

STILLWATER COUNTY, MONTANA

Fiscal Year Ended June 30, 2024

AUDIT REPORT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

STILLWATER COUNTY, MONTANA

Fiscal Year Ended June 30, 2024

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STILLWATER COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2024

BOARD OF COUNTY COMMISSIONERS

Steve Riveland
Tyrel Hamilton
Jeff Ruffatto

Commission Chair
Commissioner
Commissioner

COUNTY OFFICIALS

Kisha Cornell
Heidi Stadel
Jerry Friend
Lee Cornell
Charles Kem
Nancy Rohde
Melissa Ranstrom
Mark Ranstrom

Finance Manager
Clerk and Recorder
Treasurer
Justice of the Peace
Sheriff
County Attorney
Clerk of District Court
County Superintendent

STILLWATER COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Stillwater County management offers readers of the County's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here, in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net Position for the County was \$76,045,661.
- The County's total net position increased by \$6,067,238 which is a 8.70% increase for this year's operations. Net position of governmental activities or activities that involve taxes and intergovernmental revenues were 9.09% higher while Business-type activities which involve fees and charges were 20.37% lower.
- During the year governmental revenues of \$27,235,844 were \$11,586,736 more than expenses. The total cost of governmental activities (expenses) decreased over the prior year by \$2,769,010 or 15.03% decrease.
- In the business-type activities revenues increased by \$9,158, a .80% increase, and expenses for business-type increased by .36% or \$3,654.00 increase.
- General Fund balance reported at end of year was \$8,174,004 and increase from the prior year of \$3,984,756. The main reason for the increase was due to funds combined with the General Fund in fiscal year 2024 so the County is now in compliance with GASB Statement No. 54.

USING THE AUDIT REPORT

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

STILLWATER COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

The Statement of Net Position and the Statement of Activities report information about the government as a whole. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. Over time the increases or decreases in the County's net position are one indicator of its financial condition. The reader will need to consider other non-financial factors, such as changes in the property tax base and condition of our capital assets, to assess overall financial health.

In the Statement of Net Position and the Statement of Activities, the County's finances are divided into two categories:

Governmental Activities: Basic services are reported here, including general government, public safety, public works, public health social and economic services, conservation of natural resources, and culture and recreation. Property taxes and state and federal grants finance most of these activities.

Business-type activities: The County charges fees for customers to help it cover all or most of the cost of certain services it provides. Solid Waste Services are reported here.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Stillwater County, like other State and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, and to help it control and manage money for particular purposes. All of the County's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. Which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

Proprietary Funds: The County charges fees to customers for the services it provides – whether to outside customers or to other units of the government – and these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the enterprise funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The County has Solid Waste which is reported as a Business-Activity.

STILLWATER COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

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

THE GOVERNMENT AS A WHOLE

Net position: Net position may serve over time as a useful indicator of a government's financial position. The following schedule provides a summary of changes in net position of the County's governmental and business-type activities.

Table 1 - Net Position

	Governmental Activities			Business-type Activities		
	FY24	FY23	Change Inc (Dec)	FY24	FY23	Change Inc (Dec)
Current and other assets and deferred outflows	\$ 57,029,928	\$ 45,250,200	\$ 11,779,728	\$ 774,346	\$ 604,543	\$ 169,803
Capital assets	42,261,380	35,990,134	6,271,246	871,727	871,934	(207)
Total assets	\$ 99,291,308	\$ 81,240,334	\$ 18,050,974	\$ 1,646,073	\$ 1,476,477	\$ 169,596
Long-term debt outstanding	\$ 12,190,605	\$ 9,937,538	\$ 2,253,067	\$ 61,342	\$ 93,466	\$ (32,124)
Other liabilities and deferred inflows	11,844,216	2,315,440	9,528,776	795,557	391,944	403,613
Total liabilities	\$ 24,034,821	\$ 12,252,978	\$ 11,781,843	\$ 856,899	\$ 485,410	\$ 371,489
Net investment in capital assets	\$ 36,068,409	\$ 31,488,527	\$ 4,579,882	\$ 810,385	\$ 793,374	\$ 17,011
Restricted	37,848,068	35,353,491	2,494,577	-	-	-
Unrestricted (deficit)	1,340,010	2,145,338	(805,328)	(21,211)	197,693	(218,904)
Total net position	\$ 75,256,487	\$ 68,987,356	\$ 6,269,131	\$ 789,174	\$ 991,067	\$ (201,893)

The County's overall net position increased by 8.7% from 2023, this was due to capital asset increase of the Civic Center. Business-type activities saw a 20.37% decrease in net position, which would relate to the increase in deferred inflows for other post-employment benefits (OPEB).

STILLWATER COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Table 2 - Changes in Net Position

	Governmental Activities			Business-type Activities		
	<u>FY24</u>	<u>FY23</u>	<u>Change Inc (Dec)</u>	<u>FY24</u>	<u>FY23</u>	<u>Change Inc (Dec)</u>
Revenues						
<i>Program revenues (by major source):</i>						
Charges for services	\$ 3,876,167	\$ 1,010,615	\$ 2,865,552	\$ 161,317	\$ 1,097,208	\$ (935,891)
Operating grants and contributions	5,348,078	10,235,973	(4,887,895)	-	-	-
Capital grants and contributions	856,218	969,942	(113,724)	-	-	-
<i>General revenues (by major source):</i>						
Property taxes for general purposes	14,209,644	12,723,164	1,486,480	966,881	-	966,881
Licenses and permits	48,541	-	48,541	-	-	-
Video poker apportionment	6,600	-	6,600	-	-	-
Miscellaneous	290,372	36,677	253,695	137	27,266	(27,129)
Interest/investment earnings	631,339	833,358	(202,019)	19,819	12,628	7,191
Montana oil and gas production tax	721,823	-	721,823	-	-	-
State entitlement	1,046,257	-	1,046,257	-	-	-
Intergovernmental	-	1,631,892	(1,631,892)	-	9,950	(9,950)
State contribution to retirement	181,990	-	181,990	8,056	-	8,056
Contributions & donations	18,815	-	18,815	-	-	-
Total revenues	\$ 27,235,844	\$ 27,441,621	\$ (205,777)	\$ 1,156,210	\$ 1,147,052	\$ 9,158
Program expenses						
General government	\$ 4,686,942	\$ 4,206,227	\$ 480,715	\$ -	\$ -	\$ -
Public safety	3,786,580	3,694,362	92,218	-	-	-
Public works	5,591,851	8,074,772	(2,482,921)	-	-	-
Public health	320,984	307,049	13,935	-	-	-
Social and economic services	200,208	175,713	24,495	-	-	-
Culture and recreation	479,620	379,021	100,599	-	-	-
Housing and community development	131,334	172,940	(41,606)	-	-	-
Debt service - interest	82,197	120,227	(38,030)	-	-	-
Miscellaneous	369,392	268,895	100,497	-	-	-
Intergovernmental	-	1,018,912	(1,018,912)	-	-	-
Solid Waste	-	-	-	1,019,166	1,015,512	3,654
Total expenses	\$ 15,649,108	\$ 18,418,118	\$ (2,769,010)	\$ 1,019,166	\$ 1,015,512	\$ 3,654
Excess (deficiency) before special items and transfers	\$ 11,586,736	\$ 9,023,503	\$ 2,563,233	\$ 137,044	\$ 131,540	\$ 5,504
Gain (loss) on sale of capital assets	(281,027)	19,951	(300,978)	-	-	-
Increase (decrease) in net position	\$ 11,305,709	\$ 9,043,454	\$ 2,262,255	\$ 137,044	\$ 131,540	\$ 5,504

Budgetary Comparisons

Revenue received in taxes was less than expected and other areas of revenue were less than expected. Expense Budgets were overall less than expected except for public safety which was due to wage requirement for coroner pay and other miscellaneous expenses. Principle and interest amounts from the sewer loan were also not accounted for because it was the first year of this loan and was not known at budget time.

Changes to Fund Balances during the Fiscal Year

General Fund ending fund balance was \$8,174,004 compared to \$3,984,756 in the prior year. As noted above, this large increase was due to coming into compliance with GASB Statement No. 54 and combining the State Allocated Federal Mineral Royalties Fund, the Oil and Gas Production Tax Fund, the PILT Fund, and the Stillwater Action Group Wind Farm Fund with the General Fund in fiscal year 2024 for financial reporting purposes. These funds are not restricted in the use of the monies flowing into them, and as such, are combined then with the General Fund as that is the only fund that can have unrestricted monies for financial reporting purposes.

STILLWATER COUNTY, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

The Road Fund increased \$1,411,882 over the prior year ending fund balance. The Hard Rock Mine Trust fund balance increased \$1,350,496 due to the revenues received in fiscal year 2024 with no expenditures. The Airport Maintenance fund ending balance was decreased because construction of the t-hangars was awaiting grant reimbursement of \$412,985 and had a short-term loan of \$503,663 and accounts payable of \$137,120. The Capital Improvements Fund increased to \$5,188,241 which is an increase \$2,293,079. Other fund ending balances were not significantly increased or decreased.

Significant Capital Assets for the year included many projects

- Flood related expenses on N. Stillwater Road, Nye Road, Fireman's Point, totaling over \$2.2 million in expenses.
- ADA courthouse addition and rehabilitation project \$1.274M
- Purchase of machinery and equipment for \$933,811.
- Airport T-Hangar Project \$1.104M.

Long Term Debt Activity

As of June 30, 2024, the County had one USDA Rural Development Bond with an ending balance of \$3,970,419, and a loan for election scanners for \$24,209. The County has also had leases totaling \$2,198,343 for governmental activities and \$61,342 for the Solid Waste. The largest lease for the governmental activities was for 9 150-15AWD Caterpillar Motor Graders. The Solid Waste leases are for container land leases.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of Stillwater County with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact: Kisha Cornell, Finance Manager, P.O. Box 970 Columbus, MT 59019, or email kcornell@stillwatercountymt.gov

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Stillwater County
Columbus, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stillwater County, Montana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Stillwater County, Montana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stillwater County, Montana, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the County adopted new accounting guidance, GASB No. 100 Accounting Changes and Error Corrections is effective for years beginning after June 15, 2023, and all reporting periods thereafter. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stillwater County, Montana'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stillwater County, Montana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Entity's Total OPEB Liability and Related Ratios, Schedules of Proportionate Share of the Net Pension Liability and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report June 6, 2025, on our consideration of Stillwater County, Montana'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 Stillwater County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stillwater County, Montana's internal control over financial reporting and compliance.

Denning, Downey and Associates, CPAs, P.C.

June 6, 2025

Stillwater County, Montana
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 48,616,217	\$ 593,448	\$ 49,209,665
Taxes and assessments receivable, net	222,422	94,169	316,591
Due from other governments	1,001,866	-	1,001,866
Inventories	603,390	-	603,390
Leases receivable	246,067	-	246,067
Total current assets	<u>\$ 50,689,962</u>	<u>\$ 687,617</u>	<u>\$ 51,377,579</u>
Noncurrent assets			
Restricted cash and investments	\$ 12,434	\$ -	\$ 12,434
Special assessments receivable - deferred	3,960,866	-	3,960,866
Capital assets - land	566,976	6,983	573,959
Capital assets - construction in progress	9,449,074	-	9,449,074
Capital and leased assets - depreciable, net	32,245,330	864,744	33,110,074
Total noncurrent assets	<u>\$ 46,234,680</u>	<u>\$ 871,727</u>	<u>\$ 47,106,407</u>
Total assets	<u>\$ 96,924,642</u>	<u>\$ 1,559,344</u>	<u>\$ 98,483,986</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	\$ 1,175,835	\$ 41,266	\$ 1,217,101
Deferred outflows of resources - OPEB	1,190,831	45,463	1,236,294
Total deferred outflows of resources	<u>\$ 2,366,666</u>	<u>\$ 86,729</u>	<u>\$ 2,453,395</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 99,291,308</u>	<u>\$ 1,646,073</u>	<u>\$ 100,937,381</u>
LIABILITIES			
Current liabilities			
Warrants payable	\$ 755,073	\$ -	\$ 755,073
Accounts payable	840,759	19,862	860,621
Accrued payroll	275,465	19,259	294,724
Due to other governments	30,884	-	30,884
Current portion of lease liabilities	377,165	11,189	388,354
Current portion of long-term capital liabilities	100,608	-	100,608
Current portion of compensated absences payable	430,677	41,748	472,425
Total current liabilities	<u>\$ 2,810,631</u>	<u>\$ 92,058</u>	<u>\$ 2,902,689</u>
Noncurrent liabilities			
Noncurrent portion of other post employment benefits (OPEB)	\$ 4,168,767	\$ 159,154	\$ 4,327,921
Noncurrent portion of lease liabilities	1,821,178	50,153	1,871,331
Noncurrent portion of long-term capital liabilities	3,894,020	-	3,894,020
Noncurrent portion of compensated absences	115,472	24,076	139,548
Net pension liability	5,451,485	309,579	5,761,064
Total noncurrent liabilities	<u>\$ 15,450,922</u>	<u>\$ 542,962</u>	<u>\$ 15,993,884</u>
Total liabilities	<u>\$ 18,261,553</u>	<u>\$ 635,020</u>	<u>\$ 18,896,573</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	\$ 293,380	\$ 21,475	\$ 314,855
Deferred inflows of resources - OPEB	5,249,268	200,404	5,449,672
Deferred inflows of resources - leases	230,620	-	230,620
Total deferred inflows of resources	<u>\$ 5,773,268</u>	<u>\$ 221,879</u>	<u>\$ 5,995,147</u>
NET POSITION			
Net investment in capital assets	\$ 36,068,409	\$ 810,385	\$ 36,878,794
Restricted for debt service	4,208,174	-	4,208,174
Restricted for special projects	33,639,894	-	33,639,894
Unrestricted	1,340,010	(21,211)	1,318,799
Total net position	<u>\$ 75,256,487</u>	<u>\$ 789,174</u>	<u>\$ 76,045,661</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 99,291,308</u>	<u>\$ 1,646,073</u>	<u>\$ 100,937,381</u>

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,686,942	\$ 3,019,436	\$ 1,186,315	\$ -	\$ (481,191)	\$ -	\$ (481,191)
Public safety	3,786,580	65,177	1,202,017	-	(2,519,386)	-	(2,519,386)
Public works	5,591,851	133,842	2,133,823	856,218	(2,467,968)	-	(2,467,968)
Public health	320,984	15,527	5,519	-	(299,938)	-	(299,938)
Social and economic services	200,208	-	-	-	(200,208)	-	(200,208)
Culture and recreation	479,620	-	-	-	(479,620)	-	(479,620)
Housing and community development	131,334	-	-	-	(131,334)	-	(131,334)
Conservation of natural resources	-	-	820,404	-	820,404	-	820,404
Debt service - interest	82,197	-	-	-	(82,197)	-	(82,197)
Miscellaneous	369,392	-	-	-	(369,392)	-	(369,392)
Intergovernmental	-	642,185	-	-	642,185	-	642,185
Total governmental activities	\$ 15,649,108	\$ 3,876,167	\$ 5,348,078	\$ 856,218	\$ (5,568,645)	\$ -	\$ (5,568,645)
Business-type activities:							
Solid Waste	\$ 1,019,166	\$ 161,317	\$ -	\$ -	\$ -	\$ (857,849)	\$ (857,849)
Total business-type activities	\$ 1,019,166	\$ 161,317	\$ -	\$ -	\$ -	\$ (857,849)	\$ (857,849)
Total primary government	\$ 16,668,274	\$ 4,037,484	\$ 5,348,078	\$ 856,218	\$ (5,568,645)	\$ (857,849)	\$ (6,426,494)
General Revenues:							
Property taxes for general purposes					\$ 14,209,644	\$ 966,881	\$ 15,176,525
Licenses and permits					48,541	-	48,541
Video poker apportionment					6,600	-	6,600
Miscellaneous					290,372	137	290,509
Interest/investment earnings					631,339	19,819	651,158
Montana oil and gas production tax					721,823	-	721,823
State entitlement					1,046,257	-	1,046,257
State contribution to retirement					181,990	8,056	190,046
Contributions & donations					18,815	-	18,815
Gain (loss) on sale of capital assets					(281,027)	-	(281,027)
Total general revenues, special items and transfers					\$ 16,874,354	\$ 994,893	\$ 17,869,247
Change in net position					\$ 11,305,709	\$ 137,044	\$ 11,442,753
Net position - beginning					\$ 68,987,356	\$ 991,067	\$ 69,978,423
Restatements					(5,036,578)	(338,937)	(5,375,515)
Net position - beginning - restated					\$ 63,950,778	\$ 652,130	\$ 64,602,908
Net position - end					\$ 75,256,487	\$ 789,174	\$ 76,045,661

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Balance Sheet
Governmental Funds
June 30, 2024

	General	Road Fund	Hard-Rock Mine Trust	City/County Airport Maintenance	Sheriff -Public Safety	Rural Special Improvement District No. 10	General Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Current assets:									
Cash and investments	\$ 8,215,750	\$ 3,586,684	\$ 21,338,026	\$ -	\$ 1,283,476	\$ 20,321	\$ 5,497,756	\$ 8,330,574	\$ 48,272,587
Taxes and assessments receivable, net	40,056	23,604	-	-	20,411	9,553	-	45,527	139,151
Due from other funds	847,542	-	-	-	-	-	98,179	-	945,721
Due from other governments	26,773	350,468	-	412,985	-	-	-	211,640	1,001,866
Inventories	-	21,566	-	-	-	-	-	581,824	603,390
Leases receivable	141,990	-	-	104,077	-	-	-	-	246,067
Total current assets	\$ 9,272,111	\$ 3,982,322	\$ 21,338,026	\$ 517,062	\$ 1,303,887	\$ 29,874	\$ 5,595,935	\$ 9,169,565	\$ 51,208,782
Noncurrent assets:									
Restricted cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,434	\$ -	\$ -	\$ 12,434
Special assessments receivable - deferred	-	-	-	-	-	3,960,866	-	-	3,960,866
Total noncurrent assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,973,300	\$ -	\$ -	\$ 3,973,300
TOTAL ASSETS	\$ 9,272,111	\$ 3,982,322	\$ 21,338,026	\$ 517,062	\$ 1,303,887	\$ 4,003,174	\$ 5,595,935	\$ 9,169,565	\$ 55,182,082
LIABILITIES									
Current liabilities:									
Warrants payable	\$ 755,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 755,073
Accounts payable	42,535	23,703	-	137,120	31,701	-	407,694	140,982	783,735
Accrued payroll	99,174	24,301	-	-	78,949	-	-	73,041	275,465
Due to other funds	-	-	-	503,663	-	-	-	442,058	945,721
Due to other governments	30,884	-	-	-	-	-	-	-	30,884
Total current liabilities	\$ 927,666	\$ 48,004	\$ -	\$ 640,783	\$ 110,650	\$ -	\$ 407,694	\$ 656,081	\$ 2,790,878
Total liabilities	\$ 927,666	\$ 48,004	\$ -	\$ 640,783	\$ 110,650	\$ -	\$ 407,694	\$ 656,081	\$ 2,790,878
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows of resources - taxes and assessments	\$ 40,056	\$ 23,604	\$ -	\$ -	\$ 20,411	\$ 3,970,419	\$ -	\$ 45,527	\$ 4,100,017
Deferred inflows of resources - OPEB	130,385	-	-	100,235	-	-	-	-	230,620
Total deferred inflows of resources	\$ 170,441	\$ 23,604	\$ -	\$ 100,235	\$ 20,411	\$ 3,970,419	\$ -	\$ 45,527	\$ 4,330,637
FUND BALANCES									
Nonspendable	\$ -	\$ 21,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581,824	\$ 603,390
Restricted	-	3,889,148	21,338,026	-	1,172,826	32,755	-	6,753,196	33,185,951
Committed	-	-	-	-	-	-	5,188,241	1,377,758	6,565,999
Unassigned fund balance	8,174,004	-	-	(223,956)	-	-	-	(244,821)	7,705,227
Total fund balance	\$ 8,174,004	\$ 3,910,714	\$ 21,338,026	\$ (223,956)	\$ 1,172,826	\$ 32,755	\$ 5,188,241	\$ 8,467,957	\$ 48,060,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 9,272,111	\$ 3,982,322	\$ 21,338,026	\$ 517,062	\$ 1,303,887	\$ 4,003,174	\$ 5,595,935	\$ 9,169,565	\$ 55,182,082

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2024

Total fund balances - governmental funds	\$ 48,060,567
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,261,380
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	4,100,017
An internal service fund is used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets	369,877
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,907,887)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,451,485)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.	1,175,835
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, there for are not reported in the funds.	(293,380)
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred outflows of resources and are not payable in the current period, therefore are not reported in the funds.	1,190,831
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment beneits liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.	(5,249,268)
Total net position - governmental activities	\$ <u>75,256,487</u>

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Road Fund	Hard-Rock Mine Trust	City/County Airport Maintenance	Sheriff -Public Safety	Rural Special Improvement District No. 10	General Capital Improvements Fund	Disaster	Metal Mines Tax Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES											
Taxes and assessments	\$ 4,236,962	\$ 2,482,165	\$ -	\$ -	\$ 2,200,719	\$ 153,076	\$ -	\$ -	\$ -	\$ 4,126,083	\$ 13,199,005
Licenses and permits	22,775	21,051	-	-	2,070	-	-	-	-	1,841	47,737
Intergovernmental	1,211,013	742,924	885,563	892,145	257,059	-	288,230	-	-	5,682,436	9,959,370
Charges for services	2,978,631	5,268	-	9,685	13,028	-	-	-	-	96,158	3,102,770
Fines and forfeitures	79,118	-	-	-	40,008	-	-	-	-	7,223	126,349
Miscellaneous	85,318	22,670	-	600	5,752	-	-	-	-	112,519	226,859
Investment earnings	591,229	-	464,933	56	-	-	-	-	-	(424,880)	631,338
Total revenues	\$ 9,205,046	\$ 3,274,078	\$ 1,350,496	\$ 902,486	\$ 2,518,636	\$ 153,076	\$ 288,230	\$ -	\$ -	\$ 9,601,380	\$ 27,293,428
EXPENDITURES											
General government	\$ 3,527,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,466,425	\$ 4,994,273
Public safety	177,284	-	-	80	2,539,019	-	-	-	-	886,846	3,603,229
Public works	16,243	1,249,859	-	32,895	-	-	-	-	-	3,359,385	4,658,382
Public health	174,797	-	-	-	-	-	33,421	-	-	99,242	307,460
Social and economic services	32,546	-	-	-	-	-	-	-	-	150,762	183,308
Culture and recreation	4,007	-	-	-	-	-	-	-	-	376,809	380,816
Housing and community development	-	-	-	-	-	-	-	-	-	131,334	131,334
Debt service - principal	30,824	103,722	-	966	-	74,890	-	-	-	18,851	229,253
Debt service - interest	1,106	10,064	-	18	-	70,660	-	-	-	349	82,197
Miscellaneous	395	-	-	-	-	-	-	-	-	368,997	369,392
Capital outlay	140,302	2,488,421	-	1,104,195	55,268	-	1,404,082	-	-	3,548,758	8,741,026
Total expenditures	\$ 4,105,352	\$ 3,852,066	\$ -	\$ 1,138,154	\$ 2,594,287	\$ 145,550	\$ 1,437,503	\$ -	\$ -	\$ 10,407,758	\$ 23,680,670
Excess (deficiency) of revenues over expenditures	\$ 5,099,694	\$ (577,988)	\$ 1,350,496	\$ (235,668)	\$ (75,651)	\$ 7,526	\$ (1,149,273)	\$ -	\$ -	\$ (806,378)	\$ 3,612,758
OTHER FINANCING SOURCES (USES)											
Proceeds of general long term debt	\$ -	\$ 2,166,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,166,202
Transfers in	-	-	-	-	-	-	3,442,412	-	-	1,535,422	4,977,834
Transfers out	(3,977,613)	(176,332)	-	-	(90,000)	-	-	-	-	(733,889)	(4,977,834)
Total other financing sources (uses)	\$ (3,977,613)	\$ 1,989,870	\$ -	\$ -	\$ (90,000)	\$ -	\$ 3,442,412	\$ -	\$ -	\$ 801,533	\$ 2,166,202
Net Change in Fund Balance	\$ 1,122,081	\$ 1,411,882	\$ 1,350,496	\$ (235,668)	\$ (165,651)	\$ 7,526	\$ 2,293,139	\$ -	\$ -	\$ (4,845)	\$ 5,778,960
Fund balances - beginning	\$ 3,984,756	\$ 2,498,832	\$ 19,987,530	\$ -	\$ -	\$ -	\$ -	\$ (149,382)	\$ 948,715	\$ 14,994,724	\$ 42,265,175
Restatements	3,067,167	-	-	11,712	1,338,477	25,229	2,895,102	149,382	(948,715)	(6,521,922)	16,432
Fund balances - beginning, restated	\$ 7,051,923	\$ 2,498,832	\$ 19,987,530	\$ 11,712	\$ 1,338,477	\$ 25,229	\$ 2,895,102	\$ -	\$ -	\$ 8,472,802	\$ 42,281,607
Fund balance - ending	\$ 8,174,004	\$ 3,910,714	\$ 21,338,026	\$ (223,956)	\$ 1,172,826	\$ 32,755	\$ 5,188,241	\$ -	\$ -	\$ 8,467,957	\$ 48,060,567

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds \$ 5,778,960

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	8,741,026
- Depreciation expense	(1,363,628)

In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:

- Gain (loss) on the sale of capital assets	(281,027)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Long-term receivables (deferred inflows)	(80,623)
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The change in compensated absences is shown as an expense in the Statement of Activities	17,169
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Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:

- Long-term debt principal payments	229,253
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Long term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:

- Proceeds from the sale of long-term debt	(2,166,202)
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Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	291,575
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Internal service funds are used by management to share the costs of certain activities, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the Government-Wide Statement of Activities net of the amounts allocated to business-type activities and depreciation expense.

298,094

Pension expense related to the net pension liability is shown as an expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

(696,339)

State aid revenue related to net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

23,039

Current year contributions to retirement benefits are shown as deferred outflows of resources on the Statement of Net Position and shown as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance when paid.

514,412

Change in net position - Statement of Activities	\$ 11,305,709
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See accompanying Notes to the Financial Statements

Stillwater County, Montana
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities -	Governmental Activities
	Solid Waste	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 593,448	\$ 343,630
Taxes and assessments receivable, net	94,169	83,271
Total current assets	<u>\$ 687,617</u>	<u>\$ 426,901</u>
Noncurrent assets:		
Capital assets - land	\$ 6,983	-
Capital and leased assets - depreciable, net	864,744	-
Total noncurrent assets	<u>\$ 871,727</u>	<u>\$ -</u>
Total assets	<u>\$ 1,559,344</u>	<u>\$ 426,901</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	\$ 41,266	-
Deferred outflows of resources - OPEB	45,463	-
Total deferred outflows of resources	<u>\$ 86,729</u>	<u>\$ -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,646,073</u>	<u>\$ 426,901</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 19,862	\$ 57,024
Accrued payroll	19,259	-
Current portion of lease liabilities	11,189	-
Current portion of compensated absences payable	41,748	-
Total current liabilities	<u>\$ 92,058</u>	<u>\$ 57,024</u>
Noncurrent liabilities:		
Noncurrent portion of other post employment benefits (OPEB)	\$ 159,154	-
Noncurrent portion of lease liabilities	50,153	-
Noncurrent portion of compensated absences	24,076	-
Net pension liability	309,579	-
Total noncurrent liabilities	<u>\$ 542,962</u>	<u>\$ -</u>
Total liabilities	<u>\$ 635,020</u>	<u>\$ 57,024</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	\$ 21,475	-
Deferred inflows of resources - OPEB	200,404	-
Total deferred inflows of resources	<u>\$ 221,879</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 810,385	-
Unrestricted	(21,211)	369,877
Total net position	<u>\$ 789,174</u>	<u>\$ 369,877</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,646,073</u>	<u>\$ 426,901</u>

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds	Governmental Activities Internal Service Funds
	Solid Waste	
OPERATING REVENUES		
Charges for services	\$ 161,453	\$ 1,385,251
Special assessments	966,882	-
Total operating revenues	<u>\$ 1,128,335</u>	<u>\$ 1,385,251</u>
OPERATING EXPENSES		
Personal services	\$ 501,227	-
Supplies	70,563	-
Purchased services	269,004	-
Fixed charges	80,174	1,089,786
Depreciation	95,744	-
Total operating expenses	<u>\$ 1,016,712</u>	<u>\$ 1,089,786</u>
Operating income (loss)	<u>\$ 111,623</u>	<u>\$ 295,465</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental revenue	\$ 8,056	-
Interest revenue	19,819	2,629
Debt service interest expense	(2,454)	-
Total non-operating revenues (expenses)	<u>\$ 25,421</u>	<u>\$ 2,629</u>
Income (loss) before contributions and transfers	<u>\$ 137,044</u>	<u>\$ 298,094</u>
Change in net position	<u>\$ 137,044</u>	<u>\$ 298,094</u>
Net Position - Beginning of the year	\$ 991,067	\$ 71,783
Restatements	(338,937)	-
Net Position - Beginning of the year - Restated	<u>\$ 652,130</u>	<u>\$ 71,783</u>
Net Position - End of the year	<u>\$ 789,174</u>	<u>\$ 369,877</u>

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Combined Statement of Cash Flows
All Proprietary Fund Types
Fiscal Year Ended June 30, 2024

	<u>Business - Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Self Insurance</u>
Cash flows from operating activities:		
Cash received from providing services	\$ 192,959	\$ 1,385,251
Cash received from special assessments	930,585	-
Cash payments to suppliers	(70,563)	-
Cash payments for medical claims	-	(1,191,997)
Cash payments for professional services	(344,966)	-
Cash payments to employees	(516,805)	-
Net cash provided (used) by operating activities	<u>\$ 191,210</u>	<u>\$ 193,254</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (72,391)	\$ -
Principal paid on leases	(10,823)	-
Interest paid on debt	(2,454)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (85,668)</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest on investments	\$ 19,819	\$ 2,629
Net cash provided (used) by investing activities	<u>\$ 19,819</u>	<u>\$ 2,629</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 125,361</u>	<u>\$ 195,883</u>
Cash and cash equivalents at beginning	<u>468,087</u>	<u>147,747</u>
Cash and cash equivalents at end	<u><u>\$ 593,448</u></u>	<u><u>\$ 343,630</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 111,623	\$ 295,465
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	95,744	-
Net pension liability	(4,496)	-
Other post-employment benefits	(54,384)	-
Changes in assets and liabilities:		
Accounts Receivable	31,507	-
Special Assessment Receivable	(36,297)	-
Accounts Payable	4,212	(102,211)
Compensated Absences	24,042	-
Accrued Wages	19,259	-
Net cash provided (used) by operating activities	<u><u>\$ 191,210</u></u>	<u><u>\$ 193,254</u></u>

See accompanying notes to the financial statements

Stillwater County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2024

	Custodial Funds	
	Custodial Funds	External Investment Pool Fund
ASSETS		
Cash and short-term investments	\$ 7,071,668	\$ 12,401,326
Taxes receivable	202,462	-
Total receivables	202,462	-
TOTAL ASSETS	\$ 7,274,130	\$ 12,401,326
LIABILITIES		
Due to others	\$ 293,838	\$ -
Total liabilities	\$ 293,838	\$ -
NET POSITION		
Restricted for:		
Pool participants	\$ -	\$ 12,401,326
Individuals, organizations, and other governments	6,980,292	-
Total net position	\$ 6,980,292	\$ 12,401,326
TOTAL LIABILITIES AND NET POSTION	\$ 7,274,130	\$ 12,401,326

See accompanying Notes to the Financial Statements

Stillwater County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Custodial Funds	
	Custodial Funds	External Investment Pool Fund
ADDITIONS		
Contributions:		
Contributions to external investment pool	\$ -	\$ 8,291,510
Interest and change in fair value of investments	-	576,872
Taxes, licenses, and fees collected for other governments	20,372,103	-
Property taxes collected for school districts	8,042,637	-
Intergovernmental grants and entitlements collected for school districts	16,031,366	-
Miscellaneous	822,872	-
Investment pool distribution - net	6,817,159	-
Total additions	<u>\$ 52,086,137</u>	<u>\$ 8,868,382</u>
DEDUCTIONS		
Distributions from external investment pool	\$ -	\$ 15,685,541
Taxes, licenses, and fees distributed to other governments	20,669,253	-
School district claims and payroll expense	24,609,266	-
Total deductions	<u>\$ 45,278,519</u>	<u>\$ 15,685,541</u>
Change in net position	<u>\$ 6,807,618</u>	<u>\$ (6,817,159)</u>
Net Position - Beginning of the year	\$ 19,761,726	\$ 19,218,485
Restatements	(19,589,052)	-
Net Position - Beginning of the year - Restated	<u>\$ 172,674</u>	<u>\$ 19,218,485</u>
Net Position - End of the year	<u>\$ 6,980,292</u>	<u>\$ 12,401,326</u>

See accompanying Notes to the Financial Statements

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

New Accounting Pronouncements

GASB No. 100 Accounting Changes and Error Corrections is effective for years beginning after June 15, 2023, and all reporting periods thereafter. This statement's primary objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. The County has implemented this pronouncement in the current fiscal year.

Financial Reporting Entity

In determining the financial reporting entity, the County complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component unit's of which the County appointed a voting majority of the component unit's board; the County is either able to impose its will on the unit or a financial benefit or burden relationship exists. In addition, the County complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the County.

Primary Government

The County is a political subdivision of the State of Montana governed by an elected Commissioners duly elected by the registered voters of the County. The County utilizes the commission form of government. The County is considered a primary government because it is a general-purpose local government. Further, it meets the following criteria; (a) it has a separately elected governing body (b) it is legally separate and (c) it is fiscally independent from the State and other local governments.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the County except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Eliminations have been made in the consolidation of business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities for the County at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function. The County does not charge indirect expenses to programs or functions. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions have been eliminated.

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The County generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Fund Financial Statements

Basis of Presentation

Fund financial statements of the reporting County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County defined the length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements as collection within 60 days of the end of the current fiscal period, except for property taxes and other state grants that are recognized upon receipt.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Major Funds:

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund and it accounts for all financial resources of the County except those required to be accounted for in other funds.

Road Fund – A special revenue fund that accounts for resources accumulated from property taxes and state entitlement and payments made for the maintenance, repair and construction of county-owned roads.

Hard-Rock Mine Trust Fund – A special revenue fund that accounts for resources pursuant MCA 7-6-2225. The money must remain in the 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.

City/County Airport Maintenance Fund – A special revenue fund that accounts for the resources for maintaining the local airport, including any grants to fund capital improvements the facilities and infrastructure.

Sheriff-Public Safety Fund – A special revenue fund that accumulated from property taxes and state entitlement and payments made for the public safety operations.

Rural Special Improvement District No. 10 Fund – A debt service fund that accounts for the assessments being collected to pay the Absarokee Sewer rural special improvement district bond payments.

General Capital Improvement Fund – A capital projects fund that accounts for resources set aside by the County for general government capital purchases.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Proprietary Funds:

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues for enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Major Funds:

The County reports the following major proprietary funds:

Solid Waste Fund – An enterprise fund that accounts for the activities of the County's solid waste service.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies for the government on a cost-reimbursement basis. The County maintains one internal service fund relating to self-insurance fund activity.

Fiduciary Funds

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net position. The fiduciary funds are:

Custodial Funds – To report fiduciary activities that are not required to be reported in any of the other fiduciary categories in which the resources held by the County in a custodial capacity. This fund primarily consists of reporting resources held by the County as an agent for individuals, private organizations, other local governmental entities. The external portion of the investment pools that are not held in a trust are also reported here.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

Composition of cash, deposits and investments at fair value on June 30, 2024, are as follows:

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash on hand	
Petty Cash	\$ 2,710
Cash in banks:	
Demand deposits	6,209,278
Savings deposits	1,066,808
Time deposits	15,428,410
<u>Investments:</u>	
State Short-Term Investment Pool (STIP)	31,258,061
U.S. Government Securities	14,729,826
Total	<u>\$ 68,695,093</u>

Cash equivalents

Cash equivalents are short-term, highly liquid deposits and investments that both readily convertible to known amounts of cash, and have maturities at purchase date of three months or less. The County's cash and cash equivalents (including restricted assets) are considered to be cash on hand, demand, savings and time deposits, U.S government securities, STIP, and all other short-term investments with original maturity dates of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the enterprise and internal services funds consider all funds (including restricted assets) held in the County's cash management pool to be cash equivalents.

Fair Value Measurements

Investments, including pooled and non-pooled investments, are reported at fair value, with the following limited exceptions: 1) investments in non-negotiable certificates of deposit are reported at cost and 2) money market investments, including U.S Treasury and Agency obligations, which mature within one year of acquisition, are reported at amortized cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets participates at the measurement date. Fair value is determined annually at fiscal year-end and requires use of valuation techniques described below.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted account principles. The hierarchy, as follows, is based on the valuation inputs used to measure fair value. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs that include the following:

- a) Level 1 Inputs – Quotes prices in active markets for identical assets; these investments are valued using prices quoted in active markets.
- b) Level 2 Inputs – Significant other observable inputs other than quoted prices included within Level 1; these investments are valued using matrix pricing.
- c) Level 3 Inputs – Significant unobservable inputs, these investments are valued using consensus pricing.

The U.S Government Securities are valued using quoted market prices (Level 1 inputs).

Credit Risk

As a means of limiting exposure to credit risk, the County is required to follow specific state statutes adding security to the deposits and investments. Below are the legal provisions provided in the state Montana Code Annotated (MCA).

Section 7-6-202, MCA, limits investments of public money of a local government in the following eligible securities:

- a) United States government treasury bills, notes and bonds and in the United States treasury obligations, such as state and local government series (SLGLS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;
- b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book entry form with the federal reserve bank of New York; or
- c) Obligations of the following agencies of the United States, subject to the limitations in subsection 2 (not included):
 - i. federal home loan bank;
 - ii. federal national mortgage association;
 - iii. federal home mortgage corporation; and
 - iv. federal farm credit bank.

With the exception of the assets of a local government group self-insurance program, investments may not have a maturity date exceeding 5 years except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

Section 7-6-205 and Section 7-6-206, MCA, state that demand deposits may be placed only in banks and public money not necessary for immediate use by a county, city, or town that is not invested as authorized in Section 7-6-202, MCA, may be placed in time or savings deposits with a bank, savings and loan association, or credit union in the state or placed in repurchase agreements as authorized in Section 7-6-213, MCA.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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The government has no investment policy that would further limit its investment choices.

The government has no investments that require credit risk disclosure.

Short Term Investment Pool (STIP) Credit Quality ratings by the S&P's rating services as of June 30, 2024, (in thousands):

<u>Security Investment Type</u>	Total Fixed Income Investments at <u>Fair Value</u>	Credit Quality <u>Rating</u>	<u>WAM</u> <u>(Days)</u>
Treasuries	\$ 1,200,441	A-1+	75
Agency or Government Related	1,254,907	A-1+	67
Asset Backed Commercial Paper	151,592	A-1+	4
Corporate:			
Commercial Paper	495,575	A-1+	39
Notes	727,551	A-1+	27
Certificates of Deposit	<u>1,485,073</u>	A-1+	112
Total Investments	<u>\$ 5,315,139</u>		

Audited financial statements for the State of Montana's Board of Investments are available at 2401 Colonial Drive 3rd Floor in Helena, Montana.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than that required by state statutes. All deposits are carried at cost plus accrued interest. As of June 30, 2024, the government's bank balance was exposed to custodial credit risk as follows:

	June 30, 2024 <u>Balance</u>
<u>Depository Account</u>	
Insured	\$ 15,124,581
- Collateral held by the pledging bank's trust department but not in the County's name	7,000,000
- Uninsured and Uncollateralized deposits	<u>590,370</u>
Total deposits and investments	<u>\$ 22,714,951</u>

Deposit Security

Section 7-6-207, MCA, states (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, to the extent of:

- a) 50% of such deposits if the institution in which the deposit is made has a net worth of total assets ratio of 6% or more; or
- b) 100% if the institution in which the deposit is made has a net worth of total assets ratio of less than 6%.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

The amount of collateral held for County deposits at June 30, 2024, equaled or exceeded the amount required by State statutes.

Interest Rate Risk

The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but as stated above is limited to investment maturities of 5 years per MCA 7-6-202. The following is a list of individual investments as of June 30, 2024 alone with their related interest rates and maturity dates.

Investment	Interest Rate	Maturity	Amount
Freddie Mac	5.000%	12/16/2024	\$ 249,340
Federal Home Loan Bank	1.250%	1/28/2025	488,350
Federal Farm Credit Bank	5.440%	5/29/2026	249,875
Federal Home Loan Bank	0.500%	7/21/2026	231,245
Federal Home Loan Bank	1.000%	8/26/2026	922,230
Federal Home Loan Bank	1.050%	9/14/2026	230,407
Federal Home Loan Bank	0.950%	9/30/2026	229,445
Federal Home Loan Bank	1.250%	11/24/2026	276,099
Federal Home Loan Bank	1.500%	12/10/2026	646,780
Federal Home Loan Bank	1.500%	1/14/2027	462,451
Federal Home Loan Bank	1.500%	1/27/2027	461,955
Federal Home Loan Bank	4.100%	8/12/2024	499,143
Federal Home Loan Bank	3.000%	10/11/2024	248,330
Federal Home Loan Bank	3.000%	10/18/2024	248,225
Federal Home Loan Bank	1.750%	12/17/2024	245,790
Federal Home Loan Bank	0.570%	12/23/2024	977,549
Federal Home Loan Bank	1.500%	2/18/2025	488,019
Federal Home Loan Bank	2.150%	3/10/2025	489,291
Federal Home Loan Bank	1.000%	4/28/2025	483,878
Federal Home Loan Bank	3.050%	4/29/2025	245,579
Federal Home Loan Bank	1.375%	7/28/2025	480,178
Federal Home Loan Bank	0.750%	8/19/2026	936,310
Federal Home Loan Bank	0.650%	8/26/2026	935,933
Federal Home Loan Bank	1.100%	9/9/2026	932,313
Federal Home Loan Bank	1.000%	9/23/2026	941,106
Federal Home Loan Bank	1.000%	10/28/2026	465,447
Federal Home Loan Bank	1.500%	11/23/2026	474,423
Federal Home Loan Bank	1.500%	12/17/2026	949,023
Federal Home Loan Bank	2.750%	3/10/2027	241,112
STIP - County Treasurer	N/A	N/A	30,169,816
STIP - County Reserve	N/A	N/A	263,000
STIP - EBMS	N/A	N/A	49,940
STIP - Hard Rock Mine	N/A	N/A	46,267
STIP - Columbus EL Bond	N/A	N/A	729,038
Total			<u>\$ 45,987,887</u>

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Cash and Investment Pool

The government maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments."

Investment in the Treasurer's Pools

The County Treasurer invests on behalf of most funds of the County and external participants in accordance with the County's investment policy and Montana law. The County's pools are managed by the County Treasurer. The external portion of the County's investment pools are accounted for as investment trust funds. There are two types of investment trust funds reported by the County, pooled and individually directed investment trust funds.

The County has one pooled investment fund, invested in STIP, non-negotiable certificates of deposit and U.S. Government securities. The County also has externally directed investments which are invested in non-negotiable certificates and STIP.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2024 to support the value of the shares in the pool. As stated previously, the fair value of the investments is determined annually following the fair value measurement hierarchy. The condensed statement below is measured at fair value at fiscal year ended June 30, 2024.

As noted above state statutes limit the type of investments but provide no other regulatory oversight, and the pool is not registered with the Securities and Exchange Commission.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's month end cash balance in relation to total pooled investments.

Condensed statements of investments pools

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2024.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Statement of Net Position

Net position held in trust for all pool participants:

Equity of internal pool participants	\$ 29,271,548
Equity of external pool participants	12,401,326
Total equity	<u>\$ 41,672,874</u>

Condensed Statement of Changes in Net Position

	<u>External</u>	<u>Internal</u>
Investment earnings	\$ 576,872	\$ 1,330,687
Contributions to trust	8,291,510	29,145,833
Distributions paid	<u>(15,685,541)</u>	<u>(17,873,228)</u>
Net change in net position	\$ (6,817,159)	\$ 12,603,292
Net position at beginning of year	19,218,485	38,908,533
Restatements	<u>-</u>	<u>(22,240,277)</u>
Net position at end of year	<u>\$ 12,401,326</u>	<u>\$ 29,271,548</u>

NOTE 3. RESTRICTED CASH/INVESTMENTS

The following restricted cash/investments were held by the County as of June 30, 2024. These amounts are reported within the cash/investment account on the Statement of Net Position.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Rural Special Improvement District	Short Lived Asset Reserve	\$ <u>12,434</u>

NOTE 4. RECEIVABLES

Tax Receivables

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the Entity. Taxable values are established by the Montana Department of Revenue, and 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.

Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Special assessments are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Taxes that become delinquent are charged interest at the rate of 5/6 of 1% a month plus a penalty of 2%. Real property on which taxes remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is to be seized and sold after the taxes become delinquent.

NOTE 5. INVENTORIES AND PREPAIDS

The cost of inventories are recorded as an expenditure when purchased.

NOTE 6. CAPITAL ASSETS

The County's assets are capitalized at historical cost or estimated historical cost. County policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings & Improvements	20 – 100 years
Land Improvements	15 – 60 years
Machinery & Equipment	5 – 20 years
Infrastructure	20 – 75 years
Right to use Leased Assets	3 – 42 years

A summary of changes in governmental capital assets was as follows:

Governmental activities:

	Balance July 1, 2023	Additions	Deletions	Restatements	Transfers	Balance June 30, 2024
Capital assets not being depreciated:						
Land	\$ 566,976	\$ -	\$ -	\$ -	\$ -	\$ 566,976
Construction in progress	15,963,814	5,641,013	(826,369)	-	(11,329,384)	9,449,074
Total capital assets not being depreciated	\$ 16,530,790	\$ 5,641,013	\$ (826,369)	\$ -	\$ (11,329,384)	\$ 10,016,050
Other capital assets:						
Buildings	\$ 5,127,343	\$ -	\$ -	\$ -	\$ 16,666	\$ 5,144,009
Improvements other than buildings	6,911,987	-	-	-	3,853,144	10,765,131
Machinery and equipment	7,438,589	933,811	-	-	152,511	8,524,911
Right-to-use leased assets	938,357	2,166,202	(843,085)	-	-	2,261,474
Infrastructure	8,534,461	-	-	-	7,307,063	15,841,524
Total other capital assets at historical cost	\$ 28,950,737	\$ 3,100,013	\$ (843,085)	\$ -	\$ 11,329,384	\$ 42,537,049
Less: accumulated depreciation	(9,491,393)	(1,363,628)	562,058	1,244	-	(10,291,719)
Total	\$ 35,990,134	\$ 7,377,398	\$ (1,107,396)	\$ 1,244	\$ -	\$ 42,261,380

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Governmental activities depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 117,580
Public safety	183,351
Public works	933,469
Public health	13,524
Social and economic services	16,900
Culture and recreation	<u>98,804</u>
Total governmental activities depreciation expense	<u>\$ 1,363,628</u>

A summary of changes in business-type capital assets was as follows:

Business-type activities:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Restatements</u>	Balance <u>June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 6,983	\$ -	\$ -	\$ 6,983
Total capital assets not being depreciated	<u>\$ 6,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,983</u>
Other capital assets:				
Buildings	\$ 917,866	\$ 10,421	\$ -	\$ 928,287
Right-to-use leased assets	97,345	-	-	97,345
Machinery and equipment	1,256,320	61,970	-	1,318,290
Total other capital assets at historical cost	<u>\$ 2,271,531</u>	<u>\$ 72,391</u>	<u>\$ -</u>	<u>\$ 2,343,922</u>
Less: accumulated depreciation	<u>(1,406,580)</u>	<u>(95,744)</u>	<u>23,146</u>	<u>(1,479,178)</u>
Total	<u><u>\$ 871,934</u></u>	<u><u>\$ (23,353)</u></u>	<u><u>\$ 23,146</u></u>	<u><u>\$ 871,727</u></u>

NOTE 7. LONG TERM DEBT OBLIGATIONS

In the governmental-wide, and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, are expensed at the date of sale.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2024, the following changes occurred in liabilities reported in long-term debt:

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Governmental Activities:

	Balance				Balance		Due Within
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatement</u>	<u>June 30, 2024</u>		<u>One Year</u>
Special assessment bond	\$ 4,045,309	\$ -	\$ (74,890)	\$ -	\$ 3,970,419	\$	76,399
Leases	344,601	2,166,202	(66,875)	(245,585)	2,198,343		377,165
Intercap loans	56,092	-	(56,092)	-	-		-
Loans/Contracted debt	55,605	-	(31,396)	-	24,209		24,209
Compensated absences	563,318	-	(17,169)	-	546,149		430,677
Total	<u>\$ 5,064,925</u>	<u>\$ 2,166,202</u>	<u>\$ (246,422)</u>	<u>\$ (245,585)</u>	<u>\$ 6,739,120</u>	<u>\$</u>	<u>908,450</u>

In prior years the General Fund was used to liquidate compensated absences and claims and judgments.

Business-type Activities:

	Balance				Balance		Due Within
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatement</u>	<u>June 30, 2024</u>		<u>One Year</u>
Compensated absences	\$ 41,782	\$ 24,042	\$ -	\$ -	\$ 65,824	\$	41,748
Leases	78,560	-	(10,822)	(6,396)	61,342		11,189
Total	<u>\$ 120,342</u>	<u>\$ 24,042</u>	<u>\$ (10,822)</u>	<u>\$ (6,396)</u>	<u>\$ 127,166</u>	<u>\$</u>	<u>52,937</u>

Special Assessment Debt – Special assessment bonds are payable from the collection of special assessments levied against benefited property owners within defined special improvement districts. The bonds are issued with specific maturity dates, but must be called and repaid earlier, at par plus accrued interest, if the related special assessments are collected. The County is obligated to levy and collect a general property tax on all taxable property in the County to provide additional funding for the debt service payments.

Under the special assessment bond resolution, the County is to deposit \$6,217 per year into a short-lived asset reserve fund for the life of the bond. As of June 30, 2024, the County was required to have \$12,434 as a reserve for this requirement and the County had \$12,434 showing as restricted cash. The County was in compliance with this bond requirement.

Special assessment bonds outstanding as of June 30, 2024, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Bond Term</u>	<u>Maturity Date</u>	<u>Bonds Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2024</u>
USDA Rural Development	3/17/22	1.75%	40yrs	3/17/62	<u>\$ 4,100,000</u>	<u>\$ 145,500</u>	<u>\$ 3,970,419</u>

Reported in the governmental activities.

STILLWATER COUNTY, MONTANA
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Annual requirement to amortize debt:

For Fiscal Year Ended	Principal	Interest
2025	\$ 76,399	\$ 69,151
2026	77,742	67,808
2027	79,108	66,442
2028	80,321	65,229
2029	81,910	63,640
2030	83,350	62,200
2031	84,815	60,735
2032	86,144	59,406
2033	87,820	57,730
2034	89,363	56,187
2035	90,934	54,616
2036	92,388	53,162
2037	94,156	51,394
2038	95,811	49,739
2039	97,495	48,055
2040	99,083	46,467
2041	100,950	44,600
2042	102,725	42,825
2043	104,530	41,020
2044	106,261	39,289
2045	108,235	37,315
2046	110,138	35,412
2047	112,074	33,476
2048	113,958	31,592
2049	116,046	29,504
2050	118,086	27,464
2051	120,162	25,388
2052	122,211	23,339
2053	124,422	21,128
2054	126,609	18,941
2055	128,834	16,716
2056	131,060	14,490
2057	133,402	12,148
2058	135,747	9,803
2059	138,133	7,417
2060	140,549	5,001
2061	143,031	2,519
2062	36,417	320
Total	\$ <u>3,970,419</u>	\$ <u>1,451,668</u>

Loans/Contracted Debt

Loans/contracted debts outstanding as of June 30, 2024, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Bond Term</u>	<u>Maturity Date</u>	<u>Bonds Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2024</u>
Election Scanners - 2023	12/1/21	0.00%	3yrs	12/31/24	\$ <u>85,069</u>	Varies	\$ <u>24,209</u>

Reported in the governmental activities.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Annual requirement to amortize debt:

For Fiscal Year Ended	<u>Principal</u>	<u>Interest</u>
2025	\$ 24,209	\$ -
Total	<u>\$ 24,209</u>	<u>\$ -</u>

Leases

The County lessee liabilities as of June 30, 2024, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Discount Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Lease Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2024</u>
Repeater Site	5/1/14	3.40%	50yrs	6/30/64	\$ 37,045	\$ 1,500	\$ 32,141
9 - Cat Graders	5/21/24	6.99%	5yrs	5/21/29	<u>2,166,202</u>	<u>528,175</u>	<u>2,166,202</u>
					<u>\$ 1,303,247</u>	<u>\$ 529,675</u>	<u>\$ 2,198,343</u>

Reported in the governmental activities.

The County has a lease liability for the repeater site land. The fair value of that leased asset was determined to be \$37,045. There is no amortization recognized on this leased asset since the asset involved is land.

The asset value on the Cat Grader leases had a cost of \$2,261,474 and accumulated amortization of \$139,333. The Cat Graders lease has a purchase option in year six. Historically, the County has not executed the purchase options on these agreements and is reasonably certain they will not execute these options on the existing leases; therefore, the purchase options have been excluded from the determination of the leased asset and liability amounts.

Annual requirement to amortize debt:

For Fiscal Year Ended	<u>Principal</u>	<u>Interest</u>
2025	\$ 377,165	\$ 152,510
2026	403,514	126,161
2027	431,704	97,971
2028	461,865	67,810
2029	494,132	35,543
2030-2035	3,145	5,855
2036-2040	3,842	5,158
2041-2045	4,698	4,302
2046-2050	5,739	3,261
2051-2055	7,015	1,985
2056-2057	5,524	477
Total	<u>\$ 2,198,343</u>	<u>\$ 501,033</u>

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

<u>Purpose</u>	<u>Origination Date</u>	<u>Discount Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Lease Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2024</u>
Container Site	1/1/21	3.40%	5 yrs	12/31/25	\$ 21,888	\$ 4,675	\$ 4,521
Container Site	8/1/20	3.40%	10 yrs	7/31/30	43,214	5,000	26,730
Container Site	9/1/09	3.40%	25 yrs	8/31/34	62,022	3,600	30,091
					<u>\$ 127,124</u>	<u>\$ 13,275</u>	<u>\$ 61,342</u>

Reported in the business-type activities.

The asset value on these leases is of \$97,345 and no accumulated amortization as the assets are non-depreciable.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2025 \$	11,189	\$ 2,086
2026	6,894	1,706
2027	7,129	1,471
2028	7,372	1,228
2029	7,623	977
2030	7,882	718
2031	3,149	451
2032	3,256	344
2033	3,367	233
2034	3,481	118
Total \$	<u>61,342</u>	<u>\$ 9,332</u>

Compensated Absences

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. It is the County's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from County service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but the excess cannot be carried forward more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability associated with governmental fund-type employees is reported in the governmental activities, while the liability associated with proprietary fund-type employees is recorded in the business-type activities/respective proprietary fund.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan provides for, as required by section 2-18-704, MCA, employees with at least 5 years of service and who are at least age 50, along with surviving spouses and dependents, to stay on the government's health care plan as long as they pay the same premium. This creates a defined benefit Other Post-Employment Benefits Plan (OPEB); since retirees are usually older than the average age of the plan participants, they receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the County. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs, and covers these when they come due. The above described OPEB plan does not provide a stand-alone financial report.

Benefits Provided. The government provides healthcare insurance benefits for retirees and their dependents upon reaching the age and service years defined in section 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums, but may pay the same premiums as the other members in the group health plan.

Employees covered by benefit terms. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	13
Active employees	78
Total employees	<u>91</u>

Total OPEB Liability

The County's total OPEB liability of \$4,327,921 at June 30, 2024, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2023. The current year was rolled forward of the prior year evaluation.

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2024, valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement	62.36
Discount rate	4.34%
Average salary increase	3.50%

STILLWATER COUNTY, MONTANA
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Health care cost rate trend rate *trend based on actual increase

<u>Plan Year</u>	<u>Medical</u>	<u>Prescription Drugs</u>
2023*	0.0%	0.0%
2024	0.0%	0.0%
2025	5.6%	5.6%
2026	5.2%	5.2%
2027-2028	5.1%	5.1%
2029-2030	5.0%	5.0%
2031-2039	4.9%	4.9%
2040	4.8%	4.8%
2041-2044	4.7%	4.7%
2045-2050	4.6%	4.6%
2051-2060	4.5%	4.5%
2061-2066	4.4%	4.4%
2067-2068	4.3%	4.3%
2069-2070	4.2%	4.2%
2071	4.1%	4.1%
2072-2073	4.0%	4.0%
2074+	3.9%	3.9%

Participation

- 40.0% of future retirees are assumed to elect medical coverage.
- 70.0% of the future retirees who elect medical coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.

Marital Status – at Retirement

- Actual spouse information is used for current retirees
- Future retired members who elect to participate in the plan are assumed to be married at a rate of 60%
- Males are assumed to be 3 years older than females

Mortality – Contributing Members

For general MPERA members (PERS), mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.

For SRS members mortality follows the Pub-2010 Safety table, projected generationally using MP-2021.

Mortality – Retired

For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

For SRS retirees, mortality follows the Pub-2010 Safety Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Mortality – Surviving Beneficiaries

For general MPERA survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.

For SRS survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males, projected generationally using MP-2021.

Mortality – Disabled

For disabled MPERA members, mortality follows the Pub-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021.

For SRS retirees, mortality follows the Pub-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

Changes in the Total OPEB Liability

Balance at 6/30/2023	\$ <u>4,107,307</u>
Changes for the year:	
Service Cost	\$ 324,094
Interest	180,082
Change in assumptions	(182,876)
Benefit payments	<u>(100,686)</u>
Net Changes	\$ <u>220,614</u>
Balance at 6/30/2024	\$ <u><u>4,327,921</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following summarizes the total OPEB liability reported, and how that liability would change if the discount rate used to calculate the OPEB liability were to decrease or increase 1%:

	1% Decrease (2.34%)	Discount Rate (3.34%)	1% Increase (4.34%)
Total OPEB Liability	\$ 3,431,824	\$ 4,107,307	\$ 4,984,785

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following summarizes the total OPEB liability reported, and how that liability would change if the healthcare trend rates used in projecting the benefit payments were to decrease or increase 1%:

	1% Decrease	Healthcare Cost Trends*	1% Increase
Total OPEB Liability	\$ 4,906,414	\$ 4,107,307	\$ 3,483,917

**Reference the assumptions footnotes to determine the healthcare cost trends used to calculate the OPEB liability.*

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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In fiscal year ending June 30, 2024, the above sensitivity analysis does not reflect the change to the total OPEB liability. The total OPEB liability in the analysis is based on the June 30, 2023, calculated liability per valuation completed on July 1, 2023.

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

For the year ended June 30, 2024, the County recognized an OPEB expense of \$220,614.

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resourced related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Differences between expected and actual economic experience	\$ 363,203	2,616,586
Changes in actuarial assumptions	873,091	2,833,086
Total	\$ <u>1,236,294</u>	\$ <u>5,449,672</u>

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

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2025	\$ (216,896)
2026	\$ (242,461)
2027	\$ (276,934)
2028	\$ (306,933)
2029	\$ (324,532)
Thereafter	\$ (643,070)

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 9. NET PENSION LIABILITY (NPL)

As of June 30, 2024, the County reported the following balances as its proportionate share of PERS and SRS pension amounts:

County's Proportionate Share Associated With:

	PERS	SRS	Pension Totals
Net Pension Liability	\$ 4,203,023	\$ 1,558,041	\$ 5,761,064
Deferred outflows of resources*	\$ 560,257	\$ 656,844	\$ 1,217,101
Deferred inflows of resources	\$ 291,552	\$ 23,303	\$ 314,855
Pension expense	\$ 413,128	\$ 387,952	\$ 801,080

*Deferred outflows for PERS and SRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$382,194 and \$160,368, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2024.

The following are the detailed disclosures for each retirement plan as required by GASB 68.

Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

The County's employees participate in the Public Employees Retirement System (PERS) administered by the Montana Public Employee Retirement Administration (MPERA). MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to, or Deductions from, Fiduciary Net Position. 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 in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

STILLWATER COUNTY, MONTANA
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Plan Descriptions

The PERS-Defined Benefit Retirement Plan (PERS) administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, local governments, certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the defined contribution retirement plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the *defined contribution* and *defined benefit* retirement plans. For members that choose to join the PERS-DCRP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP 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 Legislature.

Summary of 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;
 - 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):

1. 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. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - b. No service credit for second employment;

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- c. Start the same benefit amount the month following termination; and
 - d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
2. Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
3. Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - a. The same retirement as prior to the return to service;
 - b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - c. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011- highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011-highest average compensation during any consecutive 60 months;

Compensation Cap

- Hired on or after July 1, 2013-110% annual cap on compensation considered as a part of a member's highest average compensation.

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members 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;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3.0% 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%;

STILLWATER COUNTY, MONTANA
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- 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.

Contributions

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

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.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding state agencies and universities but are reported as employer contributions.

Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		Local Government	
	Hired<07/01/11	Hired>07/01/11	Employer	State
2024	7.900%	7.900%	9.070%	0.100%
2023	7.900%	7.900%	8.970%	0.100%
2022	7.900%	7.900%	8.870%	0.100%
2021	7.900%	7.900%	8.770%	0.100%
2020	7.900%	7.900%	8.670%	0.100%
2019	7.900%	7.900%	8.570%	0.100%
2018	7.900%	7.900%	8.470%	0.100%
2017	7.900%	7.900%	8.370%	0.100%
2016	7.900%	7.900%	8.270%	0.100%
2015	7.900%	7.900%	8.170%	0.100%
2014	7.900%	7.900%	8.070%	0.100%
2012 – 2013	6.900%	7.900%	7.070%	0.100%
2010 – 2011	6.900%		7.070%	0.100%
2008 – 2009	6.900%		6.935%	0.100%
2000 - 2007	6.900%		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.

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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 actuary valuation results that show 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 the 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
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a statutory appropriation from its General Fund of \$34,979,900.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2024, and 2023 (reporting periods), are displayed below. The County 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. The County recorded a liability of \$4,203,023 and the County's proportionate share was 0.172230 percent.

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	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 4,203,023	\$ 4,256,457	0.172230%	0.179002%	-0.006772%
State of Montana Proportionate Share associated with Employer	1,165,777	1,274,812	0.047771%	0.053611%	-0.005840%
Total	<u>\$ 5,368,800</u>	<u>\$ 5,531,269</u>	<u>0.220001%</u>	<u>0.232613%</u>	<u>-0.012612%</u>

Changes in actuarial assumptions and methods:

There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in benefit terms:

There were no changes in benefit terms since the previous measurement date.

Changes in proportionate share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense:

At June 30, 2024, the County recognized a Pension Expense of \$303,761 for its proportionate share of the pension expense. The County also recognized grant revenue of \$109,367 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the County.

	Pension Expense as of 6/30/24	Pension Expense as of 6/30/23
Employer Proportionate Share	\$ 303,761	\$ 412,829
State of Montana Proportionate Share associated with the Employer	109,367	132,135
Total	<u>\$ 413,128</u>	<u>\$ 544,964</u>

Recognition of Beginning Deferred Outflow

At June 30, 2024, the County recognized a beginning deferred outflow of resources for the County's fiscal year 2023 contributions of \$289,619.

STILLWATER COUNTY, MONTANA
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Recognition of Deferred Inflows and Outflows:

At June 30, 2024, the County reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 167,399	\$ -
Actual vs. Expected Investment Earnings	10,664	-
Changes in Assumptions	-	149,912
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	141,640
Employer contributions subsequent to the measurement date - FY24*	382,194	-
Total	<u>\$ 560,257</u>	<u>\$ 291,552</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2024	\$ (202,693)
2025	\$ (133,816)
2026	\$ 248,531
2027	\$ (25,510)
Thereafter	<u>\$ -</u>

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2023 actuarial valuation, and was determined using the following actuarial assumptions.

- | | |
|--|-------------|
| • Investment Return (net of admin expense) | 7.30% |
| • Admin Expense as % of Payroll | 0.28% |
| • General Wage Growth* | 3.50% |
| *includes Inflation at | 2.75% |
| • Merit Increases | 0% to 4.80% |

Postretirement Benefit Increases - Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable 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
- Member hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

STILLWATER COUNTY, MONTANA
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Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	<u>6.00%</u>	3.02%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money 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 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 6,071,251	\$ 4,203,023	\$ 2,635,746

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

PERS Disclosure for the defined contribution plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2023, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 348 employers that have participants in the PERS-DCRP totaled \$1,409,309.

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Sheriff's Retirement System

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. 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 in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan Descriptions

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

The SRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service.

Summary of Benefits

Service retirement:

- 20 years of membership service.
- 2.5% of HAC x years of service credit.

Early retirement:

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

Second Retirement:

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

1. 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:

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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- a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
2. 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:
- a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
3. A member who returns to covered service is not eligible for a disability benefit.

Member's compensation period used in benefit calculation

- HAC = Highest Average Compensation
- Hired prior to July 1, 2011: HAC is average of the highest 36 consecutive months of compensation paid to member.
- Hired on or after July 1, 2011: HAC is average of the highest 60 consecutive months of compensation paid to member.

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, a Guaranteed Annual Benefit Adjustment (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

STILLWATER COUNTY, MONTANA
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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.

<u>Fiscal Year</u>	<u>Member</u>	<u>Employer</u>
2018-2024	10.495%	13.115%
2010-2017	9.245%	10.115%
2008-2009	9.245%	9.825%
1998-2007	9.245%	9.535%

For reporting date June 30, 2025: During the 2023 Legislative session, House Bill 569 was signed into law which states that an actuarially determined contribution will be developed and contributed beginning fiscal year end 2025. The new policy will use a layered amortization approach with a 25-year closed amortization period for the legacy unfunded liability and 10-year closed amortization period for contemporary unfunded liabilities for SRS. For July 1, 2024 and after, contribution rates are actuarially determined beginning with the June 30, 2023 actuarial valuation and applying to the year beginning July 1, 2024 and ending June 30, 2025. For July 1, 2024 through June 30, 2025, the contribution rate will be 12.074%. This rate may not exceed last year's statutory rate of 13.115% by more than the statutory rate increase limit of 0.500%. This is a change in actuarial methods.

For reporting date June 30, 2025: House Bill 569 also provides a one-time appropriation of general fund dollars to the SRS of \$26.8 million.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the County's and the state of Montana's NPL for June 30, 2024, and 2023, are displayed below. The County proportionate share equals the ratio of the employer's contributions to the sum of all employer contributions during the measurement period. The County recorded a liability of \$1,558,041 and the County's proportionate share was 1.0599 percent.

	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 1,558,041	\$ 1,275,276	1.0599%	0.9314%	0.1286%
Total	\$ 1,558,041	\$ 1,275,276	1.0599%	0.9314%	0.1286%

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Changes in actuarial assumptions and methods:

There have been no changes to the actuarial assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in benefit terms:

The change in benefit terms since the previous measurement date:

- Effective July 1, 2023, the retirement eligibility criteria for new hires first entering the system on or after July 1, 2023, changes from 20 years of service at any age to age 50 and 20 years of service. This change had no impact on the TPL.

Changes in proportionate share:

Between the measurement date of the collective NPL and the employer's reporting date there were some changes in proportion that may have an effect on the employer's proportionate share of the collective NPL.

Pension Expense:

At June 30, 2024, the County recognized a Pension Expense of \$387,952 for its proportionate share of the pension expense.

	Pension Expense as of 6/30/24	Pension Expense as of 6/30/23
Employer Proportionate Share	\$ 387,952	\$ 232,516
Total	\$ 387,952	\$ 232,516

Recognition of Beginning Deferred Outflow

At June 30, 2024, the County recognized a beginning deferred outflow of resources for the County's fiscal year 2023 contributions of \$142,907.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Recognition of Deferred Inflows and Outflows:

At June 30, 2024, the County reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 246,256	\$ -
Actual vs. Expected Investment Earnings	11,070	-
Changes in Assumptions	125,539	23,303
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	113,611	-
Employer contributions subsequent to the measurement date - FY24*	160,368	-
Total	<u>\$ 656,844</u>	<u>\$ 23,303</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2024	\$ 236,986
2025	\$ 143,022
2026	\$ 104,587
2027	\$ (11,423)
Thereafter	\$ -

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2023 actuarial valuation, and was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.30%
- General Wage Growth* 3.50%
 *includes inflation at 2.75%
- Merit Increases 1.0% to 6.40%

Post Retirement Benefit Increased - Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, Inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2207

Mortality

- Mortality assumptions among contributing members are based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for males.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 105% for males. Projected generationally using MP-2021.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

STILLWATER COUNTY, MONTANA
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The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 2,531,011	\$ 1,558,041	\$ 766,275

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena 620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2024, was as follows:

Due to/from other funds

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Short term loan to clear deficit cash balance	General Capital – Major Governmental	ABS Sewer District – Nonmajor Governmental	\$ 98,179
Short term loan to clear deficit cash balance	General – Major Governmental	City/County Airport Maintenance – Major Governmental	503,663
Short term loan to clear deficit cash balance	General – Major Governmental	Emergency Disaster – Nonmajor Governmental	<u>343,879</u>
			<u>\$ 945,721</u>

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2024:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Operating	Pavillion Operations – Nonmajor Governmental	General – Major Governmental	\$ 39,041
Operating	District Court – Nonmajor Governmental	General – Major Governmental	5,100
Operating	Planning – Nonmajor Governmental	General – Major Governmental	6,147
Employer contributions	Employer Contribution – Nonmajor Governmental	General – Major Governmental	44,744
Employer contributions	Employer Contribution – Nonmajor Governmental	Road – Major Governmental	76,332
Employer contributions	Employer Contribution – Nonmajor Governmental	Bridge – Nonmajor Governmental	20,000
Employer contributions	Employer Contribution – Nonmajor Governmental	Weed – Nonmajor Governmental	13,571
Employer contributions	Employer Contribution – Nonmajor Governmental	District Court – Nonmajor Governmental	13,572
Employer contributions	Employer Contribution – Nonmajor Governmental	Library – Nonmajor Governmental	25,460

STILLWATER COUNTY, MONTANA
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Employer contributions	Employer Contribution – Nonmajor Governmental	County Extension – Nonmajor Governmental	13,571
Employer contributions	Employer Contribution – Nonmajor Governmental	Sheriff – Major Governmental	90,000
Employer contributions	Employer Contribution – Nonmajor Governmental	Permissive – Nonmajor Governmental	647,715
Operating	County Land Information – Nonmajor Governmental	General – Major Governmental	7,300
Operating	Alternative Detention – Nonmajor Governmental	PILT* – Major Governmental	8,250
Operating	Crime Victims Assistance – Nonmajor Governmental	PILT* – Major Governmental	22,619
Future capital improvements	R & B Capital Improvements – Nonmajor Governmental	Stillwater Action Group* – Major Governmental	402,000
Future capital improvements	R & B Capital Improvements – Nonmajor Governmental	Road – Major Governmental	100,000
Future capital improvements	General Capital – Major Governmental	General – Major Governmental	<u>3,442,412</u>
			<u>\$ 4,977,834</u>

*These funds were combined with the General Fund under GASB 54.

NOTE 11. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

Governmental Fund equity is classified as fund balance. The County categorizes fund balance of the governmental funds into the following categories:

Non-spendable – Includes resources not in spendable form, such as inventory, or those legally required to be maintained intact, such as principle portion of permanent funds.

Restricted – includes constraint for specific purposes which are externally imposed by a third party, State Constitution, or enabling legislation.

Committed – includes constraint for specific purposes which are internally imposed by the formal action of the board. This is the government’s highest level of decision-making authority, Commissioners, and a formal action is required to establish, modify, or rescind the fund balance commitment.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Unassigned – includes negative fund balances in all funds, or fund balance with no constraints in the General Fund.

The County considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Reason Nonspendable</u>
Road Fund	\$ 21,566	Inventory
All Other Aggregate	<u>581,824</u>	Inventory
	<u>\$ 603,390</u>	

Restricted Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Road Fund	\$ 3,889,148	Road and bridge repair, maintenance and supplies
Hard-Rock Mine Trust	21,338,026	General Government administration and services
Sheriff -Public Safety	1,172,826	Law Enforcement, emergency services, and supplies
Rural Special Improvement District No. 10	32,755	Debt Service
All Other Aggregate	205,000	Debt Service
	2,864,080	General Government administration and services
	608,043	Law Enforcement, emergency services, and supplies
	1,233,163	Road and bridge repair, maintenance and supplies
	63,660	Public Health Services and Supplies
	108,702	Noxious Weed Management
	884,225	Repairs and maintenance
	106,598	Animal Control
	458,420	Culture and recreation
	27,514	Conservation of Natural Resources
	24,918	Miscellaneous
	<u>168,873</u>	Employer costs of benefits
	<u>\$33,185,951</u>	

Committed Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Commitment</u>
General Capital Improvements Fund	\$ 5,188,241	Constructions and/or capital asset purchases
All Other Aggregate	<u>1,377,758</u>	Constructions and/or capital asset purchases
	<u>\$ 6,565,999</u>	

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 12. DEFICIT FUND BALANCES/NET POSITION

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>
Emergency Disaster	\$ (140,189)	Deficit cash balance in excess of amounts due from other governments
City/County Airport Maintenance	(223,956)	Accounts payable and interfund loan in excess of amounts due from other governments
ABS Sewer District Capital Improvement Fund	<u>(104,632)</u>	Deficit cash balance resulting in short term loan between funds and accounts payable
Total Governmental	\$ <u>468,777</u>	
Solid Waste	\$ <u>(21,211)</u>	Net Pension Liability and Other Post Employment Benefits Liability

NOTE 13. RESTATEMENTS

During the current fiscal year, the following adjustments relating to prior years' transactions were made to fund balance and net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Cattle Guard Maintenance - CAR Gate Programs	\$ 27,353	Understated prior year inventory
Metal Mine Tax Reserve	(50,604)	Overstated prior year accounts receivable
American Rescue Plan Act	39,683	Overstated prior year due to schools
General	3,067,167	GASB 54 - Special revenue funds that hold unrestricted monies should be combined with the General Fund but were not in prior year audits
Other Governmental Funds	(3,067,167)	GASB 54 - Special revenue funds that hold unrestricted monies should be combined with the General Fund but were not in prior year audits
City/County Airport Maintenance	11,712	GASB Statement NO. 100 - This was not a major fund in the prior year but is this year
Sheriff - Public Safety	1,338,477	GASB Statement NO. 100 - This was not a major fund in the prior year but is this year

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Rural Special Improvement District No. 10	25,229	Implementation of GASB Statement NO. 100 - This was not a major fund in the prior year but is this year
General Capital Improvements	2,895,102	Implementation of GASB Statement NO. 100 - This was not a major fund in the prior year but is this year
Disaster	149,382	Implementation of GASB Statement NO. 100 - This was a major fund in the prior year but is not a major fund this year
Metal Mines Tax Reserve	(898,111)	Implementation of GASB Statement NO. 100 - This was a major fund in the prior year but is not a major fund this year
Other Governmental Funds	(3,521,791)	Implementation of GASB Statement NO. 100 - Funds that are now major funds that were not in the prior year.
Governmental Government Wide	245,585	Overstated prior year leased assets related to graders
Governmental Government Wide	(8,518,779)	Understated prior year other post-employment benefits and the related deferred inflows and outflows
Governmental Government Wide	(825,125)	Overstated prior year construction in progress
Governmental Government Wide	4,045,309	Understated prior year special assessments receivable - deferred
Solid Waste	6,396	Overstated prior year leases payable
Solid Waste	23,146	Understated prior year capital assets
Solid Waste	(368,479)	Understated prior year other post-employment benefits and the related deferred inflows and outflows
Custodial Fund	(19,218,485)	Prior year overstated assets
Custodial Fund	<u>(370,567)</u>	Understated prior year due to others
	<u>\$(24,964,567)</u>	

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 14. SERVICES PROVIDED FROM OTHER GOVERNMENTS

Stillwater County provides various financial services to other governmental entities located within the County. The County serves as the billing agent, cashier and treasurer for tax and assessment collections for various taxing jurisdictions. The County also serves as a bank for such agencies as school districts, irrigation districts, rural fire districts, and other special purpose districts. The funds collected and held by the County for other entities are accounted for in agency funds. Funds collected for incorporated cities and towns are periodically remitted to those entities by the County Treasurer. The County has not recorded any service charges for the services it provides other governmental entities.

NOTE 15. RISK MANAGEMENT

The County faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Casualty Insurance

The County is part of a public entity risk pool called the Montana Association of Counties Property and Casualty Trust (MACo PCT). The MACo PCT pool is a group self-insurance program that offers a package concept combining multiple lines of coverages designed to meet the coverage and service needs for Montana Counties and Special Districts. Liability coverages are provided for at \$750,000/claim and \$1,500,000/occurrence.

PCT Coverage Includes:

- Public officials' errors and omissions
- Employment practices including legal advice on employment issues
- Law enforcement liability
- Auto liability
- General liability
- Defense only coverage for subdivisions approval and denials
- Property
- Faithful performance of duty
- Boiler and Machinery
- Fidelity and Crime
- Professional liability

Workers Compensation Insurance

The County is part of a public entity self-insured risk sharing pool that provides statutorily mandated workers' compensation called the Montana Association of Counties Workers' Compensation Trust (MACo WCT). Coverage is proved to member counties to protect member employees from on-the-job injuries and occupational diseases.

STILLWATER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Health Care Insurance

The County is part of a public entity risk sharing pool that provides group health benefits for Montana Counties called the Montana Association of Counties Health Care Trust (MACo HCT). The plan provides medical, pharmacy, Vision and Dental benefits.

Self-Insurance

The County provides medical insurance coverage for its employees via a partially self-insured plan administered by a third party. It provides medical and dental benefits and is operated as an Internal Service Fund. Rates are determined in consultation with the administrator based on past claim experience and are set at 125% of estimated claims for the coming year plus an administrative fee. The rates include a premium for a commercial “stop-loss” policy for when claims, in total, exceed the 125% amount or when any one claimant exceeds \$75,000 in covered charges during a year. A reconciliation of claims payable follows:

NOTE 16. METAL MINE

Stillwater County has some reliance on the Metal Mine Net and Gross Taxes received from the proceeds of the Sibanye Stillwater Mine. This reliance is not only from the receipt of funds from the metal mine ore, the reliance spreads out to all parts of the community including tax base, and businesses in the County are impacted by lower proceeds as the number of employees that utilize these businesses. Employees at the Mine have been cut by over 700 employees. It is anticipated that the Net Proceeds would generate \$763,979.00 in revenue for FY 24/25 to date only \$197,582.48 has been received, likewise the previous years have noted deficits. In FY23/24 \$1,435,168.00 was budgeted and only \$381,989.71 was received. This is the beginning of the down turn in metal values and will only get lower as we see the production reduction is inevitable for the mine.

NOTE 17. PENDING LITIGATION

The following is a list of litigation pending against the County and the amount of damages claimed by the Plaintiff. The County Attorney's evaluation as to the outcome of each case is also noted. The County has liability insurance which may cover all or part of the damages requested.

<u>Case</u>	<u>Damages Requested</u>	<u>Potential of Loss</u>
<i>Rachel Dreher v. Stillwater County</i>	Unknown	Unknown
<i>William and Jack Myers v. Nancy L Rhode, Stillwater County Attorney and Stillwater County Sheriff Chip Kim</i>	Unknown	Unknown
<i>Stillwater Clerk and Recorder, Heidi Stadel v. Stillwater County</i>	Unknown	Unknown

REQUIRED SUPPLEMENTARY INFORMATION

Stillwater County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 4,828,269	\$ 4,828,269	\$ 4,236,962	\$ (591,307)
Licenses and permits	24,430	24,430	22,775	(1,655)
Intergovernmental	577,959	577,959	568,829	(9,130)
Charges for services	268,640	306,292	298,616	(7,676)
Fines and forfeitures	77,096	77,096	79,118	2,022
Miscellaneous	(26,228)	(26,228)	85,318	111,546
Investment earnings	331,596	331,596	563,085	231,489
Amounts available for appropriation	<u>\$ 6,081,762</u>	<u>\$ 6,119,414</u>	<u>\$ 5,854,703</u>	<u>\$ (264,711)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government	\$ 3,449,473	\$ 3,449,473	\$ 3,367,048	\$ 82,425
Public safety	132,242	132,242	177,284	(45,042)
Public works	17,250	17,250	16,243	1,007
Public health	151,110	151,110	174,797	(23,687)
Social and economic services	41,907	41,907	32,546	9,361
Culture and recreation	2,000	2,000	4,007	(2,007)
Debt service - principal	-	-	30,824	(30,824)
Debt service - interest	-	-	1,106	(1,106)
Capital outlay	224,000	224,000	140,302	83,698
Total charges to appropriations	<u>\$ 4,017,982</u>	<u>\$ 4,017,982</u>	<u>\$ 3,944,157</u>	<u>\$ 73,825</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (3,544,744)</u>	<u>\$ (3,544,744)</u>	<u>\$ (3,544,744)</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (3,544,744)</u>	<u>\$ (3,544,744)</u>	<u>\$ (3,544,744)</u>	<u>\$ -</u>
Net change in fund balance			<u>\$ (1,634,198)</u>	
Fund balance - beginning of the year			<u>\$ 3,984,756</u>	
Fund balance - end of the year			<u><u>\$ 2,350,558</u></u>	

Stillwater County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

	Road Fund			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 2,628,576	\$ 2,628,576	\$ 2,482,165	\$ (146,411)
Licenses and permits	22,382	22,382	21,051	(1,331)
Intergovernmental	422,386	422,386	742,924	320,538
Charges for services	7,650	7,650	5,268	(2,382)
Miscellaneous	10,881	10,881	22,670	11,789
Amounts available for appropriation	<u>\$ 3,091,875</u>	<u>\$ 3,091,875</u>	<u>\$ 3,274,078</u>	<u>\$ 182,203</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public works	\$ 3,071,736	\$ 3,352,067	\$ 1,249,859	\$ 2,102,208
Debt service - principal	-	-	103,722	(103,722)
Debt service - interest	-	-	10,064	(10,064)
Capital outlay	500,000	500,000	2,488,421	(1,988,421)
Total charges to appropriations	<u>\$ 3,571,736</u>	<u>\$ 3,852,067</u>	<u>\$ 3,852,066</u>	<u>\$ 1</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of general long term debt	\$ -	\$ -	\$ 2,166,202	\$ 2,166,202
Proceeds from the sale of general capital asset disposition	37,592	37,592	-	(37,592)
Transfers out	(176,332)	(176,332)	(176,332)	-
Total other financing sources (uses)	<u>\$ (138,740)</u>	<u>\$ (138,740)</u>	<u>\$ 1,989,870</u>	<u>\$ 2,128,610</u>
Net change in fund balance			<u>\$ 1,411,882</u>	
Fund balance - beginning of the year			<u>\$ 2,498,832</u>	
Fund balance - end of the year			<u><u>\$ 3,910,714</u></u>	

Stillwater County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

	Hard-Rock Mine Trust			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u> <u>See Note A</u>	<u>WITH FINAL</u> <u>BUDGET</u>
RESOURCES (INFLOWS):				
Intergovernmental	\$ 1,303,996	\$ 1,303,996	\$ 885,563	\$ (418,433)
Investment earnings	257,743	257,743	464,933	207,190
Amounts available for appropriation	<u>\$ 1,561,739</u>	<u>\$ 1,561,739</u>	<u>\$ 1,350,496</u>	<u>\$ (211,243)</u>
Net change in fund balance			<u>\$ 1,350,496</u>	
Fund balance - beginning of the year			<u>\$ 19,987,530</u>	
Fund balance - end of the year			<u>\$ 21,338,026</u>	

Stillwater County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

	City/County Airport Maintenance			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Intergovernmental	\$ 1,104,123	\$ 1,104,123	\$ 892,145	\$ (211,978)
Charges for services	18,552	18,552	9,685	(8,867)
Miscellaneous	-	-	600	600
Investment earnings	64	64	56	(8)
Amounts available for appropriation	<u>\$ 1,122,739</u>	<u>\$ 1,122,739</u>	<u>\$ 902,486</u>	<u>\$ (220,253)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	\$ -	\$ -	\$ 80	\$ (80)
Public works	90,435	90,435	32,895	57,540
Debt service - principal	-	-	966	(966)
Debt service - interest	-	-	18	(18)
Capital outlay	-	1,047,720	1,104,195	(56,475)
Total charges to appropriations	<u>\$ 90,435</u>	<u>\$ 1,138,155</u>	<u>\$ 1,138,154</u>	<u>\$ 1</u>
Net change in fund balance			<u>\$ (235,668)</u>	
Fund balance - beginning of the year			\$ -	
Restatements			11,712	
Fund balance - beginning of the year - restated			<u>\$ 11,712</u>	
Fund balance - end of the year			<u>\$ (223,956)</u>	

Stillwater County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

Sheriff -Public Safety				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 1,964,806	\$ 1,964,806	\$ 2,200,719	\$ 235,913
Licenses and permits	2,235	2,235	2,070	(165)
Intergovernmental	271,734	271,734	257,059	(14,675)
Charges for services	4,962	4,962	13,028	8,066
Fines and forfeitures	39,174	39,174	40,008	834
Miscellaneous	12,105	12,105	5,752	(6,353)
Investment earnings	-	-	-	-
Amounts available for appropriation	<u>\$ 2,295,016</u>	<u>\$ 2,295,016</u>	<u>\$ 2,518,636</u>	<u>\$ 223,620</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	\$ 2,899,182	\$ 2,899,182	\$ 2,539,019	\$ 360,163
Public health	1,000	1,000	-	1,000
Capital outlay	-	-	55,268	(55,268)
Total charges to appropriations	<u>\$ 2,900,182</u>	<u>\$ 2,900,182</u>	<u>\$ 2,594,287</u>	<u>\$ 305,895</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of general capital asset disposition	\$ 8,335	\$ 8,335	\$ -	\$ (8,335)
Transfers out	(90,000)	(90,000)	(90,000)	-
Total other financing sources (uses)	<u>\$ (81,665)</u>	<u>\$ (81,665)</u>	<u>\$ (90,000)</u>	<u>\$ (8,335)</u>
Net change in fund balance			<u>\$ (165,651)</u>	
Fund balance - beginning of the year			\$ -	
Restatements			<u>1,338,477</u>	
Fund balance - beginning of the year - restated			<u>\$ 1,338,477</u>	
Fund balance - end of the year			<u>\$ 1,172,826</u>	

Stillwater County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>General</u>	<u>Road Fund</u>	<u>Hard-Rock Mine Trust</u>	<u>City/County Airport Maintenance</u>	<u>Sheriff -Public Safety</u>
Sources/Inflows of resources					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,854,703	\$ 3,274,078	\$ 1,350,496	\$ 902,486	\$ 2,518,636
Combined funds (GASBS 54) revenues	<u>3,350,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	<u>\$ 9,205,046</u>	<u>\$ 3,274,078</u>	<u>\$ 1,350,496</u>	<u>\$ 902,486</u>	<u>\$ 2,518,636</u>
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,944,157	\$ 3,852,066	\$ -	\$ 1,138,154	\$ 2,594,287
Combined funds (GASBS 54) expenditures	<u>161,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,105,352</u>	<u>\$ 3,852,066</u>	<u>\$ -</u>	<u>\$ 1,138,154</u>	<u>\$ 2,594,287</u>

Stillwater County, Montana
Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
For Fiscal Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service Cost	\$ 324,094	\$ 265,092	\$ 461,519	\$ 379,646	\$ 314,358	\$ 385,650	\$ 468,510
Interest	180,082	201,964	145,605	185,356	193,634	287,310	302,974
Differences in experience	-	409,543	-	(1,755,756)	-	(2,721,689)	-
Change in assumptions and inputs	(182,876)	(1,459,346)	(1,673,619)	313,801	1,232,079	(167,616)	(349,298)
Benefit payments	<u>(100,686)</u>	<u>(136,322)</u>	<u>(119,149)</u>	<u>(114,703)</u>	<u>(112,982)</u>	<u>(230,275)</u>	<u>(195,732)</u>
Net change in total OPEB liability	220,614	(719,069)	(1,185,644)	(991,656)	1,627,089	(2,446,620)	226,454
Total OPEB Liability - beginning	4,107,307	4,826,376	6,012,020	7,003,676	5,376,587	7,823,207	7,596,753
Restatement	-	-	-	-	-	-	-
Total OPEB Liability - ending	<u>\$ 4,327,921</u>	<u>\$ 4,107,307</u>	<u>\$ 4,826,376</u>	<u>\$ 6,012,020</u>	<u>\$ 7,003,676</u>	<u>\$ 5,376,587</u>	<u>\$ 7,823,207</u>
Covered-employee payroll	\$ 4,512,610	\$ 4,360,010	\$ 3,758,846	\$ 3,667,167	\$ 3,728,122	\$ 3,047,020	\$ 2,936,886
Total OPEB liability as a percentage of covered -employee payroll	96%	94%	128%	164%	188%	176%	266%

**The above schedule is presented by combining the required schedules from GASB 75 paragraphs 170a and 170b. The GASB requires that 10 years of information related to the OPEB liability be presented, additional data will be provided as it becomes available.*

Stillwater County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

	PERS 2024	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016	PERS 2015
Employer's proportion of the net pension liability	0.172230%	0.179002%	0.183626%	0.183920%	0.182570%	0.185594%	0.222866%	0.198419%	0.200225%	0.208378%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 4,203,023	\$ 4,256,457	\$ 3,329,549	\$ 4,852,197	\$ 3,816,287	\$ 3,873,607	\$ 4,340,606	\$ 3,379,757	\$ 2,798,893	\$ 2,596,412
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 1,165,777	\$ 1,274,812	\$ 981,584	\$ 1,528,363	\$ 1,240,194	\$ 1,293,942	\$ 54,952	\$ 41,297	\$ 34,380	\$ 31,706
Total	\$ 5,368,800	\$ 5,531,269	\$ 4,311,133	\$ 6,380,560	\$ 5,056,481	\$ 5,167,549	\$ 4,395,558	\$ 3,421,054	\$ 2,833,273	\$ 2,628,118
Employer's covered payroll	\$ 3,183,128	\$ 2,997,516	\$ 3,224,246	\$ 3,085,867	\$ 3,012,382	\$ 3,054,674	\$ 2,764,436	\$ 2,376,708	\$ 2,336,670	\$ 2,370,669
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	132.04%	142.00%	103.27%	157.24%	126.69%	126.81%	157.02%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%
	SRS 2024	SRS 2023	SRS 2022	SRS 2021	SRS 2020	SRS 2019	SRS 2018	SRS 2017	SRS 2016	SRS 2015
Employer's proportion of the net pension liability	1.0599%	0.9314%	0.8945%	0.8752%	0.8305%	0.8303%	0.8530%	0.7673%	0.7220%	0.7163%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 1,558,041	\$ 1,275,276	\$ 651,557	\$ 1,066,754	\$ 692,619	\$ 624,148	\$ 649,135	\$ 1,347,901	\$ 695,966	\$ 298,088
Total	\$ 1,558,041	\$ 1,275,276	\$ 651,557	\$ 1,066,754	\$ 692,619	\$ 624,148	\$ 649,135	\$ 1,347,901	\$ 695,966	\$ 298,088
Employer's covered payroll	\$ 1,085,928	\$ 897,665	\$ 812,946	\$ 743,117	\$ 684,428	\$ 644,205	\$ 638,240	\$ 541,632	\$ 491,265	\$ 463,227
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	143.48%	142.07%	80.15%	143.55%	101.20%	96.86%	101.71%	248.86%	141.67%	64.35%
Plan fiduciary net position as a percentage of the total pension liability	77.09%	77.07%	86.94%	75.92%	81.89%	82.68%	81.30%	63.00%	75.40%	87.24%

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

Stillwater County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2024

	PERS 2024	PERS 2023	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2018	PERS 2017	PERS 2016	PERS 2015
Contractually required contributions	\$ 382,194	\$ 289,619	\$ 279,772	\$ 287,440	\$ 270,363	\$ 259,086	\$ 258,521	\$ 231,407	\$ 198,658	\$ 192,551
Contributions in relation to the contractually required contributions	\$ 382,194	\$ 289,619	\$ 279,772	\$ 287,440	\$ 270,363	\$ 259,086	\$ 258,521	\$ 231,407	\$ 203,382	\$ 196,981
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 4,213,826	\$ 3,183,128	\$ 2,997,516	\$ 3,224,246	\$ 3,085,867	\$ 3,012,382	\$ 3,054,674	\$ 2,764,436	\$ 2,376,708	\$ 2,336,670
Contributions as a percentage of covered payroll	9.07%	9.10%	9.33%	8.91%	8.76%	8.60%	8.46%	8.37%	8.59%	8.43%

	SRS 2024	SRS 2023	SRS 2022	SRS 2021	SRS 2020	SRS 2019	SRS 2018	SRS 2017	SRS 2016	SRS 2015
Contractually required contributions	\$ 160,368	\$ 142,907	\$ 118,317	\$ 106,419	\$ 97,806	\$ 87,805	\$ 86,070	\$ 64,558	\$ 56,138	\$ 49,833
Contributions in relation to the contractually required contributions	\$ 160,368	\$ 142,907	\$ 118,317	\$ 106,419	\$ 97,806	\$ 87,805	\$ 86,070	\$ 64,558	\$ 56,138	\$ 49,833
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 1,222,783	\$ 1,085,928	\$ 897,665	\$ 812,946	\$ 743,117	\$ 684,428	\$ 644,205	\$ 638,240	\$ 541,632	\$ 491,265
Contributions as a percentage of covered payroll	13.12%	13.16%	13.18%	13.09%	13.16%	12.83%	13.36%	10.12%	10.36%	10.14%

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

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

2013 Legislative Changes

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013

- All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

Permanent Injunction Limits Application of the GABA Reduction – Passed under House Bill 454

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) 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 on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013:
 - 1.5% 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.

2015 Legislative Changes

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

- GABA starts again in the January immediately following second retirement.
- For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.
- For members who retire on or after January 1, 2016, return to PERS-covered employment, and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016, and the contributions of 2.37%, 0.47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes

Working Retiree Limitations – for PERS

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

Refunds

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

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

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

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0% to 4.80%
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	
• Active Participation	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Health Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Sheriffs' Retirement System of Montana (SRS)

Changes of Benefit Terms

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

2013 Legislative Changes

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. SRS working retirees may still work up to 480 hours a year, without returning to active service.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013

- All SRS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to SRS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

2015 Legislative Changes

There were no legislative changes with regards to SRS in 2015.

2017 Legislative Changes

Increase in SRS Employee and Employer Contributions, effective July 1, 2017:

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

Second Retirement Benefit – for SRS

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

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

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

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

Refunds

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

Interest credited to member accounts

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

Lump-sum payouts

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

2023:

Retirement eligibility

- Effective July 1, 2023, the retirement eligibility criteria in SRS for new hires first entering the system changes from 20 years of service at any age to age 50 and 20 years of service. This change had no impact on the TPL.

Stillwater County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2024

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investments and administrative expenses
*Includes inflation at	2.75%
Merit salary increases	1% to 6.40%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality	
• Active Participation	PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retiree	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality table projected to 2021, set forward one year and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
• Disabled Retiree	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality table projected to 2021, set forward one year for males.
• Contingent Survivor	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.

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, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

SINGLE AUDIT SECTION

Stillwater County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Economic Development Cluster-Cluster</i>			
Department of Commerce			
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307		\$ 350,468
Total Economic Adjustment Assistance			350,468
<i>Total Department of Commerce</i>			350,468
<i>Total Economic Development Cluster-Cluster</i>			350,468
<i>Forest Service Schools and Roads Cluster-Cluster</i>			
United States Department of Agriculture			
Schools and Roads - Grants to States			
Schools and Roads - Grants to States	10.665		54,469
Total Schools and Roads - Grants to States			54,469
<i>Total United States Department of Agriculture</i>			54,469
<i>Total Forest Service Schools and Roads Cluster-Cluster</i>			54,469
<i>Other Programs</i>			
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Montana Department of Emergency Services,FEMA- 4655-DR-MT	1,412,706
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			1,412,706
Hazard Mitigation Grant			
Hazard Mitigation Grant	97.039	Montana Department of Emergency Services,DR- 4508-MT-05F	166,883
Total Hazard Mitigation Grant			166,883
Emergency Management Performance Grants			
Emergency Management Performance Grants	97.042	Montana Department of Emergency Services,EMD- 2023-EP-00005	75,435
Total Emergency Management Performance Grants			75,435
Homeland Security Grant Program			
Homeland Security Grant Program	97.067	Montana Department of Emergency Services	12,500
Total Homeland Security Grant Program			12,500
<i>Total Department of Homeland Security</i>			1,667,524
Department of Commerce			
CHIPS Incentives Program			
CHIPS Incentives Program	11.037		828,842
Total CHIPS Incentives Program			828,842
<i>Total Department of Commerce</i>			828,842
Department of the Interior			
Invasive and Noxious Plant Management			
Invasive and Noxious Plant Management	15.230		58,160
Total Invasive and Noxious Plant Management			58,160
<i>Total Department of the Interior</i>			58,160

Stillwater County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024 - Continued

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Department of Transportation			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		<u>854,983</u>
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			<u>854,983</u>
<i>Total Department of Transportation</i>			<u>854,983</u>
Department of the Treasury			
Local Assistance and Tribal Consistency Fund			
Local Assistance and Tribal Consistency Fund	21.032		<u>207,765</u>
Total Local Assistance and Tribal Consistency Fund			<u>207,765</u>
<i>Total Department of the Treasury</i>			<u>207,765</u>
United States Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>519,561</u>
Total Water and Waste Disposal Systems for Rural Communities			<u>519,561</u>
<i>Total United States Department of Agriculture</i>			<u>519,561</u>
Total Other Programs			<u>4,136,835</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,541,772</u></u>

The accompanying notes are an integral part of this schedule

STILLWATER COUNTY, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2024

Basis of Presentation and Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Stillwater County, Montana. The information in this schedule is presented in accordance with the requirements Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has elected not to use the 10 percent de Minimis indirect cost rate as provided in Sec. 200.414 Indirect Costs under Uniform Guidance.

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South – P.O. Box 1957 Kalispell, MT 59903-1957

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

To the Board of County Commissioners
Stillwater County
Columbus, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Stillwater County, Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 6, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stillwater County, Montana’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stillwater County, Montana’s internal control. Accordingly, we do not express an opinion on the effectiveness of Stillwater County’s internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses listed as item(s) 2024-001 and 2024-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stillwater 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 instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2024-003.

Stillwater County's Response to Findings

Stillwater County's response to the findings identified in our audit is described in the Auditee's Corrective Action Plan. Stillwater County's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Denning, Downey and Associates, CPA's, P.C.

June 6, 2025

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

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

To the Board of County Commissioners
Stillwater County
Columbus, Montana

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited Stillwater County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Stillwater County's Major federal programs for the year ended June 30, 2024. Stillwater County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Stillwater County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Stillwater County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Stillwater County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Stillwater County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a types of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Denning, Downey and Associates, CPA's, P.C.

June 6, 2025

STILLWATER COUNTY, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified	None Reported
Type of auditor’s report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program, Covid-19 Airport Programs, and
11.037	Infrastructure Investments and Jobs Act Programs
97.036	CHIPS Incentives Program
	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

2024-001 Deferred Assessments Receivable

Condition:

The County does not have a deferred assessment receivable schedule to track amount assessed and future assessments per year per tax payer.

Context:

As part of the audit, we requested a deferred assessments receivable schedule per tax payer to determine if the deferred amounts (future assessments on tax payers) are correct and that they will not be over assessing tax payers overall in relation to the debt outstanding.

Criteria:

A proper system of internal controls would ensure that a deferred assessment schedule is completed which tracks per year how much is assessed on each tax payer and how much is collected. It will also include the amounts to be assessed on tax payers in the future years by year.

Effect:

The County cannot track if the assessments on tax payers are sufficient or if they are over assessing tax payers. The amounts reported in the financial statements are based on the assessment debt outstanding as of June 30, 2024.

Cause:

The County only had a listing of the properties and the total amounts that would be assessed but did not develop one that tracks the assessments assessed each year and will be assessed in future years.

Recommendation:

We recommend the County develop a deferred assessment schedule per tax payer to track what has been assessed and what will be assessed in future years to ensure that they are not over assessing the tax payers. This will also allow them to track if a tax payer decides to pay off their full assessment early.

2024-002 Segregation of Duties

Condition:

There is a lack of segregation of duties at my of the smaller offices/departments throughout the County.

Context:

The County has several smaller offices/departments in which there is very limited staff.

Criteria:

Duties should be segregated to provide reasonable assurance that transactions are handled properly and there are checks and balances in place.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Effect:

A lack of segregation of duties could lead to misappropriation of assets.

Cause:

There is very limited staff in various County offices/departments and it would not be cost effective to hire additional staff members in these offices.

Recommendation:

We recommend the County segregate duties as much as possible and the County Commissioners and/or other management oversee these departments as much as possible.

2024-003 Tax Levy Requirement Schedule and Cash Reserve Limitations

Condition:

The Tax Levy Requirement Schedule was not completed properly and the County exceeded its cash reserve limitations in one fund.

Context:

We recalculated the tax levy requirement schedule and then compared to the client's schedule. We also tested to determine if the County was in compliance with the cash reserve limitations.

Criteria:

The Tax Levy Requirement Schedule should be properly filled out so that the County can ensure they will have sufficient cash flows to meet their appropriation levels for the year and their cash reserves will stay within the 1/3 limitations as required by MCA 7-6-4034

Effect:

We noted the following issues:

- The cash available column for the prior year cash balance did not tie to the cash per the prior year audit, the accounting system etc. We could not figure out where those numbers came from but were usually higher than what they actually were
- When we did a recalculation, we calculated that the Road Fund was actually scheduled to have a negative cash reserve of over \$312K.
- When we did a recalculation, we calculated that the Mental Health Fund would exceed the cash reserve limitations by \$9,821
- The calculated property tax revenues on the County's schedule for the Fire Protection Fund did not recalculate based on the mills levied and the certified taxable value. When we recalculated the tax revenues, we found them to be \$30,151 less than what the County had listed.
- When we compared the Total Requirements Column to the Total Resources Columns of the County's tax levy requirement schedule, we found there was a \$13,437 difference. These two columns should always equal.

Cause:

The tax levy requirement schedule was not filled out correctly.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation:

We recommend the County ensure that the tax levy requirement schedule is filled out correctly so they can ensure they have sufficient resources to meet the appropriations and that the cash reserves are within statutory limitations and not negative.

Section III – Federal Award Findings and Questioned Costs

2024-004 FEMA grants (repeated 2023-018)

CFDA Title: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

CFDA Number: 97.036

Federal Award Number: FEMA-4655-DR-MT

Federal Agency: Montana Department of Emergency Services

Pass-through Entity: Department of Homeland Security

Condition:

Program expenditures were not separately identified in the general ledger for each Project Worksheet (PW).

Questioned Costs:

None

Context:

The cost principles in 2 CFR part 200, subpart E (cost principles), prescribe the cost accounting requirements associated with the administration of federal awards. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Effect:

Non-compliance with federal cost principles.

Cause:

The County does not have internal control policies and procedures in place that allows it to comply with cost principles outlined in the Uniform Guidance.

Recommendation:

Program expenditures should be separately identified in the general ledger.

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

To the Board of County Commissioners
Stillwater County
Columbus, Montana

The prior audit report contained eighteen recommendations. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
2023-001 Segregation of Duties	Repeated
2023-002 Auditor Prepared Financial Statements	Not Repeated
2023-003 Cash and Investment Reconciliations Not Accurate	Not Repeated
2023-004 Continue Development of Accounting Procedures Manual	Not Repeated
2023-005 Continued Cross Training in The Treasurer and Finance Offices	Not Repeated
2023-006 Year-End Closing	Not Repeated
2023-007 Grant Management	Not Repeated
2023-008 IRS Penalties for Late Payment	Implemented
2023-009 Payroll Clearing Fund Not Reconciled	Implemented
2023-010 Required Supplementary Information	Implemented
2023-011 Wage Base Reconciliations	Not Repeated
2023-012 Year-End Inventory Not Conducted	Implemented
2023-013 Budgets	Partially Repeated
2023-014 Excess Vacation Leave	Not Repeated
2023-015 Incorrect Longevity Calculations for Sheriff and Undersheriff	Not Repeated
2023-016 Equipment Purchase Not Bid	Implemented

2023-017 Noncompliance with Procurement and Suspension and
Debarment Requirements, Coronavirus State and Local Fiscal Recovery
Funds; AL No. 21.027, Year Ended June 30, 2023

Implemented

2023-018 Noncompliance with Allowable Costs/Cost Principles
Requirements, Disaster Grants-Public Assistance (Presidentially Declared
Disasters); AL No. 97.036, Year Ended June 30, 2023.

Repeated

Denning, Downey and Associates, CPA's, P.C.

June 6, 2025



June 6, 2025

Denning, Downey & Associates, P.C.
Certified Public Accountants
P.O. Box 1957
Kalispell, MT 59903-1957

Response to Audit Findings for fiscal year ending June 30, 2024, and corrective action plan narrative for the audit findings as follows:

Contact Person:

Kisha Cornell, Administrator/Finance Manager

Expected Completion Date of Corrective Action Plan:

December 31, 2025

CORRECTIVE ACTION PLAN

FINDING 2024-001: Deferred Assessments Receivable

Response: The County will create a spreadsheet with all named users of the system, their current assessment, pay off date and the calculation of what the pay of would be as of a particular date.

FINDING 2024-002: Segregation of Duties

Response: Cross Training and extensive standard operation manuals will help provide systematic procedures for tasks as well as defined steps for follow up. This follow up will include review by another when possible and periodic review by Commission to assure transparency with all financial operations at the County.

FINDING 2024-003: Annual Financial Report

Response: Close out and getting information to the AFR provider will occur sooner for the next FY. This will assure that the AFR is on time and submitted by December 31, 2025 to the Department of Administration. The finance manager will also investigate utilizing the Audit in lieu of AFR option and see if this can be done for the next cycle.

FINDING 2024-004: Tax Levy Requirement Schedule and Cash Reserve Limitations

Response: The finance manager will assure that the determination sheets are reviewed by the Auditor or another qualified entity prior to moving forward with the mill calculations data entry in the software.



FINDING 2024-005: FEMA Grants

Response: Project numbers will be utilized for the grant programming from this point further so that the income and expenses will be more easily defined and isolated for reporting.

STATUS OF PRIOR AUDIT FINDINGS

FINDING 2023-001: Segregation of Duties

Response: See Response to Finding 2024-002

FINDING 2023-002: Auditor Prepared Financial Statements

Response: No Repeated

FINDING 2023-003: Cash and Investment reconciliation Not Accurate

Response: Not Repeated

FINDING 2023-004: Continued Development of Accounting Procedures Manual

Response: Not Repeated

FINDING 2023-005: Continue Cross Training in the Treasurer and Finance Offices

Response: Not Repeated

FINDING 2023-006: Year-End Closing

Response: Not Repeated

FINDING 2023-007: Grant Management

Response: Not Repeated

FINDING 2023-008: IRS Penalties for Late Payment

Response: Implemented

FINDING 2023-009: Payroll Clearing Fund Not Reconciled

Response: Implemented



Finance Office
Kisha Cornell, Administrator/Finance Manager

431 Quarry Rd, Columbus, MT 59019 | P.O. Box 970 | **Office** (406) 322-8008 |

kcornell@stillwatercountymt.gov

FINDING 2023-010: Requirement Supplementary Information

Response: Implemented

FINDING 2023-011: Wage Base Reconciliation

Response: Not Repeated

FINDING 2023-0 12: Year-End Inventory not Counted

Response: Implemented

FINDING 2023-013: Budgets

Response: Partially Repeated

FINDING 2023-014: Excess Vacation Leave

Response: Not Repeated

FINDING 2023-015: Incorrect Longevity Calculations for Sheriff and Undersheriff

Response: Not Repeated

The Finance department will make every effort to eliminate the findings that are within the control of the finance office.

Implementation of this action plan will begin immediately.

Best Regards,

Kisha Cornell
Administrator/Finance Manager
Stillwater County