

SWEET GRASS COUNTY

BIG TIMBER, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2022

Strom & Associates, P. C.

PO BOX 1980

Billings, Montana 59103

SWEET GRASS COUNTY
 BIG TIMBER, MONTANA 59011
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SWEET GRASS COUNTY
BIG TIMBER, MONTANA 59011
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 Allestad Public Administrator
Pat Dringman County Attorney
Vicki Uehling Finance Officer

SWEET GRASS COUNTY

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2022

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, 2022. 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, 2022**, by **\$27,001,251.98** (*total net position*). Of this amount, **\$1,953,325.68** represents unrestricted net position.

At the close of the current fiscal year, Sweet Grass County’s governmental funds reported combined fund balances of **\$20,872,717.01**, an increase of **\$3,382,265.32** 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 **\$4,502,280.92** 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 proceed taxes comprise 45% of the total real estate taxes collected by Sweet Grass County. This gives the mine the distinction of being, by far, our largest taxpayer.

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

History of the PMC Mill Levy

Fiscal Year	Levy	Taxable Value	Total Taxes	
2003				voted in fy 2003 levy to begin fy 2004; 2 years only
2004	25	\$ 13,060,900	\$ 326,522.50	
2005	25	\$ 16,488,014	\$ 412,200.35	voted in fy 2005 levy to begin fy 2006, 2007, 2008, 2009, 2010 pmc and ambulance combined 7/1/2006
2006	25	\$ 14,640,510	\$ 366,012.75	
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	

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

2017	25	\$ 17,866,541	\$ 446,663.53	PMC became non-profit and separated from the county 7/1/2016
2018	25	\$ 18,859,074	\$ 471,476.85	
2019	25	\$ 20,889,071	\$ 522,226.78	voted in fy 2019 levy to begin fy 2020, 2021, 2022, 2023, 2024
2020	25	\$ 22,630,881	\$ 565,772.03	
2021	25	\$ 25,816,538	\$ 645,413.45	
2022	25	\$ 31,686,323	\$ 792,158.08	

This discussion and analysis are intended to serve as an introduction to Sweet Grass County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

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

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

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

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

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

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Sweet Grass County, assets and deferred outflows of resources exceeded liabilities by **\$27,001,252** at June 30, 2022 as compared to **\$23,541,725** at June 30, 2021; an increase of **\$3,459,527**.

Net Position	Governmental Activities		
	FY 21	FY22	Change Inc(Dec)
Current & other assets	18,527,174.13	21,897,756.89	3,370,582.76
Restricted Assets			
Capital assets	8,958,243.09	8,650,365.46	(307,877.63)
Total assets	27,485,417.22	30,548,122.35	3,062,705.13
DEFERRED OUTFLOW OF RE-SOURCES			
	784,893.00	624,634.00	(160,259.00)
Current Liabilities	1,072,386.69	985,134.58	(87,252.11)
Long Term Liabilities	3,211,620.60	2,184,311.99	(1,027,308.61)
Total Liabilities	4,284,007.29	3,169,446.57	(1,114,560.72)
Deferred Inflows of Resources	444,578.00	1,002,058.00	557,480.00
Net Position:			
Net investment in capital assets	8,930,402.49	8,650,365.66	(280,036.83)
Restricted	13,189,340.92	16,397,560.64	3,208,219.72
Unrestricted (deficit)	1,421,981.52	1,953,325.68	531,344.16
Total Net Position	23,541,724.93	27,001,251.98	3,459,527.05

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 **\$6.9 million** in assets to the Pioneer Medical Center (includes buildings and equipment). Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

An additional portion of Sweet Grass County's net position, **\$16,397,560.64** represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totals **\$1,953,325.68**.

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 **\$3,459,527.05** from fiscal year 2021. 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 **\$23,541,724.93** in FY21 to **\$27,001,251.98** in FY 22, an increase of **\$3,459,527.05**.

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 \$508,000 in metal mines taxes from the state, but in fact, received \$1,071,848 million due to the increase in production.

The weed department has numerous grants. These grants are a match grant with landowners. 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 3 of 3 of a COPS grant, which is funding one full-time deputy.

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

Changes in Expenditures

There were few major changes in expenditures between FY 2021 and FY 2022.

Sweet Grass County's Change in Net Position			
Changes in Net Position	Governmental Activities		
Revenues			
<i>Program revenues (by major source)</i>	FY21	FY22	Change Inc(Dec)
Charges for services	663,817.67	623,690.88	(40,126.79)
Operating grants & contributions	1,311,762.21	708,328.10	(603,434.11)
			Cares Act monies decreased from FY21
Capital grants and contributions	452,722.74	4,229.94	(448,492.80)
			Cares Act monies decreased from FY21
<i>General revenues (by major source)</i>			-
Property taxes for general purposes	5,654,100.32	6,471,425.05	817,324.73
			Correction to major taxpayer who was overbilled in FY21 and found in FY22
Local option tax	230,357.90	231,495.73	1,137.83
Licenses and permits	4,465.01	5,404.36	939.35
Federal/State Shared Revenues	2,358,534.11	2,538,490.24	179,956.13
Miscellaneous	67,674.73	277,553.68	209,878.95
Gain/Loss on Sale of Assets	-	-	-
Interest/investment earnings	98,405.77	58,241.66	(40,164.11)
Insurance Proceeds	12,125.30	2,839.15	(9,286.15)
Other			-
Total revenues	10,853,965.76	10,921,698.79	67,733.03
Program expenses			
General government - 41	1,720,974.32	1,834,143.87	113,169.55
Public safety - 42	1,560,062.57	1,802,902.10	242,839.53
Public works - 43	1,686,356.06	2,192,868.81	506,512.75
			purchased gravel in FY22
Public health - 44	972,262.89	1,021,182.51	48,919.62
Social and economic services - 45	112,796.07	123,010.05	10,213.98
Culture and recreation - 46	125,120.00	153,516.59	28,396.59
Housing and community development - 47	101,960.00	124,948.82	22,988.82
Miscellaneous	203,305.00	218,522.11	15,217.11
Debt service - interest	-	-	-
Total expenses	6,482,836.91	7,471,094.86	988,257.95
Increase (decrease) in net position	4,371,128.85	3,450,603.93	(920,524.92)

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

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

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, 2022, Sweet Grass County's governmental funds reported combined funds balances of **\$20,872,717.01**, an increase of **\$3,382,265.32** in comparison with the adjusted fund balance from **FY21**. Approximately 21% of this amount (**\$4,502,280.92**) 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 (**\$656,733.59**), or 2) restricted for a particular purpose (**\$15,713,702.50**).

The general fund is the chief operating fund of Sweet Grass County. At the end of **FY22**, unassigned fund balance of the general fund was **\$4,502,280.92** while total fund balance increased to **\$20,872,717.01**. 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 **\$673,332.48** during **FY22**.

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

- 2713 - Posted Bonds \$585, unexpected revenue that was not budgeted to spend
- 2760 - Public Health, unexpected revenue that was not budgeted to spend
- 2918 - Bulletproof Vest Program, unexpected revenue that was not budgeted to spend
- 4420 CIP Cares - did not budget current cash balance

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

1. In anticipation of falling investment interest rates we budgeted interest revenue for \$28,950 (as opposed to \$76,377 in FY 2021) but actual revenue received was \$56,169. The commissioners budget very conservatively for interest revenues.
2. When budgeting we opt to not anticipate the PILT (payment in lieu of taxes) payment from the federal government. We are always unsure of the amount we will receive. In the past five years we have received \$635,827 (2018), \$584,106 (2019), \$587,249 (2020), \$612,577 (2021) and \$638,503 (2022).
5. Metal Mine Trust revenue increased due to an increase in production at Sibanye Stillwater Mine. We anticipated \$500,00 but actually received \$1,054,114.

There are two construction-in-progress projects

1. Senior Citizen building remodeling continues \$44,607.02
2. Law Enforcement purchased 2022 Dodge Durango and it is currently at Dana Motors having equipment installed

New purchases and building remodels include:

1. Copier for annex \$8,640
2. Sheriff dispatch air conditioning system \$5,208
3. District Court Courtroom air conditioning system \$12,938
4. Fair alley slide door and roping chute \$8,035
5. Civic Center generator purchased with Homeland Security funds \$45,000
6. Cemetery 2021 Ford F250 with snowplow truck \$45,809, snowplow \$7,326
7. Fair dump trailer \$15,785
8. Fire 2021 BME Extreme Tactical Fire Truck \$350,700
9. DES Message Board \$21,969
10. Bridger Creek Bridge replacement \$152,446.72

SWEET GRASS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the year ended June 30, 2022

Sale of Vehicles/Equipment

No depreciable equipment was sold or disposed of in FY 2022

Long-term debt. As of June 30, 2022 the County had no outstanding bank debt. The county paid off the fair-grounds tractor in FY 2022; compensated absences \$213,250.54; Other Post-Employment Benefits (OPEB) \$199,624; Pension liability \$1,846,652.

No new debt was entered into during FY 2022.

Statistics

The following statistics are from the most recent data cited:

The latest unemployment rate as of August 2022 for Sweet Grass County is 2% compared to a state-wide average of 2.9%.

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

The economy is primarily agriculture, tourism, and mining.

The average earnings 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 2022 fiscal year.

The FY 2022 budget reflects 2022 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.



STROM & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sweet Grass County
Big Timber, Montana

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of the Sweet Grass County (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principle

As described in Note 1 to the financial statements, during the year ended June 30, 2022, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis (pages 3-9), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 44), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 45-49), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 50-55) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
January 23, 2023

STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 21,099,997
Taxes Receivable	34,616
Due from Other Governments	25,906
Inventories	656,734
Lease Related Receivable	80,504
Total Current Assets	<u>21,897,757</u>
Noncurrent Assets:	
Capital Assets:	
Land	162,723
Construction in Progress	78,577
Net Depreciable Assets	8,409,066
Total Noncurrent Assets	<u>8,650,366</u>
Total Assets	<u>30,548,123</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Employer Pension Plan Related	624,634
Total Deferred Outflows of Resources	<u>624,634</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 31,172,757</u>
LIABILITIES:	
Current Liabilities:	
Accrued Payroll	\$ 184,051
Grants Received in Advance	725,868
Current Portion of Compensated Absences	75,215
Total Current Liabilities	<u>985,134</u>
Noncurrent Liabilities:	
Compensated Absences	138,036
Net Pension Accrual	1,846,652
Other Postemployment Benefits	199,624
Total Noncurrent Liabilities	<u>2,184,312</u>
Total Liabilities	<u>3,169,446</u>
DEFERRED INFLOWS OF RESOURCES:	
Employer Pension Plan Related	921,554
Lease Related	80,504
Total Deferred Inflows of Resources	<u>1,002,058</u>
NET POSITION:	
Net Investment in Capital Assets	8,650,366
Restricted	16,417,560
Unrestricted (Deficit)	1,933,327
Total Net Position	<u>27,001,253</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 31,172,757</u>

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	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	\$ 1,834,143	\$ 287,775	\$ 110,690	\$ -	\$ (1,435,678)
Public Safety	1,802,903	257,064	246,396	-	(1,299,443)
Public Works	2,192,869	67,747	281,206	4,230	(1,839,686)
Public Health	1,021,183	10,000	67,204	-	(943,979)
Social and Economic Services	123,011	1,105	2,834	-	(119,072)
Culture and Recreation	153,517	-	-	-	(153,517)
Housing and Community Development	124,949	-	-	-	(124,949)
Miscellaneous	218,521	-	-	-	(218,521)
Total Governmental Operations	<u>7,471,096</u>	<u>623,691</u>	<u>708,330</u>	<u>4,230</u>	<u>(6,134,845)</u>
GENERAL REVENUES:					
Taxes/Assessments					6,471,426
Local Option Taxes					231,496
Licenses and Permits					5,404
Federal/State Shared Revenues					2,538,491
Miscellaneous					277,552
Investment and Royalty Earnings					58,242
Other					2,839
Total General Revenues					<u>9,585,450</u>
Change in Net Position					3,450,605
NET POSITION:					
Beginning of the Year					23,541,725
Prior Period Adjustments					8,923
End of the Year					<u>\$ 27,001,253</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	MAJOR						Total Governmental Funds
	General	Road	Law Enforcement	Hard Rock Mine Trust	American Rescue Plan Act	Other Governmental Funds	
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	\$ 4,540,385	\$ 521,116	\$ 545,911	\$ 5,519,206	\$ 727,020	\$ 9,246,359	\$ 21,099,997
Taxes Receivable	7,491	4,125	5,105	-	-	17,895	34,616
Interfund Receivable	12,661	-	-	-	-	-	12,661
Due from Other Governments	5,219	-	11,874	-	-	8,813	25,906
Inventories	-	656,734	-	-	-	-	656,734
Lease Related Receivable	-	-	-	-	-	80,504	80,504
Total Assets	<u>4,565,756</u>	<u>1,181,975</u>	<u>562,890</u>	<u>5,519,206</u>	<u>727,020</u>	<u>9,353,571</u>	<u>21,910,418</u>
DEFERRED OUTFLOWS OF RESOURCES:							
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,565,756</u>	<u>\$ 1,181,975</u>	<u>\$ 562,890</u>	<u>\$ 5,519,206</u>	<u>\$ 727,020</u>	<u>\$ 9,353,571</u>	<u>\$ 21,910,418</u>
LIABILITIES:							
Current Liabilities:							
Interfund Payable	-	-	-	-	-	12,661	12,661
Accrued Payroll	55,984	20,303	45,022	-	-	62,742	184,051
Grants Received in Advance	-	-	-	-	725,868	-	725,868
Total Liabilities	<u>55,984</u>	<u>20,303</u>	<u>45,022</u>	<u>-</u>	<u>725,868</u>	<u>75,403</u>	<u>922,580</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Property Taxes Receivable	7,491	4,125	5,105	-	-	17,895	34,616
Lease Related	-	-	-	-	-	80,504	80,504
Total Deferred Inflows of Resources	<u>7,491</u>	<u>4,125</u>	<u>5,105</u>	<u>-</u>	<u>-</u>	<u>98,399</u>	<u>115,120</u>
FUND BALANCE (DEFICITS):							
Nonspendable	-	656,734	-	-	-	-	656,734
Restricted	-	500,813	512,763	5,519,206	1,152	9,199,767	15,733,701
Unassigned	4,502,281	-	-	-	-	(19,998)	4,482,283
Total Fund Balance	<u>4,502,281</u>	<u>1,157,547</u>	<u>512,763</u>	<u>5,519,206</u>	<u>1,152</u>	<u>9,179,769</u>	<u>20,872,718</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,565,756</u>	<u>\$ 1,181,975</u>	<u>\$ 562,890</u>	<u>\$ 5,519,206</u>	<u>\$ 727,020</u>	<u>\$ 9,353,571</u>	<u>\$ 21,910,418</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance Reported Above	\$ 20,872,718
Unavailable Property Taxes Receivable	34,616
Governmental Capital Assets	8,650,366
Employer Pension Plan Related	624,634
Long-term Liabilities	
Compensated Absences	(213,251)
Net Pension Accrual	(1,846,652)
Other Postemployment Benefits	(199,624)
Employer Pension Plan Related	(921,554)
Net Position of Governmental Activities	<u>\$ 27,001,253</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, 2022

	MAJOR					
	General	Road	Law Enforcement	Hard Rock Mine Trust	American Rescue Plan Act	Other Governmental Funds
REVENUES:						
Taxes and Assessments	\$ 1,689,847	\$ 929,956	\$ 987,263	\$ -	\$ -	\$ 3,116,108
Licenses and Permits	719	3,225	-	-	-	1,460
Intergovernmental Revenues	859,704	212,518	113,823	1,054,114	-	886,975
Charges for Services	181,823	-	252,271	-	-	146,863
Fines and Forfeitures	42,369	-	-	-	-	365
Miscellaneous	36,987	42,353	467	-	-	197,745
Investment and Royalty Earnings	15,630	-	874	17,734	1,152	22,851
Total Revenues	2,827,079	1,188,052	1,354,698	1,071,848	1,152	4,372,367
EXPENDITURES:						
Current:						
General Government	1,447,127	-	-	-	-	410,725
Public Safety	70,720	-	1,065,958	-	-	451,688
Public Works	108,800	1,056,704	-	-	-	713,626
Public Health	36,629	-	-	-	-	831,361
Social and Economic Services	3,000	-	-	-	-	111,066
Culture and Recreation	-	-	-	-	-	128,083
Housing and Community Development	-	-	-	-	-	124,949
Miscellaneous	37,235	10,560	27,286	-	-	143,440
Debt Service:						
Principal	-	-	-	-	-	27,841
Capital Outlay	30,609	-	-	-	-	885,478
Total Expenditures	1,734,120	1,067,264	1,093,244	-	-	3,828,257
Excess (Deficiency) of Revenues Over Expenditures	1,092,959	120,788	261,454	1,071,848	1,152	544,110
OTHER FINANCING SOURCES (USES):						
Insurance Proceeds	-	-	2,839	-	-	-
Fund Transfers In	-	-	-	-	-	1,897,806
Fund Transfers (Out)	(419,178)	(200,000)	(111,420)	-	-	(1,167,208)
Total Other Financial Sources (Uses)	(419,178)	(200,000)	(108,581)	-	-	730,598
Net Change in Fund Balance	673,781	(79,212)	152,873	1,071,848	1,152	1,274,708
FUND BALANCE:						
Beginning of the Year	3,828,948	958,566	350,519	4,447,358	-	7,905,061
Change in Inventory	-	278,193	-	-	-	-
Prior Period Adjustments	(448)	-	9,371	-	-	-
End of the Year	\$ 4,502,281	\$ 1,157,547	\$ 512,763	\$ 5,519,206	\$ 1,152	\$ 9,179,769

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

Sweet Grass County
 Big Timber, MT 59011

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, 2022

Net Changes in Fund Balance		\$ 3,095,150
Revenues on the Statement of Activities not Included in Governmental Funds Statement:		
Increase (Decrease) in Taxes Receivable	(20,252)	
State Pension Aid	123,918	103,666
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:		
Depreciation Expense	(1,223,964)	
Actuarial Pension Expense	238,166	
Change in Inventory	278,193	
(Increase) Decrease in Other Postemployment Benefits	3,051	
(Increase) Decrease in Compensated Absence Liability	12,415	(692,139)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities		
Capital Outlays	916,087	
Principal Payments on Debt	27,841	943,928
Change in net Position Reported on the Statement of Activities		\$ 3,450,605

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Custodial Funds	
	Aggregate	External
	Other Custodial Funds	Investment Pool Funds
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 727,488	\$ 4,520,942
Taxes Receivable	43,147	-
Total Assets	<u>\$ 770,635</u>	<u>\$ 4,520,942</u>
LIABILITIES:		
Current Liabilities:		
Due to State of Montana	104,400	-
Due to City/Town Governments	202,312	-
Due to Other Governments	5,504	-
Due to Individuals and Organizations	19,558	-
Total Liabilities	<u>331,774</u>	<u>-</u>
NET POSITION:		
Restricted For:		
School Districts	438,861	4,520,942
Total Net Position	<u>\$ 438,861</u>	<u>\$ 4,520,942</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Custodial Funds	
	Aggregate	External
	Other Custodial Funds	Investment Pool Funds
ADDITIONS:		
Property Taxes Collected for Other Governments	\$ 7,215,710	\$ -
Fees Collected For the State of Montana	916,033	-
Contributions from City/Town Governments	103,266	-
Collections for School Districts	15,455,026	-
Contributions from Other Governments	95	-
Contributions from Individuals and Organizations	31,388	-
Contributions from Participants to Investment Pool	(13,693)	13,693
Investment Pool - Investment and Royalty Earnings	(2,494,410)	2,494,410
Total Additions	<u>21,213,415</u>	<u>2,508,103</u>
DEDUCTIONS:		
Distributions to Participants of Investment Pool	(2,573,542)	2,573,542
Distributions to State of Montana	3,957,002	-
Distributions to City/Town Entities	855,679	-
Distributions Applicable to School District Activity	18,729,620	-
Distributions Applicable to Local Government Entities	13,267	-
Distributions to Individuals and Organizations	36,283	-
Total Deductions	<u>21,018,309</u>	<u>2,573,542</u>
Change in Net Position	195,106	(65,439)
NET POSITION:		
Beginning of the Year	243,755	4,586,381
End of the Year	<u>\$ 438,861</u>	<u>\$ 4,520,942</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, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

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

At the end of fiscal year 2022, the County adopted the following GASB Statements:

- 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.
- 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.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.
- GASB Statement No. 99 – *OMNIBUS 2022*. This Statement provided for the following elements the County could address:
 - Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
 - Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
 - Disclosures related to nonmonetary transactions
 - Pledges of future revenues when resources are not received by the pledging government
 - Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
 - Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
 - Terminology used in Statement 53 to refer to resource flows statements.

The County determined these elements of the Statement do not significantly affect its financial reporting.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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. 96 – *Subscription-Based Information Technology Arrangements*. This Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements by a government end user (a government). At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset (a capital asset hereinafter referred to as the subscription asset). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
- GASB Statement No. 99 – *OMNIBUS 2022*. This Statement provided for the following, which *have not* been implemented:
 - Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
 - The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
 - Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
 - Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership term and (b) recognition and measurement of installment payments and the transfer of the underlying public-private and public-public partnership asset.
 - Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
 - The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
- GASB Statement No. 100 – *Accounting Changes And Error Corrections – An Amendment Of GASB Statement NO. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.
- GASB Statement No. 101 – *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County plans to implement this Statement once it has identified how it affects the County and has reviewed the Q&A on this Statement.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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.

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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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

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

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

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

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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

- American Rescue Plan Act 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.

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.

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 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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, inventories were not material.

1. c. 5. CAPITAL ASSETS

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

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

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

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

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

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

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

1. c. 7. LEASE RELATED ACTIVITIES

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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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

1. c. 8. VACATION AND SICK LEAVE

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

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

Reporting – Liabilities incurred because of unused vacation and sick leave are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned on the Statement of Activities. At June 30, 2022, the amount expected to be paid within one year related to governmental activities amounted to \$75,215 and is generally paid out of the General fund.

1. c. 9. NET POSITION AND FUND BALANCE

The Statement of Net Position includes the following:

- Net Investment in Capital Assets – This component of net position is comprised of the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – This component of net position is restricted externally by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position is 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:

- Non spendable – 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.
- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

At June 30, 2022, fund balance components other than unassigned fund balance were as follows:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

Purpose	Non spendable	Restricted
General Government	\$ 0	\$ 725,602
Public Safety	0	1,003,503
Public Works	656,734	7,350,913
Public Health	0	217,094
Social and Economic Services	0	69,987
Culture and Recreation	0	56,886
Housing and Community Development	0	1,211,340
Future Capital Costs	0	5,098,376
Totals	<u>\$ 656,734</u>	<u>\$ 15,733,701</u>

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

1. d. OTHER

1. d. 1. USE OF ESTIMATES

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

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2022, cash and cash equivalents for governmental activities and fiduciary funds were as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 21,099,997	\$ 5,248,430	\$ 26,348,427

The carrying amounts of cash on hand, deposits, and investments at June 30, 2022 were as follows:

Account Type	Amount
Cash on Hand	\$ 162,696
Demand Accounts	1,183,670
Savings, Money Market, and Time Deposits	3,639,049
STIP	21,363,012
Total	<u>\$ 26,348,427</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, 2022, the County’s bank balances were exposed to custodial credit risk as follows:

Deposits	Fair Value
Covered by Depository Insurance	\$ 1,057,871
Collateral Held by the Pledging Bank’s Trust Department but not in the County’s Name	4,352,415
Uninsured and Uncollateralized	186,848
Total Bank Balance	<u>\$ 5,597,134</u>

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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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://https://investmentmt.com>

2. b. EXTERNAL INVESTMENT POOL

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

The County had one pooled investment trust fund that was invested in STIP and time accounts. The pooled fund was carried at fair value. The County had not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2022 to support the value of shares in the pool. Income from pooled investments was allocated to the County funds or external participants based on the fund or participant's month-end cash balance in relation to total pooled investments.

The following is a condensed Statement of Net Position and Statement of Changes in Net Position for the County's pooled investments as of June 30, 2022:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

	<u>Internal</u>	<u>External</u>
Statement of Net Position:		
Equity of pool participants	\$ <u>15,325,162</u>	\$ <u>4,520,942</u>
Statement of Changes in Net Position:		
Investment Earnings	\$ 46,417	\$ 13,692
Participant Investment in Pool	8,830,259	2,494,410
Distribution to Participants	<u>(7,453,775)</u>	<u>(2,573,541)</u>
Change in Net Position	1,422,901	(65,439)
Net Position – Beginning	<u>13,902,261</u>	<u>4,586,381</u>
Net Position – Ending	<u>\$ 15,325,162</u>	<u>\$ 4,520,942</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, 2021, upon which the levy for the 2022 fiscal year was based, amounted to \$31,686,323 for the County general levies and \$26,227,365 for the County rural levies. The tax rates assessed for the year ended June 30, 2022 to finance County operations and applicable taxes receivable were as follows:

<u>Fund</u>	<u>Mill Levies</u>	<u>Taxes Receivable</u>	<u>Assessment Receivable</u>	<u>Totals</u>
<u>Governmental Funds</u>				
General *	45.88	\$ 7,491	\$ 0	\$ 7,491
Road *	35.39	4,125	0	4,125
Bridge	21.42	3,582	0	3,582
Weed	6.74	1,093	0	1,093
Predatory Animal Sheep	0.00	0	98	98
Predatory Animal Cattle	0.00	0	1,922	1,922
Fair	3.00	480	0	480
Airport	5.32	839	0	839
District Court	3.90	646	0	646
Library	2.41	287	0	287
Pioneer Medical Center (PMC) Facility	0.00	4,078	0	4,078
Cemetery	2.67	440	0	440
Planning	3.02	478	0	478
Mental Health	1.77	287	0	287
Senior Citizens	2.84	451	0	451
Extension Services	2.85	478	0	478
Law Enforcement *	31.00	5,105	0	5,105
Fire	8.88	1,116	0	1,116
Permissive Medical Levy	25.00	1,077	0	1,077
Technology	1.92	308	0	308
Alcohol Rehabilitation	<u>1.46</u>	<u>235</u>	<u>0</u>	<u>235</u>
Totals	<u>205.47</u>	<u>\$ 32,596</u>	<u>\$ 2,020</u>	<u>\$ 34,616</u>
<u>Fiduciary Funds</u>				
Aggregate Other Custodial Funds		\$ 43,147		\$ 43,147
* 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 \$0 of taxes paid under protest.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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, 2022 were as follows:

Fund	Amount	Due From	Reason
General *	\$ 5,219	State of Montana	Reimbursement under a Montana Disaster & Emergency Services Emergency Management Performance grant
Law Enforcement *	11,874	State of Montana	Reimbursement under a Community Oriented Policing Services grant
Law Enforcement RAC	4,959	State of Montana	Reimbursement under a Law Enforcement Resource Advisory Committee (RAC) grant
BVP Grant	1,191	State of Montana	Reimbursement under the Bullet Proof Vest (BPV) program grant
Public Health	<u>2,663</u>	State of Montana	Reimbursement under a Public Health grant
Total	<u>\$ 25,906</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, 2022 were as follows:

Interfund Receivable	Amount	Interfund Payable	Purpose
PILT *	\$ 3,810	Library	Cash shortfalls for tax levies
PILT *	2,663	Public Health	Cash shortfalls incurred prior to receipt of grant funding
PILT *	4,959	Law Enforcement RAC	Cash shortfalls incurred prior to receipt of grant funding
PILT *	<u>1,229</u>	BVP Grant	Cash shortfalls incurred prior to receipt of grant funding
Total	<u>\$ 12,661</u>		

* Denotes Major Fund

4. c. LEASE RELATED RECEIVABLE

The County engaged in lease related activities during the year. The County recognized the changes in the lease elements included in the accompanying financial statements in a systematic and rational manner over the lease term. The implicit interest rate was 1.55%. The County reported lease related receivables and deferred inflows of resources as follows:

Description	Inception Date	Term	Rate	Book Value at June 30, 2022		
				Lease Related Receivable	Lease Related Deferred Inflow	Annual Lease Payments
Various leases to one lessee for airport hangars, storage, and parking facilities	7/6/1998	29-50 years	1.55%	\$ 60,508	\$ 60,508	\$ 3,070
Various airport hangar leases to multiple lessees	7/4/2005 to 6/30/2021	10-20 years	1.55%	<u>19,996</u>	<u>19,996</u>	<u>3,735</u>
Total				<u>\$ 80,504</u>	<u>\$ 80,504</u>	<u>6,805</u>

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

The schedule of changes in general capital assets for the year ended June 30, 2022 follows:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

Governmental Activities	Balance July 1, 2021	Additions	Adjustments/ Transfers	Balance June 30, 2022
Non-depreciable Assets:				
Land	\$ 162,723	\$ 0	\$ 0	\$ 162,723
Construction in Progress	<u>407,520</u>	<u>242,229</u>	<u>(571,172)</u>	<u>78,577</u>
Total Non-depreciable Assets	570,243	242,229	(571,172)	241,300
Depreciable Assets:				
Buildings	11,661,130	71,181	362,545	12,094,856
Improvements Other than Buildings	23,439	0	0	23,439
Machinery and Equipment	8,557,901	450,229	208,627	9,216,757
Infrastructure	<u>4,825,114</u>	<u>152,447</u>	<u>0</u>	<u>4,977,561</u>
Total Depreciable Assets	25,067,584	673,857	571,172	26,312,613
Accumulated Depreciation:				
Buildings	(8,902,212)	(371,538)	0	(9,273,750)
Improvements Other than Buildings	(15,189)	(1,302)	0	(16,491)
Machinery and Equipment	(6,132,237)	(634,478)	0	(6,766,715)
Infrastructure	<u>(1,629,946)</u>	<u>(216,645)</u>	<u>0</u>	<u>(1,846,591)</u>
Total Accumulated Depreciation	<u>(16,679,584)</u>	<u>(1,223,963)</u>	<u>0</u>	<u>(17,903,547)</u>
Net Depreciable Assets	<u>8,388,000</u>	<u>(550,106)</u>	<u>571,172</u>	<u>8,409,066</u>
Net General Capital Assets	<u>\$ 8,958,243</u>	<u>\$ (307,877)</u>	<u>\$ 0</u>	<u>\$ 8,650,366</u>

Depreciation expense charged to governmental functions was as follows:

Function	Amount
General Government	\$ 109,042
Public Safety	271,629
Public Works	646,319
Public Health	158,259
Social and Economic Services	13,279
Culture and Recreation	<u>25,435</u>
	<u>\$ 1,223,963</u>

NOTE 6. GRANTS RECEIVED IN ADVANCE

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

Fund	Amount	Purpose
ARPA *	\$ 725,868	Grant funds received but not yet expended

* Denotes Major Fund

NOTE 7. LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2022 follows:

Governmental Activities	Balance July 1, 2021	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2022	Due within One Year
Notes Payable:					
Equipment Note	\$ 27,841	0	(27,841)	0	0

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

Governmental Activities	Balance July 1, 2021	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2022	Due within One Year
Other Liabilities:					
Compensated Absences	225,666	0	(12,415)	213,251	75,215
Accrued Pension	2,845,971	0	(999,319)	1,846,652	0
Other Postemployment Benefits	<u>202,675</u>	<u>0</u>	<u>(3,051)</u>	<u>199,624</u>	<u>0</u>
Total Other Liabilities	<u>3,274,312</u>	<u>0</u>	<u>(1,014,785)</u>	<u>2,259,527</u>	<u>75,215</u>
Total Governmental Activities - Long-term Debt	<u>\$ 3,302,153</u>	<u>\$ 0</u>	<u>\$(1,042,626)</u>	<u>\$ 2,259,527</u>	<u>\$ 75,215</u>

7. a. EQUIPMENT NOTE

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2022	Due within One Year
Tractor	06/17/2019	0.00%	5 years	6/20/2024	\$ 55,982	\$ 0	\$ 0

NOTE 8. PROPERTY TAXES AND ASSESSMENTS

The County reported deferred property taxes and assessments at June 30, 2022 as follows:

Fund	Amount	Reason
General *	\$ 7,491	Taxes receivable
Road *	4,125	Taxes receivable
Bridge	3,582	Taxes receivable
Weed	1,093	Taxes receivable
Predatory Animal Sheep	98	Special assessments receivable
Predatory Animal Cattle	1,922	Special assessments receivable
Fair	480	Taxes receivable
Airport	839	Taxes receivable
District Court	646	Taxes receivable
Library	287	Taxes receivable
PMC Facility	4,078	Taxes receivable
Cemetery	440	Taxes receivable
Planning	478	Taxes receivable
Mental Health	287	Taxes receivable
Senior Citizen	451	Taxes receivable
Extension Services	478	Taxes receivable
Law Enforcement *	5,105	Taxes receivable
Fire	1,116	Taxes receivable
Permissive Medical Levy	1,077	Taxes receivable
Technology	308	Taxes receivable
Alcohol Rehabilitation	<u>235</u>	Taxes receivable
Total	<u>\$ 34,616</u>	

* Denotes Major Fund

NOTE 9. DEFICIT FUND BALANCES

Deficit fund balances result from commitments that exceed the associated resources. The County reported deficit fund balances at June 30, 2022 as follows:

Fund	Amount	County's Plan to Correct
Library	\$ (3,810)	Future cash receipts
Permissive Medical Levy	(16,150)	Future cash receipts
BVP Grant	<u>(38)</u>	Future cash receipts
Total	<u>\$ (19,998)</u>	

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

NOTE 10. PRIOR PERIOD ADJUSTMENTS

The County recorded prior period adjustments at June 30, 2022 as follows:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
PILT *	\$ (448)	To eliminate prior year uncollectable account
Law Enforcement *	9,371	To correct prior year claims that were posted incorrectly
Total	<u>\$ 8,923</u>	

* Denotes Major Fund

NOTE 11. INTERFUND OPERATING TRANSFERS IN AND OUT

The County recorded interfund transfers during the year ended June 30, 2022 as follows:

<u>Operating Fund - In</u>	<u>Amount</u>	<u>Operating Fund - Out</u>	<u>Purpose</u>
Special Gas Tax	\$ 2,750	Bridge	To meet grant matching requirement
Special Gas Tax	337	Bridge	To meet grant matching requirement
911 Emergency	31,686	General *	To cover operating costs
BVP	848	Law Enforcement *	To cover operating costs
Coronavirus Aid, Relief, and Economic Security (CARES) Act 2020	516,441	Capital Improvements (CI) Cares	Aid determined to be more appropriate for different purposes than originally envisioned
Compensated Absences	30,000	General *	To fund compensated absences fund
Compensated Absences	1,000	Extension	To fund compensated absences fund
CI Courthouse	230,746	General *	To prepare for future capital purchases
CI County Wide	31,686	General *	To prepare for future capital purchases
CI Bridge	260,622	Bridge	To prepare for future capital purchases
CI Weed	41,686	Weed	To prepare for future capital purchases
CI Road Machinery & Equipment	200,000	Road *	To prepare for future capital purchases
CI Airport	81,686	Airport	To prepare for future capital purchases
CI Law Enforcement	110,572	Law Enforcement *	To prepare for future capital purchases
CI Annex	95,060	General *	To prepare for future capital purchases
CI Cemetery	30,000	Cemetery	To prepare for future capital purchases
CI Technology	25,000	Technology	To prepare for future capital purchases
CI Senior Citizen Center	51,686	Senior Citizens	To prepare for future capital purchases
CI Fair	6,000	Fair	To prepare for future capital purchases
CI Fire	150,000	Fire	To prepare for future capital purchases
Total	<u>\$ 1,897,806</u>		

* Denotes Major Fund

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

12. 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.

12. 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.

12. 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

12. d. EMPLOYEES COVERED BY BENEFIT TERMS

At as of June 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Active employees	40
Inactive employees (may include spouses)	0

12. e. TOTAL OPEB LIABILITY

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

12. 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, 2022 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

12. g. CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2021	\$ 202,675
Changes for the Year:	
Service Cost (OPEB Expense)	21,607
Interest	6,688
Changes of Benefit Terms	(34,521)
Changes in Assumptions or Other Inputs	31,470
Benefit Payments	<u>(28,295)</u>
Net Changes	<u>(3,051)</u>
Balance June 30, 2022	<u>\$ 199,624</u>

Changes in benefit terms and assumptions and other inputs are composed of the following:

- Changes in employee demographic from beginning to end of year.
- Change in the discount rate

forward procedures. The roll forward procedures add the annual normal costs and subtract the benefits payments.

12. 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 (**2.30%**) or 1% higher (**4.30%**) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 232,223	\$ 199,624	\$ 172,478

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

Healthcare 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:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 167,546	\$ 199,624	\$ 239,160

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$(3,051). 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 13. RISK MANAGEMENT

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

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

Several methods are used to provide insurance for these risks

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

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

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

NOTE 14. EMPLOYEE RETIREMENT SYSTEM

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

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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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

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

The Montana Public Employee Retirement Administration (MPERA) 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.

14. 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.

14. b. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement:

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

Early Retirement:
(actuarially reduced)

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

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

- Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018);
 - No service credit for second employment;

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

- 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.

14. 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

Fiscal Year	Member		State & Universities	Local Government	School Districts		
	Hired <07/01/11	Hired >07/01/11	Employer	Employer	State	Employer	State
	2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions:
 - a. Special Funding - The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund amounting to \$34,290,660.

14. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2021 was determined by taking the results of the June 30, 2020 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) 7.06%
- Admin Expense as % of Payroll 0.28%
- General Wage Growth (includes inflation at 2.40%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
 - GABA. After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of all other adjustments to the member's benefit:
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

- 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.

14. b. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

14. b. 5. TARGET ALLOCATIONS

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

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

14. 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.

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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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 340 employers that have participants in the PERS-DCRP totaled \$1,103,889.

14. 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.

14. c. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement

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

Early Retirement

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

Second Retirement

Applies to retirement system members re-employed in an SRS position on or after July 1, 2017:

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

Member's Compensation Period Used in Benefit Calculation

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

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

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

14. 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
2018-2022	10.495%	13.115%
2010-2017	9.245%	10.115%
2008-2009	9.245%	9.825%
1998-2007	9.245%	9.535%

14. 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): 7.06%
- Admin expense as % of Payroll: 0.17%
- 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.

14. c. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

14. c. 5. TARGET ALLOCATIONS

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

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

14. 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 7.06% 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 (6.06%)	Current Discount Rate (7.06%)	1.0% Increase (8.06%)
<u>PERS</u>			
Net Pension Liability	\$ 2,878,206,733	\$ 1,813,221,704	919,946,479
County's Net Pension Liability	2,377,263	1,497,635	759,832
<u>SRS</u>			
Net Pension Liability	153,851,042	72,840,168	6,727,344
County's Net Pension Liability	737,185	349,017	32,234

14. 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 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, 2021, and 2020, 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.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

As of measurement date	NPL		Percent of Collective NPL		Change in Percent of Collective NPL
	as of 6/30/21	as of 6/30/20	as of 6/30/21	as of 6/30/20	
<u>PERS</u>					
County Proportionate Share	\$ 1,497,635	\$ 2,296,605	0.082595%	0.087052%	(0.004457%)
State of Montana Proportionate Share associated with Employer	442,317	724,125	0.024394%	0.027448%	(0.003054%)
Total	<u>\$ 1,939,952</u>	<u>\$ 3,020,730</u>	<u>0.106989%</u>	<u>0.114500%</u>	<u>(0.007511%)</u>
<u>SRS</u>					
County Proportionate Share	\$ 349,017	\$ 549,366	0.4792%	0.4507%	0.0284%

At June 30, 2022, the employer recorded a liability for its proportionate share of the NPL of \$1,497,635 and \$349,017 for PERS and SRS, respectively. At June 30, 2022, the employer's proportion was 0.082595 percent and 0.4792 percent for PERS and SRS, respectively.

The NPL was measured as of June 30, 2021, and the TPL used to calculate the net pension liability was determined by an actuarial valuation for PERS and SRS as of June 30, 2020 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.

	<u>PERS and SRS</u>
<u>Changes in actuarial assumptions, other inputs, and methods:</u>	<ul style="list-style-type: none"> The discount rate was lowered from 7.34% to 7.06% The investment rate of return was lowered from 7.34% to 7.06%
<u>Changes in benefit terms:</u>	There have been no changes in benefit terms since the previous measurement date.
<u>Changes in proportionate share:</u>	There were no changes to the Plan between the measurement date of the collective NPL.

14. f. PENSION EXPENSE

As of measurement date	Pension Expense as of 6/30/21	Pension Expense as of 6/30/20
<u>PERS</u>		
County's Proportionate Share	\$ (164,623)	\$ (318,846)
Employer Grant Revenue – State of Montana Proportionate Share with the Employer	119,103	118,425
Total	<u>\$ (45,520)</u>	<u>\$ (200,421)</u>
<u>SRS</u>		
County's Proportionate Share	\$ 4,815	\$ 37,682

At June 30, 2022, the employer recognized a pension expense of \$(45,520) and \$4,815 for its proportionate share of the PERS and SRS Pension Expense, respectively. The employer also recognized grant revenue of \$119,103 for the support provided by Montana for its proportionate share of the Pension Expense that is associated with the employer for PERS.

14. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2022, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to PERS and SRS from the following sources:

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

	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	\$ 15,983	\$ 10,841	\$ 45,185	\$ 0
Changes in actuarial assumptions	221,828	0	132,196	0
Difference between projected and actual investment earnings	0	606,708	0	235,906
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	68,099	8,945	0
Contributions paid subsequent to the measurement date – FY 2021 Contributions *	<u>137,236</u>	<u>0</u>	<u>63,262</u>	<u>0</u>
Total	<u>\$ 375,046</u>	<u>\$ 685,648</u>	<u>\$ 249,588</u>	<u>\$ 235,906</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, 2022.

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	PERS	SRS
	Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense	
2022	\$ (27,494)	\$ (373)
2023	(80,132)	(2,188)
2024	(146,535)	(3,928)
2025	(193,676)	(43,091)
Thereafter	0	0

14. 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	\$ 7,454,629	2,672,412	\$ 10,127,041
Fiduciary Net Position	<u>5,956,994</u>	<u>2,323,395</u>	<u>8,280,389</u>
Net Pension Liability	1,497,635	349,017	1,846,652
Deferred Outflows of Resources	375,047	249,588	624,635
Deferred Inflows of Resources	685,648	235,906	921,554
Pension Expense	(45,520)	4,815	(40,705)

NOTE 15. RELATED PARTY TRANSACTIONS

15. a. Vehicle Rental

The County’s Sheriff/Coroner rented a vehicle to the County for use in all job related duties of the Sheriff/Coroner. Terms of the lease are negotiated annually during the budget process. The arrangement automatically terminates if the Sheriff/Coroner purchases a new vehicle or if the Sheriff/Coroner’s employment with the County is terminated. The County paid the Sheriff/Coroner rents amounting to \$7,200 for the fiscal year ended June 30, 2022.

15. b. Sweet Grass Tire

The County purchased various services from Sweet Grass Tire which is owned by the Deputy Clerk and Recorder. The County purchased goods and services from Sweet Grass Tire that amounted to \$60,409 during the fiscal year ended June 30, 2022.

SWEET GRASS COUNTY

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended June 30, 2022

15. c. Tom Roe & Sons Construction

The County purchased goods from Tom Roe & Sons Construction which is owned by the spouse of a County Commissioner. The County's purchases amounted to \$7,225 during the fiscal year ended June 30, 2022.

NOTE 16. CONTINGENCIES

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

NOTE 17. INTERLOCAL AGREEMENT

The County provided services to the City of Big Timber under an interlocal agreement. The services provided and the fees assessed during the year ended June 30, 2022 were:

<u>Service</u>	<u>Amount</u>
Law Enforcement	\$ 227,955
Law Enforcement Training	9,000
City Court	18,760
Court Compliance	7,000
Sanitarian (Health and Safety Inspector)	5,000
Planning	18,778
Alcohol/Mental Health Program	10,000
County Attorney	18,927
Software Maintenance	200
Victim/Witness Advocate	<u>5,000</u>
Total	<u>\$ 320,620</u>

SWEET GRASS COUNTY

SCHEDULE OF FUNDING PROGRESS
 Other Postemployment Benefits Other Than Pensions
 For the year ended June 30, 2022

CHANGE IN LIABILITY

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

PAYROLL RATIO

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

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, 2022

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	2,415,873	1,438,752	126.69%	73.85%
2020	0.087052%	2,296,605	724,125	3,020,730	1,460,577	157.24%	68.90%
2021	0.082595%	1,497,635	442,317	1,939,952	1,458,941	102.65%	79.91%

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%
2021	0.4792%	349,017	0	349,017	431,320	80.92%	86.94%

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, 2022

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	129,291	0	129,291	0	1,458,941	8.86%
2022	137,236	0	137,236	0	1,547,193	8.87%

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	57,005	57,005	0	431,320	13.12%
2022	63,262	63,262	0	482,365	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, 2022

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, 2022

Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of Payroll	0.28%

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

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

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.

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, 2022

- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts:

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

Lump-sum payouts:

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

2. b. CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions were adopted from the June 30, 2019 actuarial valuation:

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

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General			Road		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ 1,653,695	\$ 1,653,695	\$ 1,689,847	\$ 927,371	\$ 927,371	\$ 929,956
Licenses and Permits	420	420	719	1,500	1,500	3,225
Intergovernmental Revenues	218,385	218,385	221,201	110,708	110,708	212,518
Charges for Services	172,154	172,154	181,823	-	-	-
Fines and Forfeitures	38,200	38,200	42,369	-	-	-
Miscellaneous	13,175	13,175	27,745	-	-	42,353
Investment and Royalty Earnings	10,000	10,000	5,713	750	750	-
Total Revenues	<u>2,106,029</u>	<u>2,106,029</u>	<u>2,169,417</u>	<u>1,040,329</u>	<u>1,040,329</u>	<u>1,188,052</u>
EXPENDITURES:						
Current:						
General Government			1,324,949			-
Public Safety			70,720			-
Public Works			-			1,056,704
Public Health			36,629			-
Social and Economic Services			3,000			-
Miscellaneous			37,235			10,560
Debt Service:						
Principal			-			-
Interest and Other Charges			-			-
Capital Outlay			30,609			-
Total Expenditures	<u>2,500,743</u>	<u>2,500,743</u>	<u>1,503,142</u>	<u>993,738</u>	<u>993,738</u>	<u>1,067,264</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(394,714)</u>	<u>(394,714)</u>	<u>666,275</u>	<u>46,591</u>	<u>46,591</u>	<u>120,788</u>
OTHER FINANCING SOURCES (USES):						
Insurance Proceeds			-			-
Fund Transfers (Out)	(419,178)	(419,178)	(419,178)	(275,000)	(275,000)	(200,000)
Total Other Financial Sources (Uses)	<u>(419,178)</u>	<u>(419,178)</u>	<u>(419,178)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>(200,000)</u>
Net Change in Fund Balance	<u>(813,892)</u>	<u>(813,892)</u>	<u>247,097</u>	<u>(228,409)</u>	<u>(228,409)</u>	<u>(79,212)</u>
FUND BALANCE:						
Beginning of the Year			530,811			958,566
Change in Inventory			-			278,193
Prior Period Adjustments			-			-
End of the Year			<u>\$ 777,908</u>			<u>\$ 1,157,547</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 (continued)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Law Enforcement			Hard Rock Mine Trust		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ 982,673	\$ 982,673	\$ 987,263	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues	113,355	113,355	113,823	500,000	500,000	1,054,114
Charges for Services	257,655	257,655	252,271	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	467	-	-	-
Investment and Royalty Earnings	260	260	874	8,000	8,000	17,734
Total Revenues	<u>1,353,943</u>	<u>1,353,943</u>	<u>1,354,698</u>	<u>508,000</u>	<u>508,000</u>	<u>1,071,848</u>
EXPENDITURES:						
Current:						
General Government			-			-
Public Safety			1,058,758			-
Public Works			-			-
Public Health			-			-
Social and Economic Services			-			-
Miscellaneous			27,286			-
Debt Service:						
Principal			7,145			-
Interest and Other Charges			55			-
Capital Outlay			-			-
Total Expenditures	<u>1,250,906</u>	<u>1,250,906</u>	<u>1,093,244</u>	<u>4,955,358</u>	<u>4,955,358</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>103,037</u>	<u>103,037</u>	<u>261,454</u>	<u>(4,447,358)</u>	<u>(4,447,358)</u>	<u>1,071,848</u>
OTHER FINANCING SOURCES (USES):						
Insurance Proceeds			2,839			-
Fund Transfers (Out)	(111,420)	(111,420)	(111,420)			-
Total Other Financial Sources (Uses)	<u>(111,420)</u>	<u>(111,420)</u>	<u>(108,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(8,383)</u>	<u>(8,383)</u>	<u>152,873</u>	<u>(4,447,358)</u>	<u>(4,447,358)</u>	<u>1,071,848</u>
FUND BALANCE:						
Beginning of the Year			350,519			4,447,358
Change in Inventory			-			-
Prior Period Adjustments			9,371			-
End of the Year			<u>\$ 512,763</u>			<u>\$ 5,519,206</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 (continued)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	American Rescue Plan Act			Federal Mine Royalty		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenues	362,934	362,934	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Investment and Royalty Earnings	-	-	1,152	-	-	-
Total Revenues	<u>362,934</u>	<u>362,934</u>	<u>1,152</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Current:						
General Government			-			-
Public Safety			-			-
Public Works			-			-
Public Health			-			-
Social and Economic Services			-			-
Miscellaneous			-			-
Debt Service:						
Principal			-			-
Interest and Other Charges			-			-
Capital Outlay			-			-
Total Expenditures	<u>725,868</u>	<u>725,868</u>	<u>-</u>	<u>6,285</u>	<u>6,285</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(362,934)</u>	<u>(362,934)</u>	<u>1,152</u>	<u>(6,285)</u>	<u>(6,285)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Insurance Proceeds			-			-
Fund Transfers (Out)			-			-
Total Other Financial Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(362,934)</u>	<u>(362,934)</u>	<u>1,152</u>	<u>(6,285)</u>	<u>(6,285)</u>	<u>-</u>
FUND BALANCE:						
Beginning of the Year			-			6,285
Change in Inventory			-			-
Prior Period Adjustments			-			-
End of the Year			<u>\$ 1,152</u>			<u>\$ 6,285</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual (continued)
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Payment in Lieu of Taxes		
	Original Budget	Final Budget	Actual
REVENUES:			
Taxes and Assessments	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenues	-	-	638,503
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Miscellaneous	-	-	9,242
Investment and Royalty Earnings	4,000	4,000	9,917
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>657,662</u>
EXPENDITURES:			
Current:			
General Government			122,178
Public Safety			-
Public Works			108,800
Public Health			-
Social and Economic Services			-
Miscellaneous			-
Debt Service:			
Principal			-
Interest and Other Charges			-
Capital Outlay			-
Total Expenditures	<u>3,240,954</u>	<u>3,240,954</u>	<u>230,978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,236,954)</u>	<u>(3,236,954)</u>	<u>426,684</u>
OTHER FINANCING SOURCES (USES):			
Insurance Proceeds			-
Fund Transfers (Out)			-
Total Other Financial Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,236,954)</u>	<u>(3,236,954)</u>	<u>426,684</u>
FUND BALANCE:			
Beginning of the Year			3,291,852
Change in Inventory			-
Prior Period Adjustments			(448)
End of the Year			<u>\$ 3,718,088</u>

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

SWEET GRASS COUNTY

NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2022

NOTE 1. BUDGETS

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

1. a. GENERAL BUDGET POLICIES

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

1. b. BUDGET OPERATIONS

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

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

NOTE 2. BUDGET AMENDMENTS

The County approved budget amendments due to unanticipated events in accordance with Montana Code Annotated 7-6-4006(4). Budget amendments during the year ended June 30, 2022 were:

Fund	Amount	Reason
Posted Bonds	\$ 585	Unexpected revenues
Public Health	5,037	Unexpected revenues
Bullet Proof Vest Grant	38	Unexpected revenues
Construction in Progress - Coronavirus Aid, Relief, and Economic Security Act	516,441	Reallocation of revenue
Total	<u>\$ 522,101</u>	

SWEET GRASS COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 (Budget and Actual)
 ALL BUDGETED MAJOR GOVERNMENTAL FUNDS (continued)
 For the year ended June 30, 2022

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

	<u>Sub-funds</u>			<u>Total General Fund</u>
	General	Federal Mine Royalty	Payment in Lieu of Taxes	
REVENUES:				
Taxes and Assessments	\$ 1,689,847	\$ -	\$ -	\$ 1,689,847
Licenses and Permits	719	-	-	719
Intergovernmental Revenues	221,201	-	638,503	859,704
Charges for Services	181,823	-	-	181,823
Fines and Forfeitures	42,369	-	-	42,369
Miscellaneous	27,745	-	9,242	36,987
Investment and Royalty Earnings	5,713	-	9,917	15,630
Total Revenues	<u>2,169,417</u>	<u>-</u>	<u>657,662</u>	<u>2,827,079</u>
EXPENDITURES:				
Current:				
General Government	1,324,949	-	122,178	1,447,127
Public Safety	70,720	-	-	70,720
Public Works	-	-	108,800	108,800
Public Health	36,629	-	-	36,629
Social and Economic Services	3,000	-	-	3,000
Miscellaneous	37,235	-	-	37,235
Capital Outlay	30,609	-	-	30,609
Total Expenditures	<u>1,503,142</u>	<u>-</u>	<u>230,978</u>	<u>1,734,120</u>
Excess (Deficiency) of Revenues Over Expenditures	666,275	-	426,684	1,092,959
OTHER FINANCING SOURCES (USES):				
Fund Transfers (Out)	(419,178)	-	-	(419,178)
Total Other Financial Sources (Uses)	<u>(419,178)</u>	<u>-</u>	<u>-</u>	<u>(419,178)</u>
Net Change in Fund Balance	247,097	-	426,684	673,781
FUND BALANCE:				
Beginning of the Year	530,811	6,285	3,291,852	3,828,948
Prior Period Adjustments	-	-	(448)	(448)
End of the Year - GAAP Basis	<u>\$ 777,908</u>	<u>\$ 6,285</u>	<u>\$ 3,718,088</u>	<u>\$ 4,502,281</u>

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

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



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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sweet Grass County
Big Timber, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweet Grass County (County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 23, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Strom & Associates, P.C." with a stylized flourish at the end.

STROM & ASSOCIATES, PC
Billings, Montana
January 23, 2023

SWEET GRASS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2022

Prior year findings/status

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2021.

2021-001 – Tax Levy Collections	Implemented
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Current year findings

There were no findings or recommendations for the fiscal year ended June 30, 2022.