 129,291  | 0   | 1,458,941                               | 8.86%  |
| 2022                   | 137,601   | 0   | 137,601  | 0   | 1,547,193                               | 8.89%  |
| 2023                   | 144,400   | 0   | 144,400  | 0   | 1,609,815                               | 8.97%  |

**SHERIFFS RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Contractually<br>Required<br>Contributions<br>(a) | Contributions<br>in Relation to<br>Contractually<br>Required<br>Contributions<br>(b) | Contribution<br>Deficiency<br>(Excess)<br>(a)-(b)=(c) | Employer's<br>Covered<br>Payroll<br>(d) | Contributions<br>as a Percentage<br>of Covered<br>Payroll<br>(a)/(d) |
|------------------------|---|--|---|---|--|
| 2015                   | \$ 32,925   | \$ 32,925  | \$ 0  | \$ 324,579                              | 10.14%   |
| 2016                   | 38,617  | 38,617   | 0   | 372,584                                 | 10.36%   |
| 2017                   | 36,422  | 36,422   | 0   | 360,081                                 | 10.12%   |
| 2018                   | 50,352  | 50,352   | 0   | 376,868                                 | 13.36%   |
| 2019                   | 47,352  | 47,352   | 0   | 359,553                                 | 13.17%   |
| 2020                   | 50,369  | 50,369   | 0   | 382,697                                 | 13.16%   |
| 2021                   | 57,005  | 57,005   | 0   | 431,320                                 | 13.22%   |
| 2022                   | 63,727  | 63,727   | 0   | 482,365                                 | 13.21%   |
| 2023                   | 72,611  | 72,611   | 0   | 553,652                                 | 13.11%   |

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

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS  
(As of Measurement Date)  
For the year ended June 30, 2023

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**NOTE 1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

1. a. CHANGES OF BENEFIT TERMS

The following changes to the Public Employees' Retirement System (PERS) plan provision were made as identified:

**2017:**

**Working Retiree Limitations** – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

**Refunds**

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

**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.

**Disabled PERS Defined Contribution (DC) Members**

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

**Changes in Actuarial Assumptions and Methods**

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

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

|                               |                                   |
|-------------------------------|-----------------------------------|
| General Wage Growth*          | 3.50%                             |
| Investment Rate of Return*    | 7.65%                             |
| *Includes inflation at        | 2.75%                             |
| Merit salary increase         | 0.00% to 8.47%                    |
| Asset valuation method        | Four-year smoothed market         |
| Actuarial cost method         | Entry age Normal                  |
| Amortization method           | Level percentage of payroll, open |
| Remaining amortization period | 30 years                          |

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS (continued)  
(As of Measurement Date)  
For the year ended June 30, 2023

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|                               |  |
|-------------------------------|--|
| Mortality (Healthy members)   | For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year |
| Mortality (Disabled members)  | For Males and Females: RP 2000 Combined Mortality Table, with no projections   |
| Admin Expense as % of Payroll | 0.29%  |

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

The actuarial assumptions and methods utilized in the June 30, 2021 valuation, were developed in the six-year experience study for the period ending 2016.

**NOTE 2. SHERIFFS' RETIREMENT SYSTEM**

2. a. CHANGES OF BENEFIT TERMS

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

**2017:**

Increase in Sheriffs' Retirement System (SRS) Employee Contributions, effective July 1, 2017:

- SRS employee contributions increased 1.25% from 9.245% to 10.495%.
- SRS employer additional contributions increase 3%, from 0.58% to 3.58%, for a total employer contributions rate of 13.115%.
- SRS employee contributions will return to 9.245% and SRS employer contributions will return to 9.535% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years.

**Second Retirement Benefit – for SRS:**

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

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

**Refunds:**

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
 SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS (continued)  
 (As of Measurement Date)  
 For the year ended June 30, 2023

- 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 that the present value of the member’s benefit.

2. b. CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

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

The following actuarial assumptions were adopted from the June 30, 2022 actuarial valuation:

|   |  |
|---|--|
| General wage growth (Includes inflation at 2.75%)       | 3.50%  |
| Investment rate of return (Includes inflation at 2.75%) | 7.65%  |
| Merit salary increase                                   | 0% to 6.30%  |
| Asset valuation method                                  | Four-year smoothed market  |
| Actuarial cost method                                   | Entry Age Normal   |
| Amortization method                                     | Level percentage of pay, open  |
| Mortality (healthy member)                              | For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year |
| Mortality (disabled member)                             | For Males and Females: RP 2000 Combined Mortality Table  |
| Admin expense as % of payroll                           | 0.17%  |

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

The actuarial assumptions and methods utilized in the June 30, 2020 valuation were developed in the six-year experience study for the period ending 2016.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

|  | General            |                    |                     | Road               |                  |                     |
|--|--------------------|--------------------|---------------------|--------------------|------------------|---------------------|
|  | Original<br>Budget | Final<br>Budget    | Actual              | Original<br>Budget | Final<br>Budget  | Actual              |
| <b>REVENUES:</b>                                     |                    |                    |                     |                    |                  |                     |
| Taxes and Assessments                                | \$ 1,853,420       | \$ 1,853,420       | \$ 1,890,581        | \$ 1,000,162       | \$ 1,000,162     | \$ 997,358          |
| Licenses and Permits                                 | 440                | 440                | 620                 | 1,750              | 1,750            | 2,025               |
| Intergovernmental Revenues                           | 228,580            | 228,580            | 229,794             | 116,205            | 116,205          | 213,239             |
| Charges for Services                                 | 179,403            | 179,403            | 169,835             | -                  | -                | -                   |
| Fines and Forfeitures                                | 39,200             | 39,200             | 44,448              | -                  | -                | -                   |
| Miscellaneous  | 13,175             | 13,175             | 83,857              | -                  | -                | 2,207               |
| Investment and Royalty Earnings                      | 5,000              | 5,000              | 101,456             | -                  | -                | -                   |
| <b>Total Revenues</b>                                | <u>2,319,218</u>   | <u>2,319,218</u>   | <u>2,520,591</u>    | <u>1,118,117</u>   | <u>1,118,117</u> | <u>1,214,829</u>    |
| <b>EXPENDITURES:</b>                                 |                    |                    |                     |                    |                  |                     |
| Current:   |                    |                    |                     |                    |                  |                     |
| General Government                                   |                    |                    | 1,370,637           |                    |                  | -                   |
| Public Safety  |                    |                    | 78,573              |                    |                  | -                   |
| Public Works   |                    |                    | -                   |                    |                  | 439,567             |
| Public Health  |                    |                    | 36,635              |                    |                  | -                   |
| Social and Economic Services                         |                    |                    | 1,000               |                    |                  | -                   |
| Miscellaneous  |                    |                    | 40,429              |                    |                  | 12,139              |
| Capital Outlay                                       |                    |                    | 45,880              |                    |                  | 93,349              |
| <b>Total Expenditures</b>                            | <u>3,022,959</u>   | <u>3,022,959</u>   | <u>1,573,154</u>    | <u>979,565</u>     | <u>979,565</u>   | <u>545,055</u>      |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(703,741)</u>   | <u>(703,741)</u>   | <u>947,437</u>      | <u>138,552</u>     | <u>138,552</u>   | <u>669,774</u>      |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                    |                    |                     |                    |                  |                     |
| Insurance Proceeds/Sale of Equip                     |                    |                    | -                   |                    |                  | 11,576              |
| Fund Transfers In                                    |                    |                    | 3,735               |                    |                  | -                   |
| Fund Transfers (Out)                                 | (603,540)          | (603,540)          | (603,540)           | (250,000)          | (250,000)        | (250,000)           |
| <b>Total Other Financial Sources (Uses)</b>          | <u>(603,540)</u>   | <u>(603,540)</u>   | <u>(599,805)</u>    | <u>(250,000)</u>   | <u>(250,000)</u> | <u>(238,424)</u>    |
| <b>Net Change in Fund Balance</b>                    | <u>(1,307,281)</u> | <u>(1,307,281)</u> | <u>347,632</u>      | <u>(111,448)</u>   | <u>(111,448)</u> | <u>431,350</u>      |
| <b>FUND BALANCE:</b>                                 |                    |                    |                     |                    |                  |                     |
| Beginning of the Year                                |                    |                    | 777,908             |                    |                  | 1,157,547           |
| Change in Inventory                                  |                    |                    | -                   |                    |                  | (90,556)            |
| <b>End of the Year</b>                               |                    |                    | <u>\$ 1,125,540</u> |                    |                  | <u>\$ 1,498,341</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

|  | Law Enforcement  |                  |                   | Hard Rock Mine Trust |                    |                     |
|--|------------------|------------------|-------------------|----------------------|--------------------|---------------------|
|  | Original Budget  | Final Budget     | Actual            | Original Budget      | Final Budget       | Actual              |
| <b>REVENUES:</b>                                     |                  |                  |                   |                      |                    |                     |
| Taxes and Assessments                                | \$ 859,658       | \$ 859,658       | \$ 857,430        | \$ -                 | \$ -               | \$ -                |
| Licenses and Permits                                 | -                | -                | -                 | -                    | -                  | -                   |
| Intergovernmental Revenues                           | 117,181          | 117,181          | 118,234           | 500,000              | 500,000            | 792,774             |
| Charges for Services                                 | 268,200          | 268,200          | 266,193           | -                    | -                  | -                   |
| Fines and Forfeitures                                | -                | -                | -                 | -                    | -                  | -                   |
| Miscellaneous  | -                | -                | 11,150            | -                    | -                  | -                   |
| Investment and Royalty Earnings                      | 500              | 500              | 10,165            | 10,000               | 10,000             | 212,035             |
| <b>Total Revenues</b>                                | <u>1,245,539</u> | <u>1,245,539</u> | <u>1,263,172</u>  | <u>510,000</u>       | <u>510,000</u>     | <u>1,004,809</u>    |
| <b>EXPENDITURES:</b>                                 |                  |                  |                   |                      |                    |                     |
| Current:   |                  |                  |                   |                      |                    |                     |
| General Government                                   |                  |                  | -                 |                      |                    | -                   |
| Public Safety  |                  |                  | 1,227,337         |                      |                    | -                   |
| Public Works   |                  |                  | -                 |                      |                    | -                   |
| Public Health  |                  |                  | -                 |                      |                    | -                   |
| Social and Economic Services                         |                  |                  | -                 |                      |                    | -                   |
| Miscellaneous  |                  |                  | 29,779            |                      |                    | -                   |
| Capital Outlay                                       |                  |                  | -                 |                      |                    | -                   |
| <b>Total Expenditures</b>                            | <u>1,297,601</u> | <u>1,297,601</u> | <u>1,257,116</u>  | <u>6,029,206</u>     | <u>6,029,206</u>   | <u>-</u>            |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(52,062)</u>  | <u>(52,062)</u>  | <u>6,056</u>      | <u>(5,519,206)</u>   | <u>(5,519,206)</u> | <u>1,004,809</u>    |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                  |                  |                   |                      |                    |                     |
| Insurance Proceeds/Sale of Equip                     |                  |                  | 16,751            |                      |                    | -                   |
| Fund Transfers In                                    |                  |                  | -                 |                      |                    | -                   |
| Fund Transfers (Out)                                 | (79,908)         | (79,908)         | (79,908)          |                      |                    | -                   |
| <b>Total Other Financial Sources (Uses)</b>          | <u>(79,908)</u>  | <u>(79,908)</u>  | <u>(63,157)</u>   | <u>-</u>             | <u>-</u>           | <u>-</u>            |
| <b>Net Change in Fund Balance</b>                    | <b>(131,970)</b> | <b>(131,970)</b> | <b>(57,101)</b>   | <b>(5,519,206)</b>   | <b>(5,519,206)</b> | <b>1,004,809</b>    |
| <b>FUND BALANCE:</b>                                 |                  |                  |                   |                      |                    |                     |
| Beginning of the Year                                |                  |                  | 512,763           |                      |                    | 5,519,206           |
| Change in Inventory                                  |                  |                  | -                 |                      |                    | -                   |
| <b>End of the Year</b>                               |                  |                  | <u>\$ 455,662</u> |                      |                    | <u>\$ 6,524,015</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

|  | American Rescue Plan Act |                  |                  | Federal Mineral Royalty |                |                 |
|--|--------------------------|------------------|------------------|-------------------------|----------------|-----------------|
|  | Original Budget          | Final Budget     | Actual           | Original Budget         | Final Budget   | Actual          |
| <b>REVENUES:</b>                                     |                          |                  |                  |                         |                |                 |
| Taxes and Assessments                                | \$ -                     | \$ -             | \$ -             | \$ -                    | \$ -           | \$ -            |
| Licenses and Permits                                 | -                        | -                | -                | -                       | -              | -               |
| Intergovernmental Revenues                           | -                        | -                | -                | -                       | -              | -               |
| Charges for Services                                 | -                        | -                | -                | -                       | -              | -               |
| Fines and Forfeitures                                | -                        | -                | -                | -                       | -              | -               |
| Miscellaneous  | -                        | -                | -                | -                       | -              | -               |
| Investment and Royalty Earnings                      | -                        | -                | 23,903           | -                       | -              | -               |
| <b>Total Revenues</b>                                | <u>-</u>                 | <u>-</u>         | <u>23,903</u>    | <u>-</u>                | <u>-</u>       | <u>-</u>        |
| <b>EXPENDITURES:</b>                                 |                          |                  |                  |                         |                |                 |
| Current:   |                          |                  |                  |                         |                |                 |
| General Government                                   |                          |                  | -                |                         |                | -               |
| Public Safety  |                          |                  | -                |                         |                | -               |
| Public Works   |                          |                  | -                |                         |                | -               |
| Public Health  |                          |                  | -                |                         |                | -               |
| Social and Economic Services                         |                          |                  | -                |                         |                | -               |
| Miscellaneous  |                          |                  | -                |                         |                | -               |
| Capital Outlay                                       |                          |                  | -                |                         |                | -               |
| <b>Total Expenditures</b>                            | <u>727,020</u>           | <u>727,020</u>   | <u>-</u>         | <u>6,285</u>            | <u>6,285</u>   | <u>-</u>        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(727,020)</u>         | <u>(727,020)</u> | <u>23,903</u>    | <u>(6,285)</u>          | <u>(6,285)</u> | <u>-</u>        |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                          |                  |                  |                         |                |                 |
| Insurance Proceeds/Sale of Equip                     |                          |                  | -                |                         |                | -               |
| Fund Transfers In                                    |                          |                  | -                |                         |                | -               |
| Fund Transfers (Out)                                 |                          |                  | -                |                         |                | -               |
| <b>Total Other Financial Sources (Uses)</b>          | <u>-</u>                 | <u>-</u>         | <u>-</u>         | <u>-</u>                | <u>-</u>       | <u>-</u>        |
| <b>Net Change in Fund Balance</b>                    | <b>(727,020)</b>         | <b>(727,020)</b> | <b>23,903</b>    | <b>(6,285)</b>          | <b>(6,285)</b> | <b>-</b>        |
| <b>FUND BALANCE:</b>                                 |                          |                  |                  |                         |                |                 |
| Beginning of the Year                                |                          |                  | 1,152            |                         |                | 6,285           |
| Change in Inventory                                  |                          |                  | -                |                         |                | -               |
| <b>End of the Year</b>                               |                          |                  | <u>\$ 25,055</u> |                         |                | <u>\$ 6,285</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023

|  | Payments in Lieu of Taxes |                    |                     | Pioneer Medical Center Facility |                |                  |
|--|---------------------------|--------------------|---------------------|---------------------------------|----------------|------------------|
|  | Original Budget           | Final Budget       | Actual              | Original Budget                 | Final Budget   | Actual           |
| <b>REVENUES:</b>                                     |                           |                    |                     |                                 |                |                  |
| Taxes and Assessments                                | \$ -                      | \$ -               | \$ -                | \$ 817,684                      | \$ 817,684     | \$ 815,564       |
| Licenses and Permits                                 | -                         | -                  | -                   | -                               | -              | -                |
| Intergovernmental Revenues                           | -                         | -                  | 687,712             | -                               | -              | -                |
| Charges for Services                                 | -                         | -                  | -                   | -                               | -              | -                |
| Fines and Forfeitures                                | -                         | -                  | -                   | -                               | -              | -                |
| Miscellaneous  | -                         | -                  | 12,671              | -                               | -              | -                |
| Investment and Royalty Earnings                      | 7,000                     | 7,000              | 115,499             | -                               | -              | 2,780            |
| <b>Total Revenues</b>                                | <u>7,000</u>              | <u>7,000</u>       | <u>815,882</u>      | <u>817,684</u>                  | <u>817,684</u> | <u>818,344</u>   |
| <b>EXPENDITURES:</b>                                 |                           |                    |                     |                                 |                |                  |
| Current:   |                           |                    |                     |                                 |                |                  |
| General Government                                   |                           |                    | 131,990             |                                 |                | -                |
| Public Safety  |                           |                    | -                   |                                 |                | -                |
| Public Works   |                           |                    | 82,735              |                                 |                | -                |
| Public Health  |                           |                    | -                   |                                 |                | 728,344          |
| Social and Economic Services                         |                           |                    | -                   |                                 |                | -                |
| Miscellaneous  |                           |                    | -                   |                                 |                | 86,309           |
| Capital Outlay                                       |                           |                    | 85,945              |                                 |                | -                |
| <b>Total Expenditures</b>                            | <u>3,715,796</u>          | <u>3,715,796</u>   | <u>300,670</u>      | <u>817,710</u>                  | <u>817,710</u> | <u>814,653</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(3,708,796)</u>        | <u>(3,708,796)</u> | <u>515,212</u>      | <u>(26)</u>                     | <u>(26)</u>    | <u>3,691</u>     |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                           |                    |                     |                                 |                |                  |
| Insurance Proceeds/Sale of Equip                     |                           |                    | -                   |                                 |                | -                |
| Fund Transfers In                                    |                           |                    | -                   |                                 |                | -                |
| Fund Transfers (Out)                                 |                           |                    | (37)                |                                 |                | -                |
| <b>Total Other Financial Sources (Uses)</b>          | <u>-</u>                  | <u>-</u>           | <u>(37)</u>         | <u>-</u>                        | <u>-</u>       | <u>-</u>         |
| <b>Net Change in Fund Balance</b>                    | <u>(3,708,796)</u>        | <u>(3,708,796)</u> | <u>515,175</u>      | <u>(26)</u>                     | <u>(26)</u>    | <u>3,691</u>     |
| <b>FUND BALANCE:</b>                                 |                           |                    |                     |                                 |                |                  |
| Beginning of the Year                                |                           |                    | 3,718,088           |                                 |                | 86,309           |
| Change in Inventory                                  |                           |                    | -                   |                                 |                | -                |
| <b>End of the Year</b>                               |                           |                    | <u>\$ 4,233,263</u> |                                 |                | <u>\$ 90,000</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the year ended June 30, 2023

NOTE 1. BUDGETS

Budgets were adopted in accordance with Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets were adopted for all funds of Sweet Grass County (County). All annual appropriations lapsed at fiscal year-end, unless the County elected to encumber supplies and personal property ordered but not received at year end. The County did not use a formal encumbrance system.

1. a. GENERAL BUDGET POLICIES

Budgeted funds were those for which a legal budget must be adopted to have expenditures as noted above. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual was prepared on the modified accrual basis of accounting and contains financial information for only the major and special revenue budgeted funds.

1. b. BUDGET OPERATIONS

The County operated within the budget requirements for counties as specified by Montana law. The financial report reflected the following budgetary standards:

- A local government shall submit a complete copy of the final budget together with a statement of tax levies to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue.
- Local government officials may not make a disbursement or expenditure, or incur an obligation, in excess of the total budgeted appropriations for a fund.
- The governing body may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.
- The governing body and each municipal city or town are legally limited to the amount of appropriations and to the classifications in the annual appropriation resolution when making disbursements or expenditures or incurring liabilities, except where appropriations have been adjusted according to procedures authorized by the governing body for:
  - Debt service funds for obligations related to debt approved by the governing body
  - Trust funds for obligations authorized by trust covenants
  - Any fund for federal, state, local, or private grants and shared revenue accepted and approved by the governing body
  - Any fund for special assessments approved by the governing body
  - The proceeds from the sale of land
  - Any fund for gifts or donations
  - Money borrowed during the fiscal year
- If an expenditure is to be financed from a tax levy required to be authorized and approved at an election, the expenditure may not be made or an obligation may not be incurred until the tax levy is authorized and approved.
- At the end of a fiscal year, unencumbered appropriations lapse unless specifically obligated by the County.

NOTE 2. BUDGET AMENDMENTS

The County approved budget amendments due to unanticipated events in accordance with the provisions of Montana Code Annotated 7-6-4006(4). Budget amendments during the year ended June 30, 2023 were:

| <u>Fund</u>                                  | <u>Amount</u>     |
|--|-------------------|
| Library                                      | \$ 3,780          |
| Opioid Settlement                            | 4,277             |
| Community Services Directory                 | 15,000            |
| Local Assistance and Tribal Consistency Fund | 235,193           |
| Total  | <u>\$ 258,250</u> |

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL (continued)  
 For the year ended June 30, 2023

NOTE 3. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SUB-FUNDS OF THE GENERAL FUND

|   | <u>Sub-funds</u>        |                         |                           | <b>Total General Fund</b>  |
|---|-------------------------|-------------------------|---------------------------|----------------------------|
|   | General                 | Federal Mineral Royalty | Payments in Lieu of Taxes |                            |
| <b>REVENUES:</b>                                  |                         |                         |                           |                            |
| Taxes and Assessments                             | \$ 1,890,581            | \$ -                    | \$ -                      | \$ 1,890,581               |
| Licenses and Permits                              | 620                     | -                       | -                         | 620                        |
| Intergovernmental Revenues                        | 229,794                 | -                       | 687,712                   | 917,506                    |
| Charges for Services                              | 169,835                 | -                       | -                         | 169,835                    |
| Fines and Forfeitures                             | 44,448                  | -                       | -                         | 44,448                     |
| Miscellaneous                                     | 83,857                  | -                       | 12,671                    | 96,528                     |
| Investment and Royalty Earnings                   | <u>101,456</u>          | -                       | <u>115,499</u>            | <u>216,955</u>             |
| Total Revenues                                    | <u>2,520,591</u>        | -                       | <u>815,882</u>            | <u>3,336,473</u>           |
| <b>EXPENDITURES:</b>                              |                         |                         |                           |                            |
| Current:  |                         |                         |                           |                            |
| General Government                                | 1,370,637               | -                       | 131,990                   | 1,502,627                  |
| Public Safety                                     | 78,573                  | -                       | -                         | 78,573                     |
| Public Works                                      | -                       | -                       | 82,735                    | 82,735                     |
| Public Health                                     | 36,635                  | -                       | -                         | 36,635                     |
| Social and Economic Services                      | 1,000                   | -                       | -                         | 1,000                      |
| Miscellaneous                                     | 40,429                  | -                       | -                         | 40,429                     |
| Capital Outlay                                    | 45,880                  | -                       | 85,945                    | 131,825                    |
| Total Expenditures                                | <u>1,573,154</u>        | -                       | <u>300,670</u>            | <u>1,873,824</u>           |
| Excess (Deficiency) of Revenues Over Expenditures | 947,437                 | -                       | 515,212                   | 1,462,649                  |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                         |                         |                           |                            |
| Fund Transfers In                                 | 3,735                   | -                       | -                         | 3,735                      |
| Fund Transfers (Out)                              | <u>(603,540)</u>        | -                       | <u>(37)</u>               | <u>(603,577)</u>           |
| Total Other Financial Sources (Uses)              | <u>(599,805)</u>        | -                       | <u>(37)</u>               | <u>(599,842)</u>           |
| Net Change in Fund Balance                        | 347,632                 | -                       | 515,175                   | 862,807                    |
| <b>FUND BALANCE:</b>                              |                         |                         |                           |                            |
| Beginning of the Year                             | <u>777,908</u>          | <u>6,285</u>            | <u>3,718,088</u>          | <u>4,502,281</u>           |
| End of the Year - GAAP Basis                      | <u><u>1,125,540</u></u> | <u><u>6,285</u></u>     | <u><u>4,233,263</u></u>   | <u><u>\$ 5,365,088</u></u> |

In the General sub-funds combining schedule above, the Federal Mineral Royalty and Payment in Lieu of Taxes (PILT) funds are added together to get to the aggregate General fund shown as a major fund on the *Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds*. The Federal Mineral Royalty and PILT Funds are maintained as separate funds for accounting purposes. However, for external financial reporting purposes, they are added to the General fund because they, like the General fund, have unassigned fund balance(s).

On the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, all budgeted major governmental funds display budgeted information for the General and major special revenue funds of the County.



**STROM & ASSOCIATES, P.C.**  
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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*

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Sweet Grass County  
Big Timber, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweet Grass County (County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 16, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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*.

### **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.

*Strom & Associates, P.C.*

STROM & ASSOCIATES, PC  
Billings, Montana  
April 16, 2024

SWEET GRASS COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended June 30, 2023

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**Prior year findings/status**

There were no findings or recommendations in the prior audit period.

**Current year findings**

There were no findings or recommendations for the fiscal year ended June 30, 2023.