

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Yellowstone County's financial statements include those separate governmental entities that are controlled or are dependent on the County. Fiduciary funds are not controlled by the County. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 61. GASB Statement No. 61 defines the reporting entity as the County and those component units for which the County is financially accountable. To be financially accountable, a voting majority of the organization's board must be appointed by the County, and either a) the County must be able to impose its will, or b) the County may potentially benefit financially or be financially responsible for the organization. The County does not report any separate government entities as component units.

B. Fund Accounting

The County uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all financial activities of the general government not recorded in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds included in the basic financial statements include all trust and other custodial funds which account for assets held by the County for individuals, other governmental units and/or other funds. The investment trust fund accounts for the external portion of the County's investment pool, which is invested for County school districts, special districts, and the protest tax fund. These districts have all agreed to voluntarily participate in the investment pool. Custodial funds generally are used to account for funds being held on an interim basis on behalf of others. Such funds are custodial in nature since all assets are due to individuals or entities at some future time.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 1. Summary of Significant Accounting Policies, continued

C. 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 non-fiduciary activities of the primary government and its component units. Yellowstone County does not have any component units as of June 30, 2025. Interfund activity constituting reimbursements for expenditures or expenses previously recorded in another fund, for the most part, has been removed from these statements. This avoids reporting the same expenditure or expense twice and eliminates the associated reimbursement revenue. *Governmental-activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

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 segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Non-major funds are aggregated and presented in a single column. The internal service funds are aggregated in a single column on the face of the proprietary fund statement.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred as under accrual accounting. Principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as fund liabilities when payment is due.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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Note 1. Summary of Significant Accounting Policies, continued

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Custodial funds included in the fiduciary financial statements do not involve measurement of results of operations.

The County reports deferred revenue on its governmental funds' balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. The County reports uncollected property tax revenues as deferred revenue for governmental funds.

Those revenues susceptible to accrual are interest revenue, grant revenues, and charges for services. Changes in the fair value of investments are recognized in revenue at the end of each year. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road fund* accounts for the construction, maintenance, and improvements of public roads outside incorporated areas.

The *property and liability insurance fund* accounts for the collection of levied taxes used to pay property and casualty insurance and the establishment of reserves for this self-funded liability program.

The *public safety fund* accounts for the levy and expenditures of the Sheriff's Department, including the Yellowstone County Detention Facility.

The *COVID-19 fund* accounts for all resources and expenditures qualified under the American Rescue Plan Act (ARPA).

The *RSID bond fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt issued for rural special improvement districts.

The *capital improvement fund* accounts for the accumulation and expenditure of resources for major capital expenditures, construction, and improvements.

The government reports the following major fund proprietary funds:

The *METRA fund* accounts for the operations of the Montana Exposition, Trade, and Recreation Arena (METRA), which reports all activities and events held in the 10,000 seat arena and in other event facilities and grounds.

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Note 1. Summary of Significant Accounting Policies, continued

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Additionally, the government reports the following fund types:

Internal service funds account for the County's self-insured health insurance plan, geographic information system, and technology services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges for property and liability insurance. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee or custodial capacity for individuals, private organizations, other governmental units, and other funds. The County's custodial funds include cash and property tax receivables for County school districts and other County special districts. They also include property tax receivables levied by Yellowstone County on behalf of the State of Montana and the Cities of Billings, Laurel, and Broadview. Cash collections on those property tax receivables are distributed to associated taxing jurisdictions in the month subsequent to collection.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the METRA enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

E. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity

1. Cash and Demand Investments, and Cash Investments

Cash resources, to the extent available, of the individual funds are combined to form a cash pool, which is managed by the County Finance Director. The cash pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pooled cash, which are authorized by State law, consist primarily of repurchase agreements, the State of Montana's Short Term Investment Pool (STIP), and securities of the U.S. Government, its agencies, or government sponsored entities and are carried at quoted market prices. The fair value of investments is determined annually and is based on quoted market prices. The method used to determine the values of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of withdrawal. Bank deposits include demand deposits and overnight repurchase agreements in County banks. Interest income earned as a result of pooling and changes in the fair value of investments are distributed to the appropriate funds as designated by state law utilizing a formula based on the applicable cash balance participation of each fund. The general fund receives interest revenue from those funds not specifically designated by State law to receive interest. Government sponsored entities include: federal home loan bank, federal national mortgage association, federal home mortgage corporation, and federal farm credit bank.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2025 to support the value of shares in the pool.

The County issues warrants in payment of its obligations. Cash balances are reported net of outstanding warrants.

For purposes of the statement of cash flows, the County considers all highly liquid debt instruments with an original maturity of three months or less, including restricted cash and demand investments, as cash equivalents.

Montana Code Annotated 7-6-202 regarding "Investment of Public Money" reads as follows:

- (1) A municipal group self-insurance program that may include consolidated governments established pursuant to an interlocal agreement may follow the investment standards provided in Title 33, chapter 12, parts 1 through 3, to invest public money that is not required for immediate use by the municipal group self-insurance program.
- (2) A local governing body may invest public money not necessary for immediate use by the county, city, or town in the following eligible securities:
- (a) United States government treasury bills, notes, and bonds and in United States treasury obligations, such as state and local government series (SLGS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;
 - (b) United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book-entry form with the federal reserve bank of New York; or
 - (c) obligations of the following agencies of the United States, subject to the limitations in subsection (3):
 - (i) federal home loan bank;
 - (ii) federal national mortgage association;
 - (iii) federal home mortgage corporation; and
 - (iv) federal farm credit bank.
- (3) An investment in an agency of the United States is authorized under this section if the investment is a general obligation of the agency and has a fixed or zero-coupon rate and does not have prepayments that are based on underlying assets or collateral, including but not limited to residential or commercial mortgages, farm loans, multifamily housing loans, or student loans.
- (4) The local governing body may invest in a United States government security money market fund if:
- (a) the fund is sold and managed by a management-type investment company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 80a-64), as may be amended;

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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity, continued

1. Cash and Demand Investments, and Cash Investments, continued

- (b) the fund consists only of eligible securities as described in this section;
- (c) the use of repurchase agreements is limited to agreements that are fully collateralized by the eligible securities, as described in this section, and the investment company or investment trust takes delivery of the collateral for any repurchase agreement, either directly or through an authorized custodian;
- (d) the fund is listed in a national financial publication under the category of "money market mutual funds", showing the fund's average maturity, yield, and asset size; and
- (e) the fund's average maturity does not exceed 397 days.
- (5) Except as provided in subsection (6), an investment authorized in this part 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.
- (6) An investment in zero-coupon United States government treasury bills, notes, and bonds purchased as a sinking fund investment for a balloon payment on qualified construction bonds described in 17-5-116(1) may have a maturity date exceeding 5 years if:
- (a) the maturity date of the United States government treasury bills, notes, and bonds is on or before the date of the balloon payment; and
- (b) the school district trustees provide written consent.
- (7) This section may not be construed to prevent the investment of public funds under the state unified investment program established in Title 17, chapter 6, part 2.

Montana Code Annotated 7-6-206 permits time or savings deposits and repurchase agreements with banks, savings and loans associations, or credit unions within the State.

2. Restricted Cash and Demand Investments

Restricted cash and demand investments represent resources set aside for capital improvements, advances, and debt service.

3. Receivables and Payables

All trade, special assessment, and property tax receivables are shown net of an allowance for uncollectible accounts. As of June 30, 2025, the allowances were as follows:

	<u>Allowance Amount</u>
Accounts receivable	\$ 826
Property taxes	549,700
Delinquent special assessments	20,300
Special assessments	15,400
Total uncollectible allowance	<u>\$ 586,226</u>

Activity between funds that are representative of lending/borrowing arrangements with an outstanding balance at the end of the fiscal year are referred to as "due to/from other funds" or "advances to/from other funds" in the fund financial statements. In the government-wide financial statements, "due to other taxing districts" represents funds due to Riverstone Health from the City/County health fund.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in corresponding governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity, continued

4. Inventories

In the proprietary funds, inventories are recorded at the lower of cost (first-in, first-out method) or market, and are recorded as expenses when consumed. In the governmental funds, reported inventories are recorded at average and current cost, and are recorded as expenditures when consumed.

5. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The governmental fund financial statements may include expenditures for minor capital assets valued between \$2,500 and \$5,000 that the County has budgeted as capital in order to provide fixed asset control of these items. However, these items are not reported or depreciated as capital assets on the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed asset.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds' statement of net position.

The County's collection of donated artifacts and art held at the Yellowstone County Museum are not capitalized or depreciated. During fiscal year ended June 30, 2025, there were no significant purchases or deaccession of collection items.

6. Self-Insurance Accruals

The County provides for an estimated accrual for incurred claims at year end in the Property and Liability Insurance Fund for liability claims and the Health Insurance Fund for unpaid health claims.

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Notes to the Financial Statements
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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity, continued

7. Due to Other Taxing Districts

This account represents cash, tax receivables, and other assets held by the County for other taxing jurisdictions. Cash received by the County for the State of Montana, multi-jurisdictional service districts, and cities and towns located in Yellowstone County is distributed in the month following collection.

8. Compensated Absences

Employees of the County earn vacation and sick leave benefits that are recognized as compensated absences in accordance with GASB Statement No. 101, Compensated Absences. A liability is reported in the government-wide, proprietary, and fiduciary fund financial statements for leave that is attributable to services already rendered and for which it is more likely than not that the County will compensate employees, either through paid time off or other means such as payment upon termination or retirement. The liability is measured based on the amount of leave expected to be used or paid, using current pay rates in effect at fiscal year-end.

Governmental funds do not report a liability for compensated absences, as such amounts are recognized as expenditures when paid. The full liability, including both current and long-term portions, is reported in the government-wide financial statements.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources is a separate financial statement element which represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items which arise only under a modified accrual basis of accounting that qualify for reporting in this category. One type of item is unavailable revenue and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and special assessments. The other types of items relate to net pension liability, other post-employment benefits (OPEB) and leasing arrangements. These are found only on the government-wide financial statements. Both of these types of items are deferred and recognized as an inflow of resources (revenue) in the period the amounts become available.

11. Fund Equity

In the fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Government Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which was effective for the County beginning

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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity, continued

11. Fund Equity, continued

in fiscal year 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearly-defined fund balance classifications that can be more consistently applied. The five fund balance classifications, in order of constraint level, are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable can represent a constraint or an asset that is not spendable in form.

In compliance with GASB Statement No. 54, Yellowstone County adopted a fund balance classification policy. This policy states that committed fund balances will be authorized by the County Commission in a public meeting by resolution or policy. Committed fund balances may only become uncommitted by the same formal action authorized by the County Commission in a public meeting by resolution or policy. Assigned fund balances may be assigned informally by the finance director based on future budget expenditures after a current fund balance review has been completed. Assigned fund balances may become unassigned by the same action.

Yellowstone County's expenditure order of resource categories for all governmental funds, when restricted, committed, assigned or unassigned are available, will be as follows:

1. Restricted 2. Committed 3. Assigned 4. Unassigned

12. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, lease assets, and subscription assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position does not include either capitalized assets or the related debt for Rural Special Improvement Districts (RSIDs). Infrastructure improvements built and maintained through RSIDs are the financial responsibility of the benefited property owners and are not the responsibility of the County other than in a fiduciary capacity. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations by other governments.

13. New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences, is effective for the County beginning in fiscal year 2025. 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.

GASB Statement No. 102, Certain Risk Disclosures, is effective for the County beginning in the fiscal year 2025. 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.

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Note 1. Summary of Significant Accounting Policies, continued

F. Assets, Liabilities, and Net Position or Equity, continued

13. New Accounting Pronouncements, continued

Accounting Standards effective in a future period:

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the County beginning in fiscal year 2026. 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.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for reporting periods beginning after June 15, 2025; however, the County elected to early implement this Statement for the fiscal year ended June 30, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets, which are disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This includes lease assets recognized in accordance with GASB Statement No. 87, *Leases*; intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class and provides for additional disclosures related to capital assets held for sale.

Note 2. Reconciliation Comparative of Government-wide and Fund Financial Statements

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

A separate report has been included in the general purpose financial statements to explain the differences between the governmental fund balance sheet and the government-wide statement of net position.

B. Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

A separate report has been included in the general purpose financial statements to explain the differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

Note 3. Stewardship, compliance, and accountability

Budgets

Budgets are adopted on a basis consistent with a modified accrual basis of accounting. Annual legal budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Individual fund budgets are the same as appropriation amounts. Unexpended appropriations lapse at the end of the year.

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Budget amendments can be made at any time during the year by resolution after holding public hearings. Supplemental appropriations were made for unanticipated state and federal grants awarded during the year. There were no budget amendments made during the year that were unusual in nature for fiscal year 2025.

Note 4. Cash and Demand Investments, and Cash Investments

The County maintains a cash and investment pool for all funds under the control of the County treasurer. The non-pooled investments represent those investments held for districts or other entities to be utilized for a specific purpose, such as debt service or capital projects. The County's investments are categorized below to give an indication of the level of risk assumed by the County at June 30, 2025. All investments meet collateral requirements specified by state law.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

At year-end, the County's pooled investment balances were as follows:

	Category			Reported Amount/ Fair Value
	1	2	3	
Cash investments - U.S. Gov't agencies & Bank CDs	\$ 184,873,534	\$ -	\$ -	\$ 184,873,534
Cash in overnight sweep agreements	(250,000)	-	(8,355,287)	(8,605,287)
Cash on hand and demand deposits	163,280	-	752,003	915,283
Subtotal	184,786,814	-	(7,603,284)	177,183,530
Investments Not Subject to Categories:				
Short-Term Investment Pool (STIP)				121,954,373
Total pooled investments				\$ 299,137,903

At year-end, the County's non-pooled investment balances were as follows:

	Category			Reported Amount/ Fair Value
	1	2	3	
Cash investments - CD account registry service	\$ 28,037,327	\$ -	\$ -	\$ 28,037,327
Cash on hand and demand deposits	250,000	1,528,517	-	1,778,517
Subtotal	28,287,327	1,528,517	-	29,815,844
Investments Not Subject to Categories:				
Short-Term Investment Pool (STIP)				-
Total non-pooled investments				29,815,844
Total Investments				328,953,747

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Note 4. Cash and Demand Investments, and Cash Investments, continued

Along with limitations placed on investments by state law, the County minimizes custodial risk by restrictions set forth by County policy. Custodial risk is the risk that in the event of a financial institution failure, the County investments may not be returned, or the County will not be able to recover the collateral securities in the possession of the outside party.

The total cash reported at June 30, 2025 is detailed as follows:

	<u>Total</u>	<u>Statement of Net Position</u>	<u>Fiduciary Net Position</u>
Cash and demand investments, pooled	\$ 114,264,367	\$ 54,898,878	\$ 59,365,489
Restricted cash and demand investments held in trust, non-pooled	1,778,517	1,726,546	51,971
Total cash and demand investments	116,042,884	56,625,424	59,417,460
Cash investments, pooled	184,873,536	88,824,189	96,049,347
Restricted cash investments for capital, non-pooled	-	0	-
Restricted cash investments for debt service, non-pooled	28,037,327	0	28,037,327
Total	<u>\$ 328,953,747</u>	<u>\$ 145,449,613</u>	<u>\$ 183,504,134</u>
Cash on hand, pooled	\$ 825,306		
Cash in bank deposits and other bank deposits, pooled	89,977		
Cash in bank deposits and other bank deposits, non-pooled	1,778,517		
Cash in overnight repurchase agreements, pooled	13,934,403		
Cash in overnight repurchase agreements, non-pooled	0		
Cash in overnight repurchase agreements, non-pooled	0		
Cash in Short-Term Investment Pool (STIP)	121,954,372		
Outstanding warrants, pooled	(22,539,690)		
Total cash and demand investments	116,042,885		
Cash investments, pooled	184,873,535		
Cash investments, non-pooled	28,037,327		
Total	<u>\$ 328,953,747</u>		
Cash and demand investments, and cash investments - pooled	\$ 299,137,903		
Cash and demand investments, and cash investments - non-pooled	29,815,844		
	<u>\$ 328,953,747</u>		

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Note 4. Cash and Demand Investments, and Cash Investments, continued

Cash on hand - represents two types of cash items: Petty cash and change funds on hand - \$60,570; Cash received after last bank deposit - \$764,736.

Cash in bank deposits and other bank deposits – Cash in bank deposits represent cash on deposit in local bank accounts used for pooled banking operations of the County - \$89,977; other bank deposits represent cash held in trust for other individuals in which any interest earnings are not distributed to the investment pool - \$1,778,517. The balance may be over the FDIC insured limit of \$250,000, however the funds are still collateralized by the respective bank. Monthly confirmations are received.

Cash in overnight sweep accounts – represents cash invested daily by the County's primary bank to its government money market mutual fund sweep account. Invested funds represent the nightly balance of collected funds in the County's main depository bank account. The overnight sweep agreement has the funds re-deposited into the County's main bank account the next business day. The invested funds are backed by and/or invested in government agency debt, agency repos, treasury repo agreements, and U.S. Treasury debt – all permissible U.S. government securities. Direct obligations of governmental entities are purchased at 100% of invested dollars, while repurchase agreement securities are backed by eligible government securities of at least 102% of the investment value. The balance may be over the FDIC insured limit of \$250,000, however the funds are still collateralized by the respective bank. Monthly confirmations are received.

Cash in Short-Term Investment Pool (STIP)

STIP is considered an external investment pool. STIP is also classified as a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission as an investment fund but has a policy that it will and does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The County's investment position in STIP is determined by the pool's share price, which is dollar denominated.

STIP is not FDIC-insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Montana Board of Investments or any other entity against investment losses, and there is no guaranteed rate of return on funds. STIP limits concentration of credit risk exposure by limiting portfolio investment types to 3% in any issuer except for U.S. Treasury and U.S. agency securities, as well as any repurchase agreements with a financial institution. The Montana Board of Investments maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation.

The STIP portfolio includes, but is not limited to, fixed income and variable investments including US Treasuries, US government agencies, asset backed commercial paper, certificates of deposit, and cash & cash equivalents held by custodian banks. Any investments that are fixed in nature have a maximum maturity of 397 days or less. Variable type securities have a maximum duration of two years.

Information on policies, along with investments held by STIP can be found at: <https://investmentmt.com>.

Outstanding warrants - represent issued and outstanding warrants and checks of the County and school districts.

Cash investments - represent investments held by the County treasurer with maturity dates exceeding one day.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 4. Cash and Demand Investments, and Cash Investments, continued

At June 30, 2025 pooled cash investment items were:

<u>Investment Type</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Credit Risk Rating Moody's - S&P</u>	<u>Fair Value</u>
<u>Bank Certificates of Deposit</u>				
None			100% FDIC Insured	\$ 0
Total bank certificates of deposit				<u>\$ 0</u>
<u>U.S. Government Treasury Notes</u>				
None				\$ 0
Total U.S. Treasury Notes				<u>\$ 0</u>
<u>U.S. Government Agencies</u>				
Federal Farm Credit	0.53%-5.57%	9/25-05/30	AAA - AA+	\$ 69,495,222 *
Federal Home Loan Mortgage Corporation	0.55%-5.05%	1/26-8/29	AAA - AA+	28,838,764 *
Federal Home Loan Bank	0.75%-5.375%	1/26-9/29	AAA - AA+	73,049,648 *
Federal National Mortgage Association	0.65%-4.56%	10/24-12/27	AAA - AA+	13,489,900
Total U.S. government agency securities				<u>\$ 184,873,534</u>
Certificate of Deposit Account Registry Service	N/A	N/A	100% FDIC Insured	\$ 0
Short-Term Investment Pool (STIP)	4.36% (Varies)	Daily		\$ 121,954,372 *
Total cash investments, pooled				<u><u>\$ 306,827,906</u></u>

At June 30, 2025, non-pooled cash investment items were:

<u>Investment Type</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Credit Risk Rating Moody's - S&P</u>	<u>Fair Value</u>
<u>U.S. government agency securities</u>				
Certificate of Deposit Account Registry Service	3.00%	06/11/2026	100% FDIC Insured	\$ 28,037,327 *
Short-Term Investment Pool (STIP)	4.36% (Varies)	Daily		-
Restricted cash investments for capital improvements, non-pooled				<u><u>\$ 28,037,327</u></u>

* - represents 5% or more of total cash investments

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 4. Cash and Demand Investments, and Cash Investments, continued

The following represents a condensed statement of net position and changes in net position for the cash and investment pool as of June 30, 2025:

<u>Condensed Statement of Net Cash and Investment Assets</u>	
Cash and demand investments, pooled	\$ 114,264,367
Cash investments, pooled	184,873,536
Restricted cash and demand investments held in trust, nonpooled	1,778,517
Restricted cash investments for capital improvements, nonpooled	-
Restricted cash investments for debt service, nonpooled	28,037,327
Accrued interest receivable	1,835,739
Net position held in trust for all pool participants	<u>\$ 330,789,486</u>
Equity of internal pool participants	\$ 186,395,242
Equity of external pool participants	144,394,244
Total equity	<u>\$ 330,789,486</u>
<u>Condensed Statement of Changes in Net Cash and Investment Assets</u>	
Net position at July 1, 2024	\$ 390,334,243
Net changes in investments by pool participants	(61,944,953)
Market value adjustment of cash investments	2,400,196
Net position at June 30, 2025	<u>\$ 330,789,486</u>

Investments-Fair Value Measurement and Application (GASB 72)

The County categorizes its fair value measurements within the fair value hierarchy established by general principles, as defined under GASB 72. The hierarchy established is as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets
- Level 2 – Prices determined using inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly
- Level 3 – Prices determined using unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2025:

U.S. Government Agency securities and bank CDs of \$184,873,536 are valued using quoted market prices (Level 1 inputs)

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 5. Receivables

Receivables as of year-end for the government's individual major funds; and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	MAJOR GOVERNMENTAL FUNDS							Other Nonmajor Governmental Funds	MAJOR ENTERPRISE FUNDS		Internal Service Funds	Fiduciary Funds	Total
	General	Road	Liability & Property Insurance	COVID-19	Public Safety - Sheriff	R.S.I.D. Bond Fund	Capital Improvement Fund		Refuse Disposal	METRA			
Receivables:													
Property taxes	\$ 789,477	\$ 547,842	\$ 48,110	\$ 0	\$ 586,690	\$ 0	\$ 0	\$ 1,018,873	\$ 0	\$ 180,318	\$ 0	\$ 9,516,280	\$ 12,687,590
Accounts	686,592	8,205	0	750,000	990,990	0	87,473	1,738,471	0	95,224	25,763	0	4,382,718
Leases	266,322	0	0	0	0	0	0	0	0	0	0	0	266,322
Delinquent assessments	0	0	0	0	0	6,353	0	54,429	73,741	0	0	1,028,374	1,162,897
Assessments	0	0	0	0	0	308,491	0	0	0	0	0	0	308,491
Accrued interest	335,987	0	6,101	0	61,156	493	308,574	57,093	0	36,920	91,106	938,311	1,835,741
Lease Interest	666	0	0	0	0	0	0	0	0	0	0	0	666
Gross receivables	2,079,044	556,047	54,211	750,000	1,638,836	315,337	396,047	2,868,866	73,741	312,462	116,869		
Less allowances for uncollectible accounts	(134,200)	(103,000)	(8,200)	0	(99,600)	(16,400)	0	(182,300)	(11,100)	(31,426)	0	0	(586,226)
Net total receivables	\$ 1,944,844	\$ 453,047	\$ 46,011	\$ 750,000	\$ 1,539,236	\$ 298,937	\$ 396,047	\$ 2,686,566	\$ 62,641	\$ 281,036	\$ 116,869		

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Proprietary funds report unearned revenue for funds received for events but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* were as follows:

	Deferred Inflow of Resources
Uncollected tax revenue	\$2,500,344
Uncollected lease revenue	315,151
Total Deferred Inflow of Resources	<u>\$2,815,495</u>

The delinquent taxes receivable accounts represent the past five years of uncollected tax levies. The allowance for uncollectible accounts is estimated based on delinquent tax collection history. All net property taxes and special assessments receivables are offset by uncollected revenue in the governmental fund types.

The 2024 real property taxes and the 2024 special assessments were levied and became receivables in October 2024. The semi-annual installments were due in November 2024 and May 2025. As of December 1, 2024, and June 1, 2025, uncollected real property taxes and special assessments became delinquent and all uncollected amounts as of June 30, 2025, have been reported as uncollected revenue. Delinquent taxes become a lien on the property on June 1 and after 3 years the County may exercise the lien and take title to the property. Personal property taxes were levied throughout the year and became a receivable when levied. Personal property taxes are due 30 days from the levy date. Amounts not collected as of June 30, 2025 have been reported as uncollected revenue. There was no significant land held for resale as of June 30, 2025.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 6. Interfund Receivables, Payables and Transfers

Interfund receivables and payables

Advances from / to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	RSID bond	\$ 171,869
General fund	RSID maintenance	28,140
		<u>\$ 200,009</u>

Interfund transfers

The County utilizes transfers to address three needs. Firstly, all transfers from various funds to the Capital Improvement Fund provide for major construction projects and the purchase of large-value fixed assets. Secondly, the County transfers from the General Fund and the Public Safety – Sheriff Fund amounts to cover general obligation bond payments due within the fiscal year. Thirdly, the County transfers undesignated funds to assist in the operations of various activities.

Transfers in											
	MAJOR GOVERNMENTAL FUNDS					Other Capital Improvement Fund	Nonmajor Governmental Funds	ENTERPRISE FUND METRA-CIP	Internal Service Funds		Total
	<u>General</u>	<u>Road</u>	<u>Liability & Property Insurance</u>	<u>Public Safety - Sheriff</u>	<u>R.S.I.D. Bond Fund</u>						
<u>Transfers out:</u>											
General Fund	\$ 0	\$ 0	\$ 0	\$ 3,000,000	\$ 0	\$ 4,250,000	\$ 500,000	\$ 0	\$ 543,889	\$	8,293,889
Road Fund	0	0	0	0	0	2,250,000	0	0	66,435	\$	2,316,435
Public Safety - Sheriff Fund	162,575	0	0	0	0	0	676,199	0	0	\$	838,774
COVID-19 Fund	0	0	0	0	0	0	0	0	0	\$	0
Liability & Prop Fund	0	0	0	0	0	0	0	0	0	\$	0
R.S.I.D Bond Fund	0	0	0	0	0	0	0	0	0	\$	0
Nonmajor Governmental Funds	866,639	201,751	39,869	1,147,808	0	1,900,000	655,614	0	2,579,406	\$	7,391,087
Major Enterprise Fund - METRA	86,709	0	0	0	0	0	0	0	0	\$	86,709
Refuse Disposal Fund	75,000	0	0	0	0	0	0	0	0	\$	75,000
Total transfers	\$ 1,190,923	\$ 201,751	\$ 39,869	\$ 4,147,808	\$ 0	\$ 8,400,000	\$ 1,831,813	\$ 0	\$ 3,189,730	\$	

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 7. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2025 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated:					
Land	\$ 5,563,721 *	\$ -	\$ 291,000	\$ -	\$ 5,854,721
Construction in progress	15,916,594	(16,317,796)	18,835,094	(684,633)	17,749,260
Total capital assets not being depreciated	<u>21,480,315</u>	<u>(16,317,796)</u>	<u>19,126,094</u>	<u>(684,633)</u>	<u>23,603,981</u>
Depreciable capital assets:					
Buildings	63,849,903	(3,011,199)	934,374	(822,405)	60,950,673
Improvements other than buildings	5,554,661 *	(900,037)	11,448	(114,174)	4,551,898
Machinery and equipment	27,158,720	(2,690)	1,209,515	(190,103)	28,175,442
Infrastructure	107,362,990	-	4,089,921	(34,000)	111,418,911
Lease assets:					
Buildings	1,511,147	-	-	(1,511,147)	-
Equipment	129,515	-	-	(24,694)	104,821
Land	-	-	80,220	-	80,220
Subscription assets	273,040	-	-	-	273,040
Total capital assets being depreciated	<u>205,839,976</u>	<u>(3,913,927)</u>	<u>6,325,478</u>	<u>(2,696,523)</u>	<u>205,555,005</u>
Less accumulated depreciation/amortization for:					
Buildings	28,619,843	(221,122)	1,555,274	(822,405)	29,131,590
Improvements other than buildings	2,722,602	(120,005)	189,522	(114,174)	2,677,945
Machinery and equipment	16,973,261	(538)	1,888,502	(188,964)	18,672,261
Infrastructure	60,382,253	-	5,408,353	(17,333)	65,773,273
Lease assets:					
Buildings	1,157,474	-	353,673	(1,511,147)	-
Equipment	36,550	-	10,294	(22,300)	24,544
Land	-	-	891	-	891
Subscription assets	100,674	-	87,481	-	188,155
Total accumulated depreciation/amortization	<u>109,992,657</u>	<u>(341,665)</u>	<u>9,493,990</u>	<u>(2,676,323)</u>	<u>116,468,659</u>
Total capital assets being depreciated, net	<u>95,847,319</u>	<u>(3,572,261)</u>	<u>(3,168,512)</u>	<u>(20,200)</u>	<u>89,086,346</u>
Governmental activities capital assets, net	<u>\$ 117,327,634</u>	<u>\$ (19,890,057)</u>	<u>\$ 15,957,582</u>	<u>\$ (704,834)</u>	<u>\$ 112,690,327</u>

*Beginning balance adjusted by \$11,535 for 209 S 27th St Improvements YSC combined with the Land asset

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 7. Capital Assets, continued

	<u>Beginning Balance</u>	<u>Reclasses / Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated:					
Land	\$ 357,388	\$ -	\$ -	\$ -	\$ 357,388
Construction in progress	379,631	-	3,501,336	(1,459,898)	2,421,069
Total capital assets not being depreciated	<u>737,019</u>	<u>-</u>	<u>3,501,336</u>	<u>(1,459,898)</u>	<u>2,778,457</u>
Depreciable capital assets:					
Buildings	56,305,683	5,505,680	904,829	-	62,716,191
Improvements other than buildings	8,477,470	14,061,764	-	-	22,539,234
Machinery and equipment	3,847,771	322,613	617,103	(25,099)	4,762,388
Total capital assets being depreciated	<u>68,630,924</u>	<u>19,890,056</u>	<u>1,521,932</u>	<u>(25,099)</u>	<u>90,017,813</u>
Less accumulated depreciation for:					
Buildings	28,912,911	792,465	1,547,660	-	31,253,036
Improvements other than buildings	4,140,376	(1,069,721)	1,093,561	-	4,164,216
Machinery and equipment	2,362,450	277,256	362,035	(25,099)	2,976,642
Total accumulated depreciation	<u>35,415,737</u>	<u>-</u>	<u>3,003,256</u>	<u>(25,099)</u>	<u>38,393,894</u>
Total capital assets being depreciated, net	<u>33,215,187</u>	<u>19,890,056</u>	<u>(1,481,324)</u>	<u>-</u>	<u>51,623,919</u>
Business-type activities capital assets, net	<u>\$ 33,952,206</u>	<u>\$ 19,890,056</u>	<u>\$ 2,020,012</u>	<u>\$ (1,459,898)</u>	<u>\$ 54,402,376</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General Government	\$ 588,248
Public Safety	1,800,307
Public Works	6,446,753
Public Health	-
Social and Economic	2,470
Culture and Recreation	47,906
Governmental Internal Service Funds	155,967
Total depreciation expense - governmental activities	<u>9,041,651</u>
BUSINESS-TYPE ACTIVITIES	
METRA	3,003,256
Total depreciation expense - primary government	<u>\$ 12,044,907</u>

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 7. Capital Assets, continued

During fiscal year 2025, the County transferred certain capital assets to the Metra in relation to ongoing infrastructure projects and improvements. This transaction is reported as a transfer because it reflects the movement of assets to the entity responsible for their ongoing use and oversight. The assets transferred had a net book value of \$19,890,058.

Assets Held for Sale:

The County did not have any assets meeting the criteria to be classified as held for sale or disposal as of June 30, 2025.

Note 8. Long-Term Debt

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities. Debt service is the responsibility of the governmental debt service fund which receives transfers from other levied funds to service the debt.

General obligation bonds are direct obligations and pledge the full faith and credit of the County, and where a levy to repay the debt exists, it is not subject to other tax levy limits. Limited tax general obligation bonds are funded from available tax authority and have budget priority funding. Outstanding general obligation bonds are as follows:

<u>Governmental-type Activities:</u>	<u>Interest Rate</u>	<u>Amount</u>
2017 Limited Tax General Obligation Bonds – Jail Expansion & Improvements (nontaxable) 2.0% - 3.0% due July 1, 2037, payable in annual principal installments of \$395,000 to \$565,000, prepay option on or after July 1, 2027	2.00 – 3.00%	\$6,030,000
		<u>\$ 6,030,000</u>

The County issued no new general obligation bonds for fiscal year 2025.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Governmental - type Activities</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	530,000	145,125	675,125
2027	550,000	128,925	678,925
2028	565,000	115,025	680,025
2029	395,000	105,425	500,425
2030	400,000	96,975	496,975
2031-2037	3,590,000	392,573	3,982,573
Total	\$ 6,030,000	\$ 984,048	\$ 7,014,048

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 8. Long-Term Debt, continued

B. Rural Special Improvement District Bonds

The County issued no new special assessment bonds in fiscal year 2025.

Rural special improvement district bonds are payable from special assessments levied against the properties of the respective districts. The bonds are issued with specific maturity dates, but must be called and repaid earlier, at par value plus accrued interest, if the related special assessments are collected.

The County has a secondary responsibility on the special assessment bonds issued for the various rural special improvement districts (R.S.I.D.) to the extent of availability of cash in the R.S.I.D. Revolving Fund. State law provides for, and the County uses, an R.S.I.D. Revolving Fund to accumulate resources for such debt service payment. Law allows for a special property tax levy as long as the balance in this fund is less than 5% of the principal amount of outstanding R.S.I.D. bonds. No tax levy for this fund was assessed for fiscal year ended June 30, 2025. The R.S.I.D. Revolving Fund has no unfunded commitment to the R.S.I.D. bond fund as of June 30, 2025. The R.S.I.D. Revolving Fund would be committed to the R.S.I.D. Bond Fund as a result of lost revenues due to unpaid assessments from properties taken by tax title. The amount of the liability can fluctuate based on future tax deed losses, collections of penalties and interest on delinquent assessments, proceeds from unsold tax deed properties and other circumstances. The R.S.I.D. Revolving Fund, which has a fund balance of \$56,800 at June 30, 2025, is treated as a debt service fund.

The outstanding rural special improvement district bonded indebtedness of the County was as follows:

Rural Special Improvement District Number	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance June 30, 2025
785	5.30%	02/01/11	8/1/2026	126,945	10,000
803	3.36%	09/20/12	8/1/2027	1,015,434	90,000
Outstanding rural special improvement district bonds, June 30, 2025					\$ 100,000

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 8. Long-Term Debt, continued

B. Rural Special Improvement District Bonds, continued

Annual debt service requirements to maturity for special assessment bonds are as follows:

Debt Service Requirements

Year Ending <u>June 30,</u>	<u>Governmental-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	0	3,860	3,860
2027	20,000	3,370	23,370
2028	80,000	1,440	81,440
2029	0	0	0
2030	0	0	0
Total	<u>\$100,000</u>	<u>\$8,670</u>	<u>\$108,670</u>

C. Notes Payable

Notes payable are long-term obligations which are financed through the current operating budget of the respective funds.

As of June 30, 2025, the County had an outstanding balance of \$228,263 owed to Montana Board of Investments in the form of an InterCap loan. This note is payable in semi-annual principal and interest installments with a variable rate of 5.00% as of June 30, 2025 and payable over 10 years with the final payment due August 15, 2033.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 8. Long-Term Debt, continued

D. Changes in Long-Term Liabilities

The OPEB plan allows retirees to participate, as a group, at a rate that does not cover all the related costs. This results in an OPEB Liability that must be reported in the related financial statements due to the implementation of GASB Statement Nos. 75 & 85.

	Year Ended June 30, 2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Principal Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 6,545,000	\$ -	\$ (515,000)	\$ 6,030,000	\$ 530,000
Special assessment debt with governmental commitment	165,000	-	(65,000)	100,000	-
Notes payable	294,733	-	(66,470)	228,263	68,189
Claims and judgments	500,000	-	-	500,000	500,000
Compensated absences	5,629,003 ***	-	(72,447) **	5,556,556	2,013,825
Lease liability	308,765 *	80,220	(222,121)	166,864	6,928
Subscription liability	127,733	-	(79,383)	48,350	33,113
Net pension liability	33,233,293	-	(1,401,634)	31,831,659	-
OPEB liability	2,561,988	-	(466,567)	2,095,421	-
Governmental activities long-term liabilities	<u>\$ 49,365,515</u>	<u>\$ 80,220</u>	<u>\$ (2,888,622)</u>	<u>\$ 46,557,113</u>	<u>\$ 3,152,055</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 303,457 ***	\$ 26,305 **	\$ -	\$ 329,762	\$ 114,695
Unearned advertising revenue	-	-	-	-	-
Net pension liability	2,691,553	26,655	-	2,718,208	-
OPEB liability	224,683	-	(43,010)	181,673	-
Business-type activities long-term liabilities	<u>\$3,219,693</u>	<u>\$52,960</u>	<u>\$ (43,010)</u>	<u>\$3,229,643</u>	<u>\$114,695</u>

*Beginning balance revised (\$4,145) due to incorrect lease expiration date entered.

**The change in the compensated absences liability is presented as a net change.

***Beginning balance revised due to GASB 101 implementation

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 8. Long-Term Debt, continued

E. Summary of Debt Maturities

Annual debt service principal and interest payments required on outstanding debt at June 30, 2025, are as follows:

Year Ending June 30,	Type of Debt		
	General Obligation Bonds	Rural Special Improvement Bonds	Lockwood Safety Intercap Loan
2026	\$ 675,125	\$ 3,860	\$ 78,748
2027	678,925	23,370	43,158
2028	680,025	81,440	44,645
2029	500,425	-	46,162
2030	496,975	-	5,257
2031-2034	3,982,573	-	20,851
	<u>\$ 7,014,048</u>	<u>\$ 108,670</u>	<u>\$ 238,821</u>

Note 9. GASB Statement No. 54 Fund Balance

The Government Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which was effective for the County beginning in fiscal year 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The five fund balance classifications, in order of constraint level, are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 9. GASB Statement No. 54 Fund Balance, continued

	MAJOR FUNDS									
	General Fund	Road Fund	Property & Liability Insurance Fund	COVID-19 Fund	Public Safety Fund	R.S.I.D. Bond Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
Nonspendable										
Inventory	\$ 42,896	\$ 379,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,128	\$	606,104
Prepays	176,120	-	2,549	-	1,450	-	-	2,899		183,018
Total nonspendable fund balance	\$ 219,016	\$ 379,080	\$ 2,549	\$ -	\$ 1,450	\$ -	\$ -	\$ 187,027	\$	789,122
Restricted										
Road	-	7,498,077	-	-	-	-	-	-		7,498,077
Predatory animal	-	-	-	-	-	-	-	-		-
Park	-	-	-	-	-	-	-	690,880		690,880
Public safety - mental health	-	-	-	-	-	-	-	688,170		688,170
Lockwood pedestrian safety	-	-	-	-	-	-	-	451,948		451,948
Lockwood TEDD	-	-	-	-	-	-	-	436,308		436,308
Drug forfeiture	-	-	-	-	-	-	-	374,882		374,882
RSID maintenance	-	-	-	-	-	-	-	7,715,754		7,715,754
Junk vehicle	-	-	-	-	-	-	-	108,517		108,517
DUI task force/highway traffic safety	-	-	-	-	-	-	-	42,271		42,271
RSID revolving	-	-	-	-	-	-	-	56,800		56,800
RSID bond	-	-	-	-	-	256,150	-	-		256,150
Total restricted fund balance	\$ -	\$ 7,498,077	\$ -	\$ -	\$ -	\$ 256,150	\$ -	\$ 10,565,530	\$	18,319,757
Committed										
Bridge	-	-	-	-	-	-	-	575,687		575,687
Weed	-	-	-	-	-	-	-	120,371		120,371
Liability & property insurance	-	-	596,551	-	-	-	-	-		596,551
Health services	-	-	-	-	-	-	-	(12)		(12)
Mental health fund	122,922	-	-	-	-	-	-	-		122,922
Extension service	-	-	-	-	-	-	-	137,617		137,617
Public safety	-	-	-	-	9,207,353	-	-	-		9,207,353
County attorney	-	-	-	-	-	-	-	2,724,088		2,724,088
Museum	-	-	-	-	-	-	-	243,155		243,155
Youth services	-	-	-	-	-	-	-	873,057		873,057
Total committed fund balance	\$ 122,922	\$ -	\$ 596,551	\$ -	\$ 9,207,353	\$ -	\$ -	\$ 4,673,963	\$	14,600,789

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 9. GASB Statement No. 54 Fund Balance, continued

	MAJOR FUNDS									
	General Fund	Road Fund	Property & Liability Insurance Fund	COVID-19 Fund	Public Safety Fund	R.S.I.D. Bond Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
Assigned										
Use of reserves	3,205,093	-	727,163	-	3,312,695	-	22,637,600	3,488,156	33,370,707	
Blight	243,075	-	-	-	-	-	-	-	243,075	
Record preservation	254,732	-	-	-	-	-	-	-	254,732	
PILT	-	-	-	-	-	-	-	535,487	535,487	
Capital improvement	-	-	-	-	-	-	27,745,775	-	27,745,775	
Total assigned fund balance	\$ 3,702,900	\$ -	\$ 727,163	\$ -	\$ 3,312,695	\$ -	\$ 50,383,375	\$ 4,023,643	\$ 62,149,776	
Unassigned										
General fund	10,109,084	-	-	-	-	-	-	-	10,109,084	
Total unassigned fund balance	\$ 10,109,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,109,084	
Total Fund Balance	\$ 14,153,922	\$ 7,877,157	\$ 1,326,263	\$ -	\$ 12,521,498	\$ 256,150	\$ 50,383,375	\$ 19,450,163	\$ 105,968,528	

Non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or limited due to legal or contractual restrictions.

Restricted fund balance classification includes constraints placed on the use of resources that are legally enforceable by an external party. External parties include creditors, grantors, contributors, and laws/regulations of other governments.

Committed fund balance classifications include constraints placed on the use of resources that are imposed by formal action of the government's highest level of decision-making authority.

Assigned fund balance classifications include constraints placed on the use of resources that are imposed by the government's intent to be used for a specific purpose and the intent to spend down fund balance to fund the next year's projected deficit spending (if this exists).

Unassigned fund balance classifications include spendable amounts that have not been Restricted, Committed or Assigned to a specific purpose within the General Fund.

Revenue sources for the major special revenue funds:

Road Fund – Real and personal property taxes, road permits, intergovernmental revenue, charge for services, other income including sale of fixed assets and transfers in.

Property & Liability Insurance Fund - Real and personal property taxes, charge for services, refund reimbursement, other income including interest revenue and transfers in.

Public Safety Fund - Real and personal property taxes, permits and licenses, intergovernmental revenue including grant revenues, charge for services, other income including sale of fixed assets and transfers in.

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 10. Risk Management

The County faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e. errors and omissions, d) environmental damage, e) workers' compensation, i.e. employee injuries, and f) medical insurance costs of employees. A variety of methods is used to manage these risks.

Liability and Property Insurance

The County is self-insured on liability and property claims. As of year-end, the County has reserved \$500,000 for outstanding liability claims. Reinsurance for liability claims is purchased from a third-party risk retention group. Coverage history is as follows:

	<u>Deductible</u>	<u>Limit per occurrence</u>	<u>Annual aggregate</u>
Claims outstanding prior to October 1990	No coverage	No coverage	No coverage
October 4, 1990 to October 4, 1998	\$ 250,000	\$ 1,500,000	\$ 3,000,000
October 4, 1998 to October 4, 2002	100,000	1,500,000	3,000,000
October 4, 2002 to October 4, 2003	200,000	1,500,000	3,000,000
October 4, 2003 to October 4, 2004	250,000	1,500,000	3,000,000
October 4, 2004 to January 4, 2005	500,000	1,500,000	3,000,000
January 4, 2005 to June 30, 2020	250,000	1,500,000	3,000,000
July 1, 2020 to June 30, 2025	250,000	1,500,000	5,000,000

County buildings and their contents are covered by a blanket property and casualty insurance policy of \$350,000,000 with a \$500,000 deductible for wind/hail coverage and \$100,000 for all other occurrences. The County at June 30, 2025, had a fund balance in its Property and Liability Insurance Fund totaling \$1,326,263. The County carries \$6,000,000 of museum collection and temporary loan insurance coverage for artifacts and art held at the Yellowstone County Museum.

Liability insurance is covered under Montana Association of Counties and commences at \$250,000 of liability. The County did not have any claims in fiscal year 2025 that exceeded the \$250,000 threshold.

Workers' Compensation

The County converted from MACo to the Montana State Fund's Workers' Compensation plan as of October 1, 2016. Montana State Fund is backed by the citizens of Montana and the policyholders of the Fund. The County pays monthly premiums for its workers' compensation coverage.

Financial statements for the Montana State Fund are available online and are located in Helena, Montana.

Employee health insurance is discussed in note 11B.

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 11. Employee Benefits

A. Compensated Absences

All full-time County employees earn vacation and sick leave for later use or for payment upon termination, death, or retirement.

- Vacation Leave: In accordance with Montana Code Annotated (MCA) § 2-18-617, employees earn vacation leave at the rate of 15 days per year for the first 10 years of employment, increasing to a maximum of 24 days per year after 20 years. The maximum permissible accumulation is twice the annualized accrual rate as of December 31 of each year. Unused vacation leave is payable at 100% of accumulated balances upon termination.
- Sick Leave: In accordance with MCA § 2-18-618, employees earn sick leave at the rate of 12 days per year, with no limit on accumulation. At termination, death, or retirement, employees are compensated for 25% of accumulated sick leave.

In accordance with GASB Statement No. 101, the County recognizes a liability for all compensated absences that are earned and for which it is more likely than not that employees will receive compensation, regardless of statutory payout percentages. Accordingly, the liability reported at June 30, 2025, reflects 100% of accumulated vacation and sick leave. The liability for compensated absences at June 30, 2025, is \$5,886,318, of which \$2,128,520 is expected to be liquidated within one year.

B. Health Insurance

The County has a self-funded health care benefit plan for its employees. The County has contracted with a private insurance company to provide the aggregate stop loss coverage and claims processing. The County contributes a monthly amount for each full-time employee for health and dental insurance benefits. Employees may elect to include coverage of their dependents at the employee's expense. Revenues to the plan from the various funds and employees are recorded as health insurance premiums in the Health Insurance Fund, an internal service fund. The fund records health care costs as expenses when claims are incurred. The fund establishes claims liabilities, including incurred but not reported (IBNR) claims based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that modify past experience. Claims liabilities include only specific, incremental claim adjustment expenses. The liability recorded for the IBNR is \$900,779 for FY25.

Following is a summary of the changes in the balance of claim liabilities during the last three fiscal years:

Fiscal Year	Claims paid, net of expected reimbursements	IBNR Estimate at fiscal-year end	Total estimated claims
2021-2022	\$7,517,578	\$750,000	\$8,267,578
2022-2023	\$8,882,055	\$604,110	\$9,486,165
2023-2024	\$10,084,510	\$900,000	\$10,984,510
2024-2025	\$10,776,351	\$900,779	\$11,677,130

Yellowstone County carries specific stop loss insurance of \$350,000 per claim on a claims incurred basis. Effective in fiscal year 2003, the County elected to utilize the permissive medical levy. This levy may be utilized to fund medical inflation costs of the employer. The permissive medical levy transferred \$2,579,406 to the health insurance fund in fiscal year 2025.

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 11. Employee Benefits, continued

B. Health Insurance, continued

Results of operations for fiscal year ended:

	June 30, 2025	June 30, 2024
Health insurance premiums	\$ 8,156,471	\$ 7,924,434
Health claims	(11,027,979)	(10,319,638)
Administrative expenses	(442,076)	(340,416)
Interest revenue	753,746	835,246
Interfund transfer in	2,579,406	2,176,393
Net income (loss)	19,568	276,019
Net position, beginning of fiscal year	14,990,287	14,714,268
Net position, end of fiscal year	\$ 15,009,855	\$ 14,990,287

In addition to providing health benefits for existing employees, the County also allows retired employees under the age of 65 and COBRA (1985 Consolidated Omnibus Budget Reconciliation Act) employees, and their families, and dependents of retirees 65 and older (a spouse under 65 or a child or children) to participate in the plan at the former employee's expense. As of June 30, 2025, there are 20 former employees and dependents covered under the health plan. Beginning January 1, 2018 County retirees eligible for Medicare were discontinued from the County plan, with no future option to re-enroll.

The County also allows participation in the plan for employees and dependents of Riverstone Health Department and the Big Sky Economic Development. For FY25, employees of Riverstone Health Department and Big Sky Economic Development pay premiums at the same County rates plus a 2% of premium administrative fee per month per employee. The economic impact of the extension of benefits to these other participating entities and former employees cannot be separated from the County's cost to cover active employees.

Premiums for both employee coverage and retiree coverage did not increase for fiscal year 2025, but will increase 3% for fiscal year 2026.

C. Life Insurance and Long-Term Disability

All County employees covered by health insurance are also covered by life insurance. The County also covers permanent part-time employees that do not elect health insurance. The County pays the cost of life insurance for coverage at 100% of the prior year's salary rounded to the highest \$1,000. All full-time employees are covered to a maximum of \$50,000. Supplemental life insurance is optionally available at the employee's cost up to three times the employee's employer paid coverage. The County has contracted with a private insurance carrier to provide the life insurance coverage.

The County pays for third-party long-term disability insurance at an insured level of 60% of monthly pre-disability base pay for employees. The County also provides short-term disability at an insured level of 60% of monthly pre-disability base with a maximum of \$1,500 per week of benefits paid after the seven-day waiting period is met and with a maximum duration of 25 weeks after which long-term disability commences. Eligibility for long-term is the same as life insurance eligibility. To be eligible for short-term disability, the employee must be working 40 hours per week.

D. Deferred Compensation Plans

The County offers its employees various deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all County employees and permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County has consolidated into one deferred compensation plan that allows several investment options. The choice of plan and investment options is made by the employee. Plan assets are maintained in an exclusive trust for the benefit of participants and their beneficiaries. Accordingly, plan assets are not reported in the County's financial statements.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 11. Employee Benefits, continued

E. Other Post-Employment Benefits (OPEB)

As required by Governmental Accounting Standards Board (GASB) Statement No. 75 Other Post-Employment Benefits, the County has calculated and included a post-employment benefit liability in 2025.

1. Plan Description

As required by State law (MCA 2-18-704), the County allows its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participation in the County's group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit other post-employment benefits plan (OPEB) since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single employer defined benefit plan administered by a third party. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The County covers OPEB costs when they come due, on a pay-as-you-go basis.

2. Funding Policy

The County provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees must be under the age of 65, including former full-time and certain other employees. As of June 2025 there are 20 retirees and/or survivors enrolled for the employer's sponsored health insurance plan. In 2025, retirees contributed \$130,890 towards the cost of the County's annual premium. A trust fund for future liabilities has not been established.

3. Benefits Provided

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents as defined in MCA 2-18-704. Eligible retirees are required to pay the full amount of their health insurance premiums.

4. Employees Covered by Benefit Terms

As of July 1, 2024 the following employees were covered:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	450
	<u>457</u>

5. Total OPEB liability

The County's total OPEB liability of \$2,277,094 was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2024 for reporting as of June 30, 2025.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 11. Employee Benefits, continued

E. Other Post-Employment Benefits (OPEB), continued

Accrued liability (Total OPEB Liability)	July 1, 2024
1. Split by implicit rate liability vs direct subsidy liability	
a. Implicit rate liability	\$ 2,277,094
b. Direct subsidized liability	0
c. Total	<u>\$ 2,277,094</u>
2. Split by status	
a. Actives	\$ 1,934,092
b. Retirees and beneficiaries	343,002
c. Total	<u>\$ 2,277,094</u>

6. Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.50%
20-Year Municipal Bond Yield 4.10%
Salary increases Service graded table
Discount rate 4.10%
Medical cost trend rates 6.5% as of July 1, 2024 grading to 5.00% over 6 years
then to 4.00% over the next 48 years
Dental cost trend rates N/A

Since the Plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year AA-rated Municipal Bond Yield. Mortality rates were based on the PUB-2010 Public Retirement Plans Headcount- Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The withdrawal and retirement assumptions used in the July 1, 2024 Actuarial Valuation (June 30, 2025 report) were similarly based on the MPERA experience study for general and safety employees. The most recent five-year experience studies were completed in 2021.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 11. Employee Benefits, continued

7. Changes in the total OPEB liability

	Total OPEB Liability
Balance at June 30, 2024	\$ 2,786,671
Changes for the year:	
Service cost	207,234
Interest	111,080
Differences between expected and actual experience	(193,381)
Assumption changes	(491,694)
Benefit payments	(142,816)
Net changes	(509,577)
Balance at June 30, 2025	\$ 2,277,094

Changes in assumptions and other inputs reflect the current discount rate of 4.10%. The covered-employee payroll for the reporting period is \$28,303,630. The total OPEB liability as a percentage of covered-employee payroll is 8% for the reporting period.

8. Sensitivity of the total OPEB liability to changes in the discount rate

The following represents the total OPEB liability reported by the County, as well as how that liability would change if the discount rate used to calculate the OPEB liability was decreased or increased by 1 percent:

	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Total OPEB liability	\$ 2,484,724	\$ 2,277,094	\$ 2,089,429

9. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability reported by the County, as well as how that liability would change if the healthcare trend rate used in projecting benefit payments was to decrease or increase by 1 percent:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability	\$ 2,027,904	\$ 2,277,094	\$ 2,569,465
Medical Trend Rate	5.50% decreasing to 5.00% then 4.00%	6.50% decreasing to 5.00% then 4.00%	7.50% decreasing to to 5.00% then 4.00%
Dental Trend Rate	N/A	N/A	N/A

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 11. Employee Benefits, continued

10. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2025, the County recognized OPEB expense of \$98,378. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions	\$ 89,405	\$ 0
Assumption Changes	0	822,933
Liability Gains	0	324,221
Total	\$ 89,405	\$ 1,147,154

Future recognition of deferred flows in OPEB expense:

Year ended June 30:

2026	\$ (416,690)
2027	\$ (296,729)
2028	\$ (296,724)
2029	\$ (137,011)
2030	\$ 0
2031	\$ 0
Thereafter	\$ 0

11. Projected Benefit Payments

Year Beginning July 1 and Ending June 30 of the Following Year	Implicit Subsidy Only Payments	Subsidized Payments*	Total Projected Net Payments
2024	\$ 89,405	\$ 0	\$ 89,405
2025	\$ 113,132	\$ 0	\$ 113,132
2026	\$ 99,249	\$ 0	\$ 99,249
2027	\$ 125,062	\$ 0	\$ 125,062
2028	\$ 162,661	\$ 0	\$ 162,661
2029-2033	\$ 1,136,949	\$ 0	\$ 1,136,949
2034-2038	\$ 1,165,531	\$ 0	\$ 1,165,531
2039-2043	\$ 995,012	\$ 0	\$ 995,012
2044-2048	\$ 1,153,715	\$ 0	\$ 1,153,715
Thereafter	\$ 3,431,266	\$ 0	\$ 3,431,266

*Yellowstone County does not pay any subsidized benefits (e.g. implicit only).

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments

Public Employees' Retirement System (PERS)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability (NPL); Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement No. 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent Plans. This report provides information for employers who are using a June 30, 2024 measurement date for the 2025 reporting.

A. Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all Generally Accepted Accounting Principles (GAAP) by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

B. General Information about the Pension Plan

The 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 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

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. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

C. Benefits Provided

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

1. Service retirement

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

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

C. Benefits Provided, continued

2. Early Retirement

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

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

- a. 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:
 - i. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - ii. No service credit for second employment;
 - iii. Start the same benefit amount the month following termination; and
 - iv. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- b. Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - i. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - ii. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- c. Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - i. The same retirement as prior to the return to service;
 - ii. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - iii. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

4. Member's highest average compensation (HAC)

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

5. Compensation Cap

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

6. Monthly benefit formula

- a. Members hired prior to July 1, 2011:
 - i. Less than 25 years of membership service:
1.785% of HAC per year of service credit;
 - ii. 25 years of membership service or more:
2% of HAC per year of service credit.
- b. Members hired on or after July 1, 2011:
 - i. Less than 10 years of membership service:
1.5% of HAC per year of service credit;
 - ii. 10 years or more, but less than 30 years of membership service:
1.785% of HAC per year of service credit;
 - iii. 30 years or more of membership service:
2% of HAC per year of service credit.

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

C. Benefits Provided, continued

7. Guaranteed Annual Benefit Adjustment (GABA)

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

- a. 3.0% for members hired **prior to** July 1, 2007
- b. 1.5% for members hired between July 1, 2007 and June 30, 2013
- c. Members hired on or after July 1, 2013:
 - i. 1.5% for each year PERS is funded at or above 90%;
 - ii. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - iii. 0% whenever the amortization period for PERS is 40 years or more.

D. Contributions

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

1.Special Funding

The state of Montana, as the non-employer contributing entity, paid to the Plan additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

2. Not Special Funding

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

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

Fiscal Year	Member		State & Universities Employer	Local Government		School Districts	
	Hired <7/01/11	Hired >7/01/11		Employer	State	Employer	State
2025	7.9%	7.9%	9.170%	9.070%	0.100%	8.800%	0.370%
2024	7.9%	7.9%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.9%	7.9%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.9%	7.9%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.9%	7.9%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.9%	7.9%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.9%	7.9%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.9%	7.9%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.9%	7.9%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.9%	7.9%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.9%	7.9%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.9%	7.9%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.9%	7.9%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.9%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.9%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.9%		6.900%	6.800%	0.100%	6.800%	0.100%

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

D. Contributions, continued

3. Member Contributions

a. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

4. Employer contributions to the system

a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. For fiscal years beginning after June 30, 2024, the additional contribution amount stays at 2.27%. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.

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

c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

5. Non-Employer Contributions

a. Special Funding:

i. The State contributed 0.1% of members' compensation on behalf of local government entities.

ii. The State contributed 0.37% of members' compensation on behalf of school district entities.

iii. The state contributed a Statutory Appropriation from the General Fund of \$35,329,705.

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

GASB Statement No. 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the TPL as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

E. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

As of measurement date	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
YELLOWSTONE COUNTY Proportionate Share	\$ 22,957,841	\$ 22,211,605	0.938678%	0.910180%	0.028498%
State of Montana Proportionate Share associated with the Employer	\$ 5,974,122	\$ 6,141,430	0.244264%	0.251661%	(0.007397%)
Total	\$ 28,931,963	\$ 28,353,035	1.182942%	1.161841%	0.021101%

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

Changes in proportionate share:

- There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

F. Pension Expense

At June 30, 2024, the employer recognized a Pension Expense of \$1,884,976 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$320,160 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

F. Pension Expense, continued

As of measurement date	Pension Expense as of 06/30/2024	Pension Expense as of 06/30/2023
YELLOWSTONE COUNTY's Proportionate Share	\$ 1,884,976	\$ 2,027,539
State of Montana Proportionate Share associated with the Employer	320,160	576,157
Total	\$ 2,205,136	\$ 2,603,696

G. Recognition of Deferred Inflows and Outflows

At June 30, 2024 (measurement date), the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 1,160,164	\$ 0
Projected Investment Earnings vs. Actual Investment Earnings	0	510,520
Changes in Assumptions	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	542,081	0
Employer Contributions Subsequent to the Measurement Date	1,762,895	0
Total	\$ 3,465,140	\$ 510,520

Yellowstone County reported \$1,762,895 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in Pension Expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2025	\$ 29,333
2026	\$ 1,741,155
2027	\$ (358,899)
2028	\$ (219,864)
Thereafter	\$ 0

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

H. Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of pension plan investment expense, including inflation)	7.30%
Admin Expense as % of Payroll	
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	0.00% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
• After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefits.	
• Members hired prior to July 1, 2007	3.00%
• Members hired between July 1, 2007 & June 30, 2013	1.50%
• Members hired on or after July 1, 2013	
• For each year PERS is funded at or above 90%	1.50%
• The 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%	
• 0% whenever the amortization period for PERS is 40 years or more	0.00%
Mortality:	
• Active Participants	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

<ul style="list-style-type: none"> • Contingent Survivors 	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
<ul style="list-style-type: none"> • Healthy Retirees 	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2024 valuation were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

I. Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating Plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The State contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. 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.

J. Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown in the experience study. 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.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

J. Target Allocations, continued

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

K. Sensitivity of the proportionate share of the NPL to changes in the discount rate

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Employer's Net Pension Liability	\$ 33,467,556	\$ 22,957,841	\$ 14,144,931

L. PERS Disclosure for the defined contribution plan

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

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

Member and employer 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, 2024, 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 351 employers that have participants in the PERS-DCRP totaled \$1,345,278.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

M. Pension plan fiduciary net position

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

Sheriffs' Retirement System

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers are required to recognize and report certain amounts associated with participation in the Sheriffs' Retirement System (the Plan). This includes the proportionate share of the collective Net Pension Liability (NPL); Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent pension plans. This report provides information for employers who are using June 30, 2024 measurement date for the 2025 reporting.

A. Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all Generally Accepted Accounting Principles (GAAP) by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

B. General Information about the Pension Plan

1. Plan Description

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, Montana Code Annotated (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.

2. Benefits provided

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 (HAC). Member rights are vested after five years of service.

a. Service retirement and monthly benefit formula

- i. Members hired prior to July 1, 2023: 20 years of membership service, regardless of age.
- ii. Members hired on or after July 1, 2023: 20 years of membership service at age 50.
- iii. 2.5% of HAC x years of service credit.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

B. General Information about the Pension Plan, continued

b. Early Retirement

- i. Age 50 with 5 years of membership service.
- ii. 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.

c. Second Retirement

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

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

3. Member's compensation period used in benefit calculation

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

4. Compensation Cap

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

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

B. General Information about the Pension Plan, continued

5. Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, a Guaranteed Annual Benefit Adjustment (GABA) will be made January 1 each year equal to:

- a. 3.0% for members hired **prior to** July 1, 2007
- b. 1.5% for members hired **on or after** July 1, 2007

C. Contributions

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

Fiscal Year	Member	Employer
2018 - 2025	10.495%	13.115%
2010 - 2017	9.245%	10.115%
2008 - 2009	9.245%	9.825%
1998 - 2007	9.245%	9.535%

For reposting date June 30, 2025: Upon passage and approval of House Bill 85 during the 2025 Legislative session, the modified layered amortization policy put in place for SRS during the 2023 Legislative session, was repealed and restores the employer contribution rate to the fiscal year 2024 employer rate that existed before HB 569 was passed. The 2025 employer contribution rate for SRS that was restored with the passing of HB 85 is 13.115% instead of the 12.074 for fiscal year 2025.

For reporting date June 30, 2025, nonspecial funding: House Bill 569 also provides a one-time appropriation of State of Montana general fund dollars to the SRS of \$26.8 million. This is a non-special funding, non-contributing entity contribution. For GASB Statement 68 reporting, the employer would recognize grant revenue of \$2,532,918 for its proportionate share of support revenue from the State of Montana.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the TPL as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer contributions during the measurement period.

The employer recorded a liability of	\$	11,592,026
and the employer's proportionate share was		<u>9.4512%</u>

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

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

As of measurement date	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
YELLOWSTONE COUNTY Proportionate Share	\$ 11,592,026	\$ 13,713,241	9.4512%	9.3292%	0.1220%
Total	\$ 11,592,026	\$ 13,713,241	9.4512%	9.3292%	0.1220%

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

Changes in proportionate share:

There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

At June 30, 2024 measurement date, the employer recognized its proportionate share of the Plan's pension expense.

As of measurement date	Pension Expense as of 6/30/2024	Pension Expense as of 6/30/2023
YELLOWSTONE COUNTY's Proportionate Share	\$ 378,096	\$ 2,845,589
State of Montana Proportionate Share associated with the Employer	2,532,918	0
Total	\$ 2,911,014	\$ 2,845,589

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

E. Recognition of Deferred Inflows and Outflows

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

As of measurement date	Deferred Outflows of	Deferred Inflows of Resources
Expected vs. Actual Experience	\$ 2,012,421	\$ 0
Projected Investment Earnings vs. Actual Investment Earnings	0	414,053
Changes in Assumptions	375,331	103,895
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	0	53,684
Employer Contributions Subsequent to the Measurement Date	1,424,013	0
Total	\$ 3,811,765	\$ 571,632
<i>Yellowstone County reported \$1,424,013 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.</i>		

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in employer's pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2025	\$ 999,125
2026	\$ 1,270,542
2027	\$ (277,702)
2028	\$ (175,845)
Thereafter	\$ 0

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

F. Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined by an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	1.0% to 6.4%
Post Retirement Benefit Increases	
Guaranteed Annual Benefit Adjustment (GABA)	
• Requires 12 full months of retirement before GABA will be made	
• Members prior to July 1, 2007	3.00%
• Members hired on or after July 1, 2007	1.50%
Mortality:	
• Active Participants	PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retirees	PUB-2010 Amount Weighted Healthy Retiree Mortality table projected to 2021 set forward one year and adjusted 105% for males. Projected generationally using MP-2021.
• Contingent Survivors	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality table projected to 2021, set forward one year for males.

The actuarial assumptions and methods utilized in the June 30, 2024 valuation, were developed in the five-year experience study for the period ending June 30, 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 12. Pension and Retirement Fund Commitments, continued

G. Discount Rate

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

H. Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024 is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown in the experience study. 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.

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

I. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Net Pension Liability	\$ 20,828,414	\$ 11,592,026	\$ 4,074,877

Yellowstone County, Montana
Notes to the Financial Statements
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Note 12. Pension and Retirement Fund Commitments, continued

J. Pension plan fiduciary net position

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

Note 13. Contingent Liabilities and Commitments

Pending Litigation

There are a number of lawsuits pending. However, management estimates that the potential claims against the County from such litigation would not threaten the County's political existence or exceed the County's ability to pay. The accrued liability established in the Property and Liability Insurance Fund of \$500,000 is considered to be adequate for potential settlements and litigation costs. The County considers the other known legal actions, for which no reserve has been determined, to be of nominal financial impact.

Grants

The County has Federal and State grants for specific purposes that are subject to annual audits and other periodic reviews by grantor agencies. Such reviews could result in requests for reimbursement by grantor agencies for costs, which may be disallowed as appropriate expenses under the grant terms. The County believes disallowances, if any, will not be material.

Note 14. Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are **not** reported as liabilities in the accompanying general purpose financial statements.

Between July 1, 1978 and June 30, 2025 there were twenty-one series of industrial revenue bonds issued. The aggregate principal amount outstanding for the three remaining series issued after July 1, 1997 was \$10,781,650 as of June 30, 2025.

Note 15. Related Organization

The County is responsible for appointing the members of the governing board of the Big Sky Economic Development (the Organization) however; the County is not able to impose its will on the Organization, nor is there a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on the County. As a result, the Big Sky Economic Development is considered a related organization, and not a component unit of the County.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 16. Leases

Lessee Disclosures

On May 22nd, 2025 the County's original lease period expired for the lease of 17,395 square feet of administrative office space on the third floor of the Stillwater Building located at 316 N 26th Street in downtown Billings, MT. The County negotiated a short-term lease extension to accommodate the County's need for the leased space until the remodeled Ostlund Building, located at 2825 3rd Avenue North, is ready for occupancy at the end of 2025. The short-term lease extension retains the original lease terms but includes a 3% increase in the lease rate and extends the lease period on a month-to-month basis until the County no longer needs the office space. The equipment lease for Greeno Hill Communications Site ended March 2025, and a new lease was signed for a 15-year period. When the new lease was entered, it was discovered that the prior lease should have been classified as a land lease asset rather than an equipment lease asset.

The below table summarizes the total amount of lease assets, related accumulated amortization and lease liabilities related to lessee leasing arrangements as of June 30, 2025:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Building	\$ 1,511,146	\$ -	\$ -	\$ (1,511,146)	\$ -	
Equipment	125,611 *	-	-	(20,790)	104,821	
Land	-	80,220	-	-	80,220	
	<u>1,636,757</u>	<u>80,220</u>	<u>-</u>	<u>(1,531,936)</u>	<u>185,041</u>	
Less: Accumulated Amortization						
Building	(1,157,473)	(353,673)	-	1,511,146	-	
Equipment	(35,040) *	(10,294)	-	20,790	(24,544)	
Land	-	(891)	-	-	(891)	
	<u>(1,192,513)</u>	<u>(364,858)</u>	<u>-</u>	<u>1,531,936</u>	<u>(25,435)</u>	
Total Lease Assets, net	<u>\$ 444,244</u>	<u>\$ (284,638)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,607</u>	
Lease Liabilities	<u>\$ 308,765 *</u>	<u>\$ 80,220</u>	<u>\$ -</u>	<u>\$ (222,121)</u>	<u>\$ 166,864</u>	<u>\$ 6,928</u>

*Beginning balance revised due to incorrect lease expiration date entered

The below table details amortization by class, total interest on lease liabilities, and variable lease expense for the year ended June 30, 2025:

	Year Ending 06/30/2025
Lease expense	
Amortization expense by class of underlying asset	
Building	\$ 353,672
Equipment	10,294
Land	891
Total amortization expense	<u>364,857</u>
Interest on lease liabilities	4,516
Variable lease expense	-
Total	<u>\$ 369,373</u>

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 16. Leases, continued

Principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Payments
Year Ending 6/30/26	\$ 6,928	\$ 5,075	\$ 12,003
Year Ending 6/30/27	7,438	4,865	12,303
Year Ending 6/30/28	7,980	4,638	12,618
Year Ending 6/30/29	8,553	4,396	12,949
Year Ending 6/30/30	9,761	4,135	13,896
5 Years Ending 6/30/35	60,190	15,804	75,994
5 Years Ending 6/30/40	66,013	5,172	71,185
Total Future Payments	<u>\$ 166,863</u>	<u>\$ 44,085</u>	<u>\$ 210,948</u>

There are no subleases in place as of June 30, 2025.

Lessor Disclosures

The County purchased the Miller building at 301 N. 29th Street in downtown Billings, MT in fiscal year 2022, and assumed four lease arrangements at that time. As of August 1, 2024, the only lease still in place is with BMO Harris Bank which contains an annual 2% rent escalator with a lease period that expires on February 28, 2027 and an option to extend an additional five years.

The below table details the total amount of inflows of resources recognized during the year ended June 30, 2025 from lease expense:

	Year Ending 06/30/2025
Lease-related revenue	
Lease revenue	
Building	\$ (207,563)
Total lease revenue	<u>(207,563)</u>
Interest revenue	(10,992)
Variable & other revenue	-
Total	<u>\$ (218,555)</u>

Total future receipts related to leases with unrelated parties are as follows:

	Principal	Interest	Total Receipts
Year Ending 6/30/26	\$ (227,263)	\$ (4,897)	\$ (232,160)
Year Ending 6/30/27	(39,059)	(147)	(39,206)
Year Ending 6/30/28	-	-	-
Year Ending 6/30/29	-	-	-
Total Future Receipts	<u>\$ (266,322)</u>	<u>\$ (5,044)</u>	<u>\$ (271,366)</u>

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 17. Subscription-Based Information Technology Arrangements (SBITA)

SBITA Disclosures

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The County uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments payable during the remaining SBITA term. A SBITA asset is presented separately as Intangible subscription assets, in the Capital Assets section, on the government-wide Statement of Net Position and presented separately in the Capital Assets Note 7. The County did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

The below table summarizes the total amount of subscription assets, related accumulated amortization and subscription liabilities related to subscription-based information technology arrangements as of June 30, 2025:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Right-to-use subscription assets						
SBITA - GASB 96 (General Gov't)	\$ 210,436	\$ 0	\$ 0	\$ 0	\$ 210,436	
SBITA - GASB 96 (Public Safety)	31,749	0	0	0	31,749	
SBITA - GASB 96 (Internal Services)	30,855	0	0	0	30,855	
	<u>273,040</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>273,040</u>	
Less: Accumulated Amortization						
SBITA - GASB 96 (General Gov't)	(77,375)	(65,178)	0	0	(142,553)	
SBITA - GASB 96 (Public Safety)	(13,930)	(10,583)	0	0	(24,513)	
SBITA - GASB 96 (Internal Services)	(9,369)	(11,720)	0	0	(21,089)	
	<u>(100,674)</u>	<u>(87,481)</u>	<u>0</u>	<u>0</u>	<u>(188,155)</u>	
Total Subscription Assets, net	<u>\$ 172,366</u>	<u>\$ (87,481)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,885</u>	
Subscription Liabilities (General Gov't)	\$ 120,326	\$ 0	\$ 0	\$ (71,976)	\$ 48,350	\$ 33,113
Subscription Liabilities (Public Safety)	3,167	0	0	(3,167)	0	0
Subscription Liabilities (Internal Services)	4,240	0	0	(4,240)	0	0
Total Subscription Liabilities	<u>\$ 127,733</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (79,383)</u>	<u>\$ 48,350</u>	<u>\$ 33,113</u>

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 17. SBITAs, continued

The below table details amortization by class, total interest on subscription liabilities, and variable subscription expenses related to subscription-based information technology arrangements for the year ended June 30, 2025:

Subscription expense	Year Ending 06/30/2025
Amortization expense by class of underlying asset	
SBITA - GASB 96 (General Gov't)	\$ 65,178
SBITA - GASB 96 (Public Safety)	10,583
SBITA - GASB 96 (Internal Services)	11,720
Total amortization expense	87,481
Interest on subscription liabilities (GG)	2,141
Interest on subscription liabilities (PS)	32
Interest on subscription liabilities (IS)	108
Total interest on subscription liabilities	2,281
Total	\$ 89,762

Principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Payments
Year Ending 6/30/2026	\$ 33,113	\$ 1,471	\$ 34,584
Year Ending 6/30/2027	4,928	463	5,391
Year Ending 6/30/2028	5,077	314	5,391
Year Ending 6/30/2029	5,232	159	5,391
Total Future Payments	\$ 48,350	\$ 2,407	\$ 50,757

Note 18. Protested Taxes

The protest tax receivable for the County's governmental and proprietary funds increased \$973,304 or 1.600% of the FY25 adjusted County tax levy.

Protest Tax Receivables									
Fiscal Year Ending	Governmental-type Funds			Business-type Funds			Total		
	Beginning Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance
FY21	\$ 1,054,186	\$ (1,029,908)	\$ 24,278	\$ 57,355	\$ (55,578)	\$ 1,777	\$ 1,111,541	\$ (1,085,486)	\$ 26,055
FY22	\$ 24,278	\$ 20,937	\$ 45,215	\$ 1,777	\$ 1,647	\$ 3,424	\$ 26,055	\$ 22,584	\$ 48,639
FY23	\$ 45,215	\$ 107,359	\$ 152,574	\$ 3,424	\$ 4,923	\$ 8,347	\$ 48,639	\$ 112,282	\$ 160,921
FY24	\$ 152,574	\$ 0	\$ 152,574	\$ 8,347	\$ 0	\$ 8,347	\$ 160,921	\$ 0	\$ 160,921
FY25	\$ 152,574	\$ 923,912	\$ 1,076,486	\$ 8,347	\$ 49,392	\$ 57,739	\$ 160,921	\$ 973,304	\$ 1,134,225

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 19. Tax Abatement Activity

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, state and local governments are required to provide essential information about the nature and magnitude of the reduction of tax revenues through abatement programs. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development.

The County has two property tax abatement programs in place, both of which provide reductions in taxable value as it applies to the number of mills levied and assessed for local high school district and elementary school district purposes and to the number of mills levied and assessed by the governing body approving the benefit over which the governing body has sole discretion. The reduction may not apply to state mandated levies or assessments required under Title 15, chapter 10, 20-9-331, 20-9-333, or 20-9-360 MCA or otherwise required under state law.

In 2023, the State Legislature passed a bill codified in MCA 15-6-138 granting tax incentives for Class 8 equipment. The County passed resolution 24-100 describing the tax incentive program under this new legislation.

Five-Year Program

Resolution #24-100, passed by the Board of Yellowstone County Commissioners on June 11, 2024 allows for a five-year tax abatement program authorized by MCA 15-24-1501. As adopted under this resolution, entities that incur remodel, reconstruction, or expansion construction costs that meet or exceed \$500,000 and increase the taxable value of the property by at least 2.5%, as determined by the Montana Department of Revenue, may qualify. If the property is located in the cities of Billings or Laurel, or in the town of Broadview, the city or town governing bodies also have to approve tax abatement under their resolutions for city or town imposed mills.

The tax abatement applicant must also show that jobs will either be created or retained and that tax on the property is not delinquent. Property taxes are abated for the first five years following construction and then taxable value is fully restored. If the entity fails to comply with terms stated in the tax abatement program, it may be subject to recapture of all prior tax abatements, along with penalties and interest. Recapture is not triggered by an involuntary conversion of the property, and the recapture may be cancelled, in whole or in part, if the County determines that the failure was due to circumstances outside of the entity's control.

For the most recent fiscal year, abatements from this program totaled \$7,879.

Ten-Year Program

Resolution #24-100, passed by the Board of Yellowstone County Commissioners on June 11, 2024 establishes a ten-year tax abatement program authorized by MCA 15-24-1402. As adopted under this resolution, existing businesses may qualify that expend at least \$50,000 on qualifying improvements or on modernized processes, and new businesses may qualify that expend at least \$125,000 on qualifying improvements or modernized processes. If the property is located in the cities of Billings or Laurel, or in the town of Broadview, the city or town governing bodies also have to approve tax abatement under their resolutions for city or town imposed mills.

Qualifying entities must also demonstrate and maintain job growth, as well as ensure taxes on the property are paid timely. The tax abatement is a 50% taxable value reduction for each of the first five years after completion of the property improvement. Beginning in year six, the taxable value is restored by 10% each year until the tax abatement fully expires in the tenth year. If the entity fails to comply with terms stated in the tax abatement program, it may be subject to recapture of all prior tax abatements, along with penalties and interest. Recapture is not triggered by an involuntary conversion of the property, and the recapture may be cancelled, in whole or in part, if the County determines that the failure was due to circumstances outside of the entity's control.

The 2017 Montana legislative session produced House Bill 226, which was signed by the Governor. Through this modification to Montana statute, a local governing body may also choose to abate property taxes at a 75% level. This abatement stays in place for five years. Then the abatement is reduced by 15% per year beginning in year six, until full taxation is restored in the tenth year. At the end of fiscal year 2025, one such abatement was granted, however it will not be effective until construction is complete.

Yellowstone County, Montana

Notes to the Financial Statements

June 30, 2025

Note 19. Tax Abatement Activity, continued

For the most recent fiscal year, tax abatements from the ten-year programs totaled \$1,886,955.

For GASB Statement No. 77 purposes, any entity receiving \$500,000 or more in tax abatements will be separately presented. Entities receiving less than \$500,000 in tax abatement will be presented in aggregate for the tax abatement programs presented.

Tax Abatement Recap

	FYE 06/30/2025	FYE 6/30/2024*
General Taxes Abated:		
County	\$ 761,809	\$ 714,602
Cities and towns	53,555	50,489
School District 2	881,350	570,769
School District 7	142,182	108,845
School District 23	40,356	45,566
School District 37	812	906
Other School Districts	0	0
Other	14,770	14,028
	\$ 1,894,834	\$ 1,505,205

* FYE 6/30/24 corrected from previous year ACFR

Abatements Exceeding \$500,000 threshold for individual reporting:

Resolution #17-114

Phillips 66 Company granted 10 year abatement classification, resulting in 75% reduction in general taxes in Yrs 1-5
2024 tax year abatement per the Montana Department of Revenue (all jurisdictions): \$1,501,429

Note 20. Accounting Changes and Error Corrections

Effective July 1, 2024, the County implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes accounting and financial reporting requirements for compensated absences, replacing the guidance previously provided in GASB Statement No.16.

The adoption of GASB Statement No. 101 represents a change in accounting principle under GASB Statement No. 100, Accounting Changes and Error Corrections. In accordance with the transition guidance of GASB 101, the County applied the Statement retroactive to fiscal year 2024.

Implementation of GASB 101 required a restatement of beginning net position and fund balances to recognize the cumulative effect of applying the new measurement criteria for compensated absences. The restatement reflects the recognition of leave that (1) is attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise compensated to employees.

Yellowstone County, Montana
Notes to the Financial Statements
June 30, 2025

Note 20. Accounting Changes and Error Corrections, continued

The adjustment reflects the recognition of additional compensated absences liabilities previously unrecorded under prior standards. The implementation did not have a material effect on current-year revenues or expenditures.

Note 21. Subsequent Events, Concentrations, and Constraints

No material subsequent event has been identified by Management. Additionally, in compliance with GASB 102 requirements, no concentration or constraint that would make the County vulnerable to the risk of a substantial impact has been identified by Management.