

CARBON COUNTY
RED LODGE, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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CARBON COUNTY
ORGANIZATION

June 30, 2019

BOARD OF COUNTY COMMISSIONERS

Scott Blain	Presiding Officer
Bill Bullock	Commissioner
Robert DeArmond	Commissioner
<u>ELECTED OFFICIALS</u>	
Christine Stovall	Clerk and Recorder
Lori Lynde	County Treasurer/Superintendent
Josh McQuillan	County Sheriff/Coroner
Alex Nixon	County Attorney
Rochelle Loyning	Clerk of District Court
Kevin Nichols	Justice of the Peace
Shannon Foley	Public Administrator

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

ERNEST J. OLNESS, CPA

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Carbon County
Red Lodge, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Montana (the government) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinions

Management has not recorded the total other post-employment benefit (OPEB) liability and related expense in the governmental activities. Accounting principles generally accepted in the United States of America require that the total OPEB liability and related expense be recorded, which would increase liabilities, decrease net position and change expenses in the governmental activities. The amount by which this departure would affect liabilities, net position and expenses has not been determined.

Because we did not observe year-end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities, we were unable to form an opinion regarding the amounts at which inventory was recorded in the governmental activities, the road fund and the bridge fund.

Qualified Opinions

In our opinion, except for the effects of the matter described in the first paragraph under the heading "Basis for Qualified Opinions" and except for the possible effects of the matter discussed in the second paragraph under the heading "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the road fund and the bridge fund of the government, as of June 30, 2019, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund (excluding the road and bridge funds) and the aggregate remaining fund information of the government as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the government adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

O'Leary & Associates, PC

Billings, Montana
February 7, 2020

CARBON COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

As management of Carbon County, a political subdivision of the state of Montana, we offer readers of the attached Carbon County financial statements this narrative. This discussion and analysis of the financial performance of Carbon County provides an overview of the government's financial activities and financial position for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with our financial statements.

FINANCIAL HIGHLIGHTS

- Net position of our governmental activities increased by \$276,413.
- During the year, our government had expenses that were \$2,243,507 more than the \$8,503,231 generated in tax and other general revenues.
- Total cost of all of programs increased \$776,698.
- Total governmental revenues were \$10,355,354 an increase of less than 1% over the prior year. Governmental expenditures decreased to \$10,428,831, an increase of 6% over the prior year.
- The General fund reported an increase this year of \$48,882 in fund balance.
- There were no significant General fund budget amendments this year. Carbon County continues to keep its capital equipment, buildings, roads, and bridges in good condition and up to date. We remain debt free.

USING THIS ANNUAL REPORT

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Carbon County. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

One of the most important questions asked about Carbon County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position (page 9) and the Statement of Activities (page 10) report information about Carbon County as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, 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 revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements (Statement of Net Position and Statement of Activities) report net position and changes in it. You can think of net position as one way to measure the County's financial health, or financial position. Over time, increases or decreases in net position is one indicator of whether the County's financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the capital assets (county roads and bridges), to assess the overall health of Carbon County.

The Statement of Net Position and the Statement of Activities, include governmental activities consisting of public safety, public works, culture and recreation, and general administration. Property taxes, local option vehicle taxes, and state and federal grants finance most of these activities.

CARBON COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

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. Carbon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The fund financial statements (pages 11 and 13) provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and/or bond covenants. Also, the Board of County Commissioners establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. Carbon County utilizes the following funds:

Governmental funds – Basic services are reported in governmental funds, which focus on how money flows into and out of these 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 readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's recent financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. Carbon County describes the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations (pages 12 and 14, respectively).

Carbon County maintains individual governmental funds, and adopts an annual appropriated budget for them. The general, road, bridge, public safety and PILT funds are all considered to be major funds. Other governmental funds are combined into a single aggregate presentation titled total nonmajor funds. Information for the major funds is reported separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Each of the major funds also reports the revenues and expenditures on a comparative basis with the annually appropriated budget, both original and final, to demonstrate compliance with the budgets. This information is reported as required supplementary information.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties and entities outside the government of Carbon County. Fiduciary funds use the accrual basis of accounting. Carbon County excludes these activities from the other financial statements because we cannot use these assets to finance the County's operations. Carbon County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

NOTES TO BASIC FINANCIAL STATEMENT

The notes provide additional information that is essential to a full understanding of the data and reports presented in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 17 of this report.

THE GOVERNMENT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In our case, net position was \$19,176,557, as of June 30, 2019. Net position increased \$276,413.

Of the County's total net position, our net investment in capital assets accounts for \$18,002,937 or 94% of the total. Capital assets reflect the County's net investments in land, buildings, improvements, infrastructure and machinery and equipment. Carbon County uses these capital assets to provide services to citizens and the community; consequently, these assets are not available for future spending.

Unrestricted net position amounted to a deficit balance of \$3,147,640. The net position deficit occurred because GASB Statement No.'s 68 and 71 were implemented during fiscal year 2015.

CARBON COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

A recap of the County's net position and change in net position follows:

Carbon County's Schedule of Net Position

	2019	2018	Change
Current and other assets	\$ 5,828,601	\$ 5,358,551	\$ 470,050
Capital assets	18,291,937	18,246,146	45,791
Total assets	24,120,538	23,604,697	515,841
Deferred outflows-pensions	1,422,243	1,617,769	(195,526)
Other liabilities	11,980	11,584	396
Long-term liabilities	5,072,834	5,323,246	(250,412)
Total liabilities	5,084,814	5,334,830	(250,016)
Deferred inflows-pensions	1,281,410	987,492	293,918
Net position (deficit):			
Net investment in capital assets	18,002,937	18,246,146	(243,209)
Restricted	4,321,260	3,918,878	402,382
Unrestricted (deficit)	(3,147,640)	(3,254,880)	117,240
\$	\$ 19,176,557	\$ 18,900,144	\$ 276,413

Carbon County's Schedule of Change in Net Position

	2019	2018	Change
Revenues:			
Program revenues:			
Charges for services	\$ 955,462	\$ 938,148	\$ 17,314
Operating grants and contributions	793,846	845,011	(51,165)
Capital grants and contributions	770,612	260,595	510,017
General revenues:			
Taxes	5,923,917	5,857,332	66,585
Intergovernmental	2,416,942	2,280,980	135,962
Interest	126,594	62,717	63,877
Miscellaneous	35,778	53,969	(18,191)
Gain on disposal of capital assets	-	67,800	(67,800)
Total revenues	11,023,151	10,366,552	656,599
Expenses:			
General government	3,035,886	2,739,621	296,265
Public safety	2,942,223	2,670,296	271,927
Public works	3,747,087	3,543,336	203,751
Public health	364,875	372,997	(8,122)
Social and economic services	140,226	144,835	(4,609)
Culture and recreation	376,215	367,157	9,058
Other current charges	140,226	141,798	(1,572)
Total expenses	10,746,738	9,970,040	776,698
Change in net position	276,413	396,512	(120,099)
Net position, beginning	18,900,144	18,503,632	396,512
Net position, ending	\$ 19,176,557	\$ 18,900,144	\$ 276,413

CARBON COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

FUND FINANCIAL STATEMENT ANALYSIS

The fund financial statements provide detailed information about the major (most significant) funds. The general fund is always reported as a major fund. Governments may choose to report other governmental funds as major funds, even though they do not meet the qualifying test. To be reported as a major fund, a fund must meet the following criteria:

Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures of an individual governmental fund are at least 10 percent of the corresponding element total for all funds.

As of June 30, 2019, Carbon County's governmental funds reported combined fund balances of \$5,671,137, an increase of \$415,363 over the prior year. \$1,328,050 is unassigned. The remaining \$4,343,087 is classified as non-spendable, restricted or committed.

The general fund is the primary operating fund of Carbon County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. As of June 30, 2019, the general fund fund balance was \$1,332,138, an increase from the prior year of \$48,882.

The road fund accounts for resources accumulated and payments made for the maintenance, repair, and construction of county-owned roads. At the end of the fiscal year, the fund balance of the road fund was \$1,183,397, an increase of \$154,112 over the prior year. The increase was due to conservative spending.

The bridge fund accounts for resources accumulated and payments made for the maintenance, repair and construction of county-owned bridges. At year-end, the bridge fund fund balance was \$477,991, a decrease of \$57,131 over the prior year. Available fund balance was used to fund current year operations.

The public safety fund accounts for resources accumulated and payments made for providing law enforcement and public safety services. Fund balance of the public safety fund was \$1,010,685, a decrease of \$65,777 over the prior year. Available fund balance was used to fund current year operations.

The PILT (payments in lieu of taxes) fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Expenditures made from the fund are at the discretion of the Board of County Commissioners. During fiscal year 2019, resources from the PILT fund were transferred to fund other fund's budgets. Overall fund balance decreased \$14,394. Available fund balance was used to fund current year operations.

General Fund Budgetary Highlights.

There were no significant General fund budget amendments this year. General fund expenditures were \$396,107 less than the amount budgeted. Revenues received were \$9,220 less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Carbon County's net investment in capital assets as of June 30, 2019 was \$18,002,937. This investment in capital assets includes land, buildings/improvements, machinery and equipment, and infrastructure. During fiscal year 2019, significant capital additions included road, bridge and sheriff equipment and various other improvements.

Long-term Debt

Compensated absences are a liability of the County for unpaid vacation and sick leave and compensatory time earned by year-end. The amount of the liability generally increases on an annual basis as a result of increasing wages and a general growth in the number of total compensable hours. The amount of this liability on June 30, 2019 was \$515,618. Also, the County obtained a \$289,000 loan through a local bank for 911 equipment upgrades. The loan is for 3 years, with an interest rate of 2.35 percent. Additionally, the net pension liability required by GASB Statement 68 is also included in the government-wide financial statements.

THE GOVERNMENT'S FUTURE

Carbon County's financial status remains solid. Fiscal year 2020 cash reserves for levied funds were set around 29%; reserves for the Bridge fund did not include Treasure State Endowment Program (TSEP) Grant expenditure and revenue amounts as those funds will be a passthrough to the State Department of Transportation. Reserves were set below the maximum level of 33% allowed by Montana State law to help pay for the cost of detention facility planning and to account for oil and gas and Federal Mineral Royalty payments below their historic levels. This loss in revenue has depleted County cash reserves over the last several years.

Our county-wide taxable valuation for fiscal year 2019 increased by 3% and our rural taxable valuation for road purposes increased by 3.6%. The revenues from Payment in Lieu of Taxes (PILT) increased \$28,855. Federal Mineral Royalties and oil & gas production increased by \$49,663 from the previous year. Although oil and gas revenues and Federal Mineral Royalties increased, this is still roughly \$580,000 lower than historic levels. These funds are very valuable to help offset the cost of Search and Rescue Operations, Ambulance services, increase in public safety expenses, salaries/benefits, road and bridge maintenance, and other operating costs.

CARBON COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

There is always a demand for increased services, while we continue to provide maintenance and upkeep on our existing assets.

In preparation for budget year 2019-2020, we kept our mills at the maximum level allowed by state statute in order to cover the increasing costs of running a county government. We were able to make contributions to Capital Improvement funds for: the future vehicle replacements for the Red Lodge District Commissioner, Red Lodge Road Foreman, Sanitarian, and Disaster and Emergency Services Coordinator; the future replacement of election equipment; building planning for the possible construction of a detention center and remodel of the court house; future overlays for the Red Lodge and Bridger airport runways; improvements to buildings at the fairgrounds; future sheriff's office vehicle replacements; and the future replacement of a large format copier and scanner. Our hope is to continue to build capital fund balances so capital improvements can be funded over multiple years rather than relying on fund cash balances to finance projects. To that end, the County has initiated a Task Order with Interstate Engineering for the creation of a five-year, county-wide capital improvement plan that should be completed by March 2020.

With an almost \$20,000 inmate housing invoice from Gallatin County in March 2019 and issues with inmate housing availability in both Yellowstone and Gallatin counties, it has become necessary to house prisoners farther away in Broadwater County and Custer County. Commissioners are evaluating constructing a detention facility in Carbon County. They are in discussions with Stillwater, Sweet Grass, and other surrounding counties regarding the possibility of contracting for prisoner beds to help with the cost of operating the facility. Commissioners hope to have the bond measure election in the summer of 2020.

In February 2019, the new simulcast radio system was installed. The new system is stable and working as expected without regular resets. This system was paid for by Homeland Security Grants, 911 funds, Communications capital improvement funds, and a note agreement with the Bank of Red Lodge. With a stable system, the County hopes to begin addressing coverage issues in critical areas of the County.

As the state and cities continue to cut back on their funding, there is increased pressure for more financial support from the County to keep existing programs functioning and growing. The county cannot fill all of these wants and wishes. The county will prioritize wants and needs, comparing the costs of services we provide with the benefits derived from those services. We are aware of the state government passing on increased demands to the county governments. Counties have to be fiscally responsible to county taxpayers and protect financial sources and ability to serve the county citizens.

We continue to study bridges and replace as needed and as funding allows. Our (TSEP) grant will fund replacement of the Chance Road Bridge; grant match funds for this project will be supplied by the State Off-System Bridge program and the State of Montana expects construction in the 2022 construction season. We are also looking into funding opportunities to replace the north and south East Side Road Bridges which have been flagged as failing by the Montana Department of Transportation. Commissioners are working with our Engineers and the Forest Service to determine if replacement of the East Side Road Bridges in conjunction with major improvements to East Side Road would be appropriate for a Federal Lands Access Program (FLAP) Grant application.

With the initiative put forth by the Commissioners, other elected officials, law enforcement personnel, and a host of constituents, the Montana Department of Transportation has started the process to pave the remaining lanes of the US 212/310 Realignment project between Rockvale and Laurel.

Carbon County is also working to secure road easements so the Forest Service can improve access to public lands in the Pryor Mountains.

The Pryor Mountain Wind Project (FKA Mud Springs et al. Wind Project) was purchased by PacifiCorp in May 2019. The County has entered into a Wind Impact Fee Agreement totaling 1% of the project's total cost. We expect this payment to total about \$4,060,000. Commissioners are in the process of finalizing an interlocal agreement with the Bridger School District on how the impact fee will be allocated between the two entities. Commissioners also negotiated a road and bridge preparation fee with PacifiCorp for 0.50% of the project's total cost estimated to be \$2,030,000. Roughly \$500,000 will be allocated to replace the Pryor Mountain Road Bridge over Bridger Creek by June 1, 2020.

CARBON COUNTY
STATEMENT OF NET POSITION
June 30, 2019

ASSETS	
Cash and equivalents	\$ 2,827,350
Investments	2,436,360
Receivables:	
Taxes and assessments	145,484
Governments	157,579
Inventories	221,873
Prepays	39,955
Capital assets:	
Land and construction in progress	258,691
Capital assets, net of accumulated depreciation	<u>18,033,246</u>
Total assets	<u>24,120,538</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plans	<u>1,422,243</u>
LIABILITIES	
Accounts payable-vendors	11,980
Long-term liabilities:	
Due within one year:	
Compensated absences:	51,562
Notes	94,323
Due in more than one year:	
Notes	194,677
Compensated absences:	464,056
Net pension liability	<u>4,268,216</u>
Total liabilities	<u>5,084,814</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plans	<u>1,281,410</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	18,002,937
Restricted for:	
General government	310,509
Public safety	1,209,159
Public works	2,227,306
Public health	37,026
Social and economic	53,899
Culture and recreation	82,920
Housing and community development	3,167
Capital projects	397,274
Unrestricted (deficit)	<u>(3,147,640)</u>
Total net position	<u>\$ 19,176,557</u>

See notes to basic financial statements.

CARBON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,035,886	\$ 253,506	\$ 40,663	\$ -	\$ (2,741,717)
Public safety	2,942,223	583,172	311,195	180,637	(1,867,219)
Public works	3,747,087	101,637	323,781	582,793	(2,738,876)
Public health	364,875	14,957	111,860	-	(238,058)
Social and economic services	140,226	2,190	827	-	(137,209)
Culture and recreation	376,215	-	5,520	7,182	(363,513)
Other current charges	140,226	-	-	-	(140,226)
Total	10,746,738	955,462	793,846	770,612	(8,226,818)
General revenues:					
Property taxes					5,923,917
Intergovernmental					2,416,942
Investment earnings					126,594
Miscellaneous					35,778
Total general revenues					8,503,231
Change in net position					276,413
Net position - beginning					18,900,144
Net position - ending					\$ 19,176,557

See notes to basic financial statements.

CARBON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Road	Bridge	Public Safety	PILT	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 705,600	\$ 543,506	\$ 229,715	\$ 514,837	\$ 64,424	\$ 769,268	\$ 2,827,350
Investments	608,024	468,346	197,948	443,641	55,514	662,887	2,436,360
Receivables:							
Taxes and assessments	30,649	25,083	17,483	35,373	-	36,896	145,484
Governments	30,494	-	-	37,500	-	89,585	157,579
Inventories	-	171,545	50,328	-	-	-	221,873
Prepaid items	-	-	-	14,707	-	25,248	39,955
Total assets	<u>\$ 1,374,767</u>	<u>\$ 1,208,480</u>	<u>\$ 495,474</u>	<u>\$ 1,046,058</u>	<u>\$ 119,938</u>	<u>\$ 1,583,884</u>	<u>\$ 5,828,601</u>
LIABILITIES							
Accounts payable-vendors	\$ 11,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,980
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes and assessments	30,649	25,083	17,483	35,373	-	36,896	145,484
FUND BALANCES (DEFICITS)							
Nonspendable:							
Prepays	-	-	-	14,707	-	25,248	39,955
Inventory	-	171,545	50,328	-	-	-	221,873
Restricted for:							
General government	-	-	-	-	-	305,053	305,053
Public safety	-	-	-	995,978	-	126,705	1,122,683
Public works	-	1,011,852	427,663	-	-	513,636	1,953,151
Public health	-	-	-	-	-	36,956	36,956
Social and economic services	-	-	-	-	-	52,370	52,370
Culture and recreation	-	-	-	-	-	73,943	73,943
Housing and community development	-	-	-	-	-	3,167	3,167
Capital projects	-	-	-	-	-	397,274	397,274
Committed for:							
General government	-	-	-	-	119,938	16,724	136,662
Unassigned	1,332,138	-	-	-	-	(4,088)	1,328,050
Total fund balances (deficits)	<u>1,332,138</u>	<u>1,183,397</u>	<u>477,991</u>	<u>1,010,685</u>	<u>119,938</u>	<u>1,546,988</u>	<u>5,671,137</u>
Total liabilities, deferred inflows resources and fund balances (deficits)							
	<u>\$ 1,374,767</u>	<u>\$ 1,208,480</u>	<u>\$ 495,474</u>	<u>\$ 1,046,058</u>	<u>\$ 119,938</u>	<u>\$ 1,583,884</u>	<u>\$ 5,828,601</u>

CARBON COUNTY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 June 30, 2019

Total fund balances, governmental funds	\$ 5,671,137
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	18,291,937
Deferred inflows of resources related to taxes and assessments are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	145,484
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,422,243
Deferred inflows of resources related to pensions	(1,281,410)
Some liabilities (such as compensated absences, notes payable and the net pension liability) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,072,834)</u>
Net position of governmental activities	<u>\$ 19,176,557</u>

See notes to basic financial statements.

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

For the Year Ended June 30, 2019

	General	Road	Bridge	Public Safety	PILT	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes/assessments	\$ 1,776,509	\$ 1,167,777	\$ 657,063	\$ 1,329,194	\$ -	\$ 1,202,953	\$ 6,133,496
Fines and forfeitures	50,737	-	-	-	-	6,648	57,385
Licenses and permits	15,276	9,337	-	6,730	-	-	31,343
Intergovernmental	445,043	330,220	40,655	108,905	1,221,127	1,246,100	3,392,050
Charges for services	249,565	-	-	203,383	-	117,285	570,233
Investment earnings	111,114	12,108	-	-	1,757	1,615	126,594
Miscellaneous	17,943	8,977	-	3,812	-	13,521	44,253
Total revenues	2,666,187	1,528,419	697,718	1,652,024	1,222,884	2,588,122	10,355,354
EXPENDITURES							
Current:							
General government	2,334,979	-	-	-	821	314,742	2,650,542
Public safety	168,371	-	-	2,054,088	48,816	500,803	2,772,078
Public works	35,922	1,442,069	860,211	-	-	474,191	2,812,393
Public health	253,253	-	-	-	-	111,184	364,437
Social and economic services	45,828	-	-	-	-	92,776	138,604
Culture and recreation	-	-	-	-	-	366,850	366,850
Other current charges	137,946	-	-	-	-	1,402	139,348
Capital outlay	16,598	479,922	3,690	345,851	8,778	329,740	1,184,579
Total expenditures	2,992,897	1,921,991	863,901	2,399,939	58,415	2,191,688	10,428,831
Excess (deficiency) of revenues over expenditures	(326,710)	(393,572)	(166,183)	(747,915)	1,164,469	396,434	(73,477)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	289,000	-	-	289,000
Insurance recoveries	44,696	-	-	4,264	-	-	48,960
Sale of capital assets	7,810	-	-	-	-	143,070	150,880
Transfers in	414,086	552,684	109,052	388,874	-	366,143	1,830,839
Transfers out	(91,000)	(5,000)	-	-	(1,178,863)	(555,976)	(1,830,839)
Total other financing sources (uses)	375,592	547,684	109,052	682,138	(1,178,863)	(46,763)	488,840
Net change in fund balances	48,882	154,112	(57,131)	(65,777)	(14,394)	349,671	415,363
Fund balances - beginning	1,283,256	1,029,285	535,122	1,076,462	134,332	1,197,317	5,255,774
Fund balances - ending	\$ 1,332,138	\$ 1,183,397	\$ 477,991	\$ 1,010,685	\$ 119,938	\$ 1,546,988	\$ 5,671,137

See notes to basic financial statements.

CARBON COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ 415,363
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	(67,873)
<p>This is the amount by which depreciation (\$1,252,452) exceeded capital outlay (\$1,184,579) in the current period.</p>	
<p>The net effect of various transactions involving capital assets (i.e., sales, donations, contributions, insurance and trade-ins) is to increase net position.</p>	113,664
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>	54,291
<p>Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure. In contrast, the Statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of long-term debt issued.</p>	(289,000)
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.</p>	39,846
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Compensated absences	10,122
Change in net position of governmental activities	\$ 276,413

See notes to basic financial statements.

CARBON COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	External Investment Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 5,180,066	\$ 1,384,118
Investments	4,463,720	-
Taxes and assessments receivable	-	471,901
Total assets	9,643,786	\$ 1,856,019
LIABILITIES		
Accounts payable	-	\$ 57,502
Due to special districts	-	1,116,809
Due to state	-	307,681
Due to schools	-	260,048
Due to cities/towns	-	113,979
Total liabilities	-	\$ 1,856,019
NET POSITION		
Held in trust for external investment pool participants	\$ 9,643,786	

See notes to basic financial statements.

CARBON COUNTY
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND
 For the Year Ended June 30, 2019

	External Investment Trust Fund
ADDITIONS	
Contributions	\$ 6,331,755
Investment earnings:	
Interest	<u>194,116</u>
Total additions	<u>6,525,871</u>
DEDUCTIONS	
Distributions to participants	<u>6,610,622</u>
Change in net position	(84,751)
Net position - beginning	<u>9,728,537</u>
Net position - ending	<u><u>\$ 9,643,786</u></u>

See notes to basic financial statements.

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government adopted the provisions of the following GASB statement:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The government's significant accounting policies are described below.

Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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

The government reports the following major governmental funds:

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

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

The road fund accounts for resources accumulated from property taxes and state entitlement and payments made for the maintenance, repair and construction of county-owned roads.

The bridge fund accounts for resources accumulated from property taxes, grants and state entitlement and payments made for the maintenance, repair and construction of county-owned bridges.

The public safety fund accounts for resources accumulated from property taxes, state entitlement and charges for services and payments made for providing law enforcement and public safety services.

The PILT fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Payments made from the fund are at the discretion of the Board of County Commissioners.

Additionally, the government reports the following fund types:

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

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The investment pool is not registered with the SEC. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool. 59% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value versus amortized cost.

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

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

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year.

The government does not charge an administrative fee to participants in the pool.

Receivables

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

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for machinery and equipment, \$10,000 for building and improvements and \$25,000 for infrastructure. The asset must have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is determined as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	30
Building and improvements	15-155
Machinery and equipment	5-39

Collections Not Capitalized

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

Compensated Absences

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

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

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The government has one item that meets this criterion: pension plans.

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

Net Position

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

The governing body has by resolution authorized the Commissioner's administrative assistant and/or Board of County Commissioners to assign fund balance. There was no assigned fund balance in the general fund.

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

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Homeland Security (\$3,079) and Health Preparedness (\$1,009) funds had deficit fund equity as of June 30, 2019. The deficits are a carryover from the prior year. The deficits are expected to be eliminated through a transfer from the General fund.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

The government's cash, cash equivalents and investments are reported as follows:

Governmental activities	\$ 5,263,710
Fiduciary funds	<u>11,027,904</u>
	<u>\$ 16,291,614</u>

Total carrying value of cash, cash equivalents and investments as of June 30, 2019, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 2,000	\$ -	\$ 2,000
Cash in banks:			
Demand deposits	7,913,527	-	7,913,527
Time deposits	-	5,650,080	5,650,080
Savings deposits	(376,865)	-	(376,865)
Brokers:			
U.S. Government securities	-	1,250,000	1,250,000
Repurchase agreement	1,475,262	-	1,475,262
Short-term Investment Program (STIP)	<u>377,610</u>	<u>-</u>	<u>377,610</u>
	<u>\$ 9,391,534</u>	<u>\$ 6,900,080</u>	<u>\$ 16,291,614</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$7,952,817 of the government's bank balance of \$14,115,519 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u>\$ 7,952,817</u>
--	---------------------

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2019, exceeded the amount required by state statute.

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Fair value measurements are as follows at June 30, 2019:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. government securities	\$ 1,232,250	\$ 1,232,250	\$ -	\$ -
State Short-Term Investment Program (STIP)	<u>377,663</u>			
	<u>\$ 1,609,913</u>			

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

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". This pool is managed to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested for one or more days and redeemed with one business days' notice. The government's STIP ownership is represented by shares. Share prices are fixed at \$1.00 per share for transactional purposes. The STIP investment portfolio consists of securities with maximum maturity of 2 years or less. The portfolio is reported at fair value for financial reporting purposes. STIP income is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares.

Interest Rate Risk. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under state statute, an investment may not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

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

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

	Custodial Credit Risk Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ 500,000	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,232,250
Repurchase agreement	-	-	<u>1,475,262</u>	<u>1,475,262</u>	<u>1,475,262</u>
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 2,225,262</u>	<u>2,725,262</u>	<u>2,707,512</u>
Uncategorized: STIP			<u>377,610</u>	<u>377,663</u>	
			<u>\$ 3,102,872</u>	<u>\$ 3,085,175</u>	

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Following is the condensed schedule of changes in net position and net position for the investment pool for the year ended June 30, 2019:

	Internal	External	Total
Net position - beginning of year	\$ 6,350,459	\$ 9,728,537	\$ 16,078,996
Contributions from participants	3,202,260	6,331,755	9,534,015
Investment earnings	126,594	194,116	320,710
Distributions to participants	(3,031,485)	(6,610,622)	(9,642,107)
Net position - end of year	\$ 6,647,828	\$ 9,643,786	\$ 16,291,614

Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 173,317	-	-	\$ 173,317
Construction-in-progress	218,548	48,929	(182,103)	85,374
Total capital assets, not being depreciated	391,865	48,929	(182,103)	258,691
Capital assets, being depreciated				
Buildings/improvements	4,490,559	118,149	(6,112)	4,602,596
Machinery and equipment	9,772,742	1,280,521	(1,507,864)	9,545,399
Infrastructure	11,854,039	583,858	-	12,437,897
Total capital assets, being depreciated	26,117,340	1,982,528	(1,513,976)	26,585,892
Less accumulated depreciation for:				
Buildings/improvements	(1,364,771)	(126,167)	2,465	(1,488,473)
Machinery and equipment	(5,367,958)	(713,077)	960,400	(5,120,635)
Infrastructure	(1,530,330)	(413,208)	-	(1,943,538)
Total accumulated depreciation	(8,263,059)	(1,252,452)	962,865	(8,552,646)
Total capital assets, being depreciated, net	17,854,281	730,076	(551,111)	18,033,246
Capital assets, net	\$ 18,246,146	\$ 779,005	\$ (733,214)	\$ 18,291,937

Depreciation expense was charged as follows:

General government	\$	64,413
Public safety		269,438
Public works		907,346
Social and economic services		532
Culture and recreation		10,723
Total depreciation	\$	1,252,452

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Transfers

Interfund transfers consisted of the following:

	Transfers In	Transfers Out	Total
General	\$ 414,086	\$ (91,000)	\$ 323,086
Road	552,684	(5,000)	547,684
Bridge	109,052	-	109,052
Public Safety	388,874	-	388,874
PILT	-	(1,178,863)	(1,178,863)
Total nonmajor funds	<u>366,143</u>	<u>(555,976)</u>	<u>(189,833)</u>
	<u>\$ 1,830,839</u>	<u>\$ (1,830,839)</u>	<u>\$ -</u>

Transfers are made to fund operations of various governmental activities and to fund future capital improvements.

Long-Term Debt

Notes from direct borrowings currently outstanding are as follows:

	Original Amount	Term	Interest Rate	Balance June 30, 2019
911 upgrades-2019	\$ 289,000	3 yrs	2.35%	<u>\$ 289,000</u>

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

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2020	\$ 94,323	\$ 5,988	\$ 100,311
2021	96,299	4,012	100,311
2022	98,378	1,933	100,311
	<u>\$ 289,000</u>	<u>\$ 11,933</u>	<u>\$ 300,933</u>

Notes from direct borrowings include a provision on payment default. Payment default is if the borrower fails to make any payment due under the note. If there is a payment default, the full amount of the note becomes due immediately. This loan is secured by a lien on the 911 equipment.

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance		Balance	
	July 1, 2018	Additions	June 30, 2019	Due Within One Year
Notes payable	-	\$ 289,000	-	\$ 94,323
Compensated absences	525,740	-	(10,122)	51,562
Total long-term liabilities	<u>\$ 525,740</u>	<u>\$ 289,000</u>	<u>\$ (10,122)</u>	<u>\$ 145,885</u>

NOTE 4. OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. Policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The government participates in a state-wide public risk pool, MACO, for workers' compensation coverage. The government pays monthly premiums for its employee injury insurance coverage. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. The government also participates in MACO's Joint Powers

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Insurance Authority which offers insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Given lack of coverage available, the government has no coverage for potential losses from environmental damages.

Jointly Governed Organization

The County participates with the City of Red Lodge and the Town of Bridger in a Joint Airport. The organization is authorized by Part 2, Chapter 10, Title 67, MCA. The Airport Board consists of seven members; three from the City and Town; three from the County and one appointed by the Airport Board

Commitments and Contingencies

At year-end, the government had commitments outstanding, in the form of contracts, of approximately \$45,000, primarily for construction projects.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any to be immaterial.

Retirement Plans

Plan Descriptions

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA. The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

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. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the SRS web site at mpera.mt.gov.

Pension Benefits

Public Employees Retirement System

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

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

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

Second retirement applies to plan members re-employed in a PERS position after retirement. Plan members who retire before January 1, 2016 and accumulate less than 2 years' additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years' additional service credit receive a refund of the plan member's contributions from the second employment plus regular interest at .77%.

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

Plan members are eligible for early retirement at age 50 with 5 years of membership service. This benefit calculated using HAC and service credit at early retirement and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

Second Retirement applies to retirement system members re-employed in a SRS position on or after July 1, 2017. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member a) is not awarded service credit for the period of reemployment; b) is refunded the accumulated contributions associated with the period of reemployment; c) starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and d) does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member: is awarded service credit for the period of reemployment. Starting the first month following termination of service, the member receives the same retirement benefit previously paid to the member and a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members rehire date. The member does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA on the initial retirement benefit in January immediately following second retirement, and on the second retirement benefit starting in January after receiving that benefit for at least 12 months. A member who returns to covered service is not eligible for a disability benefit.

Member and Employer Contributions

Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.57% of each member's compensation. This was temporarily increased from 7.07% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The additional employer contributions terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Sheriff's Retirement System

Members contribute 10.495% of their compensation. Interest is credited at rates determined by the Board. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions. Employers contribute 13.115% of each member's compensation. The rate increased from 10.115% to 13.115% on July 1, 2018.

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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

At June 30, 2019, the government recorded a liability of \$3,561,595 (PERS) and \$706,621 (SRS) for its proportionate share of the net pension liability.

PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The government's and State of Montana's proportionate share of the net pension liability are presented below:

	PERS	SRS
Employer proportionate share	\$ 3,561,595	\$ 706,621
State of Montana proportionate share associated with employer	1,191,836	-
Total	\$ 4,753,431	\$ 706,621

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 for PERS and SRS. The government's proportion of the net pension liability was based on the government's contributions received by PERS and SRS during the measurement period July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2019, the government's proportion was .1706 and .9400 percent for PERS and SRS, respectively.

For the year ended June 30, 2019, the government recognized \$329,202 (PERS) and (\$10,263) (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$79,542 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$408,744 and (\$10,263) for PERS and SRS, respectively.

At June 30, 2019, the government reported its proportionate share of PERS and SRS deferred outflows and inflows of resources from the following sources:

	PERS		SRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 270,835	\$ -	\$ 38,973	\$ 1,574
Changes in actuarial assumptions	302,860	-	401,826	668,195
Difference between projected and actual investment earnings	-	55,312	-	19,781
Changes in the proportion and differences between actual and expected contributions	-	536,548	48,964	-
Employer contributions subsequent to measurement date	256,530	-	102,255	-
Total	\$ 830,225	\$ 591,860	\$ 592,018	\$ 689,550

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2020	\$ 169,109	\$ (46,349)
2021	19,452	(63,161)
2022	(183,997)	(95,503)
2023	(22,729)	5,226

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	SRS
Investment rate of return, net of investment and administrative expenses	7.65%	7.65%
Salary increases	3.50%	3.50%
Inflation	2.75%	2.75%

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

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the PERS and SRS plans. The most recent PERS and SRS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the PERS and SRS target asset allocation as of June 30, 2018, and are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.6%	0.10%
Domestic equity	36.0%	1.64%
Foreign equity	18.0%	1.14%
Fixed income	23.4%	0.23%
Private equity	12.0%	0.93%
Real estate	8.0%	0.32%
	<u>100.0%</u>	

Discount Rate

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school governments. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current

CARBON COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

plan members through the year 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Sheriff's Retirement System (SRS)

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2118. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

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

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net pension liability-PERS	\$ 5,150,891	\$ 3,561,595	\$ 2,256,529
Net pension liability-SRS	1,285,956	706,621	232,194

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, Leases. The requirements of this Statement are effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, Conduit Debt Obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CARBON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts					
	Original	Final	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis	
REVENUES						
Taxes/assessments	\$ 1,776,952	\$ 1,776,952	\$ 1,776,509	\$ -	\$ 1,776,509	
Fines and forfeitures	45,000	45,000	50,737	-	50,737	
Licenses and permits	21,400	21,400	15,276	-	15,276	
Intergovernmental	420,538	420,538	365,501	79,542	445,043	
Charges for services	259,975	259,975	249,565	-	249,565	
Investment earnings	47,000	47,000	111,114	-	111,114	
Miscellaneous	25,000	25,000	17,943	-	17,943	
Total revenues	2,595,865	2,595,865	2,586,645	79,542	2,666,187	
EXPENDITURES						
Current:						
General government	2,565,346	2,555,346	2,294,316	40,663	2,334,979	
Public safety	206,860	204,360	158,699	9,672	168,371	
Public works	15,000	15,000	9,610	26,312	35,922	
Public health	260,355	260,355	251,185	2,068	253,253	
Social and economic services	53,001	53,001	45,001	827	45,828	
Other current charges	177,900	177,900	137,946	-	137,946	
Capital outlay	41,000	43,500	16,598	-	16,598	
Total expenditures	3,319,462	3,309,462	2,913,355	79,542	2,992,897	
Excess (deficiency) of revenues over expenditures	(723,597)	(713,597)	(326,710)	-	(326,710)	
OTHER FINANCING SOURCES (USES)						
Insurance recoveries	5,000	5,000	44,696	-	44,696	
Sale of capital assets	-	-	7,810	-	7,810	
Transfers in	419,893	419,893	414,086	-	414,086	
Transfers out	-	(10,000)	(91,000)	-	(91,000)	
Total other financing sources (uses)	424,893	414,893	375,592	-	375,592	
Net change in fund balance	\$ (298,704)	\$ (298,704)	48,882	-	48,882	
Fund balance - beginning			1,283,256	-	1,283,256	
Fund balance - ending			\$ 1,332,138	\$ -	\$ 1,332,138	

See notes to required supplementary information-budgetary comparison information.

CARBON COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

Road Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Taxes/assessments	\$ 1,178,829	\$ 1,178,829	\$ 1,167,777
Licenses and permits	7,500	7,500	9,337
Intergovernmental	330,975	330,975	330,220
Investment earnings	6,700	6,700	12,108
Miscellaneous	10,000	10,000	8,977
Total revenues	1,534,004	1,534,004	1,528,419
EXPENDITURES			
Current:			
Public works	1,842,960	1,842,960	1,442,069
Capital outlay	529,350	529,350	479,922
Total expenditures	2,372,310	2,372,310	1,921,991
Excess (deficiency) of revenues over expenditures	(838,306)	(838,306)	(393,572)
OTHER FINANCING SOURCES (USES)			
Transfers in	613,684	613,684	552,684
Transfers out	(5,000)	(5,000)	(5,000)
Total other financing sources (uses)	608,684	608,684	547,684
Net change in fund balance	\$ (229,622)	\$ (229,622)	154,112
Fund balance - beginning			1,029,285
Fund balance - ending			\$ 1,183,397

See notes to required supplementary information-budgetary comparison information.

CARBON COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

Bridge Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual
	Original	Final	Amounts
REVENUES			
Taxes/assessments	\$ 666,971	\$ 666,971	\$ 657,063
Intergovernmental	806,246	806,246	40,655
Charges for services	2,800	2,800	-
Total revenues	1,476,017	1,476,017	697,718
EXPENDITURES			
Current:			
Public works	1,011,150	1,011,150	860,211
Capital outlay	750,000	750,000	3,690
Total expenditures	1,761,150	1,761,150	863,901
Excess (deficiency) of revenues over expenditures	(285,133)	(285,133)	(166,183)
OTHER FINANCING SOURCES			
Transfers in	109,052	109,052	109,052
Total other financing sources	109,052	109,052	109,052
Net change in fund balance	\$ (176,081)	\$ (176,081)	(57,131)
Fund balance - beginning			535,122
Fund balance - ending			\$ 477,991

See notes to required supplementary information-budgetary comparison information.

CARBON COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

Public Safety Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes/assessments	\$ 1,349,869	\$ 1,349,869	\$ 1,329,194
Licenses and permits	6,500	6,500	6,730
Intergovernmental	219,459	219,459	108,905
Charges for services	86,200	86,200	203,383
Miscellaneous	6,000	6,000	3,812
Total revenues	1,668,028	1,668,028	1,652,024
EXPENDITURES			
Current:			
Public safety	2,219,560	2,209,360	2,054,088
Debt service:			
Principal	50,000	50,000	-
Interest and other charges	1,965	1,965	-
Capital outlay	319,025	329,225	345,851
Total expenditures	2,590,550	2,590,550	2,399,939
Excess (deficiency) of revenues over expenditures	<u>(922,522)</u>	<u>(922,522)</u>	<u>(747,915)</u>
OTHER FINANCING SOURCES			
Long term debt issued	210,425	210,425	289,000
Insurance recoveries	-	-	4,264
Transfers in	365,670	365,670	388,874
Total other financing sources	576,095	576,095	682,138
Net change in fund balance	\$ (346,427)	\$ (346,427)	(65,777)
Fund balance - beginning			1,076,462
Fund balance - ending			\$ 1,010,685

See notes to required supplementary information-budgetary comparison information.

CARBON COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

PILT Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental	\$ 1,125,000	\$ 1,125,000	\$ 1,221,127
Investment earnings	-	-	1,757
Total revenues	1,125,000	1,125,000	1,222,884
EXPENDITURES:			
Current:			
General government	725	725	821
Public safety	62,850	62,850	48,816
Capital outlay	16,500	16,500	8,778
Total expenditures	80,075	80,075	58,415
Excess (deficiency) of revenues over expenditures	1,044,925	1,044,925	1,164,469
OTHER FINANCING USES			
Transfers out	(1,178,863)	(1,178,863)	(1,178,863)
Total other financing uses	(1,178,863)	(1,178,863)	(1,178,863)
Net change in fund balance	\$ (133,938)	\$ (133,938)	(14,394)
Fund balance - beginning			134,332
Fund balance - ending			\$ 119,938

See notes to required supplementary information - budgetary comparison information.

CARBON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY COMPARISON INFORMATION
For the Year Ended June 30, 2019

BUDGETARY INFORMATION

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

The differences between budget and GAAP revenues and expenditures are due to recording the on-behalf state support revenue and expenditures for PERS and SRS.

CARBON COUNTY
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA
For the Years Ended June 30,

Public Employees Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	\$ 256,530	\$ 237,697	\$ 218,281	\$ 237,041	\$ 207,452
Contributions in relation to the contractually required contributions	256,530	237,697	218,281	237,041	207,452
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,993,349	\$ 2,811,785	\$ 2,608,707	\$ 2,734,189	\$ 2,383,462
Contributions as a percentage of employer's covered payroll	8.57%	8.45%	8.37%	8.67%	8.70%
Sheriffs' Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	\$ 102,255	\$ 97,443	\$ 69,926	\$ 68,230	\$ 59,005
Contributions in relation to the contractually required contributions	102,255	97,443	69,926	68,230	59,005
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 779,680	\$ 729,328	\$ 691,314	\$ 658,298	\$ 581,680
Contributions as a percentage of employer's covered payroll	13.12%	13.36%	10.11%	10.36%	10.14%

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

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

Public Employees Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.1706%	0.2102%	0.2283%	0.2042%	0.2092%
Employer's proportionate share of the net pension liability associated with the employer	\$ 3,561,595	\$ 4,094,392	\$ 3,888,105	\$ 2,854,942	\$ 2,606,889
State of Montana's proportionate share of the net pension liability associated with the employer	1,191,836	56,724	47,508	35,068	31,834
Total	\$ 4,753,431	\$ 4,151,116	\$ 3,935,613	\$ 2,890,010	\$ 2,638,723
Employer's covered payroll	\$ 2,811,785	\$ 2,608,707	\$ 2,734,189	\$ 2,383,462	\$ 2,390,737
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	126.67%	156.95%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.47%	73.75%	74.71%	78.40%	79.87%
Sheriffs' Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.9400%	0.9240%	0.9325%	0.8548%	0.8535%
Employer's proportionate share of the net pension liability associated with the employer	\$ 706,621	\$ 703,114	\$ 1,638,233	\$ 824,056	\$ 355,222
State of Montana's proportionate share of the net pension liability associated with the employer	-	-	-	-	-
Total	\$ 706,621	\$ 703,114	\$ 1,638,233	\$ 824,056	\$ 355,222
Employer's covered payroll	\$ 729,328	\$ 691,314	\$ 658,298	\$ 581,680	\$ 552,013
Employer's proportionate share of the net pension liability as a percentage of employer's covered payroll	96.89%	101.71%	248.86%	141.67%	64.35%
Plan fiduciary net position as a percentage of the total pension liability	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.

CARBON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION
For the Year Ended June 30, 2019

Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS:

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

Refunds:

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

Interest Credited to Member Accounts:

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

Lump-sum Payouts:

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

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.

Sheriffs' Retirement System

Changes of Benefit Terms:

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

2017:

1. Increase in SRS Employee and Employer Contributions, effective July 1, 2017:
 - SRS employee contributions increase 1.25% from 9.245% to 10.495%.
 - SRS employer additional contributions increase 3%, from 0.58% to 3.58%, for a total employer contributions rate of 13.115%.
 - SRS employee contributions will return to 9.245% and SRS employer contributions will return to 5.35% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years.

Second Retirement Benefit - for SRS:

1. Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

CARBON COUNTY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN INFORMATION
 For the Year Ended June 30, 2019

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

Refunds:

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

Interest credited to member accounts:

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

Lump-sum payouts:

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

Changes in actuarial assumptions and other inputs:

Method and assumptions used in calculations of actuarially determined contributions:

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

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

To the Board of County Commissioners
Carbon County
Red Lodge, Montana

Report on the Financial Statements

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, each major fund, and the aggregate remaining fund information of Carbon County, Montana (the government) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated February 7, 2020. The report included an explanatory paragraph to describe a change in accounting principles. The report on the governmental activities and the road and bridge funds was qualified because we did not observe year-end inventory counts and the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities. Additionally, the report on the governmental activities was qualified because management has not recorded the total other post-employment benefit (OPEB) liability and related expense.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001 through 2019-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-004.

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

The Government's Response to Findings

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

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.

Oluss & Associates, PC

Billings, Montana
February 7, 2020

CARBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

2019-001. SEGREGATION OF DUTIES

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

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

Effect: Transactions could be mishandled.

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

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

Response: Segregation of duties is an area that Carbon County is continually trying to improve on. Accounts payable, payroll and tax reconciliation are segregated. Management will continue to monitor this area and implement effective controls.

2019-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Criteria: As part of its internal control structure, it is the government's responsibility to prepare its financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: The government does not have the expertise to prepare or evaluate the selection and application of accounting principles and resulting disclosures and presentations within the auditor prepared financial statements.

Cause: The government is a small organization with limited resources.

Effect: It is common for a small organization to rely on the audit firm to prepare the financial statements; however, an audit firm cannot be considered part of the government's internal control by professional standards currently in effect. Since some presentations and disclosures may be material to the financial statements, this weakness in internal control would be classified as material.

Recommendation: While it may not be cost effective to do so, we recommend the government consider hiring a qualified person to evaluate the auditor prepared financial statements.

Response: Carbon County employees and management have the necessary qualifications and training to fulfill their assigned daily functions, but do not have the skills and knowledge to apply Generally Accepted Accounting Principles (GAAP) in relation to the preparation of the financial statement. The cost versus the benefits of hiring qualified staff to prepare GAAP financial statements and footnote disclosures is not cost effective. The County does not have the money or space for such a staff; our resources are limited.

2019-003. TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Criteria: U.S. generally accepted accounting principles require the total OPEB liability and related expense be recorded in the financial statements.

Condition: The government did not record the total other post-employment benefit (OPEB) liability and related expense (GASB Statement No. 75) in the financial statements.

Cause: The government did not engage an actuarial firm to assist in determining the total OPEB liability and related expense as of and for the year ended June 30, 2019.

Effect: The governmental activities liabilities are understated, net position is overstated and total expenses would change.

Recommendation: The government should engage an actuarial firm to determine the total OPEB liability and related expense.

Response: Carbon County talked to actuarial firms regarding an actuarial valuation for the total OPEB-GASB No. 75. The Commissioners decided that the amount of liability Carbon County would incur from this valuation and the expense involved in determining that liability, would not be worth the cost and not reflect true accuracy.

CARBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

2019-004. BIDDING

Criteria: Section 7-5-2301, MCA, requires a contract for the purchase of any vehicle, road machinery, other machinery, apparatus, appliances, equipment, or materials or supplies or for construction, repair, or maintenance in excess of \$80,000 may not be entered into by a county governing body without first publishing a notice calling for bids.

Condition: The County contracted for gravel crushing (\$97,515-Bischoff pit) and tough books (\$82,134) without going through the formal bid process.

Cause: Unknown.

Effect: Noncompliance with state procurement statutes.

Recommendation: A contract for any purchase in excess of \$80,000 should be formally advertised for bid in accordance with Section 7-5-2301, MCA.

Response: A portion of the gravel crushed in the Bischoff pit was for fiscal year 2018. After the awarded bidder's contract was terminated, Commissioners entered into an agreement with the second lowest bidder. Unfortunately, it was the following fiscal year before the second contractor finalized the crushing. As Commissioners had not planned on crushing gravel for the 2019 fiscal year above the bid threshold they did not bid gravel crushing. The Commissioners will ensure gravel crushing is bid annually even if crushing is not expected to exceed the bid threshold.

The sheriff's office Panasonic ToughBooks were purchased from PCS Mobile, who was awarded a NASPO Contract for ToughBook computers through July 31, 2020 via a Snohomish County bid. The Sheriff's Office failed to verify that the NASPO contract had a Montana addendum, which it did not. It has been clarified for the Sheriff's Office that cooperative purchasing contracts can only be utilized if the State of Montana has selected to participate in the contract.

To avoid these issues going forward, Commissioners are in the process of adopting a formal procurement policy that requires documentation of solicitation to be submitted with the purchase request form. This policy will also require purchase requests for all items over the Department Head's purchasing authority regardless of whether or not it was approved during the preliminary budgeting process.

CARBON COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

2018-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2019-001 for the year ended June 30, 2019.

2018-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Status: This finding is unresolved and is repeated as finding 2019-002 for the year ended June 30, 2019.

2018-003. TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Status: This finding is unresolved and is repeated as finding 2019-003 for the year ended June 30, 2019.

