CARBON COUNTY
RED LODGE, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

15 AVANTA WAY, SUITE 1
BILLINGS, MONTANA 59102
(406) 698.0022

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CARBON COUNTY

ORGANIZATION

June 30, 2024

BOARD OF COUNTY COMMISSIONERS

Scott Miller	Presiding Officer
Bill Bullock	Commissioner
Scott Blain	Commissioner

ELECTED OFFICIALS

Macque Bohleen	County 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
Robert Spoja	-Public Administrator

Olness & Associates, P. C.
Curtis D. Wyss, CPA
Certified Public Accountants
15 AVANTA WAY, SUITE 1
BILLINGS, MONTANA 59102
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Qualified Opinions:

In our opinion, except for the effects of the matters described in the second paragraph of the Basis for Qualified and Unmodified Opinions section of our report and except for the possible effects of the matter described in the third paragraph of the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities**,** the road fund and the aggregate remaining fund information of the government, as of June 30, 2024, 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.

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 fund) of the government as of June 30, 2024, 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.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the government and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matters Giving Rise to the 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 aggregate remaining fund information.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2024, the government adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension plan information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

Olness & Associates, PC

Billings, Montana
March 21, 2025

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, 2024. 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 $13,596,192.
- During the year, our government had expenses that were $2,522,458 more than the $12,756,573 generated in tax and other general revenues.
- Total cost of all of programs decreased $358,212.
- Government-wide revenues were $28,875,223 an increase of 58% over the prior year. Government-wide expenses decreased to $15,279,031, a decrease of approximately 2% over the prior year.
- The General fund reported an increase in fund balance this year of $426,615.
- 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.

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 as an agent for various local governments, special districts, and individuals.

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 and the Statement of Activities 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.

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 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 this 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.

Carbon County maintains individual governmental funds, and adopts an annual appropriated budget for them. The general, road, emergency disaster, public safety, and wind impact fee and ARPA 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.

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 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 $42,998,941 as of June 30, 2024. Net position increased $13,596,192. The increase was mainly due to receiving funds that were used to repair and replace damaged infrastructure caused by the June 2022 flood.

Of the County's total net position, our net investment in capital assets accounts for $32,757,169 or 76% 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.

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

Carbon County's Schedule of Net Position

	2024	2023	Change
Current and other assets	$ 17,992,428	$ 14,898,452	$ 3,093,976
Capital assets	32,757,169	21,637,836	11,119,333
Total assets	50,749,597	36,536,288	14,213,309
Deferred outflows	1,395,391	1,493,235	(97,844)
Other liabilities	1,614,291	1,434,361	179,930
Long-term liabilities	7,046,368	6,533,679	512,689
Total liabilities	8,660,659	7,968,040	692,619
Deferred inflows	485,388	583,526	(98,138)
Net position:			
Net investment in capital assets	32,757,169	21,637,836	11,119,333
Restricted	8,838,541	6,259,823	2,578,718
Unrestricted	1,403,231	1,580,298	(177,067)
	$ 42,998,941	$ 29,477,957	$ 13,520,984

Carbon County's Schedule of Change in Net Position

	2024	2023	Change
Revenues:			
Program revenues:			
Charges for services	$ 1,187,300	$ 970,071	$ 217,229
Operating grants and contr butions	3,249,143	5,516,045	(2,266,902)
Capital grants and contr butions	11,682,207	65,703	11,616,504
General revenues:			
Taxes	9,038,769	8,146,717	892,052
Intergovernmental	2,943,400	2,911,007	32,393
Interest	496,695	320,191	176,504
Miscellaneous	77,743	62,433	15,310
Gain on disposal of capital assets	199,966	254,514	(54,548)
Total revenues	28,875,223	18,246,681	10,628,542
Expenses:			
General government	3,743,561	3,468,572	274,989
Public safety	4,256,761	5,218,858	(962,097)
Public works	5,137,740	4,929,651	208,089
Public health	936,372	1,021,091	(84,719)
Social and economic services	281,441	171,274	110,167
Culture and recreation	616,522	538,711	77,811
Housing and community development	-	19,300	(19,300)
Other current charges	306,634	269,786	36,848
Total expenses	15,279,031	15,637,243	(358,212)
Change in net position	13,596,192	2,609,438	10,986,754
Net position, beginning	29,477,957	26,868,519	2,609,438
Prior period adjustment	(75,208)	-	(75,208)
Net position, ending	$ 42,998,941	$ 29,477,957	$ 13,520,984

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, 2024, Carbon County's governmental funds reported combined fund balances of $15,961,336, an increase of $2,840,733 over the prior year. $2,268,033 is unassigned. The remaining $13,693,303 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, 2024, general fund fund balance was $2,342,292, an increase from the prior year of $426,615. The increase was due to an increase in property, county option and marijuana tax collections, an increase in investment earnings and conservative spending.

The road fund accounts for resources accumulated and payments made for the maintenance, repair, and construction of designated county roads. At the end of the fiscal year, fund balance of the road fund was $1,245,233, an increase of $257,566 over the prior year. The increase was due to an increase in property tax collections and an increase in state gas taxes distributed as a result of 2023 Montana Legislative Session HB 76.

The emergency disaster fund accounts for resources accumulated from a 2 mill property tax levy and state and federal grants and payments made related to emergencies. This fund was major in 2024 due to activity to restore county road and bridge infrastructure as a result of a major flood event that occurred in June 2022.

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 $1,314,784, an increase of $31,256 over the prior year.

The wind impact fee fund accounts for resources accumulated for and payments made from impact fees from the electrical generation wind farm located in Carbon County. Ending fund balance was $4,640,763.

ARPA funds were used to prepare, prevent and respond to the Covid-19 pandemic.

General Fund Budgetary Highlights.
There were no significant General fund budget amendments this year. General fund expenditures were $454,330 less than the amount budgeted. Revenues received were $508,028 more than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
Carbon County's net investment in capital assets as of June 30, 2024 was $32,757,169. This investment in capital assets includes land, buildings/improvements, machinery and equipment, and infrastructure. During fiscal year 2024, significant capital additions included four new bridges, Granite road reconstruction, a motor grader, road and bridge equipment and new pickups for the sheriff department.

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 as of June 30, 2024 was $727,539. Additionally, the net pension liability required by GASB Statement No. 68 is also included in the government-wide financial statements.

THE GOVERNMENT'S FUTURE

Carbon County's financial status remains solid. Fiscal Year 2024 cash reserves for levied funds were set around 27% consistent with cash reserves from the prior year. Reserves were set below the maximum level of 33% allowed by Montana State Law to fund Capital Improvement Funds and to keep up with increasing costs. With the receipt of FEMA reimbursements from the 2022 catastrophic flooding, the total cash balance increased $2,885,334 over the prior year. As noted above, cash reserves in operating accounts have been kept at lower levels to build capital improvement fund balances; capital improvement accounts had a cash balance of roughly $1,951,205 as of June 2024, a $554,926 increase over the prior fiscal year.

Our county-wide taxable valuation for fiscal year 2024 increased by 1.5% and our rural taxable valuation for road purposes increased by 1.1%. The revenues from Payment In Lieu of Taxes (PILT) increased $113,078. Federal Mineral Royalties decreased by $12,133 and Oil & Gas Production decreased by $177,200 from the previous year. Oil and Gas revenues remain roughly seventy five percent (75%) below their historic levels, about $300,000 lower than they were in the early 2000s. These funds are very valuable and help offset the cost of

Search and Rescue Operations, Ambulance Services, increases in public safety expenses, salaries/benefits, road and bridge maintenance, and other operating costs. 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 2024-2025, we kept our mills at the maximum level allowed by state statute to cover the increasing costs of running a county government. We were able to make contributions to Capital Improvement funds for the future purchase of: vehicle replacements for the Joliet District Commissioner, Bridger and Joliet Road Foremen, Extension Agent, and Sheriff's Deputies; election equipment upgrades; Justice Court, Superintendent of Schools, and District Court copy machine replacements; Road Department machinery and equipment; an expansion of the Bridger Road Shop; funds for the future chip seal and striping of the Boyd Cooney Road, Fairgrounds bleacher upgrades; Airport improvements including runway repairs; Clerk and Recorder large format scanner/printer replacement; and facilities construction. The County continues to build capital fund balances so capital expenditures are better planned and can be funded over multiple years rather than relying on fund cash balances to finance projects. Budgeted transfers to Capital Improvement funds totaled $296,360 in the 2023-2024 budget. The County has completed a Capital Improvement Plan that should assist with future budgets, grant applications, and overall financial planning.

The County continues to evaluate our Radio and Dispatch Equipment. The County plans to use LATCF funding to purchase equipment to join the state radio trunking system and will eventually retire our local simulcast system. In exchange for the equipment purchase and enhancements to the state system, the State of Montana has agreed to take over maintenance of the equipment in Carbon County towers.

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 fulfill all of these wants and wishes. The County will prioritize public 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 county governments. Counties have to be fiscally responsible to county taxpayers by protecting financial sources and our ability to serve the citizens of Carbon County.

We continue to study bridges and replace as needed and as funding allows. The County has started to explore the use of prefabricated bridges to expedite bridge replacements at a reasonable price. In the 2024-2025 budget year we will replace bridges over Hunt Creek and Cottonwood Creek with these prefabricated structures at a fraction of the cost of a traditionally constructed bridge.

With the influx of funding from the American Rescue Plan Act (ARPA) and Local Agency and Tribal Consistency (LATCF) Funds, Carbon County was able to purchase the old Cedar Wood Villa Building and city block. Commissioners considered remodel of the building, but it was determined that the square footage and age of the building make a remodel inefficient and the Commissioners are looking at demolishing the building and pursuing new construction for a consolidated facility. The cost of upkeeping multiple old buildings continues to be a challenge. Commissioners are looking to accommodate the long-term facilities needs of the County as the project develops.

With the exception of the Edgar Sewer Lagoon all projects from the catastrophic flood event in June 2022 have been completed. Carbon County also experienced a smaller flooding event in the spring of 2023. Significant changes in the topography and hydrology following the Robertson Draw fire have contributed to damage to County roads and culverts with each water event. Carbon County is working with State and Federal partners to determine what long-term solutions may be available to address the continued erosion issues.

CARBON COUNTY
STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Cash and equivalents	$ 11,566,588
Investments	3,461,833
Receivables:	
Taxes and assessments	200,079
Governments	2,326,750
Other	27,211
Leases	217,117
Inventories	178,932
Prepaids	13,918
Capital assets:	
Land and construction in progress	2,310,833
Capital assets, net of accumulated depreciation	30,446,336
Total assets	50,749,597
DEFERRED OUTFLOWS OF RESOURCES	
Pension plans	1,395,391
LIABILITIES	
Accounts payable-vendors	487,186
Unearned revenues	1,127,105
Long-term liabilities:	
Due within one year:	
Compensated absences	242,167
Due in more than one year:	
Compensated absences	485,372
Net pension liability	6,318,829
Total liabilities	8,660,659
DEFERRED INFLOWS OF RESOURCES	
Leases	216,722
Pension plans	268,666
Total deferred inflows of resources	485,388
NET POSITION	
Net investment in capital assets	32,757,169
Restricted for:	
General government	502,217
Public safety	2,497,442
Public works	3,167,541
Public health	205,889
Social and economic	107,234
Culture and recreation	403,558
Housing and community development	3,437
Capital projects	1,951,223
Unrestricted	1,403,231
Total net position	$ 42,998,941

CARBON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:					
General government	$ 3,743,561	$ 408,010	$ 67,500	$ -	$ (3,268,051)
Public safety	4,256,761	569,734	501,798	59,000	(3,126,229)
Public works	5,137,740	137,386	2,128,116	11,623,207	8,750,969
Public health	936,372	53,580	434,989	-	(447,803)
Social and economic services	281,441	-	93,627	-	(187,814)
Culture and recreation	616,522	18,590	23,113	-	(574,819)
Other current charges	306,634	-	-	-	(306,634)
Total	$ 15,279,031	$ 1,187,300	$ 3,249,143	$11,682,207	839,619
General revenues:					
Property taxes					9,038,769
Intergovernmental					2,943,400
Investment earnings					496,695
Miscellaneous					77,743
Gain on disposal of capital assets					199,966
Total general revenues					12,756,573
Change in net position					13,596,192
Net position - beginning					29,477,957
Prior period adjustments					(75,208)
Net position - ending					$ 42,998,941

CARBON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General	Road	Emergency Disaster	Public Safety	Wind Impact Fee	ARPA	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 1,902,422	$ 767,707	$ -	$ 934,659	$ 2,519,620	$ 804,994	$ 4,637,186	$ 11,566,588
Investments	569,387	229,772	-	279,740	754,112	240,931	1,387,891	3,461,833
Receivables:								
Taxes and assessments	45,435	28,539	106	48,049	-	-	77,950	200,079
Governments	189,284	149,126	1,339,148	129,960	-	42,506	476,726	2,326,750
Other	5,368	6,790	-	1,553	-	-	13,500	27,211
Leases	4,742	-	-	-	-	-	212,375	217,117
Due from other funds	-	-	-	-	1,367,031	-	-	1,367,031
Inventories	-	124,162	-	-	-	-	54,770	178,932
Prepaid items	7,048	-	-	-	-	-	6,870	13,918
Total assets	$ 2,723,686	$ 1,306,096	$ 1,339,254	$ 1,393,961	$ 4,640,763	$ 1,088,431	$ 6,867,268	$ 19,359,459
LIABILITIES								
Accounts payable-vendors	$ 331,553	$ 32,324	$ 39,328	$ 31,128	$ -	$ 27,506	$ 25,347	$ 487,186
Due to other funds	-	-	1,367,031	-	-	-	-	1,367,031
Unearned revenues	-	-	-	-	-	992,722	134,383	1,127,105
Total liabilities	331,553	32,324	1,406,359	31,128	-	1,020,228	159,730	2,981,322
DEFERRED INFLOWS OF RESOURCES								
Leases	4,406	-	-	-	-	-	212,316	216,722
Unavailable revenue - taxes and assessments	45,435	28,539	106	48,049	-	-	77,950	200,079
Total deferred inflows of resources	49,841	28,539	106	48,049	-	-	290,266	416,801
FUND BALANCES								
Nonspendable:								
Prepaids	7,048	-	-	-	-	-	6,870	13,918
Inventory	-	124,162	-	-	-	-	54,770	178,932
Restricted for:								
General government	-	-	-	-	-	-	496,856	496,856
Public safety	-	-	-	1,314,784	-	-	1,127,004	2,441,788
Public works	-	1,121,071	-	-	-	-	1,807,314	2,928,385
Public health	-	-	-	-	-	-	190,552	190,552
Social and economic services	-	-	-	-	-	-	105,242	105,242
Culture and recreation	-	-	-	-	-	-	380,718	380,718
Housing and community development	-	-	-	-	-	-	3,437	3,437
Capital projects	-	-	-	-	-	-	1,951,223	1,951,223
Committed for:								
General government	-	-	-	-	4,640,763	68,203	293,286	5,002,252
Unassigned (deficits)	2,335,244	-	(67,211)	-	-	-	-	2,268,033
Total fund balances	2,342,292	1,245,233	(67,211)	1,314,784	4,640,763	68,203	6,417,272	15,961,336
Total liabilities, deferred inflows of resources and fund balances	$ 2,723,686	$ 1,306,096	$ 1,339,254	$ 1,393,961	$ 4,640,763	$ 1,088,431	$ 6,867,268	$ 19,359,459

See notes to basic financial statements.

CARBON COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances, governmental funds	$ 15,961,336
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.	32,757,169
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.	200,079
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	1,395,391
Deferred inflows of resources related to pensions	(268,666)
Some liabilities (such as compensated absences and the net pension liability) are not due and payable in the current period and, therefore, are not reported in the funds.	(7,046,368)
Net position of governmental activities	$ 42,998,941

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, 2024

	General	Road	Emergency Disaster	Public Safety	Wind Impact Fee	ARPA	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes/assessments	$ 2,701,217	$ 1,745,428	$ 894	$ 1,902,276	$ -	$ -	$ 2,907,157	$ 9,256,972
Fines and forfeitures	57,129	-	-	-	-	-	3,979	61,108
Licenses and permits	69,381	12,327	-	-	-	-	3,275	84,983
Intergovernmental	637,179	557,386	8,572,376	225,467	-	438,466	4,859,168	15,290,042
Charges for services	297,691	7,980	-	219,598	-	-	190,622	715,891
Investment earnings	262,620	30,179	-	-	148,706	35,937	19,253	496,695
Miscellaneous	63,566	2,882	-	4,545	-	-	95,472	166,465
Total revenues	4,088,783	2,356,182	8,573,270	2,351,886	148,706	474,403	8,078,926	26,072,156
EXPENDITURES								
Current:								
General government	3,283,367	-	-	-	-	-	315,469	3,598,836
Public safety	219,209	-	233,014	2,582,758	-	-	717,738	3,752,719
Public works	41,555	1,817,737	-	-	40,850	336,827	1,712,411	3,949,380
Public health	377,238	-	-	-	-	-	496,173	873,411
Social and economic services	57,188	-	-	-	-	90,316	128,393	275,897
Culture and recreation	549	-	-	-	-	11,324	587,295	599,168
Other current charges	306,240	-	-	-	-	-	394	306,634
Capital outlay	45,774	586,777	8,457,628	148,980	-	-	1,115,973	10,355,132
Total expenditures	4,331,120	2,404,514	8,690,642	2,731,738	40,850	438,467	5,073,846	23,711,177
Excess (deficiency) of revenues over expenditures	(242,337)	(48,332)	(117,372)	(379,852)	107,856	35,936	3,005,080	2,360,979
OTHER FINANCING SOURCES (USES)								
Insurance recoveries	22,697	-	-	-	-	-	16,239	38,936
Sale of capital assets	-	-	-	-	-	-	440,818	440,818
Transfers in	713,755	405,898	-	456,108	-	-	1,201,570	2,777,331
Transfers out	(67,500)	(100,000)	-	(45,000)	-	-	(2,564,831)	(2,777,331)
Total other financing sources (uses)	668,952	305,898	-	411,108	-	-	(906,204)	479,754
Net change in fund balances	426,615	257,566	(117,372)	31,256	107,856	35,936	2,098,876	2,840,733
Fund balances - beginning	1,915,677	987,667	50,161	1,283,528	4,532,907	32,267	4,318,396	13,120,603
Fund balances (deficits) - ending	$ 2,342,292	$ 1,245,233	$ (67,211)	$ 1,314,784	$ 4,640,763	$ 68,203	$ 6,417,272	$ 15,961,336

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, 2024

Net change in fund balances - total governmental funds	$ 2,840,733
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay 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.	
This is the amount by which capital outlay ($10,355,132) exceeded depreciation ($1,507,466) in the current period.	8,847,666
The net effect of various transactions involving capital assets (i.e., sales, donations, contributions, insurance and trade-ins) is to decrease net position.	(257,091)
Donated capital assets	2,528,758
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.	74,343
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.	(417,989)
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:	
Compensated absences	(20,228)
Change in net position of governmental activities	$ 13,596,192

CARBON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2024

	Custodial Funds		
	External Investment Pool	Other	Total
ASSETS			
Cash and cash equivalents	$ 10,652,492	$ 848,975	$ 11,501,467
Investments	3,188,247	-	3,188,247
Taxes and assessments receivable	-	530,331	530,331
Equity position in external investment pool	-	13,840,739	13,840,739
Total assets	13,840,739	15,220,045	29,060,784
LIABILITIES			
Accounts payable	-	280,435	280,435
Total liabilities	-	280,435	280,435
NET POSITION			
Restricted for:			
Pool participants	13,840,739	-	13,840,739
Individuals, organizations and other governments	-	14,939,610	14,939,610
Total net position	$ 13,840,739	$ 14,939,610	$ 28,780,349

See notes to basic financial statements.

CARBON COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2024

	Custodial Funds		
	External Investment Pool	Other	Total
ADDITIONS:			
Contributions from pool participants	$ 2,346,864	$ -	$ 2,346,864
Property taxes billed for other governments	-	22,030,648	22,030,648
Interest	-	450,521	450,521
Collections on behalf of state	-	2,028,325	2,028,325
Federal, state and local sources	-	16,859,891	16,859,891
Total additions	2,346,864	41,369,385	43,716,249
DEDUCTIONS:			
Distributions to pool participants	1,425,034	-	1,425,034
Distributions to other governments	-	10,852,606	10,852,606
Distributions to others	-	944,657	944,657
Payments made on behalf of school districts	-	25,634,715	25,634,715
Payments made on behalf of special districts	-	4,451,477	4,451,477
Total deductions	1,425,034	41,883,455	43,308,489
Net increase (decrease) in fiduciary net position	921,830	(514,070)	407,760
Net position - beginning	12,918,909	15,453,680	28,372,589
Net position - ending	$ 13,840,739	$ 14,939,610	$ 28,780,349

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government adopted the provisions of the following GASB statement:

For the year ended June 30, 2024, the government implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

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 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 (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Fiduciary activities are only reported in the fund financial statements. Governmental activities are supported by taxes, intergovernmental revenues, and other nonexchange transactions. While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements incorporate data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated 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.

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental 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.

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 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 emergency disaster fund accounts for resources accumulated from a 2 mill property tax levy and state and federal grants and payments made related to emergencies.

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 wind impact fee fund accounts for resources accumulated for and payments made from impact fees from the wind generation farm located in Carbon County.

The ARPA fund accounts for resources accumulated from the American Rescue Plan Act and payments made for general government services.

Additionally, the government reports the following fund types:

Custodial funds account for assets held by the government as an agent for various local governments, special districts, and individuals. The external portion of the investment pool is reported as part of the custodial funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated. Transfers between funds are eliminated in the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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. 47% 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 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 expenditures 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 are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. 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 and an estimated useful life in excess of one year.

As the government constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed below under the Leases section). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. Property, plant, equipment, and infrastructure of the government are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Infrastructure	15-75
Building and improvements	10-155
Machinery and equipment	5-35

Lease and subscription-based information technology arrangements assets are amortized over the life of the associated contracts.

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 government-wide 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.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The government has two items that qualify for reporting in this category: leases and pension plans.

In the governmental funds, deferred inflow of resources is for leases and 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, leases and unavailable revenues from property taxes are reported in the governmental funds balance sheet.

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." Governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

- Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of a resolution committing fund balance for a specified purpose by the governing board prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the governing board adopts another resolution to remove or revise the limitation.

- Assigned fund balance represents amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the commissioner's administrative assistant to assign fund balance. The governing board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Leases

As a lessee, the government recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The government recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the government initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The government uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the government generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The government monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.
As a lessor, the government recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental

fund financial statements.

At the commencement of a lease, the government initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the government determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The government uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The government monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 Emergency Disaster fund had a deficit fund balance of $67,211 as of June 30, 2024. The deficit was the result of the county repairing flood damaged road and bridge infrastructure in anticipation of being reimbursed under Project Worksheets (PW's) assigned by FEMA. After the repairs were completed, the PW's were withdrawn and no reimbursement was received. The deficit will be eliminated through transfers from the road and bridge funds in fiscal year 2025.

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	$ 15,028,421
Fiduciary funds	14,689,714
	$ 29,718,135

Total carrying value of cash, cash equivalents and investments as of June 30, 2024, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	$ 2,500	$ -	$ 2,500
Cash in banks:			
Demand deposits	16,756,374	-	16,756,374
Time deposits	-	5,400,080	5,400,080
Brokers:			
U.S. Government securities	-	1,250,000	1,250,000
Short-term Investment Program (STIP)	6,309,181	-	6,309,181
	$ 23,068,055	$ 6,650,080	$ 29,718,135

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, 2024, $17,536,929 of the government's bank balance of $23,186,929 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	$ 17,536,929

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, 2024, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2024:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Government securities	$ 1,232,660	$ 1,232,660	$ -	$ -
Total debt securities	1,232,660	$ 1,232,660	$ -	$ -
State Short-Term Investment Program (STIP)	6,306,872			
	$ 7,539,532			

Debt 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 1	2	3	Carrying Amount	Fair Value
U.S. Government securities	$ 500,000	$ -	$ 750,000	$ 1,250,000	$ 1,232,660
	$ 500,000	$ -	$ 750,000	1,250,000	1,232,660
Uncategorized:					
STIP				6,309,181	6,306,872
				$ 7,559,181	$ 7,539,532

Following is the condensed schedule of changes in net position and net position for the investment pool for the year ended June 30, 2024:

	Internal	External	Total
Net position - beginning of year	$ 14,654,694	$ 12,918,909	$ 27,573,603
Contributions from participants	1,781,402	1,896,346	3,677,748
Investment earnings	485,251	450,518	935,769
Distributions to participants	(1,043,951)	(1,425,034)	(2,468,985)
Net position - end of year	$ 15,877,396	$ 13,840,739	$ 29,718,135

Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets, not being depreciated				
Land	$ 777,836	$ -	$ (354,519)	$ 423,317
Construction-in-progress	1,754,719	709,549	(576,752)	1,887,516
Total capital assets, not being depreciated	2,532,555	709,549	(931,271)	2,310,833
Capital assets, being depreciated				
Buildings/improvements	4,938,842	12,050	-	4,950,892
Machinery and equipment	13,354,895	1,265,295	(693,142)	13,927,048
Infrastructure	13,373,118	11,596,638	-	24,969,756
Total capital assets, being depreciated	31,666,855	12,873,983	(693,142)	43,847,696
Less accumulated depreciation for:				
Buildings/improvements	(2,020,849)	(134,767)	-	(2,155,616)
Machinery and equipment	(6,880,165)	(875,823)	667,680	(7,088,308)
Infrastructure	(3,660,560)	(496,876)	-	(4,157,436)
Total accumulated depreciation	(12,561,574)	(1,507,466)	667,680	(13,401,360)
Total capital assets, being depreciated, net	19,105,281	11,366,517	(25,462)	30,446,336
Capital assets, net	$ 21,637,836	$ 12,076,066	$ (956,733)	$ 32,757,169

Depreciation expense was charged to functions of the governmental activities as follows:

General government	$ 65,677
Public safety	297,198
Public works	1,114,554
Public health	11,774
Social and economic services	2,650
Culture and recreation	15,613
Total depreciation	$ 1,507,466

Interfund Receivables, Payables and Transfers

Interfund balances as of June 30, 2024, consisted of the following:

	Due from funds	Due to funds
Wind impact fee	$ 1,367,031	$ -
Emergency disaster	-	1,367,031
	$ 1,367,031	$ 1,367,031

The balance of $1,367,031 due to the wind impact fee fund from the emergency disaster fund resulted from a loan to cover a deficit cash balance. The balance will be repaid in the subsequent year.

Interfund transfers consisted of the following:

	Transfers In	Transfers Out	Total
General	$ 713,755	$ (67,500)	$ 646,255
Road	405,898	(100,000)	305,898
Public safety	456,108	(45,000)	411,108
Total nonmajor funds	1,201,570	(2,564,831)	(1,363,261)
	$ 2,777,331	$ (2,777,331)	$ -

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

Leases

Government as Lessor

The government leases a building and land to third parties. The leases range from 5 to 20 years. The government recognized $20,982 in lease revenue and $11,444 in interest revenue during the year related to these leases. As of June 30, 2024, the government's receivable for lease payments was $217,117. Also, the government has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources was $216,722.

Long-Term Debt

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Adjustment	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Compensated absences	$ 632,103	$ 75,208	$ 20,228	$ -	$ 727,539	$ 242,167
Total long-term liabilities	$ 632,103	$ 75,208	$ 20,228	$ -	$ 727,539	$ 242,167

Compensated absences are usually liquidated from the fund in which the employee is paid.

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 the Montana State Fund for workers' compensation coverage. The government participates in MACO's Joint Powers 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.

Restatement of Beginning Net Position

In fiscal year 2024, the government identified an error in the recognition of the compensated absences liability in the prior fiscal year. The error resulted in an understatement of the liability in the government-wide financial statements. The correction of this error has been applied retroactively, and the beginning balances as of July 1, 2023, have been restated as follows:

	Governmental Activities
Beginning net position, as previously reported	$ 29,477,957
Restatement due to prior year comp time accrual	(75,208)
Beginning net position, as restated	$ 29,402,749

The effect of this correction on the change in government-wide net position for the prior period is a decrease of $75,208.

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 $909,760, primarily for construction projects and equipment.

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.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Tax Abatements

The government enters into property tax abatement agreements on an individual basis with businesses and individuals under the MCA, Title 15, Taxation. Currently, the government has agreements to abate property taxes under the following sections of the code:

- 15-24-1402. New or expanding industry - Localities may grant property tax abatements to businesses with qualifying improvements or modernized processes that represent new industry or expansion of an existing industry. In the first 5 years after a construction permit is issued, a business' property is taxed at 50 percent of taxable value with equal percentage increases taxed until the full taxable value is attained in the 10th year. In subsequent years, the property is taxed at 100 percent of its taxable value (MCA 15-10-420).

- 15-24-1502. Remodeling of Buildings or Structures - Property tax abatements may be granted for remodeling, reconstruction, or expansion of commercial property where taxable value of the structure is increased by at least 5%. A property tax exemption may be received during the construction period (not to exceed 12 months), and for up to 5 years following completion of construction.

Buildings and structures may also receive a reduction for 4 years following the exemption period.

- 15-24-1603. Historic Properties - Property tax abatements may be granted to owners of historic property undergoing rehabilitation, restoration, or expansion that meets specific criteria as described in MCA 15-24-1605 or 15-24-1606. Abatements may apply during the construction period (not to exceed 12 months), and for up to 5 years following completion of the construction.

For the fiscal year ended June 30, 2024, the government abated property taxes totaling $1,056,311 for qualifying businesses and individuals.

The government has not made any commitments as part of the agreements other than to reduce taxes and is not subject to any tax abatement agreements entered into by other governmental entities. The government has chosen to disclose information about its tax abatement agreements in the aggregate.

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 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 2.02%. 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.

Sheriffs' 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% 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.

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

Second retirement applies to retirement system members re-employed in a SRS position on or after July 1, 2017. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member 1). is not awarded service credit for the period of reemployment; 2). is refunded the accumulated contributions associated with the period of reemployment; 3). starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and 4). 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.

Employers contributed 9.07% 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 .1% 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.

Sheriffs' 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, 2017.

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

At June 30, 2024, the government recorded a liability of $5,053,214 (PERS) and $1,265,615 (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:

	Net Pension Liability June 30, 2024	
	PERS	SRS
Employer proportionate share	$ 5,053,214	$ 1,265,615
State of Montana proportionate share associated with employer	1,393,906	-
Total	$ 6,447,120	$ 1,265,615

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 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, 2022, through June 30, 2023, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2024, the government's proportion was .2071 and .8610 percent for PERS and SRS, respectively.

For the year ended June 30, 2024, the government recognized $687,233 (PERS) and $235,395 (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of $130,769 (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 $818,002 and $235,395 for PERS and SRS, respectively.

At June 30, 2024, 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	$ 201,261	$ -	$ 200,037	$ -
Changes in actuarial assumptions	-	180,236	-	18,930
Difference between projected and actual investment earnings	12,821	-	8,992	-
Changes in the proportion and differences between actual and expected contributions	368,940	-	101,977	69,500
Employer contributions subsequent to measurement date	376,403	-	124,960	-
	$ 959,425	$ 180,236	$ 435,966	$ 88,430

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, 2025. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2025	$ 108,361	$ 108,033
2026	26,292	38,864
2027	298,804	84,957
2028	(30,671)	(9,278)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2023 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	7.30%	7.30%
Salary increases	3.50%	3.50%
Inflation	2.75%	2.75%

Mortality rates for the PERS and SRS retirement plans are based on the PUB-2010 general amount weighted employer mortality projected to 2021 for males and females and projected generationally using MP-2021.

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

	PERS and SRS	
Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.0%	-0.33%
Domestic equity	30.0%	5.90%
International equity	17.0%	7.14%
Real assets	5.0%	4.03%
Core fixed income	15.0%	1.14%
Private investments	15.0%	9.13%
Real estate	9.0%	5.41%
Non-core fixed income	6.0%	3.02%
	100.0%	

Discount Rate

Public Employees' Retirement System
The discount rate used to measure the total pension liability was 7.30%. 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 districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

Sheriffs' Retirement System (SRS)
The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net pension liability-PERS	$ 7,299,349	$ 5,053,214	$ 3,168,907
Net pension liability-SRS	2,055,971	1,265,615	622,454

PERS Disclosure for the Defined Contribution Plan

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

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

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

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

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

Future Implementation of GASB Pronouncements

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, Certain Risk Disclosures. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Statement 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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, 2024

	Budgeted Amounts				
	Original	Final	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Taxes/assessments	$ 2,604,156	$ 2,604,156	$ 2,701,217	$ -	$ 2,701,217
Fines and forfeitures	55,000	55,000	57,129	-	57,129
Licenses and permits	59,000	59,000	69,381	-	69,381
Intergovernmental	406,554	406,554	506,410	130,769	637,179
Charges for services	256,280	256,280	297,691	-	297,691
Investment earnings	60,000	60,000	262,620	-	262,620
Miscellaneous	17,500	17,500	63,566	-	63,566
Total revenues	3,458,490	3,458,490	3,958,014	130,769	4,088,783
EXPENDITURES					
Current:					
General government	3,435,720	3,435,720	3,223,854	59,513	3,283,367
Public safety	262,190	262,190	202,693	16,516	219,209
Public works	14,500	14,500	4,900	36,655	41,555
Public health	395,719	395,719	361,023	16,215	377,238
Social and economic services	68,252	68,252	55,867	1,321	57,188
Culture and recreation	-	-	-	549	549
Other current charges	310,300	310,300	306,240	-	306,240
Capital outlay	168,000	168,000	45,774	-	45,774
Total expenditures	4,654,681	4,654,681	4,200,351	130,769	4,331,120
Excess (deficiency) of revenues over expenditures	(1,196,191)	(1,196,191)	(242,337)	-	(242,337)
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	5,000	5,000	22,697	-	22,697
Transfers in	722,948	722,948	713,755	-	713,755
Transfers out	(67,500)	(67,500)	(67,500)	-	(67,500)
Total other financing sources (uses)	660,448	660,448	668,952	-	668,952
Net change in fund balance	$ (535,743)	$ (535,743)	426,615	-	426,615
Fund balance - beginning			1,915,677	-	1,915,677
Fund balance - ending			$ 2,342,292	$ -	$ 2,342,292

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, 2024

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ 1,822,444	$ 1,822,444	$ 1,745,428
Licenses and permits	5,000	5,000	12,327
Intergovernmental	483,833	483,833	557,386
Charges for services	-	-	7,980
Investment earnings	8,000	8,000	30,179
Miscellaneous	2,000	2,000	2,882
Total revenues	2,321,277	2,321,277	2,356,182
EXPENDITURES			
Current:			
Public works	2,156,200	2,156,200	1,817,737
Capital outlay	535,000	535,000	586,777
Total expenditures	2,691,200	2,691,200	2,404,514
Excess (deficiency) of revenues over expenditures	(369,923)	(369,923)	(48,332)
OTHER FINANCING SOURCES (USES)			
Transfers in	406,697	406,697	405,898
Transfers out	(100,000)	(100,000)	(100,000)
Total other financing sources (uses)	306,697	306,697	305,898
Net change in fund balance	$ (63,226)	$ (63,226)	257,566
Fund balance - beginning			987,667
Fund balance - ending			$ 1,245,233

CARBON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Emergency Disaster Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ -	$ -	$ 894
Intergovernmental	7,896,863	8,576,017	8,572,376
Total revenues	7,896,863	8,576,017	8,573,270
EXPENDITURES			
Current:			
Public safety	-	121,018	233,014
Capital outlay	6,783,283	7,341,419	8,457,628
Total expenditures	6,783,283	7,462,437	8,690,642
Net change in fund balance	$ 1,113,580	$ 1,113,580	(117,372)
Fund balance - beginning			50,161
Fund balance (deficit) - ending			$ (67,211)

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, 2024

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ 1,917,333	$ 1,917,333	$ 1,902,276
Intergovernmental	195,652	195,652	225,467
Charges for services	166,530	166,530	219,598
Miscellaneous	25,000	25,000	4,545
Total revenues	2,304,515	2,304,515	2,351,886
EXPENDITURES			
Current:			
Public safety	2,917,265	2,917,265	2,582,758
Capital outlay	199,200	199,200	148,980
Total expenditures	3,116,465	3,116,465	2,731,738
Excess (deficiency) of revenues over expenditures	(811,950)	(811,950)	(379,852)
OTHER FINANCING SOURCES (USES)			
Transfers in	490,784	490,784	456,108
Transfers out	(45,000)	(45,000)	(45,000)
Total other financing sources (uses)	445,784	445,784	411,108
Net change in fund balance	$ (366,166)	$ (366,166)	31,256
Fund balance - beginning			1,283,528
Fund balance - ending			$ 1,314,784

CARBON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARPA Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Intergovernmental	$ -	$ -	$ 438,466
Investment earnings	-	-	35,937
Total revenues	-	-	474,403
EXPENDITURES			
Current:			
Public works	77,959	77,959	336,827
Social and economic services	123,981	123,981	90,316
Culture and recreation	42,923	42,923	11,324
Capital outlay	891,086	891,086	-
Total expenditures	1,135,949	1,135,949	438,467
Net change in fund balance	$ (1,135,949)	$ (1,135,949)	35,936
Fund balance - beginning			32,267
Fund balance - ending			$ 68,203

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.

A schedule of revenues, expenditures and changes in fund balance-budget to actual is not required to be presented for the wind impact fee fund. Section 15-24-3007, (4), MCA, states that the fund must be financially administered as a nonbudgeted fund under the provisions of Title 7, chapter 6, part 40.

Expenditures exceeded appropriations in the Emergency Disaster ($1,228,205) fund.

CARBON COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA

Public Employees' Retirement System

Year Ending June 30,	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability associated with the employer	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.2071%	$ 5,053,214	$ 1,393,906	$ 6,447,120	$ 3,849,743	131.26%	73.93%
2023	0.1914%	4,552,425	1,358,519	5,910,944	3,351,637	135.83%	73.66%
2022	0.1752%	3,177,614	936,186	4,113,800	3,095,532	102.65%	79.91%
2021	0.1796%	4,737,855	1,491,769	6,229,624	3,013,784	157.21%	68.90%
2020	0.1814%	3,792,177	1,233,829	5,026,006	2,990,469	126.81%	73.85%
2019	0.1706%	3,561,595	1,191,836	4,753,431	2,811,785	126.67%	73.47%
2018	0.2102%	4,094,392	56,724	4,151,116	2,608,707	156.95%	73.75%
2017	0.2283%	3,888,105	47,508	3,935,613	2,734,189	142.20%	74.71%
2016	0.2042%	2,854,942	35,068	2,890,010	2,383,462	119.78%	78.40%
2015	0.2092%	2,606,889	31,834	2,638,723	2,390,737	111.22%	79.87%

Sheriffs' Retirement System

Year Ending June 30,	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability associated with the employer	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.8610%	$ 1,265,615	$ -	$ 1,265,615	$ 882,110	143.48%	77.09%
2023	0.9853%	1,349,151	-	1,349,151	949,664	142.07%	77.07%
2022	0.9566%	696,783	-	696,783	869,372	80.15%	86.94%
2021	0.9623%	1,172,852	-	1,172,852	817,028	143.55%	75.92%
2020	0.9634%	803,494	-	803,494	773,454	103.88%	81.69%
2019	0.9400%	706,621	-	706,621	729,328	96.89%	82.68%
2018	0.9240%	703,114	-	703,114	691,314	101.71%	81.30%
2017	0.9325%	1,638,233	-	1,638,233	658,298	248.86%	63.00%
2016	0.8548%	824,056	-	824,056	581,680	141.67%	75.40%
2015	0.8535%	355,222	-	355,222	552,013	64.35%	87.24%

See notes to required supplementary information-pension plan information.

CARBON COUNTY
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA

Public Employees' Retirement System

Year Ending June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2024	$ 376,403	376,403	$ -	$ 4,149,987	9.07%
2023	348,203	348,203	-	3,849,743	9.04%
2022	299,225	299,225	-	3,351,637	8.93%
2021	274,323	274,323	-	3,095,532	8.86%
2020	263,992	263,992	-	3,013,784	8.76%
2019	257,449	257,449	-	2,990,469	8.61%
2018	237,697	237,697	-	2,811,785	8.45%
2017	218,281	218,281	-	2,608,707	8.37%
2016	237,041	237,041	-	2,734,189	8.67%
2015	207,452	207,452	-	2,383,462	8.70%

Sheriffs' Retirement System

Year Ending June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2024	$ 124,960	124,960	$ -	$ 952,807	13.11%
2023	116,085	116,085	-	882,110	13.16%
2022	125,171	125,171	-	949,664	13.18%
2021	113,805	113,805	-	869,372	13.09%
2020	107,534	107,534	-	817,028	13.16%
2019	101,861	101,861	-	773,454	13.17%
2018	97,443	97,443	-	729,328	13.36%
2017	69,926	69,926	-	691,314	10.11%
2016	68,230	68,230	-	658,298	10.36%
2015	59,005	59,005	-	581,680	10.14%

See notes to required supplementary information-pension plan information.

Public Employees' Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS:

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

Refunds:

- 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.

Lump-sum Payouts:

- Effective July 1, 2017, 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:

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

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

Second Retirement Benefit - for SRS:

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - is not awarded service credit for the period of reemployment;
  - is refunded the accumulated contributions associated with the period of reemployment;
  - starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

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

- A member who returns to covered service is not eligible for a disability benefit.

Refunds:

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

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.

2023:

Retirement eligibility:

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

Changes in actuarial assumptions and other inputs

Method and assumptions used in calculations of actuarially determined contributions:

	PERS and SRS
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years (PERS) and 22 years (SRS)
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.30%, net of pension plan investment expense and including inflation

OTHER SUPPLEMENTARY INFORMATION

CARBON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass-through Grantor's Number	Program/ Award Amount	Balance July 1, 2023	Receipts	Expenditures	Balance June 30, 2024	Amount Provided to Subrecipients
U.S. Department of Justice:								
Direct Program:								
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-03522-UHPX	$ 125,000	$ -	$ -	$ 69,500	$ (69,500)	$ -
Subtotal				-	-	69,500	(69,500)	-
Passed through the Montana Board of Crime Control:								
Crime Victim Assistance	16.575	V01-776	79,888	(8,379)	8,379	-	-	-
Crime Victim Assistance	16.575	24-V01-1692	12,803	-	12,803	12,803	-	-
Subtotal				-	12,803	12,803	-	-
Total U.S. Department of Justice				-	12,803	82,303	(69,500)	-
U.S. Department of Transportation:								
Direct Program:								
Airport Improvement Program	20.106	3-30-0064-005-2022	126,000	(10,720)	23,658	15,440	(2,502)	-
Airport Improvement Program	20.106	3-30-0064-006-2022	110,000	(9,359)	20,654	13,478	(2,183)	-
Subtotal				(20,079)	44,312	28,918	(4,685)	-
Passed through the Montana Department of Transportation:								
State and Community Highway Safety	20.600	112826	9,212	-	6,541	6,541	-	-
Subtotal				-	6,541	6,541	-	-
Total U.S. Department of Transportation				(20,079)	50,853	35,459	(4,685)	-
U.S. Department of Homeland Security:								
Passed through the Montana Department of Military Affairs - Disaster & Emergency Services Division:								
Homeland Security Grant Program	97.067	EMW-2021-SS-00042	83,175	-	81,855	81,855	-	-
Subtotal				-	81,855	81,855	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4655-DR-MT	10,735,122	(336,714)	6,496,201	7,438,847	(1,279,360)	-
Subtotal				(336,714)	6,496,201	7,438,847	(1,279,360)	-
Emergency Management Performance Grants	97.042	EMD-2023-EP-00005	50,990	-	41,681	50,990	(9,309)	-
Emergency Management Performance Grants	97.042	EMD-2021-EP-00008	2,700	-	2,127	2,127	-	-
Emergency Management Performance Grants	97.042	EMD-2022-EP-00005	110,000	(29,412)	29,412	-	-	-
Subtotal				(29,412)	73,220	53,117	(9,309)	-
Total U.S. Department of Homeland Security				(366,126)	6,651,276	7,573,819	(1,288,669)	-
U.S. Department of Health and Human Services:								
Passed through Riverstone Health:								
Cancer Research Manpower	93.398	24-07-3-01-013-0	35,620	-	35,000	35,000	-	-
Cancer Research Manpower	93.398	23-07-3-01-013-0	7,000	(123)	7,000	6,877	-	-
Subtotal				(123)	42,000	41,877	-	-
Passed through the Montana Department of Public Health and Human Services:								
Maternal and Child Health Services Block Grant to the States	93.994	23-25-5-01-005-0	7,546	(1,509)	4,528	3,019	-	-
Maternal and Child Health Services Block Grant to the States	93.994	24-25-5-01-005-0	7,363	-	2,945	4,418	(1,473)	-
Subtotal				(1,509)	7,473	7,437	(1,473)	-
Immunization Cooperative Agreements (1)	93.268	21-07-4-31-104-0	31,265	8,755	-	-	8,755	-
Immunization Cooperative Agreements (1)	93.268	22-07-4-31-104-0	101,819	46,192	-	46,192	-	-
Immunization Cooperative Agreements	93.268	23-07-4-31-104-0	4,601	-	1,160	1,160	-	
Immunization Cooperative Agreements (1)	93.268	23-07-4-31-104-0	90,794	90,794	-	14,945	75,849	-
Immunization Cooperative Agreements (1)	93.268	24-07-4-31-104-0	49,779	-	49,779	-	49,779	-
Immunization Cooperative Agreements	93.268	24-07-4-31-104-0	3,033	-	3,033	3,033	-	-
Subtotal				145,741	53,972	65,330	134,383	-

CARBON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass-through Grantor's Number	Program/ Award Amount	Balance July 1, 2023	Receipts	Expenditures	Balance June 30, 2024	Amount Provided to Subrecipients
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (1)	93.323	23-07-7-11-107-0	131,520	(26,589)	29,159	2,570	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (1)	93.323	23-07-7-11-107-0	131,520	(27,388)	28,478	1,090	-	-
Subtotal				(53,977)	57,637	3,660	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (1)	93.354	24-07-1-01-142-0	100,000	-	30,479	35,151	(4,672)	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (1)	93.354	N/A	193,728	(124,250)	124,250	-	-	-
Subtotal				(124,250)	154,729	35,151	(4,672)	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	22-07-4-51-012-0	62,924	(789)	20,420	22,480	(2,849)	-
Subtotal				(789)	20,420	22,480	(2,849)	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	22-331-74103-0	30,000	(5,564)	5,825	261	-	-
Subtotal				(5,564)	5,825	261	-	-
Public Health Emergency Preparedness	93.069	23-07-6-11-060-0	46,000	-	12,075	12,075	-	-
Public Health Emergency Preparedness	93.069	23-07-6-11-060-0	36,225	-	10,250	10,250	-	-
Public Health Emergency Preparedness	93.069	24-07-6-11-006-0	41,002	-	30,752	30,752	-	-
Public Health Emergency Preparedness	93.069	23-07-6-11-060-0	48,300	-	36,225	36,225	-	-
Subtotal				-	89,302	89,302	-	-
CDC's Collaboration with Academia to Strengthen Public Health	93.967	23-07-1-01-116-0	10,000	-	6,500	6,500	-	-
CDC's Collaboration with Academia to Strengthen Public Health	93.967	24-07-1-01-116-0	10,000	-	5,000	5,000	-	-
Subtotal				-	11,500	11,500	-	-
Passed through Montana Health Network, Inc.:								
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	N/A	111,262	(13,325)	70,323	56,998	-	-
Subtotal				(13,325)	70,323	56,998	-	-
Total U.S. Department of Health and Human Services				(53,796)	513,181	333,996	125,389	-
U.S. Department of the Treasury:								
Direct Program:								
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	N/A	2,083,206	1,103,682	-	110,960	992,722	-
Passed through the Montana Department of Natural Resources and Conservation:								
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	AM-22-0102	300,000	-	285,000	300,000	(15,000)	300,000
Coronavirus State and Local Fiscal Recovery Funds (1)	21.027	AM-23-0219	275,000	-	-	27,506	(27,506)	27,506
Subtotal				1,103,682	285,000	438,466	950,216	327,506

CARBON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Award/Pass-through Grantor's Number	Program/ Award Amount	Balance July 1, 2023	Receipts	Expenditures	Balance June 30, 2024	Amount Provided to Subrecipients
Direct Program:								
Local Assistance and Tribal Consistency Fund	21.032	N/A	919,753	332,450	919,753	-	1,252,203	-
Subtotal				332,450	919,753	-	1,252,203	-
Total U.S. Department of the Treasury				1,436,132	1,204,753	438,466	2,202,419	327,506
U.S. Department of Agriculture:								
Passed through the Montana Department of Administration:								
Schools and Roads - Grants to States	10.665	N/A	19,434	-	19,434	19,434	-	-
Subtotal				-	19,434	19,434	-	-
Passed through the Montana Department of Natural Resources and Conservation:								
Cooperative Forestry Assistance	10.664	RFC-24-050	5,400	-	5,400	5,400	-	-
Subtotal				-	5,400	5,400	-	-
Total U.S. Department of Agriculture				-	24,834	24,834	-	-
U.S. Election Assistance Commission:								
Passed through the Montana Secretary of State:								
Help America Vote Act Requirements Payments	90.401	N/A	3,706	(3,706)	3,706	-	-	-
Total U.S. Elections Assistance Commission				(3,706)	3,706	-	-	-
U.S. Department of the Interior:								
Passed through the Montana Historical Society - State Historic Preservation Office:								
Historic Preservation Fund Grants-In-Aid	15.904	MT-24-014	8,000	-	8,000	8,000	-	-
Total U.S. Department of the Interior				-	8,000	8,000	-	-
Total Federal Awards				$ 992,425	$ 8,469,406	$ 8,496,877	$ 964,954	$ 327,506

(1) - COVID-19

Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the government under programs of the federal government for the year ended June 30, 2024. The Information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATES

The government has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - DONATED PPE

The estimated Fair Market Value (FMV) of donated PPE for the year ended June 30, 2024 was $0 (unaudited).

NOTE 5 - PRIOR YEAR EXPENDITURES

Expenditures reported for Assistance Listing Number 97.036 - Disaster Grants - Public Assistance, include approximately $914,150 in expenditures that were incurred in the prior year.

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CURTIS D. WYSS, CPA
CERTIFIED PUBLIC ACCOUNTANTS
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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

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, 2024, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated March 21, 2025. The report included an explanatory paragraph to describe a change in accounting principles. Also, the report on the governmental activities was qualified because management has not recorded the total other post-employment benefit (OPEB) liability and related expense. Additionally, the report on the governmental activities, the road and the aggregate remaining fund information 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.

Report on 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) as a basis for designing 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-003 that we consider to be material weaknesses.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005.

The Government's Response to Findings

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

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)

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.

Olness & Associates, PL

Billings, Montana
March 21, 2025

Olness & Associates, P. C.
Curtis D. Wyss, CPA
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on Assistance Listing No. 97.036 Disaster Grants-Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing No. 97.036 Disaster Grants-Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on Assistance Listing No. 97.036 Disaster Grants-Public Assistance (Presidentially Declared Disasters).

As described in the accompanying schedule of findings and questioned costs, the government did not comply with requirements regarding Assistance Listing No. 97.036 Disaster Grants-Public Assistance (Presidentially Declared Disasters) as described in finding number 2024-006 for Procurement and Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for the government to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-006 to be a material weakness.

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

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

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

Olness & Associates, PC

Billings, Montana
March 21, 2025

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: qualified

Internal control over financial reporting:

- Material weakness(es) identified? √ yes ___ no
- Significant deficiencies identified? ___ yes √ none reported

Noncompliance material to the financial statements noted? √ yes ___ no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? √ yes ___ no
- Significant deficiencies identified? ___ yes √ none reported

Type of auditor's report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)? √ yes ___ no

Major programs:

Assistance Listing No.	*Name of Federal Program or Cluster*
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs? $750,000

Auditee qualified as low-risk auditee? ___ yes √ no

FINDINGS - FINANCIAL STATEMENT AUDIT

2024-001. 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.

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

Effect: Transactions could be mishandled.

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.

Views of responsible officials and planned corrective actions: The government agrees with this finding and will adhere to the attached corrective action plan.

2024-002. 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.

Views of responsible officials and planned corrective actions: The government agrees with this finding and will adhere to the attached corrective action plan.

2024-003. 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, 2024.

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.

Views of responsible officials and planned corrective actions: The government agrees with this finding and will adhere to the attached corrective action plan.

2024-004. BUDGETS

Criteria: Accurate preparation of the budget document is necessary to ensure that the government is appropriately funded, fiscally responsible, and is in compliance with state budget laws.

1. Section 7-6-4003, MCA, requires the government to submit a complete copy of the final budget together with a statement of tax levies to the Department of Administration by the later of October 1 or 60 days after receipt of taxable value forms from the Department of Revenue.
2. The tax levy requirement schedule should be complete and agree with the county's accounting records.
3. Per Section 7-6-4005, MCA, local government officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund.
4. Per Section 7-6-4034(2), the amount added as a reserve to any county fund may not exceed one-third of the total amount appropriated.
5. Budgeted reserves cannot be negative.

Conditions:

1. The budget document submitted to the state did not contain all county funds, revenues and expenditures that were formally adopted by the county commissioners and did not contain the permissive health insurance levy calculation.
2. The non-levied funds summary schedule did not include six county funds and did not include non-tax revenue details for three county funds.
3. Expenditures in the Emergency Disaster fund exceeded appropriations by $1,228,205.
4. The Library fund had reserves in excess of the statutory limit.

5. Negative reserves in the budget result in budgeting for a fund deficit.

Cause: The failure to prepare an accurate and complete can be attributed to a combination of factors, including a lack of review and oversight procedures.

Effect: The budget document and tax levy requirements schedule were incomplete, a fund had expenditures in excess of appropriation, reserves were in excess of statutory limits and funds were budgeted for a deficit.

Recommendation: The budget document should be completed and appropriately reviewed before submission to the state.

Views of responsible officials and planned corrective action: The government agrees with this finding and will adhere to the attached corrective action plan.

2024-005. NONCOMPLIANCE WITH PROCUREMENT AND SUSPENSION AND DEBARMENT REQUIREMENTS, DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036

Criteria: Per 2 CFR 200.214, non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Condition: The county did not verify that program recipients/participants were not suspended, debarred, or otherwise excluded from participation in the program.

Cause: The county does not have procurement policies and procedures in place that allow it to comply with procurement standards outlined in the Uniform Guidance.

Effect: Non-compliance with program terms and conditions.

Questioned Costs: None

Recommendation: Management should develop procedures that will provide reasonable assurance that procurement of goods and services are made in compliance with applicable federal regulations and other procurement requirements specific to a federal award or subaward, and that no subaward, contract, or agreement for purchase of goods or services is made with any suspended or debarred party.

Views of responsible officials and planned corrective action: The government agrees with this finding and will adhere to the attached corrective action plan.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOMELAND SECURITY:

2024-006. DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036, GRANT No. FEMA-4655-DR-MT

Finding 2024-005 applies to this federal award program.

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

2023-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2024-001 for the year ended June 30, 2024.

2023-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Status: This finding is unresolved and is repeated as finding 2024-002 for the year ended June 30, 2024.

2023-003. TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Status: This finding is unresolved and is repeated as finding 2024-003 for the year ended June 30, 2024.

2023-004. NONCOMPLIANCE WITH PROCUREMENT AND SUSPENSION AND DEBARMENT REQUIREMENTS, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS, ASSISTANCE LISTING No. 21.027 AND DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036

Status: This finding is unresolved and is repeated as finding 2024-005 for the year ended June 30, 2024.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF THE TREASURY:

2023-005. CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS, ASSISTANCE LISTING No. 21.027,

This finding has been resolved.

U.S. DEPARTMENT OF HOMELAND SECURITY:

2023-006. DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036, GRANT No. FEMA-4655-DR-MT

Finding 2023-004 applies to this federal award program.

CARBON COUNTY
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2024

FINDINGS - FINANCIAL STATEMENT AUDIT

2024-001. SEGREGATION OF DUTIES

Name of Contact Person: Angela Newell, Administrative Officer

Corrective Action: Carbon County is continually trying to improve on segregation of duties. Processing accounts payable, payroll, and tax collections are segregated from those performing the reconciliations of these functions. Management is actively monitoring this area and as staffing growth plans are created the separation of duties and implementation of effective controls are being considered.

Proposed Completion Date: Ongoing

2024-002. AUDITOR PREPARED FINANCIAL STATEMENTS

Name of Contact Person: Angela Newell, Administrative Officer

Corrective Action: Carbon County employees and management have the necessary qualifications and training to fulfill their assigned daily functions, but do not have the knowledge to apply Generally Accepted Accounting Principles (GAAP) in relation to the preparation of the financial statements. Management is actively monitoring this area and as staffing growth plans are created the separation of duties and implementation of effective controls are being considered.

Proposed Completion Date: Ongoing

2024-003. TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Name of Contact Person: Angela Newell, Administrative Officer

Corrective Action: Carbon County has consulted with actuarial firms regarding an actuarial valuation for the total OPEB. The Board of County Commissioners has determined that likely the amount of liability Carbon County would incur from this valuation would not be significant and the expense involved in determining the liability is excessive. Carbon County does not provide financial contributions to any plans that retirees participate in. Management will continue to monitor the cost and benefits of determining the OPEB Liability.

Proposed Completion Date: Ongoing

2024-004. BUDGETS

Name of Contact Person: Angela Newell, Administrative Officer

Corrective Action: In July 2024, Carbon County created a Finance Office and completed a Delegation of Duties Agreement between the Carbon County Clerk and Recorder and the Administrative Officer. This reorganization will ensure that staff involved in preparing the county budget will also be responsible for submitting the budget to the state. The creation of the Finance Office will also provide redundancy in the county’s financial processes to help ensure that there are multiple staff members involved in budget preparation so there are no lapses in the budgeting process should there be staffing disruptions.

Proposed Completion Date: July 2025

2024-005. NONCOMPLIANCE WITH PROCUREMENT AND SUSPENSION AND DEBARMENT REQUIREMENTS, DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036

Name of Contact Person: Angela Newell, Administrative Officer

Corrective Action: Carbon County is revising our procurement policy to include suspension and debarment requirements. This policy contemplates additional contract requirements to ensure both primary and subcontractors certify their eligibility for awards and/or subawards under Executive Orders 12549 and 12689, 2 CFR part 180, as well as, an internal check through the contract approval process via the Commissioners’ Office.

Proposed Completion Date: July 2025

FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT

U.S DEPARTMENT OF HOMELAND SECURITY:

2024-006. DISASTER GRANTS-PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS), ASSISTANCE LISTING No. 97.036

Finding 2024-005 applies to these federal award programs. This is a repeat finding from the prior year audit and was identified as finding 2023-006.