

IV. SINGLE AUDIT SECTION

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

**To the Board of County Commissioners
Yellowstone County, State of Montana
Billings, Montana**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yellowstone County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Yellowstone County's basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yellowstone County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yellowstone County's internal control. Accordingly, we do not express an opinion on the effectiveness of Yellowstone County's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Junkermier, Clark, Campanella, Stevens, P.C.

Helena, Montana
November 25, 2025

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

**To the Board of County Commissioners
Yellowstone County, State of Montana
Billings, Montana**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yellowstone County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yellowstone County's major federal programs for the year ended June 30, 2025. Yellowstone County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yellowstone County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Junkermier, Clark, Campanella, Stevens, P.C.

Helena, Montana
November 25, 2025

YELLOWSTONE COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
 (Page 1 of 2)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Award/Pass-through Grantor's Number	Program or Award Amount	Federal Revenues	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>						
Direct Programs						
Bankhead Jones	10.410	N/A	N/A	\$ 2,305	\$ 2,305	\$ -
Subtotal			-	2,305	2,305	-
Passed through State Office of Public Instruction						
Child Nutritional Cluster:						
Child Nutrition Program (School Breakfast Program/ National School Lunch Prog.)	10.555/10.553	243MT306N1099/253MT306N1099	N/A	76,876	76,876	-
Child Nutritional Cluster Subtotal			-	76,876	76,876	-
Volunteer Fire Assistance Program Sub Award (Cooperative Forestry Asst)	10.664	VFC-25-560	21,000	21,000	21,000	21,000
Subtotal			21,000	97,876	97,876	21,000
Total U.S. Department of Agriculture			21,000	100,181	100,181	21,000
<u>U.S. Department of Commerce, Economic Development Administration</u>						
Direct Program:						
Economic Development Cluster:						
Lockwood TEDD Water/Sewer Service Extension Project	11.307	ED24DEN0G0365	4,551,280	2,019,342	2,019,342	2,019,342
Economic Development Cluster Subtotal			4,551,280	2,019,342	2,019,342	2,019,342
Total U.S. Department of Commerce, Economic Development Administration			4,551,280	2,019,342	2,019,342	2,019,342
<u>U.S. Department of Housing & Urban Development</u>						
Passed through State Department of Commerce						
Community Development Block Grant	14.228	MT-CDBG-PL-22-02	37,500	8,639	8,639	-
Total U.S. Department of Housing & Urban Development			37,500	8,639	8,639	-
<u>U.S. Department of Interior</u>						
Direct Programs						
BLM Invasive and Noxious Plant Management	15.230	L22AC00416	20,000	-	-	-
Taylor Grazing	15.226	N/A	N/A	667	667	-
Total U.S. Department of Interior			20,000	667	667	-
<u>U.S. Department of Justice</u>						
Passed through State Board of Crime Control:						
Yellowstone County Victim Witness Program	16.575	25-V01-2005	240,125	120,332	163,976	-
Subtotal			240,125	120,332	163,976	-
Passed through the City of Billings:						
Byrne Justice Assistance Grant (JAG)	16.738	O-BJA-2023-171790	20,611	8,165	8,165	-
Byrne Justice Assistance Grant (JAG)	16.738	15PBJA-24-GG-05255-JAGX	16,287	11,734	11,734	-
Subtotal			36,898	19,899	19,899	-
Total U.S. Department of Justice			277,023	140,231	183,875	-

The accompanying notes are an integral part of this schedule.

YELLOWSTONE COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
 (Page 2 of 2)

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Award/Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>U.S. Department of Transportation</u>						
Passed through State Department of Transportation/Highway Traffic Safety:						
Highway safety cluster						
State Highway Traffic Safety - High Visibility Traffic Enforcement	20.600 / 20.608	(FAIN)69A375224000040-20MTO, -5bMTH,-5dMTH	8,500	2,466	2,466	-
State Highway Traffic Safety - High Visibility Traffic Enforcement	20.600 / 20.608	(FAIN)69A3752230000-4020MTO, -1640MTA	8,500	3,914	3,914	-
Subtotal			17,000	6,380	6,380	-
State Highway Traffic Safety - DUI Symposium	20.616		5,000	5,000	5,000	-
Highway Safety Cluster Subtotal			22,000	11,380	11,380	-
Montana Department of Transportation - Project #10433-113 Lockwood Sidewalks for Old Hardin Road	20.205	TA56(113)-UPN 10433 (FAIN)693JJ2223000	1,043,143	132,995	132,995	-
Total U.S. Department of Transportation			1,065,143	144,375	144,375	-
<u>U.S. Department of Treasury</u>						
Direct Programs:						
Equitable Sharing Program	21.016	N/A	N/A	33,355	24,570	-
COVID Local Assistance and Tribal Consistency Fund (LATCF)	21.032	N/A	125,782	9,032	9,032	-
Subtotal			125,782	42,387	33,602	-
COVID Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	31,330,634	10,551,884	10,551,884	-
Passed through State Department of Natural Resources & Conservation						
ARPA Minimum Allocation Grant Worden-Ballantine Water & Sewer District	21.027	AM-22-0063 FAIN# SLFRP1747		3,223	3,223	3,223
Subtotal			31,330,634	10,555,107	10,555,107	3,223
Total U.S. Department of Treasury			31,456,416	10,597,494	10,588,709	3,223
<u>U.S. Election Assistance Commission</u>						
Passed through Secretary of State						
2024 HAVA	90.404	N/A	39,670	39,670	39,670	-
Total U.S. Election Assistance Commission			39,670	39,670	39,670	-
<u>U.S. Department of Health and Human Services</u>						
Passed through State Department of Health and Human Services						
Foster Care Title IV-E	93.658	20223LEGL0005	N/A	293,462	293,462	-
Total U.S. Department of Health and Human Services			-	293,462	293,462	-
<u>U.S. Department of Homeland Security</u>						
Passed through State Department of Military Affairs, DES Division						
Emergency Mgmt Performance Grant (EMPG) Yellowstone Homeland Security- Election Security	97.042 97.067	21ARPAEMPGYLLW EMW-2023-SS-00059	130,000 250,000	130,000 250,000	130,000 250,000	-
Total U.S. Department of Homeland Security			380,000	380,000	380,000	-
TOTAL FEDERAL AWARDS			\$ 37,848,032	\$ 13,724,061	\$ 13,758,920	\$ 2,043,565

The accompanying notes are an integral part of this schedule.

YELLOWSTONE COUNTY, MONTANA
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025
Page 1 of 2

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Yellowstone County, Montana (County) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Relationship to General Purpose Financial Statements

Federal awards revenues are reported in the County's general purpose financial statements as follows:

	Federal Awards <u>Revenues</u>	State & Local Intergovernmental <u>Revenues</u>	Total Intergovernmental <u>Revenues</u>
General fund	\$ 453,199	\$ 1,482,278	\$ 1,935,477
Road fund	2,305	2,991,562	2,993,867
Emergency levy- COVID	10,560,916	0	10,560,916
Property and liability insurance fund	0	610,469	610,469
Public safety fund	26,279	783,273	809,552
Nonmajor governmental funds	<u>2,681,362</u>	<u>1,969,065</u>	<u>4,650,427</u>
	<u><u>\$ 13,724,061</u></u>	<u><u>\$ 7,836,647</u></u>	<u><u>\$ 21,560,708</u></u>

YELLOWSTONE COUNTY, MONTANA
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025
Page 2 of 2

(5) Matching Funds

In accordance with the terms of the grants, the County has expended cash and in-kind matching contributions during the year ended June 30, 2025 for the following programs:

	<u>Grant Number</u>	<u>Amount</u>
<u>U.S. Department of Transportation</u>		
MT Department of Transportation - Project #10433-113 Lockwood Sidewalks for Old Hardin Road	TA56(113)-UPN 10433 (FAIN)693JJ2223000	\$ 20,614
<u>U.S. Department of Commerce</u>		
Lockwood TEDD Water/Sewer Service Extension	ED24DEN0G0365	\$ 556,099
<u>U.S. Department of Homeland Security</u>		
Emergency Mgt Performance Grant (EMPG) Yellowstone	EMD-2023-EP-00005	\$ 130,000
<u>U.S. Department of Interior</u>		
Volunteer Fire Assistance Program Sub Award	#23-DG-11010000-040	\$ 2,542
<u>Total Matching on Federal Expenditures</u>		
		<u>\$ 709,255</u>

YELLOWSTONE COUNTY, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weakness? No

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weakness? No

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

Audit findings that are required to be reported in accordance with the Uniform Guidance Section 200.516 are reported in this schedule. No

Identification of major program(s):

Coronavirus State and Local Fiscal Recovery Funds - AL 21.027

Economic Adjustment Assistance - AL 11.307

Dollar threshold used to distinguish between Type A and Type B \$750,000

Auditee qualified as low-risk auditee? Yes

**YELLOWSTONE COUNTY, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINANCIAL STATEMENT FINDINGS - NONE

PRIOR-YEAR FINANCIAL STATEMENT FINDINGS - NONE