

SWEET GRASS COUNTY

BIG TIMBER, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2021

Strom & Associates, P. C.

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Billings, Montana 59103

SWEET GRASS COUNTY
BIG TIMBER, MONTANA 59011
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SWEET GRASS COUNTY
BIG TIMBER, MONTANA

ORGANIZATION

BOARD OF COUNTY COMMISSIONERS

Melanie Roe Commissioner
JV Moody 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
Susan Metcalf Superintendent of Schools
Elaine Allstad Public Administrator
Pat Dringman County Attorney
Vicki Uehling Finance Officer

SWEET GRASS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2021

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, 2021. 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, 2021**, by **\$23,541,725** (*total net position*). Of this amount, **\$1,094,272** represents unrestricted net position.

At the close of the current fiscal year, Sweet Grass County's governmental funds reported combined fund balances of **\$17,490,452**, an increase of **\$3,525,886** 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 **\$3,828,948** 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 world's largest producer of platinum. SSMC real estate and gross proceeds 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)
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	\$ 31,686,323	\$ 792,158.08	

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.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For the year ended June 30, 2021

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).

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 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 five special revenue funds. Data from the remaining special revenue and capital improvement funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section in this report.

Proprietary Funds. Sweet Grass County does not have a proprietary fund; however, enterprise funds (proprietary) are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
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 maintains a single type of fiduciary fund. The Agency fund reports resources held by Sweet Grass County in a custodial capacity for other governments.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains presents Required Supplementary Information (RSI). The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the RSI.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For the year ended June 30, 2021

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 \$23,541,725 at June 30, 2021 as compared to \$19,256,472 at June 30, 2020; an increase of \$4,285,253.

Net Position	Governmental Activities		
	FY 20	FY21	Change Inc(Dec)
Current & other assets	\$ 14,164,191	\$ 18,527,174	\$ 4,362,983
Restricted Assets			
Capital assets	\$ 8,651,605	\$ 8,958,244	\$ 306,639
Total assets	\$ 22,815,796	\$ 27,485,418	\$ 4,669,622
DEFERRED OUTFLOW OF RESOURCES	\$ 529,859	\$ 784,893	\$ 255,034
Current Liabilities	\$ 213,666	\$ -	\$ (213,666)
Long Term Liabilities	\$ 2,587,966	\$ 3,302,154	\$ 714,188
Total Liabilities	\$ 2,801,632	\$ 3,302,154	\$ 500,522
Deferred Inflows of Resources	\$ 1,287,551	\$ 444,578	\$ (842,973)
Net Position:			
Net investment in capital assets	\$ 8,614,484	\$ 8,930,403	\$ 315,919
Restricted	\$ 10,280,954	\$ 13,517,050	\$ 3,236,096
Unrestricted (deficit)	\$ 361,034	\$ 1,094,272	\$ 733,238
Total Net Position	\$ 19,256,472	\$ 23,541,725	\$ 4,285,253

By far, the largest portion of Sweet Grass County's net position (42%) 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 **\$3 million** in assets to the Pioneer Medical Center. 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.

An additional portion of Sweet Grass County's net position, \$13,517,050 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totals \$1,094,272.

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 \$4,285,253 from fiscal year 2020. 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 \$19,256,472 in FY20 to \$23,541,725 in FY 21, an increase of \$4,285,253.

Increases to Revenues:

State and federal shared revenues increased primarily due to an increase in production at Sibanye Stillwater Mine. This results in the mine paying more in gross proceeds taxes which we receive a distribution of this in mine proceeds from the state. Sixty percent of these funds are kept in a trust account until the mine decreases employment by 50% or closes. We had anticipated receiving \$550,000 in gross proceeds from the state, but in fact, received \$1.3 million due to the increase in production.

A mistake in tax billing occurred for one taxpayer for their 2020 real estate taxes. The error was not found until July 2021. The 2020 tax bill was reversed and corrected in August 2021 and resulted in a refund to the taxpayer of \$847,464.43. This overpayment caused tax revenues to be overstated for FY 2021. The overpayment has been corrected within this annual financial report to reflect true tax revenues. This mistake resulted in a finding in our FY 2021 audit. Checks and balances have been implemented by the finance officer to mitigate a situation like this from occurring again.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2021

Sweet Grass County received \$578,436 in Cares Act reimbursements and an initial payment of \$362,934 of ARPA funds. We also were the recipient of two other grants that were tied to Covid-19. These include a grant to our Clerk and Recorder's office for election supplies for \$8,358 and a grant to the airport for \$20,000 to reimburse for operating costs.

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.

Our community health department received a local grant from the Sweet Grass Community Foundation for \$25,000 that is to be used to assist clients who need help with their insurance co-pays for therapy sessions.

Law Enforcement is in year 1 of 5 of a COPS grant, which is funding one full-time deputy. We received \$25,364 for a partial year of wages (the officer was not hired until October 2020).

In 2020, the county partnered with Tumblewood Teas, a local tea distribution company, for a planning grant through the Montana Department of Commerce Big Sky Trust Fund (BSTF). This grant of \$15,097 is for the planning stage of a new business venture for the company. The county is considered the grantee and we in turn reimburse Tumblewood 50% of their planning costs that we receive from BSTF. The county is participating in this program as a way to help a local business.

Changes in Expenditures

There were few major changes to expenditures between FY 2020 and FY 2021.

The road department ordered a dump truck with a snowplow attachment in December 2020. We made a \$15,000 down payment and, due to supply issues, we are still waiting for the truck in December 2021.

Replacement of the Old Boulder Bridge was completed in the fall of 2020. Costs totaled \$1,081,131.38. A Treasure State Endowment Program (TSEP) grant paid for \$547,237.76, with the county picking up the remaining \$533,893.62. We knew this project was coming and had been setting aside money for several years to cover our share of the cost.

Sweet Grass County's Change in Net Position			
Changes in Net Position	Governmental Activities		
Revenues			
<i>Program revenues (by major source)</i>	FY20	FY21	Change Inc(Dec)
Charges for services	\$ 599,538	\$ 663,818	\$ 64,280
Operating grants & contributions	\$ 489,438	\$ 1,311,762	\$ 822,324
Capital grants and contributions	\$ 619,478	\$ 452,723	\$ (166,755)
<i>General revenues (by major source)</i>			\$ -
Property taxes for general purposes	\$ 4,822,165	\$ 5,654,100	\$ 831,935
Local option tax	\$ 214,568	\$ 230,358	\$ 15,790
Licenses and permits	\$ 3,892	\$ 4,465	\$ 573
Federal/State Shared Revenues	\$ 1,907,289	\$ 2,358,534	\$ 451,245
Miscellaneous	\$ 156,278	\$ 67,675	\$ (88,603)
Gain/Loss on Sale of Assets	\$ 16,153	\$ 84,903	\$ 68,750
Interest/investment earnings	\$ 191,871	\$ 98,406	\$ (93,465)
Insurance Proceeds	\$ -	\$ -	\$ -
Other	\$ 1,381	\$ 12,125	\$ 10,744
Total revenues	\$ 9,022,051	\$ 10,938,869	\$ 1,916,818
Program expenses			
General government - 41	\$ 1,196,732	\$ 1,720,974	\$ 524,242
Public safety - 42	\$ 1,472,982	\$ 1,560,063	\$ 87,081
Public works - 43	\$ 1,597,160	\$ 1,686,356	\$ 89,196
Public health - 44	\$ 730,355	\$ 972,263	\$ 241,908
Social and economic services - 45	\$ 120,851	\$ 112,796	\$ (8,055)
Culture and recreation - 46	\$ 132,796	\$ 125,120	\$ (7,676)
Housing and community development - 47	\$ 65,955	\$ 101,960	\$ 36,005
Miscellaneous	\$ 153,693	\$ 203,305	\$ 49,612
Debt service - interest	\$ 6,133	\$ -	\$ (6,133)
Total expenses	\$ 5,476,657	\$ 6,482,837	\$ 1,006,180
Increase (decrease) in net position	\$ 3,545,394.00	\$ 4,456,032.00	\$ 910,638.00

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2021

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

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, 2021, Sweet Grass County's governmental funds reported combined funds balances of \$14,490,452, an increase of \$3,525,886 in comparison with the adjusted fund balance from FY20. Approximately 19% of this amount (\$3,456,962) 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 (\$378,541), or 2) restricted for a particular purpose (\$13,138,509).

The general fund is the chief operating fund of Sweet Grass County. At the end of FY21, unassigned fund balance of the general fund was \$3,828,948 while total fund balance increased to \$17,490,452. 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 \$104,756 during FY21.

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

- 1000 General Fund - \$235,785 transfer to capital improvements
- 2110 Road Fund - \$148,230 transfer to capital improvements
- 2130 Bridge Fund - \$108,940 transfer to capital improvements
- 2140 Weed Fund - \$73,235 transfer to capital improvements
- 2160 Fair Fund - \$34,398 transfer to capital improvements
- 2170 Airport Fund - \$48,749 transfer to capital improvements
- 2180 District Court Fund - \$34,302 transfer to capital improvements
- 2220 Library Fund - \$5,464 transfer to capital improvements
- 2240 Cemetery Fund - \$17,681 transfer to capital improvements
- 2250 Planning Fund - \$6,986 transfer to capital improvements
- 2271 Mental Health Fund - \$34,479 transfer to capital improvements
- 2280 Senior Citizens Fund - \$9,540 transfer to capital improvements
- 2290 Extension Fund - \$27,985 transfer to capital improvements
- 2300 Law Enforcement Fund - \$174,874 transfer to capital improvements
- 2340 Fire Fund - \$37,861 transfer to capital improvements
- 2386 Technology Fund - \$11,892 transfer to capital improvements
- 2710 Reserves Fund - \$2,916 increased major purchases, did not budget all cash on hand
- 2711 Search & Rescue - \$929 increased repair and maintenance expenditure budget, did not budget all cash on hand
- 2714 CCR Team Fund - \$1 increased transfer out, did not budget all cash on hand
- 2750 County Attorney Trust Fund - \$1,073 increased transfer out, did not budget all expected revenue
- 2760 Public Health Fund - \$2,833 increased budget, did not budget expected revenue from PMC
- 2800 Alcohol Rehab Fund - \$38,546 transfer to capital improvements
- 2840 Weed 2021 North Grant Fund - expenditure budget increased to \$20,641 due to grant being approved after budgets were adopted
- 2841 Weed 2021 South Grant Fund - expenditure budget increased to \$11,052 due to grant being approved after budgets were adopted
- 2994 Cares Act Fund - \$578,536 - expenditure budget increased due to funds received after budget was set
- 2997 Planning Grant - \$12,000 - expenditure budget increased for county match that was not anticipated when budgets were set

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For the year ended June 30, 2021

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

1. Interest revenue was budgeted for \$76,377 but actual revenue received was \$98,406. The commissioners budget very conservatively for interest revenues.
2. There were numerous grants that were not awarded by the time the final budget was adopted. These included cost-share grants for the weed department and a DNRC grant for the fire department.
3. When budgeting we opt to not anticipate a forest reserve payment from the federal government. We are always unsure if we will receive it and if we do how much it will be. We received \$88,800 for FY 2021.
5. Metal Mine Trust revenue increased due to an increase in production at Sibayne Stillwater Mine. We anticipated \$582,200 but actually received \$1,011,730.

There are multiple construction-in-progress projects

1. Senior Citizen building remodeling \$8,305
2. Down payment for three base station radios for Tin Can Hill repeater \$26,364.50
3. Down payment on 2020 Dump Truck \$15,000
4. The airport fencing and paving projects have not been 100% completed at the end of FY 2021
5. The replacement of the boiler in the courthouse was not 100% completed at the end of FY 2021.

New purchases and building remodels include:

1. Copier for annex \$8,460
2. Soil Compactor for road department \$82,500
3. Fairground open class building remodel \$8,012
4. Rigging kit with 4 harnesses for search and rescue \$11,375
5. Swamp Creek Bridge #2 \$28,817
6. Swamp Creek Bridge #3 \$53,531
7. Schulte Mower for road department \$37,189

Sale of Vehicles/Equipment

1. Road department sold a Dynapac Roller, John Deere Mower, and orange Dump Truck
2. Fairgrounds sold water truck
3. Extension disposed of the copier

Long-term debt. As of June 30, 2021 the County had total outstanding bank debt of \$27,841; compensated absences \$225,667; Other Post-Employment Benefits (OPEB) \$202,675; Pension liability \$2,845,971.

No new debt was entered into during FY 2021.

Statistics

The following statistics are from the most recent data cited:

- The latest unemployment rate as of August 2021 for Sweet Grass County is 2% compared to a state-wide average of 2.9%.
- The major employers in the county are Sibayne-Stillwater Mine, local government, and the high school and grade school districts.
- The economy is primarily agriculture, tourism, and mining
- The average earnings per year in Sweet Grass County are \$49,886 according to the Montana Department of Labor and Industry.
- Average wages statewide in Montana is \$54,970 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 2021 fiscal year.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2021

- The FY 2021 budget reflects 2021 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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweet Grass County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sweet Grass County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sweet Grass County as of June 30, 2021, 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.

Change in Accounting Principle

As described in Notes 1 and 9 to the financial statements, during the year ended June 30, 2021, Sweet Grass County adopted GASB Statement No. 84 – *Fiduciary Activities* which resulted in a restatement of the net position as of July 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-9), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 47), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 48-52), and the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 53-58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sweet Grass County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (pages 59-60) is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of Sweet Grass 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 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 Sweet Grass County's internal control over financial reporting and compliance.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
January 27, 2022

STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 17,960,654
Taxes and Assessments Receivable	54,868
Accounts Receivable - Net	448
Due from Other Governments	132,664
Inventories	<u>378,541</u>
Total Current Assets	<u>18,527,174</u>
Noncurrent Assets:	
Capital Assets:	
Land	162,723
Construction in Progress	407,520
Net Depreciable Assets	<u>8,388,000</u>
Total Noncurrent Assets	<u>8,958,243</u>
Total Assets	<u>27,485,417</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Employer Pension Plan Related	<u>784,893</u>
Total Deferred Outflows of Resources	<u>784,893</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,270,310</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 459,108
Accrued Payroll	159,813
Unearned Revenue	362,934
Current Portion of Compensated Absences	81,252
Current Portion of Long-term Capital Obligations	<u>9,280</u>
Total Current Liabilities	<u>1,072,387</u>
Noncurrent Liabilities:	
Compensated Absences	144,414
Net Pension Accrual	2,845,971
Other Postemployment Benefits	202,675
Long-term Capital Debt Obligations	<u>18,561</u>
Total Noncurrent Liabilities	<u>3,211,621</u>
Total Liabilities	<u>4,284,007</u>
DEFERRED INFLOWS OF RESOURCES:	
Employer Pension Plan Related	<u>444,578</u>
Total Deferred Inflows of Resources	<u>444,578</u>
NET POSITION:	
Net Investment in Capital Assets	8,930,402
Restricted	13,189,341
Unrestricted (Deficit)	<u>1,421,982</u>
Total Net Position	<u>23,541,725</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 28,270,310</u>

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
GOVERNMENT OPERATIONS:					
General Government	\$ 1,720,974	\$ 293,194	\$ 209,493	\$ -	\$ (1,218,287)
Public Safety	1,560,063	318,179	661,531	-	(580,353)
Public Works	1,686,356	25,437	321,646	452,723	(886,551)
Public Health	972,263	12,772	116,856	-	(842,635)
Social and Economic Services	112,796	786	2,236	-	(109,774)
Culture and Recreation	125,120	13,450	-	-	(111,670)
Housing and Community Development	101,960	-	-	-	(101,960)
Miscellaneous	204,279	-	-	-	(204,279)
Total Governmental Operations	<u>6,483,811</u>	<u>663,818</u>	<u>1,311,762</u>	<u>452,723</u>	<u>(4,055,508)</u>
GENERAL REVENUES:					
Taxes/Assessments					5,654,100
Local Option Taxes					230,358
Licenses and Permits					4,465
Federal/State Shared Revenues					2,358,534
Miscellaneous					67,675
Investment and Royalty Earnings					98,406
Insurance Proceeds					12,125
Gain (loss) on Sale of Assets					<u>(84,903)</u>
Total General Revenues					<u>8,340,760</u>
Change in Net Position					4,285,252
NET POSITION:					
Beginning of the Year					<u>19,256,473</u>
End of the Year					<u>\$ 23,541,725</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	MAJOR			
	General	Road	Law Enforcement	Hard Rock Mine Trust
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 3,906,293	\$ 647,093	\$ 459,796	\$ 4,447,358
Taxes and Assessments Receivable	10,590	4,897	9,153	-
Accounts Receivable - Net	448	-	-	-
Interfund Receivable	56,126	-	-	-
Due from Other Governments	5,675	-	8,860	-
Inventories	-	378,541	-	-
Total Assets	<u>3,979,131</u>	<u>1,030,530</u>	<u>477,808</u>	<u>4,447,358</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,979,131</u>	<u>\$ 1,030,530</u>	<u>\$ 477,808</u>	<u>\$ 4,447,358</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	85,776	53,792	76,217	-
Interfund Payable	-	-	-	-
Accrued Payroll	53,817	13,275	41,920	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>139,593</u>	<u>67,067</u>	<u>118,136</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Property Taxes Receivable	10,590	4,897	9,153	-
Total Deferred Inflows of Resources	<u>10,590</u>	<u>4,897</u>	<u>9,153</u>	<u>-</u>
FUND BALANCE (DEFICITS):				
Nonspendable	-	378,541	-	-
Restricted	-	580,026	350,519	4,447,358
Assigned	-	-	-	-
Unassigned	3,828,948	-	-	-
Total Fund Balance	<u>3,828,948</u>	<u>958,566</u>	<u>350,519</u>	<u>4,447,358</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,979,131</u>	<u>\$ 1,030,530</u>	<u>\$ 477,808</u>	<u>\$ 4,447,358</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance Reported Above

Unavailable Property Taxes Receivable
Governmental Capital Assets
Employer Pension Plan Related

Long-term Liabilities
Long-term Capital Obligations
Compensated Absences
Net Pension Accrual
Other Postemployment Benefits
Employer Pension Plan Related
Net Position of Governmental Activities

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	MAJOR			
	American Rescue Plan Act	Treasure State Endowment Program Old Boulder	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 362,934	\$ 49,979	\$ 8,087,203	\$ 17,960,654
Taxes and Assessments Receivable	-	-	30,229	54,868
Accounts Receivable - Net	-	-	-	448
Interfund Receivable	-	-	-	56,126
Due from Other Governments	-	-	118,129	132,664
Inventories	-	-	-	378,541
Total Assets	<u>362,934</u>	<u>49,979</u>	<u>8,235,560</u>	<u>18,583,300</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 362,934</u>	<u>\$ 49,979</u>	<u>\$ 8,235,560</u>	<u>\$ 18,583,300</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	-	243,323	459,108
Interfund Payable	-	-	56,126	56,126
Accrued Payroll	-	-	50,802	159,813
Unearned Revenue	362,934	-	-	362,934
Total Liabilities	<u>362,934</u>	<u>-</u>	<u>350,250</u>	<u>1,037,980</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Property Taxes Receivable	-	-	30,229	54,868
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>30,229</u>	<u>54,868</u>
FUND BALANCE (DEFICITS):				
Nonspendable	-	-	-	378,541
Restricted	-	49,979	7,338,641	12,766,522
Assigned	-	-	516,441	516,441
Unassigned	-	-	-	3,828,948
Total Fund Balance	<u>-</u>	<u>49,979</u>	<u>7,855,081</u>	<u>17,490,452</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 362,934</u>	<u>\$ 49,979</u>	<u>\$ 8,235,560</u>	<u>\$ 18,583,300</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION				
Total Fund Balance Reported Above				\$ 17,490,452
Unavailable Property Taxes Receivable				54,868
Governmental Capital Assets				8,958,243
Employer Pension Plan Related				784,893
Long-term Liabilities				
Long-term Capital Obligations				(27,841)
Compensated Absences				(225,666)
Net Pension Accrual				(2,845,971)
Other Postemployment Benefits				(202,675)
Employer Pension Plan Related				(444,578)
Net Position of Governmental Activities				<u>\$ 23,541,725</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, 2021

	MAJOR			
	General	Road	Law Enforcement	Hard Rock Mine Trust
REVENUES:				
Taxes and Assessments	\$ 1,326,846	\$ 570,085	\$ 953,751	\$ -
Licenses and Permits	558	1,950	-	-
Intergovernmental Revenues	876,214	198,305	572,747	923,513
Charges for Services	176,579	-	228,744	-
Fines and Forfeitures	45,409	-	-	-
Miscellaneous	13,919	3,564	464	-
Investment and Royalty Earnings	29,029	-	1,740	44,514
Total Revenues	<u>2,468,553</u>	<u>773,904</u>	<u>1,757,445</u>	<u>968,027</u>
EXPENDITURES:				
Current:				
General Government	1,383,368	-	-	-
Public Safety	79,408	-	987,218	-
Public Works	68,849	709,690	-	-
Public Health	36,638	-	-	-
Social and Economic Services	1,555	-	-	-
Culture and Recreation	-	-	-	-
Housing and Community Development	-	-	-	-
Miscellaneous	35,868	10,016	25,363	-
Debt Service:				
Principal	-	-	-	-
Capital Outlay	87,649	45,000	-	-
Total Expenditures	<u>1,693,335</u>	<u>764,706</u>	<u>1,012,580</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>775,218</u>	<u>9,199</u>	<u>744,865</u>	<u>968,027</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	5,175	-	-
Insurance Proceeds	11,022	-	-	-
Fund Transfers In	2	-	-	-
Fund Transfers (Out)	(681,486)	(490,414)	(844,054)	-
Total Other Financial Sources (Uses)	<u>(670,462)</u>	<u>(485,239)</u>	<u>(844,054)</u>	<u>-</u>
Net Change in Fund Balance	104,756	(476,040)	(99,189)	968,027
FUND BALANCE:				
Beginning of the Year	3,724,193	1,199,950	449,708	3,479,331
Change in Inventory	-	234,657	-	-
End of the Year	<u>\$ 3,828,948</u>	<u>\$ 958,566</u>	<u>\$ 350,519</u>	<u>\$ 4,447,358</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, 2021

	MAJOR			
	American Rescue Plan Act	Treasure State Endowment Program Old Boulder	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes and Assessments	\$ -	\$ -	\$ 3,031,122	\$ 5,881,803
Licenses and Permits	-	-	1,957	4,465
Intergovernmental Revenues	-	424,851	1,008,965	4,004,594
Charges for Services	-	-	97,974	503,296
Fines and Forfeitures	-	-	1,185	46,594
Miscellaneous	-	-	163,655	181,603
Investment and Royalty Earnings	-	813	22,309	98,406
Total Revenues	-	425,663	4,327,168	10,720,761
EXPENDITURES:				
Current:				
General Government	-	-	416,448	1,799,816
Public Safety	-	-	392,740	1,459,366
Public Works	-	-	707,080	1,485,618
Public Health	-	-	747,897	784,535
Social and Economic Services	-	-	102,720	104,275
Culture and Recreation	-	-	92,019	92,019
Housing and Community Development	-	-	101,960	101,960
Miscellaneous	-	-	133,033	204,279
Debt Service:				
Principal	-	-	9,280	9,280
Capital Outlay	-	958,744	314,290	1,405,683
Total Expenditures	-	958,744	3,017,467	7,446,832
Excess (Deficiency) of Revenues Over Expenditures	-	(533,081)	1,309,701	3,273,929
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	-	5,175
Insurance Proceeds	-	-	1,103	12,125
Fund Transfers In	-	-	3,422,316	3,422,318
Fund Transfers (Out)	-	-	(1,406,364)	(3,422,318)
Total Other Financial Sources (Uses)	-	-	2,017,056	17,300
Net Change in Fund Balance	-	(533,081)	3,326,757	3,291,229
FUND BALANCE:				
Beginning of the Year	-	583,060	4,528,325	13,964,566
Change in Inventory	-	-	-	234,657
End of the Year	\$ -	\$ 49,979	\$ 7,855,081	\$ 17,490,452

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, 2021

Net Changes in Fund Balance		\$	3,291,229
Revenues on the Statement of Activities not Included in Governmental Funds Statement:			
Increase (Decrease) in Taxes Receivable	2,655		
State Pension Aid	<u>118,425</u>		121,080
Revenues Reported in the Governmental Funds Statement not Included in the Statement of Activities			
Sale of Capital Assets	<u>5,175</u>		(5,175)
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:			
Depreciation Expense	(1,008,967)		
Actuarial Pension Expense	329,842		
Change in Inventory	234,657		
(Increase) Decrease in Compensated Absence Liability	<u>(7,474)</u>		(451,942)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities			
Capital Outlays	1,405,683		
Gain (Loss) on Sale of Assets	(84,903)		
Principal Payments on Debt	<u>9,280</u>		<u>1,330,060</u>
Change in net Position Reported on the Statement of Activities		\$	<u><u>4,285,252</u></u>

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Custodial Funds	
	Aggregate Other Custodial Funds	External Investment Pool Funds
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 338,956	\$ 4,586,381
Taxes and Assessments Receivable	67,710	-
Total Assets	<u>\$ 406,665</u>	<u>\$ 4,586,381</u>
LIABILITIES:		
Current Liabilities:		
Due to State of Montana	\$ 116,691	\$ -
Due to City/Town Governments	35,182	-
Due to Other Governments	561	-
Due to Individuals and Organizations	10,476	-
Total Liabilities	<u>162,910</u>	<u>-</u>
NET POSITION:		
Restricted For:		
School Districts	243,755	4,586,381
Total Net Position	<u>\$ 243,755</u>	<u>\$ 4,586,381</u>

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

	Custodial Funds	
	Aggregate Other Custodial Funds	External Investment Pool Funds
ADDITIONS:		
Property Taxes Collected for Other Governments	\$ 587	\$ -
Contributions from State of Montana	3,739,223	-
Contributions from City/Town Governments	708,719	-
Contributions from School Districts	16,306,271	2,373,537
Contributions from Other Governments	13,046	-
Contributions from Individuals and Organizations	84,589	-
Total Additions	<u>20,852,434</u>	<u>2,373,537</u>
DEDUCTIONS:		
Distributions to State of Montana	3,739,223	-
Distributions to City/Town Entities	708,719	-
Distributions Applicable to School District Activity	16,847,298	1,404,546
Distributions Applicable to Local Government Entities	587	-
Distributions to Individuals and Organizations	13,046	-
Distributions Other Governments	84,738	-
Total Deductions	<u>21,393,610</u>	<u>1,404,546</u>
Change in Net Position	<u>(541,176)</u>	<u>968,991</u>
NET POSITION:		
Beginning of the Year	-	3,617,390
Prior Period Adjustments	784,932	-
End of the Year	<u>\$ 243,756</u>	<u>\$ 4,586,381</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, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of 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 2021, the County adopted the following GASB Statements:

- GASB Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund 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. The effects on the County's fiduciary net position of adopting the new accounting principles are (when applicable) 1) the cumulative prior-period effect is shown as a restatement to beginning net position for all fiduciary-fund statements and 2) for custodial funds, the current-year effect is reported as the current-year change in net position in the newly required Custodial Fund Statement of Fiduciary Activities.

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. 87 – *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County plans to implement this Statement once it has identified all leases and has reviewed the Q&A on this Statement.
- 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Suppression of GASB Statement No. 32*. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and other employee benefit plans (for example, certain Section 457 plans). This Statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and some elements are effective for reporting periods beginning after June 15, 2021. 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 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

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. 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 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 and enterprise funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures 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).

In addition to funds that meet the major fund criteria, any other governmental fund that government officials believe is particularly important to financial statement users may be reported as a major fund.

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 Federal Mineral Royalty and Payments in Lieu of Taxes (PILT) 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

-
- 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.
 - 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 Miscellaneous Fund – This fund is used to account for “The American Rescue Plan Act of 2021” (ARPA) grant funds received during the COVID pandemic. The funds can be used to invest in water, sewer and broadband infrastructure.
 - Treasure State Endowment Program (TSEP) Old Boulder – This fund is used to account for the financing needs of the County to pay for capital costs pertaining to activity relating to the Old Boulder.

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 accounts 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 a 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

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.

Delinquency – Unpaid property taxes are liens on the property being taxed. Taxes and special assessments 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 the 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, the change in inventories is reported as a change in reserve for inventories in the governmental funds.

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:

Capital Asset Classes	Useful Life
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 compo-

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

nent 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.

1. c. 7. 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 accumulated by employees 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, 2021, the amount expected to be paid within one year related to governmental activities amounted to \$81,252 and is generally paid out of the General fund.

1. c. 8. 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 difference between the 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.
- 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.
- Assigned – This balance includes amounts management has set aside for a specific purpose.
- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

At June 30, 2021, fund balance components other than unassigned fund balance were as follows:

Purpose	Nonspendable	Restricted	Assigned
General Government	\$ 0	\$ 778,602	\$ 0
Public Safety	0	803,170	0
Public Works	378,541	5,500,308	516,441
Public Health	0	104,047	0
Social and Economic Services	0	39,841	0
Culture and Recreation	0	33,377	0
Housing and Community Development	0	940,840	0
Future Capital Costs	0	4,566,337	0
Total	<u>\$ 378,541</u>	<u>\$ 12,766,522</u>	<u>\$ 516,441</u>

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance 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, 2021, cash and cash equivalents for governmental activities and fiduciary funds were as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 17,960,654	\$ 4,925,337	\$ 22,885,991

The carrying amounts of cash on hand, deposits, and investments at June 30, 2021 were as follows:

Account Type	Amount
Cash on Hand	\$ 1,842
Undeposited Checks	61,079
Demand Accounts	1,633,874
Time Deposits	1,932,612
Money Market	2,998,955
STIP	<u>16,257,629</u>
Total	<u>\$ 22,885,991</u>

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, 2021, the County's bank balances were not exposed to custodial credit risk as follows:

Deposits	Fair Value
Covered by Depository Insurance	\$ 1,260,906
Collateral Held by the Pledging Bank's Trust Department but not in the County's Name	5,673,657
Uninsured and Uncollateralized	<u>342,365</u>
Total Bank Balance	<u>\$ 7,276,928</u>

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

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 Securities and Exchange Commission (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://investmentmt.com>

2. b. EXTERNAL INVESTMENT POOL

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

The County has one pooled investment trust fund that is invested in STIP and time accounts. The pooled fund is carried at fair value. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2021 to support the value of shares in the pool. Income from pooled investments is 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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, 2021:

	<u>Internal</u>	<u>External</u>
Statement of Net Position:		
Equity of pool participants	\$ <u>13,902,261</u>	\$ <u>4,586,381</u>
Statement of Changes in Net Position:		
Investment Earnings	\$ 62,457	\$ 20,605
Participant Investment in Pool	7,318,887	2,352,932
Distribution to Participants	<u>(3,691,647)</u>	<u>(1,404,546)</u>
Change in Net Position	3,689,697	968,991
Net Position – Beginning	<u>10,212,564</u>	<u>3,617,390</u>
Net Position – Ending	\$ <u>13,902,261</u>	\$ <u>4,586,381</u>

NOTE 3. TAXES AND ASSESSMENTS 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, 2020, upon which the levy for the 2021 fiscal year was based, amounted to \$25,816,538 for County general levies and \$21,375,240 for the County rural. The tax rates assessed for the year ended June 30, 2021 to finance County operations and applicable taxes receivable were as follows:

Fund	Mill Levies	Taxes Receivable	Assessment Receivable	Total
<u>Governmental Funds</u>				
General *	42.32	\$ 10,590	\$ 0	\$ 10,590
Road *	26.54	4,897	0	4,897
Bridge	29.08	7,231	0	7,231
Weed	6.53	1,618	0	1,618
Predatory Animal Sheep	0.00	0	52	52
Predatory Animal Cattle	0.00	0	1,735	1,735
Fair	2.17	542	0	542
Airport	1.85	488	0	488
District Court	4.59	1,145	0	1,145
Library	1.98	372	0	372
Pioneer Medical Center (PMC) Facility	25.00	6,227	0	6,227
Cemetery	3.79	929	0	929
Planning	0.98	262	0	262
Mental Health	2.21	540	0	540
Senior Citizens	2.24	550	0	550
Extension Services	3.94	980	0	980
Law Enforcement *	36.94	9,153	0	9,153
Fire	18.68	3,342	0	3,342
Permissive Medical Levy	13.49	3,355	0	3,355
Technology	1.77	435	0	435
Alcohol Rehabilitation	<u>1.75</u>	<u>425</u>	<u>0</u>	<u>425</u>
Total	<u>225.85</u>	\$ <u>53,081</u>	\$ <u>1,787</u>	\$ <u>54,868</u>
<u>Fiduciary Funds</u>				
Aggregate Other Custodial Funds		\$ 67,710		\$ 67,710
* Denotes Major Fund				

Property taxes or special assessments 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 or assessment. 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 no amounts for taxes paid under protest.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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, 2021 were as follows:

Fund	Amount	Due From	Reason
General *	\$ 5,675	State of Montana	Montana Disaster and Emergency Services Emergency Management Performance grant reimbursements
Planning	17,653	Carbon County	FY 2021 contracted services
Planning	8,998	Wheatland County	FY 2021 contracted services
Law Enforcement *	8,860	State of Montana	Community Oriented Policing Services grant
Weed 2021 North Grant	1,544	State of Montana	Noxious weed grant fund reimbursements
Weed 2021 South Grant	6,727	State of Montana	Noxious weed grant fund reimbursements
Weed McLead-Mendenhall	2,046	State of Montana	Noxious weed grant fund reimbursements
Weed 2020 Boulder Continuous	4,667	State of Montana	Noxious weed grant fund reimbursements
Homeland Security	26,364	State of Montana	Homeland grant fund reimbursements
United States Department of Health and Human Services (DPHHS)	15,728	State of Montana	County Tribal Matching Grant (CTMG) grant fund reimbursements
Sweet Grass			
DPHHS Wheatland	<u>34,402</u>	State of Montana	CTMG grant fund reimbursements
Total	<u>\$ 132,664</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, 2021 were as follows:

Interfund Receivable	Amount	Interfund Payable	Purpose
PILT *	\$ 1,544	Weed 2021 North	Interfund loans to cover negative cash
PILT *	6,727	Weed 2021 South	Interfund loans to cover negative cash
PILT *	2,046	Weed McLeod Area	Interfund loans to cover negative cash
PILT *	4,667	Weed 2020 Mendenhall	Interfund loans to cover negative cash
PILT *	26,365	Homeland Security	Interfund loans to cover negative cash
PILT *	<u>14,777</u>	DPHHS Sweet Grass	Interfund loans to cover negative cash
Total	<u>\$ 56,126</u>		

* Denotes Major Fund

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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

The schedule of changes in general capital assets for the year ended June 30, 2021 follows:

Governmental Activities	Balance July 1, 2020	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2021
Non-depreciable Assets:					
Land	\$ 162,723	\$ 0	\$ 0	\$ 0	\$ 162,723
Construction in Progress	467,077	1,092,231	0	(1,151,788)	407,520
Total Non-depreciable Assets	629,800	1,092,231	0	(1,151,788)	570,243
Depreciable Assets:					
Buildings	11,632,665	8,011	0	20,454	11,661,130
Improvements Other than Buildings	23,439	0	0	0	23,439
Machinery and Equipment	8,679,362	168,524	(340,188)	50,203	8,557,901
Infrastructure	3,607,066	136,917	0	1,081,131	4,825,114
Total Depreciable Assets	23,942,532	313,452	(340,188)	1,151,788	25,067,584
Accumulated Depreciation:					
Buildings	(8,619,376)	(282,836)	0	0	(8,902,212)
Improvements Other than Buildings	(13,295)	(1,894)	0	0	(15,189)
Machinery and Equipment	(5,870,554)	(511,793)	250,110	0	(6,132,237)
Infrastructure	(1,417,502)	(212,444)	0	0	(1,629,946)
Total Accumulated Depreciation	(15,920,727)	(1,008,967)	250,110	0	(16,679,584)
Net Depreciable Assets	8,021,805	(695,515)	(90,078)	1,151,788	8,388,000
Net General Capital Assets	\$ 8,651,605	\$ 396,716	\$ (90,078)	\$ 0	\$ 8,958,243

Depreciation expense charged to governmental functions was as follows:

Function	Amount
General Government	\$ 93,495
Public Safety	168,289
Public Works	504,401
Public Health	196,344
Social and Economic Services	13,337
Culture and Recreation	33,101
	<u>\$ 1,008,967</u>

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. UNEARNED REVENUES

Unearned revenue, sometimes referred to as deferred revenue, is payment received by the County from a nonexchange transaction for which not all applicable eligibility requirements have been met to spend the revenues. Once the eligibility criteria have been met, revenues and expenditure/expenses will be reported.

Fund	Amount	Purpose
ARPA *	\$ 362,934	Grants received in advance but not yet expended

* Denotes Major Fund

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021**NOTE 7. LONG-TERM DEBT****7. a. GENERAL LONG-TERM DEBT**

The schedule of changes in general long-term debt for the year ended June 30, 2021 follows:

Governmental Activities	Balance July 1, 2020	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2021	Due within One Year
<u>Bonds and Notes Payable:</u>					
Equipment Note	\$ 37,121	\$ 0	\$ (9,280)	\$ 27,841	\$ 9,280
Total Bonds and Notes Payable	37,121	0	(9,280)	27,841	9,280
<u>Other Liabilities:</u>					
Compensated Absences	218,192	7,474	0	225,666	81,252
Accrued Pension	2,196,231	649,740	0	2,845,971	0
Other Postemployment Benefits	202,675	0	0	202,675	0
Total Other Liabilities	2,617,098	657,214	0	3,274,312	81,252
Total Governmental Activities - Long-term Debt	\$ 2,654,219	\$ 657,214	\$ (9,280)	\$ 3,302,153	\$ 90,532

7. a. 1 EQUIPMENT NOTE

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2020	Due within One Year
John Deere Tractor	06/17/2019	0.00%	5 years	6/20/2024	\$ 55,982	\$ 27,841	\$ 9,280

Debt service requirements to maturity for principal and interest for other obligations as follows:

For the year ended June 30:	Principal
2022	\$ 9,280
2023	9,280
2024	9,281
Total	<u>\$ 27,841</u>

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

NOTE 8. PROPERTY TAXES AND ASSESSMENTS

The County reported deferred inflows of resources at June 30, 2021 as follows:

Fund	Amount	Reason
General *	\$ 10,590	Taxes receivable
Road *	4,897	Taxes receivable
Bridge	7,231	Taxes receivable
Weed	1,618	Taxes receivable
Predatory Animal Sheep	52	Special assessments receivable
Predatory Animal Cattle	1,735	Special assessments receivable
Fair	542	Taxes receivable
Airport	488	Taxes receivable
District Court	1,145	Taxes receivable
Library	372	Taxes receivable
PMC Facility	6,227	Taxes receivable
Cemetery	929	Taxes receivable
Planning	262	Taxes receivable
Mental Health	540	Taxes receivable
Senior Citizen	550	Taxes receivable
Extension Services	980	Taxes receivable
Law Enforcement *	9,153	Taxes receivable
Fire	3,342	Taxes receivable
Permissive Medical Levy	3,355	Taxes receivable
Technology	435	Taxes receivable
Alcohol Rehabilitation	425	Taxes receivable
Total	<u>\$ 54,868</u>	
* Denotes Major Fund		

NOTE 9. PRIOR PERIOD ADJUSTMENTS

The County recorded prior period adjustments at June 30, 2021 as follows:

Fund	Fiduciary Funds	Reason
Aggregate Other Custodial Funds	\$ 784,932	Implementation of GASB 84

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

NOTE 10. INTERFUND OPERATING TRANSFERS IN AND OUT

The County recorded interfund transfers during the year ended June 30, 2021 as follows:

Operating Fund - In	Amount	Operating Fund - Out	Purpose
General *	\$ 2	Public Health	Operating
Bridge	937	Bridge	Operating
Weed	1,369	Law Enforcement *	Operating
Mental Health	652	Coordinated Community Response Team	Operating
Perm Levy	3,896	DPHHS Sweet Grass	Operating
Public Health	51	General *	Operating
Public Health	2	PILT *	Operating
Special Gas Tax	4,640	Bridge	Match
911 Emergency	75,816	General *	Operating
Planning Grant	12,000	General *	Operating
Compensated Absences	103,000	General *	Operating
Compensated Absences	2,000	Extension	Operating
Capital Improvement (CI) Court-house	113,266	General *	Future capital purchases
CI Countywide	10,000	Extension	Future capital purchases
CI Bridge	443,505	Bridge	Future capital purchases
CI Weed	50,816	Weed	Future capital purchases
CI Road Materials and Equipment	416,532	Road *	Future capital purchases
CI Airport	45,816	Airport	Future capital purchases
CI Law Enforcement	224,649	Law Enforcement *	Future capital purchases
CI Annex	97,449	General *	Future capital purchases
CI Cemetery	40,000	Cemetery	Future capital purchases
CI Technology	29,200	Technology	Future capital purchases
CI Senior Citizens (Sr Cit)	35,816	Sr Cit	Future capital purchases
CI Crisis	73,882	Road *	Future capital purchases
CI Crisis	83,079	Bridge	Future capital purchases
CI Crisis	58,991	Weed	Future capital purchases
CI Crisis	19,302	Fair	Future capital purchases
CI Crisis	33,352	Airport	Future capital purchases
CI Crisis	41,025	District Court	Future capital purchases
CI Crisis	6,539	Library	Future capital purchases
CI Crisis	12,610	Cemetery	Future capital purchases
CI Crisis	13,035	Plan	Future capital purchases
CI Crisis	37,711	Mental Health	Future capital purchases
CI Crisis	7,316	Sr Cit	Future capital purchases
CI Crisis	33,718	Extension	Future capital purchases
CI Crisis	114,833	Law Enforcement*	Future capital purchases
CI Crisis	26,908	Fire	Future capital purchases
CI Crisis	6,412	Technology	Future capital purchases
CI Crisis	41,132	Alcohol Rehabilitation	Future capital purchases
CI Crisis	269,899	Law Enforcement *	Future capital purchases
CI Fair	24,820	Fair	Future capital purchases
CI Fire	289,899	Fire	Future capital purchases
CI Cares	233,304	Law Enforcement *	Future capital purchases
CI Cares	247,887	General *	Future capital purchases
CI Cares	1,066	Mental Health	Future capital purchases
CI Cares	2,168	Record Preservation	Future capital purchases
CI Cares	32,016	General *	Future capital purchases
Total	<u>\$ 3,422,318</u>		

* Denotes Major Fund

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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.

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, 2021, the measurement date, the following employees were covered by the benefit terms:

Active employees	39
Inactive employees (may include spouses)	1

11. e. TOTAL OPEB LIABILITY

The County's total OPEB liability amounted to \$202,675 at June 30, 2021. The liability was measured as of June 30, 2020 and was determined by an Alternative Measurement Method.

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, 2021 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	1.45%
Retiree's share of benefit related costs	100.00%
Health care inflation rate	3.00%

11. g. CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2020	\$ 202,675
Changes for the Year*	<u>0</u>
Balance June 30, 2021	<u>\$ 202,675</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, 2020. 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

11. h. SENSITIVITY ANALYSIS

Discount Rate The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (**0.45%**) or 1% higher (**2.45%**) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 237,461	\$ 202,675	\$ 173,896

Health Care Cost Trend Rates The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (**2.00%**) or 1% higher (**4.00%**) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 168,774	\$ 202,675	\$ 244,798

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$0. On June 30, 2021, 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.

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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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 substitute teachers and 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 Sheriff's Retirement System (SRS) covers sheriffs and officers and
- The Public Employee Retirement System (PERS) covers nonteaching employees

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:

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) and the prepare 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 adhere to all applicable GASB statements.

13. b. PUBLIC EMPLOYEE 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

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 the January immediately following the second retirement.
- Retire before January 1, 2016 and accumulate at least 2 years additional service credit:
 - 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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 & Universities	Local Government		School Districts	
	Hired <07/01/11	Hired >07/01/11	Employer	Employer	State	Employer	State
2021	7.900%	7.900%	8.770%	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%
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:

- 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.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- 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:

- 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.
 - The State contributed 0.1% of members' compensation on behalf of local government entities.
 - The State contributed 0.37% of members' compensation on behalf of school district entities.
 - The State contributed a Statutory Appropriation from the General Fund amounting to \$33,951,150.

13. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2020 was determined by taking the results of the June 30, 2019 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) 7.34%
- Admin Expense as % of Payroll 0.30%
- General Wage Growth (includes inflation at 2.40%) 3.50%

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

- 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 assumptions among contributing members and service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections.

13. b. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.34%. 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 MCA. The State contributed 0.10% of salaries for local governments and 0.37% for 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 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

13. b. 5. TARGET ALLOCATIONS

The long-term expected return on pension plan assets was reviewed as part of the regular experience study prepared for the Plan. The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long term capital market assumptions published in the Survey of Capital Market Assumptions 2020 Edition by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2020 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, are summarized in the table below.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.00%	

13. b. 6. DEFINED CONTRIBUTION PLAN

The County contributed to the State of Montana Public Employee 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

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 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, 2020, 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 329 employers that have participants in the PERS-DCRP totaled \$775,195.

13. c. SHERIFFS' RETIREMENT SYSTEM

The Sheriffs' Retirement System (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 a SRS position on or after July 1, 2017:

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - 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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended June 30, 2021

- 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.

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:

Fiscal Year	Member	Employer
2018-2021	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): 7.34%
- Admin expense as % of Payroll: 0.16%
- General Wage Growth *: 3.50%
*includes Inflation at: 2.40%
- Merit Increases: 0.00% to 6.30%
- 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: RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males.
 - Disabled members: RP 2000 Combined Mortality Tables.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

13. c. 4. DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. 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 return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public-sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, is summarized in the below table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.75%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Total	100.00%	

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 7.34% 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 (6.34%)	Current Discount Rate (7.34%)	1.0% Increase (8.34%)
<u>PERS</u>			
Net Pension Liability	\$ 3,631,341,803	\$ 2,638,211,389	\$ 1,803,988,657
County's Net Pension Liability	3,161,140	2,296,605	1,570,401
<u>SRS</u>			
Net Pension Liability	\$ 193,871,546	\$ 121,885,990	\$ 63,001,399
County's Net Pension Liability	873,820	549,366	283,961

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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 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 Total Pension Liability (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, 2020, and 2019, 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	Percent of	Change in
	as of 6/30/20	as of 6/30/19	Collective NPL as of 6/30/20	Collective NPL as of 6/30/19	Percent of Collective NPL
<u>PERS</u>					
County Proportionate Share	\$ 2,296,605	\$1,822,712	0.087052%	0.087198%	(0.000146)%
State of Montana Proportionate Share associated with Employer	<u>724,125</u>	<u>593,162</u>	<u>0.027448%</u>	<u>0.028377%</u>	<u>(0.000929)%</u>
Total	<u>\$ 3,020,730</u>	<u>\$2,415,874</u>	<u>0.114500%</u>	<u>0.115575%</u>	<u>(0.001075)%</u>
<u>SRS</u>					
County Proportionate Share	\$ 549,366	\$ 373,519	0.4507%	0.4479%	0.0028%
Total	<u>\$ 549,366</u>	<u>\$ 373,519</u>	<u>0.4507%</u>	<u>0.4479%</u>	<u>0.0028%</u>

At June 30, 2021, the employer recorded a liability for its proportionate share of the NPL of \$2,296,605 and \$549,366 for PERS and SRS, respectively. At June 30, 2021, the employer's proportion was 0.087052 percent and 0.4507 percent for PERS and SRS, respectively.

The NPL was measured as of June 30, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2019 and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.
- SRS – June 30, 2019 and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Changes in actuarial assumptions, other inputs, and methods:	PERS and SRS
	<ul style="list-style-type: none"> • The discount rate was lowered from 7.65% to 7.34% • The investment rate of return was lowered from 7.65% to 7.34% • 3. The inflation rate was reduced from 2.75% to 2.40%.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. 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

	Pension Expense as of 6/30/20	Pension Expense as of 6/30/19
<u>PERS (as of measurement date)</u>		
County's Proportionate Share	\$ (318,846)	\$ (403,607)
Employer Grant Revenue – State of Montana Proportionate Share with the Employer	<u>118,425</u>	<u>40,269</u>
Total	<u>\$ (200,421)</u>	<u>\$ (363,338)</u>
<u>SRS (as of measurement date)</u>		
County's Proportionate Share	<u>\$ 37,682</u>	<u>\$ 6,896</u>
Total	<u>\$ 37,682</u>	<u>\$ 6,896</u>

At June 30, 2021, the employer recognized a pension expense of \$(200,421) and \$37,682 for its proportionate share of the PERS and SRS Pension Expense, respectively. The employer also recognized grant revenue of \$118,425 and \$0 for the support provided by Montana for its proportionate share of the Pension Expense that is associated with the employer for PERS and SRS, respectively.

13. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2021, the employer reported its proportionate share of PERS and SRS 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	\$ 37,072	\$ 65,663	\$ 24,877	\$ 154
Changes in actuarial assumptions	159,031	0	112,998	85,530
Difference between projected and actual investment earnings	198,865	0	67,532	0
Changes in proportion and differences between actual and expected contributions	0	0	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	272,087	0	21,144
Contributions paid subsequent to the measurement date – FY 2020 Contributions *	<u>127,950</u>	<u>0</u>	<u>56,568</u>	<u>0</u>
Total	<u>\$ 522,918</u>	<u>\$ 337,750</u>	<u>\$ 261,975</u>	<u>\$ 106,828</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, 2021.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

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
2021	\$ (186,967)	\$ (16,163)
2022	125,016	39,819
2023	69,485	38,052
2024	49,684	36,871
2025	0	0
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	\$ 7,384,582	\$ 2,281,420	\$ 9,666,002
Fiduciary Net Position	(5,087,977)	(1,732,054)	(6,820,031)
Net Pension Liability	2,296,605	549,366	2,845,971
Deferred Outflows of Resources	522,918	261,975	784,893
Deferred Inflows of Resources	337,750	106,828	444,578
Pension Expense	(200,421)	37,682	(162,739)

NOTE 14. SUBSEQUENT REPORTABLE EVENTS

14. a. COVID-19

Due to the COVID-19 pandemic, the County may realize delayed collections and receipts in future periods. The likelihood and impact of the potential delays are uncertain.

14. b ARPA Funding

The County will receive a total fiscal commitment for ARPA money in the amount of \$616,401.

NOTE 15. RELATED PARTY TRANSACTIONS

15. a. Lease of County Vehicle

Alan Ronneberg, sheriff/coroner of Sweet Grass County rents a vehicle to Sweet Grass County for use in all job related duties of the Sheriff. Terms of the lease can be negotiated annually during the budget process. The rental arrangement automatically terminates with the purchase of a new vehicle or termination of employment with the County. Sheriff Ronneberg receives \$600/month for a total of \$7,200 in fiscal year 2021.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2021

15. b. Sweet Grass Tire

Sweet Grass County purchased various services from Sweet Grass Tire. Sweet Grass tire is owned and operated by the deputy clerk and recorder. During the fiscal year ended June 30, 2020 the County paid Sweet Grass Tire \$35,723.

15. c. Roe & Sons Construction

County Commissioner Melanie Roe's family owns and operates Roe & Sons Construction. During the fiscal year ending June 30, 2021, the city paid 15,236 to provide gravel to the county for various projects.

NOTE 16. INTERLOCAL AGREEMENT

Sweet Grass County provided various services to the City of Big Timber. Below is a list of the services provided and the fees assessed by the County:

<u>Service</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Law Enforcement	\$ 184,235	\$ 189,762	\$ 189,762	\$ 189,762	\$ 195,455	\$ 195,455
Law Enforcement Training	9,000	9,000	9,000	9,000	9,000	9,000
City Court	18,500	19,235	19,235	16,305	16,550	16,798
Court Compliance	6,000	6,000	6,000	6,000	6,000	6,000
Sanitarian	5,000	5,000	5,000	5,000	5,000	5,000
Planning	17,260	17,778	17,778	17,778	18,778	18,778
Addictive Disorders	4,200	4,200	4,200	4,200	10,000	10,000
County Attorney	17,056	17,354	17,658	17,997	18,280	18,601
Case logger Software	0	200	200	200	200	200
Victim/Witness Advocate	0	0	5,000	5,000	5,000	5,000

SWEET GRASS COUNTY

SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits Other Than Pensions
For the year ended June 30, 2021

<u>CHANGE IN LIABILITY</u>								
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

<u>PAYROLL RATIO</u>		
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%

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, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Per- centage of the Total Pension 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	2,415,874	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%

SHERIFFS RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Posi- tion as a Percentage of the Total Pension Liability
2014	0.4990%	\$ 207,681	\$ 0	\$ 207,681	\$ 322,735	64.35%	87.24%
2015	0.4770%	459,825	0	459,825	324,579	141.67%	75.40%
2016	0.5278%	927,210	0	927,210	372,584	248.86%	63.00%
2017	0.4813%	366,229	0	366,229	360,081	101.71%	81.30%
2018	0.4857%	365,135	0	365,135	376,868	96.89%	82.68%
2019	0.4479%	373,519	0	373,519	359,553	103.88%	81.89%
2020	0.4507%	549,366	0	549,366	382,697	143.55%	75.92%

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, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to Contractually Required Contributions (c)	Contribution Deficiency (Excess) (a)+(b)- (c)=(d)	Employer's Covered Payroll (e)	Contributions as a Percentage of Covered Payroll ((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	127,950	0	127,950	0	1,458,941	8.77%

SHERIFFS RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Contributions in Relation to Contractually Required Contributions (b)	Contribution Deficiency (Excess) (a)-(b)=(c)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (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	56,568	56,568	0	431,320	13.12%

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, 2021

NOTE 1. PUBLIC EMPLOYEE RETIREMENT SYSTEM

1. a. CHANGES OF BENEFIT TERMS

The following changes to the Public Employee 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 were adopted from the June 2019 Experience Study:

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
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

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, 2021

Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of Payroll	0.30%

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.

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

Second Retirement Benefit – for SRS:

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of 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:

- 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.

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, 2021

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, 2019 actuarial valuation:

General wage growth*	3.50%
Investment rate of return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 6.30%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality (healthy 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	0.23%

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.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General			Road		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ 1,379,099	\$ 1,379,099	\$ 1,326,846	\$ 621,762	\$ 621,762	\$ 570,085
Licenses and Permits	420	420	558	1,000	1,000	1,950
Intergovernmental Revenues	216,362	216,362	263,637	109,505	109,505	198,305
Charges for Services	163,167	163,167	176,579	-	-	-
Fines and Forfeitures	38,200	38,200	45,409	-	-	-
Miscellaneous	13,175	13,175	12,365	-	-	3,564
Investment and Royalty Earnings	20,000	20,000	13,778	-	-	-
Total Revenues	<u>1,830,423</u>	<u>1,830,423</u>	<u>1,839,170</u>	<u>732,267</u>	<u>732,267</u>	<u>773,904</u>
EXPENDITURES:						
Current:						
General Government			1,300,936			-
Public Safety			79,408			-
Public Works			-			709,690
Public Health			36,638			-
Social and Economic Services			1,555			-
Miscellaneous			34,893			10,016
Capital Outlay			8,460			45,000
Total Expenditures	<u>2,878,817</u>	<u>2,878,817</u>	<u>1,461,890</u>	<u>1,950,798</u>	<u>1,950,798</u>	<u>764,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,048,394)</u>	<u>(1,048,394)</u>	<u>377,280</u>	<u>(1,218,531)</u>	<u>(1,218,531)</u>	<u>9,199</u>
OTHER FINANCING SOURCES (USES):						
Sale of Capital Assets			-			5,175
Insurance Proceeds	-	-	11,022			-
Add what is needed (Capitalize Key Words) 2			-			-
Fund Transfers In	-	-	2			-
Fund Transfers (Out)	(681,484)	(681,484)	(681,484)	(490,414)	(490,414)	(490,414)
Total Other Financial Sources (Uses)	<u>(681,484)</u>	<u>(681,484)</u>	<u>(670,461)</u>	<u>(490,414)</u>	<u>(490,414)</u>	<u>(485,239)</u>
Net Change in Fund Balance	(1,729,878)	(1,729,878)	(293,180)	(1,708,945)	(1,708,945)	(476,040)
FUND BALANCE:						
Beginning of the Year			823,991			1,199,950
Change in Inventory			-			234,657
End of the Year			<u>\$ 530,811</u>			<u>\$ 958,566</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, 2021

	Law Enforcement			Hard Rock Mine Trust		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ 1,027,695	\$ 1,027,695	\$ 953,751	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues	107,802	107,802	572,747	400,000	400,000	923,513
Charges for Services	223,155	223,155	228,744	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	464	-	-	-
Investment and Royalty Earnings	1,500	1,500	1,740	30,000	30,000	44,514
Total Revenues	<u>1,360,152</u>	<u>1,360,152</u>	<u>1,757,445</u>	<u>430,000</u>	<u>430,000</u>	<u>968,027</u>
EXPENDITURES:						
Current:						
General Government			-			-
Public Safety			987,218			-
Public Works			-			-
Public Health			-			-
Social and Economic Services			-			-
Miscellaneous			25,363			-
Capital Outlay			-			-
Total Expenditures	<u>2,342,444</u>	<u>2,342,444</u>	<u>1,012,580</u>	<u>3,909,331</u>	<u>3,909,331</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(982,292)</u>	<u>(982,292)</u>	<u>744,865</u>	<u>(3,479,331)</u>	<u>(3,479,331)</u>	<u>968,027</u>
OTHER FINANCING SOURCES (USES):						
Sale of Capital Assets			-			-
Insurance Proceeds			-			-
Add what is needed (Capitalize Key Words)			-			-
Fund Transfers In			-			-
Fund Transfers (Out)	(844,054)	(844,054)	(844,054)			-
			-			-
Total Other Financial Sources (Uses)	<u>(844,054)</u>	<u>(844,054)</u>	<u>(844,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,826,346)	(1,826,346)	(99,189)	(3,479,331)	(3,479,331)	968,027
FUND BALANCE:						
Beginning of the Year			449,708			3,479,331
Change in Inventory			-			-
End of the Year			<u>\$ 350,519</u>			<u>\$ 4,447,358</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, 2021

	Federal Mineral Royalty			PILT		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	612,577
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,554
Investment and Royalty Earnings	-	-	-	12,000	12,000	15,251
Total Revenues	-	-	-	12,000	12,000	629,383
EXPENDITURES:						
Current:						
General Government			500			81,932
Public Safety			-			-
Public Works			-			68,849
Public Health			-			-
Social and Economic Services			-			-
Miscellaneous			-			975
Capital Outlay			-			79,189
Total Expenditures	-	-	500	2,875,139	2,875,139	230,945
Excess (Deficiency) of Revenues Over Expenditures	-	-	(500)	(2,863,139)	(2,863,139)	398,438
OTHER FINANCING SOURCES (USES):						
Sale of Capital Assets			-			-
Insurance Proceeds			-			-
Add what is needed (Capitalize Key Words)			-			-
Fund Transfers In			-			-
Fund Transfers (Out)			-	(2)	(2)	(2)
Total Other Financial Sources (Uses)	-	-	-	(2)	(2)	(2)
Net Change in Fund Balance	-	-	(500)	(2,863,141)	(2,863,141)	398,436
FUND BALANCE:						
Beginning of the Year			6,785			2,893,416
Change in Inventory			-			-
End of the Year			<u>\$ 6,285</u>			<u>\$ 3,291,852</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, 2021

	American Rescue Plan Act		
	Original	Final	
	Budget	Budget	Actual
REVENUES:			
Taxes and Assessments	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenues	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Miscellaneous	-	-	-
Investment and Royalty Earnings	-	-	-
Total Revenues	-	-	-
EXPENDITURES:			
Current:			-
General Government			-
Public Safety			-
Public Works			-
Public Health			-
Social and Economic Services			-
Miscellaneous			-
Capital Outlay			-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets			-
Insurance Proceeds			-
Add what is needed (Capitalize Key Words)			-
Fund Transfers In			-
Fund Transfers (Out)			-
Total Other Financial Sources (Uses)	-	-	-
Net Change in Fund Balance	-	-	-
FUND BALANCE:			
Beginning of the Year			-
Change in Inventory			-
End of the Year			\$ -

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, 2021

NOTE 1. BUDGETS

Budgets are adopted in accordance with Montana budget laws (Title 7, Chapter 6, Part 40, MCA) which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for all funds of the County. All annual appropriations lapse at fiscal year end, unless the County elects to encumber supplies and personal property ordered but not received at year end. The County does not use a formal encumbrance system.

1. a. GENERAL BUDGET POLICIES

Budgeted funds are 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 has been prepared on the modified accrual basis of accounting and contains financial information for only the major and special revenue budgeted funds. The TSEP Old Boulder is a major fund, but is not included because it is not a special revenue fund.

1. b. BUDGET OPERATIONS

The County operates within the budget requirements for counties as specified by Montana law. The financial report reflects 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 AMENDMENT

During fiscal year June 30, 2021 the county had numerous budget amendments allowed by MCA 7-6-4006.

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, 2021

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

	Sub-funds			
	General	Federal Mineral Royalty	PILT	Total General Fund
REVENUES:				
Taxes and Assessments	\$ 1,326,846	\$ -	\$ -	\$ 1,326,846
Licenses and Permits	558	-	-	558
Intergovernmental Revenues	263,637	-	612,577	876,214
Charges for Services	176,579	-	-	176,579
Fines and Forfeitures	45,409	-	-	45,409
Miscellaneous	12,365	-	1,554	13,919
Investment and Royalty Earnings	13,778	-	15,251	29,029
Total Revenues	1,839,170	-	629,383	2,468,553
EXPENDITURES:				
Current:				
General Government	1,300,936	500	81,932	1,383,368
Public Safety	79,408	-	-	79,408
Public Works	-	-	68,849	68,849
Public Health	36,638	-	-	36,638
Social and Economic Services	1,555	-	-	1,555
Miscellaneous	34,893	-	975	35,868
Capital Outlay	8,460	-	79,189	87,649
Total Expenditures	1,461,890	500	230,945	1,693,335
Excess (Deficiency) of Revenues				
Over Expenditures	377,280	(500)	398,438	775,218
OTHER FINANCING SOURCES (USES):				
Insurance Proceeds	11,022	-	-	11,022
Fund Transfers In	2	-	-	2
Fund Transfers (Out)	(681,484)	-	(2)	(681,486)
Total Other Financial Sources (Uses)	(670,461)	-	(2)	(670,462)
Net Change in Fund Balance	(293,180)	(500)	398,436	104,756
FUND BALANCE:				
Beginning of the Year	823,991	6,785	2,893,416	3,724,193
End of the Year (GAAP)	\$ 530,811	\$ 6,285	\$ 3,291,852	\$ 3,828,948

In the General sub-funds combining schedule above, the Federal Mineral Royalty and 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.

SWEET GRASS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Passed to Subrecipients	Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)				
PASSED THROUGH MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION:				
Cooperative Forestry Assistance	10.664	RFC-21-490	\$ -	\$ 7,370
PASSED THROUGH MONTANA DEPARTMENT OF ADMINISTRATION:				
Schools and Roads-Grants to States	10.665	N/A	-	133,201
Total U.S. Department of Agriculture			\$ -	\$ 140,571
UNITED STATES DEPARTMENT OF JUSTICE (DOJ)				
DIRECT:				
Public Safety Partnership and Community Policing Grants	16.710	2020-UMX-0113	\$ -	\$ 25,364
PASSED THROUGH MONTANA DEPARTMENT OF JUSTICE:				
Bulletproof Vest Partnership Program	16.607	N/A	-	\$ 854
Total United States Department of Justice			\$ -	\$ 26,218
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)				
DIRECT				
Airport Improvement Program	20.106	3-30-007-013-2020	\$ -	\$ 20,000
Airport Improvement Program	20.106	3-30-007-012-2019	-	7,872
Total United States Department of Transportation			\$ -	\$ 27,872
UNITED STATES DEPARTMENT OF THE TREASURY				
PASSED THROUGH MONTANA DEPARTMENT OF ADMINISTRATION:				
Coronavirus Relief Fund	16.540	N/A	\$ -	\$ 578,536
Total United States Department of the Treasury			\$ -	\$ 578,536
UNITED STATES ELECTION ASSISTANCE COMMISSION				
PASSED THROUGH MONTANA SECRETARY OF STATE:				
	90.404	MT-20101-CARES	\$ -	\$ 8,358
Total United States Election Assistance Commission			\$ -	\$ 8,358
UNITED STATES ELECTION ASSISTANCE COMMISSION				
PASSED THROUGH MONTANA DEPARTMENT OF MILITARY AFFAIRS:				
Emergency Management Performance Grants	97.042	20 EMPG	\$ -	\$ 23,599
Homeland Security Grant Program (HSGP)	97.067	EMW-2020-SS-00018	-	26,365
			-	-
Total United States Election Assistance Commission			\$ -	\$ 49,964
Total Federal Financial Assistance			\$ -	\$ 831,519

SWEET GRASS COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as used in the governmental financial statements. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The County did not utilize an indirect cost rate as allowed under Uniform Guidance.

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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sweet Grass County's basic financial statements and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweet Grass County's internal control over financial reporting (internal control) to determine the 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 Sweet Grass County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweet Grass 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 Sweet Grass County's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, which we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweet Grass 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*.

Sweet Grass County's Response to Findings

Sweet Grass County's response to the findings identified in our audit is included in the accompanying Corrective Action Plan. The Sweet Grass County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



STROM & ASSOCIATES, PC
Billings, Montana
January 27, 2022



STROM & ASSOCIATES, P.C.

Certified Public Accountants

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Billings, MT 59103

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E-mail: audit@stromcpa.net

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sweet Grass County
Big Timber, Montana

Report on Compliance for Each Major Federal Program

We have audited Sweet Grass County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sweet Grass County's major federal programs for the year ended June 30, 2021. Sweet Grass County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
January 27, 2022

SWEET GRASS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor, Strom & Associates, PC, has issued an unmodified opinion on Sweet Grass County (County)'s financial statements as of and for the year ended June 30, 2021.
2. Our audit identified material weaknesses relating to internal controls over financial reporting and its operation.
3. Our audit did not identify any significant deficiencies in internal controls over financial reporting and its operation.
4. Our audit did not identify any noncompliance which was material to the financial statements.

Federal Awards

5. Our audit did not identify any material weaknesses relating to internal controls over federal programs.
6. Our audit did not identify any significant deficiencies in internal controls over federal programs.
7. The auditor, Strom & Associates, PC, has issued an unmodified opinion on the County's compliance with major federal awards programs as of and for the year ended June 30, 2021.
8. The audit disclosed no audit findings which are required to be reported under section 200.516 of Uniform Guidance.
9. The major programs for the County for the year ended June 30, 2021 was were:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

10. The threshold used to distinguish between Type A and Type B programs was \$750,000.
11. The County does not qualify as a low risk audit client.

SWEET GRASS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the year ended June 30, 2021

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Prior year findings/status

There were no findings

Current year findings

2021-001	Tax Levy Collections
Criteria:	Governments should recognize revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied, even if the enforceable legal claim arises or the due date for payment occurs in a different period. All other imposed nonexchange revenues should be recognized in the same period that the assets are recognized unless the enabling legislation includes time requirements. If so, revenues should be recognized in the period when the resources are required to be used or when use is first permitted. Deferred inflows of resources associated with imposed nonexchange revenue transactions should be reported when resources are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are either required to be used or when use is first permitted for all other imposed nonexchange revenues in which the enabling legislation includes time requirements. GASB Cod N50.115
	Refunding of property tax collections should result in a reduction of property tax collection and accounts payable. Once the bill is paid accounts payable is removed and cash is reduced.
Condition:	Gross mine proceeds were doubled-billed on the tax notice and the taxpayer remitted the dollar amount of the tax notice prior to year-end.
Effect:	Tax revenues were overstated and accounts payable were understated in the County's Annual Financial Report as of June 30, 2021.
Context:	The tax levies for the fiscal year ended June 30, 2021 included mine gross proceeds that had been doubled-billed amounting to \$847,464. In July 2021, the County discovered the error and refunded to the amount to the taxpayer in August 2021. However, the County did not correct the error in its accounting records as of June 30, 2021. Below is the net effect of error: <ul style="list-style-type: none"> • Governmental funds \$ 457,793 • Fiduciary Funds – State 204,711 • Fiduciary Funds – Schools 184,990 The error was corrected financial reporting purposes.
Cause:	Department of Revenues calculation of gross mine proceeds resulted in the error on the affected tax notice.
Recommendation:	We recommend errors noted after year-end, but before books are closed be accrued in the accounting records.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The audit disclosed no findings or questioned costs relating to federal awards as defined in section 200.516 of Uniform Guidance in the prior audit report or for the fiscal year ended June 30, 2021.

SWEET GRASS COUNTY

CORRECTIVE ACTION PLAN
For the year ended June 30, 2021



Vicki Uehling
Finance Officer

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January 18, 2022

Corrective Action Plan for Audit Finding

Audit Finding: 2021-001 Gross Proceeds

Summary of Finding: Gross mine proceeds were double-billed on the tax notice.

Corrective Action Plan: The county discovered the error in July, 2021, after the taxes had been paid. The overpayment was corrected in August, 2021 and the mine was refunded \$847,464. The county has developed a spreadsheet to compare taxes billed out with the amount of taxes expected to be collected to help prevent a reoccurrence of this.

Date Resolved: August 17, 2021



Vicki Uehling, Finance Officer