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. 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.

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, 2023. 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 governmental-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.

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

Note 1. Summary of Significant Accounting Policies, continued

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

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 the 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 c*apital improvement fund* accounts for the accumulation and expenditure of resources for major capital expenditures, construction, or 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 other event facilities and grounds.

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/or 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.

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, 2023 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 in Direct Obligations of United States" reads as follows:

(1) 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 (2):

(i) federal home loan bank;
(ii) federal national mortgage association;
(iii) federal home mortgage corporation; and
(iv) federal farm credit bank.

(2) 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.

(3) 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;

(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;

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

(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.

(4) Except as provided in subsections (5) and (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.

(5) An investment of the assets of a local government group self-insurance program established pursuant to 2-9-211 or 39-71-2103 in an investment authorized in this part may not have a maturity date exceeding 10 years, and the average maturity of all those authorized investments of a local government group self-insurance program may not exceed 6 years.

(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 Montana Code Annotated 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 uncollectibles. As of June 30, 2023, the allowances were as follows:

	Allowance Amount
Accounts Receivable	**$ 3,557**
Property Taxes	**112,100**
Delinquent special assessments	**11,200**
Special assessments	**25,100**
Total uncollectible allowance	**$ 151,957**

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 applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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., road, 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 two years. 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 being 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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:

Assets	Years
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 fund 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, 2023, 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.

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

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it in the fund financial statements. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The non-vested portion of sick leave is 75% of the accrued sick leave times the rate of pay.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund 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 will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so 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 qualifies for reporting in this category. Accordingly, one item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes and special assessments. The other items relate to Net Pension Liability, OPEB (other post-employment benefits), and leasing arrangements. These are found only on the government-wide financial statements. Both amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

11. Fund Equity

In the fund financial statements, governmental funds report fund balance 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 is 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. Nonspendable can represent a constraint or an asset that is not spendable in form.

Note 1. Summary of Significant Accounting Policies, continued

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

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 balance may only become uncommitted by the same formal action authorized by the County Commission in a public meeting by resolution or policy. Assigned fund balance may be assigned informally by the Finance Director based on future budget expenditures after a current fund balance review has been completed. Assigned fund balance 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. 91, *Conduit Debt Obligations,* which is effective for the County beginning in fiscal year 2023, was implemented in fiscal year 2022. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Yellowstone County does not need to report on any conduit debt, but does disclose this information in footnote 14.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* which is effective for the County beginning in fiscal year 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This new Statement is not expected to be applicable to Yellowstone County.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is effective for the County beginning in fiscal year 2023. The objective of this Statement to provide guidance on the accounting and financial reporting of SBITAs for governments.

GASB Statement No. 99, *Omnibus 2022*, a portion of which is effective for the County beginning in fiscal year 2023. This statement includes clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. It also includes clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

Note 1. Summary of Significant Accounting Policies, continued

Accounting Standards effective in a future period:

GASB Statement No. 99, *Omnibus 2022*, a portion of which is effective for the County beginning in fiscal year 2024. This statement has requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53, and is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections,* which is effective for the County beginning in fiscal year 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences,* which 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.

The effect of adopting these Statements cannot be determined at this time.

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.

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 2023.

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 or capital project. The County's investments are categorized below to give an indication of the level of risk assumed by the County at June 30, 2023. 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/
	1	2	3	Fair Value
Cash investments - U.S. Gov't agencies & Bank CDs	$124,644,628	$0	$0	$ 124,644,628
Cash in overnight sweep agreements	0	0	17,204,858	17,204,858
Cash on hand and demand deposits	99,787	0	914,861	1,014,648
Subtotal	$ 124,744,415	$0	$ 18,119,719	142,864,134
Investments Not Subject to Categories:				
State Treasurer's Investment Pool (STIP)				140,315,958
Total Pooled Investments				**$ 283,180,092**

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

	Category			Reported Amount/
	1	2	3	Fair Value
Cash investments - CD acct registry service	$24,093,655	0	0	$24,093,655
Cash on hand and demand deposits	250,000	1,423,935	0	1,673,935
Subtotal	$24,343,655	$1,423,935	$0	25,767,590
Investments Not Subject to Categories:				
State Treasurer's Investment Pool (STIP)				0
Total Non-pooled Investments				25,767,590
Total Investments				**$ 308,947,682**

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 an 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, 2023, is detailed as follows:

	Total	Statement of Net Position	Fiduciary Net Position
Cash and demand investments, pooled	$ 158,535,461	$ 78,251,042	$ 80,284,419
Restricted cash and demand investments held in trust, non-pooled	1,673,935	1,620,436	53,499
Total cash and demand investments	160,209,396	79,871,478	80,337,918
Cash investments, pooled	124,644,631	61,246,631	63,398,000
Restricted cash investments for debt service, non-pooled	24,093,655	0	24,093,655
Total	**$ 308,947,682**	**$ 141,118,109**	**$ 167,829,573**

Cash on hand, pooled	$ 982,548
Cash in bank deposits and other bank deposits, pooled	32,100
Cash in bank deposits and other bank deposits, non-pooled	1,673,935
Cash in overnight repurchase agreements, pooled	31,596,003
Cash in State Treasurer's Investment Pool (STIP)	140,315,958
Outstanding warrants, pooled	(14,391,145)
Total cash and demand investments	160,209,399
Cash investments, pooled	124,644,628
Cash investments, non-pooled	24,093,655
Total	**$ 308,947,682**

Cash and demand investments, and cash investments- pooled	$ 283,180,092
Cash and demand investments, and cash investments- non-pooled	25,767,590
	$ 308,947,682

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 - $52,770; cash received after last bank deposit - $914,861.

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 - $32,100; other bank deposits represent cash held in trust for other individuals in which any interest earnings are not distributed to the investment pool - $1,673,935.

Cash in overnight sweep accounts – represents cash invested on a daily basis 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.

Cash in State Treasurer's 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 - represents issued and outstanding warrants and checks of the County and school districts.

Cash investments - represents investments held by the County Treasurer with maturity dates exceeding 1 day.

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

At June 30, 2023 pooled cash investment items were:

Investment Type	Yield	Maturity Date	Credit Risk Rating Moody's - S&P	Fair Value
Bank Certificates of Deposit				
None			100% FDIC Insured	$0
Total bank certificates of deposit				$0
U.S. Government Treasury Notes				
None				$0
Total U.S. Treasury Notes				$0
U.S. Government Agencies				
Federal Farm Credit	0.53%-5.54%	02/24-12/26	AAA - AA+	$15,341,540
Federal Home Loan Mortgage Corporation	0.55%-5.375%	02/25-03/27	AAA - AA+	11,530,440
Federal Home Loan Bank	.25%-5.53%	10/23-06/28	AAA - AA+	91,179,868
Federal National Mortgage Association	0.65%-5.0%	10/24-12/25	AAA - AA+	6,592,780
Total U.S. government agency securities				$124,644,628
State Treasurer's Investment Pool (STIP)	5.16% (Varies Daily)	Daily		$140,315,958
Total cash investments, pooled				**$264,960,586**

At June 30, 2023, non-pooled cash investment items were:

Investment Type	Yield	Maturity Date	Credit Risk Rating Moody's - S&P	Fair Value
U.S. government agency securities				
Certificate of Deposit Account Registry Service	3.50%	6/6/2024	100% FDIC Insured	$24,093,655
State Treasurer's Investment Pool (STIP)	5.16% (Varies Daily)	Daily		$0
Restricted cash investments for capital improvements, non-pooled				**$24,093,655**

* - represents 5% or more of total cash investments

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, 2023:

Condensed Statement of Net Cash and Investment Assets	
Cash and demand investments, pooled	$ 158,535,461
Cash investments, pooled	124,644,631
Restricted cash and demand investments held in trust, nonpooled	1,673,935
Restricted cash investments for debt service, nonpooled	24,093,655
Accrued interest receivable	839,987
Net position held in trust for all pool participants	**$ 309,787,669**
Equity of internal pool participants	$ 174,643,039
Equity of external pool participants	135,144,630
Total equity	**$ 309,787,669**
Condensed Statement of Changes in Net Cash and Investment Assets	
Net position at July 1, 2022	$ 273,242,209
Net changes in investments by pool participants	37,992,362
Market value adjustment of cash investments	(1,446,902)
Net position at June 30, 2023	**$ 309,787,669**

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, 2023:

U.S. Government Agency securities and bank CDs of $124,644,631 are valued using quoted market prices (Level 1 inputs)

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	ENTERPRISE FUNDS				
	General	Road	Liability & Property Insurance	COVID-19	Public Safety - Sheriff	R.S.I.D. Bond Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Nonmajor Refuse Disposal	Major METRA	Internal Service Funds	Fiduciary Funds	Total
Receivables:													
Property taxes	$319,363	$173,611	$14,533	$0	$233,057	$0	$0	$392,664	$0	$70,970	$0	$4,249,527	$5,453,725
Accounts	822,246	605,553	0	245,657	656,789	0	2,705	545,218	0	27,150	0	0	2,905,318
Leases	1,087,940	0	0	0	0	0	0	0	0	0	0	0	1,087,940
Delinquent assessments	0	0	0	0	0	6,614	0	24,707	55,588	0	0	440,950	527,859
Assessments	0	0	0	0	0	502,180	0	0	0	0	0	0	502,180
Accrued interest	283,468	0	3,436	0	0	207	108,154	22,003	0	11,041	43,930	367,748	839,987
Lease Interest	2,720	0	0	0	0	0	0	0	0	0	0	0	2,720
Gross receivables	2,515,737	779,164	17,969	245,657	889,846	509,001	110,859	984,592	55,588	109,161	43,930	5,058,225	11,319,729
Less allowances for uncollectible accounts	(30,500)	(14,200)	(1,400)	0	(22,200)	(26,000)	0	(40,100)	(7,200)	(10,357)	0	0	(151,957)
Net total receivables	$2,485,237	$764,964	$16,569	$245,657	$867,646	$483,001	$110,859	$944,492	$48,388	$98,804	$43,930	$5,058,225	$11,167,772

Governmental funds report *deferred inflow of resources* 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 due to funds received for events but not yet earned. At the end of the current fiscal year, the various components of *deferred inflow of resources* were as follows:

	Deferred Inflow of Resources
Uncollected tax revenue	$1,216,108
Uncollected lease revenue	1,009,073
Total Deferred Inflow of Resources	**$2,225,181**

The delinquent taxes receivable accounts represent the past five years of uncollected tax levies. The allowance for uncollectibles is estimated based on delinquent tax collection history.

The 2022 real property taxes and the 2022 special assessments were levied and became receivables in October 2022. The semi-annual installments were due in November 2022 and May 2023. As of December 1, 2022, and June 1, 2023, uncollected real property taxes and special assessments became delinquent and all uncollected amounts as of June 30, 2023, have been reported as deferred inflow of resources. 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, 2023, have been reported as deferred inflow of resources. There was no significant land held for resale as of June 30, 2023.

Note 6. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	RSID Bond	$ 207,883
General Fund	RSID Maintenance	84,860
		$ 292,743

Interfund transfers

The County utilizes transfers to address three needs. First, all transfers from various funds to the Capital Improvement Fund are to provide for major construction projects and the purchase of large value fixed assets. Second, 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. Third, the County transfers undesignated funds to assist in the operations of various activities.

	Transfers in								
	MAJOR GOVERNMENTAL FUNDS					MAJOR			
	General	Road	Liability & Property Insurance	Public Safety - Sheriff	Other Capital Improvement Fund	Nonmajor Governmental Funds	ENTERPRISE FUND METRA-CIP	Internal Service Funds	Total
Transfers out:									
General Fund	$ 0	$ 0	$ 0	$ 1,250,000	$ 6,010,000	$ 60,000	$ 0	$ 129,453	**$ 7,449,453**
Road Fund	0	0	0	0	1,750,000	0	0	60,258	**$ 1,810,258**
Public Safety - Sheriff Fund	151,182	0	0	0	0	676,200	0	0	**$ 827,382**
Nonmajor Governmental Funds	830,329	217,035	24,963	1,033,493	255,000	557,614	0	2,174,663	**$ 5,093,097**
Major Enterprise Fund - METRA	80,633	0	0	0	0	0	1,450,000	0	**$ 1,530,633**
Refuse Disposal Fund	75,000	0	0	0	0	0	0	0	**$ 75,000**
Total transfers	**$ 1,137,144**	**$ 217,035**	**$ 24,963**	**$ 2,283,493**	**$ 8,015,000**	**$ 1,293,814**	**$ 1,450,000**	**$ 2,364,374**	**$ 16,785,823**

Note 7. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2023 was as follows:

Governmental-type Activities	Beginning Balance		Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	$ 5,301,158		$ 0	$ 0	$ 5,301,158
Construction in Progress	3,047,758		8,991,156	(2,376,358)	9,662,557
Total Capital Assets, Not Being Depreciated	$ 8,348,916		$ 8,991,156	$ (2,376,358)	$ 14,963,715
Capital Assets, Being Depreciated:					
Buildings	$ 60,599,333		$ 958,073	$ (927,762)	$ 60,629,644
Improvements Other Than Buildings	3,753,659		926,055	0	4,679,714
Machinery and Equipment	25,384,790	*	2,758,358	(2,103,385)	26,039,763
Infrastructure	94,320,984		5,580,192	0	99,901,175
Intangible Lease Assets	1,640,662	**	0	0	1,640,662
Intangible Subscription Assets	0		105,522	0	105,522
Total Assets Being Depreciated	$ 185,699,428		$ 10,328,200	$ (3,031,147)	$ 192,996,480
Less Accumulated Depreciation For:					
Buildings	$ 25,851,162		$ 1,486,331	$ (412,339)	$ 26,925,154
Improvements Other Than Buildings	2,261,916		207,104	0	2,469,020
Machinery and Equipment	17,021,104	*	1,847,567	(1,667,276)	17,201,395
Infrastructure	50,267,009		4,856,932	0	55,123,941
Intangible Lease Assets	398,008	**	398,007	0	796,015
Intangible Subscription Assets	0		26,117	0	26,117
Total Accumulated Depreciation	$ 95,799,199		$ 8,822,058	$ (2,079,615)	$ 102,541,642
Total Capital Assets, Being Depreciated, Net	$ 89,900,229		$ 1,506,142	$ (951,532)	$ 90,454,838
Governmental Activities Capital Assets, Net	$ 98,249,145		$ 10,497,298	$ (3,327,890)	$ 105,418,553

* The beginning balance of Machinery and Equipment Assets and Accumulated Depreciation will not match FY22's ending balance. This is due to an asset for $111,506 being disposed of in error in FY22.

** Intangible Lease Assets were not added to this table in FY22, so the beginning balance will not match FY22's ending balance.

Note 7. Capital Assets, continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$357,388	$0	$0	$357,388
Construction in progress	190,726	396,433	(552,468)	34,691
Total Capital Assets, Not Being Depreciated	$548,114	$396,433	($552,468)	$392,079
Capital Assets, Being Depreciated:				
Buildings	$55,945,095	$363,918	$0	$56,309,013
Improvements Other Than Buildings	8,304,588	97,962	0	8,402,550
Machinery and Equipment	2,982,533	591,233	0	3,573,766
Total Capital Assets, Being Depreciated	$67,232,216	$1,053,113	$0	$68,285,329
Less Accumulated Depreciation For:				
Buildings	$26,796,350	$1,110,949	$0	$27,907,299
Improvements Other Than Building	3,518,481	315,598	0	3,834,079
Machinery and Equipment	1,808,308	305,853	0	2,114,161
Total Accumulated Depreciation	$32,123,139	$1,732,400	$0	$33,855,539
Total Capital Assets, Being Depreciated, Net	$35,109,077	($679,287)	$0	$34,429,790
Business-type Activities Capital Assets, Net	$35,657,191	($282,854)	($552,468)	$34,821,869

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

Governmental Activities	
General Government	$ 607,971
Public Safety	1,685,396
Public Works	5,911,252
Public Health	0
Social and Economic	2,470
Culture and Recreation	48,206
Governmental Internal Service Funds	142,638
Total Depreciation Expense - Governmental Activities	8,397,933
Business-type Activities	
METRA	1,732,400
Total Depreciation Expense - Primary Government	**$ 10,130,333**

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. The capital assets acquired with the general obligation debt were donated to METRA, which is a business-type activity, however METRA is not responsible for servicing the debt. 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:

Governmental-type Activities:	Interest Rate	Amount
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%	**$7,045,000**
		$ 7,045,000

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

Year Ending	Governmental - type Activities		
June 30,	Principal	Interest	Total
2024	500,000	176,025	676,025
2025	515,000	160,800	675,800
2026	530,000	145,125	675,125
2027	550,000	128,925	678,925
2028	565,000	115,025	680,025
2029-2037	4,385,000	594,973	4,979,973
Total	$ 7,045,000	$ 1,320,873	$ 8,365,873

Note 8. Long-Term Debt, continued

B. Rural Special Improvement District Bonds

The County issued no new special assessment bonds in fiscal year 2023.

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, 2023. The R.S.I.D. Revolving Fund has no unfunded commitment to the R.S.I.D. bond fund as of June 30, 2023. 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 $359,516 at June 30, 2023, 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, 2023
758	3.75%	05/01/07	7/1/2027	$ 373,000	$ 48,000
783	4.58%	09/28/10	8/1/2025	126,777	0
785	5.30%	02/01/11	8/1/2026	126,945	25,000
803	3.36%	09/20/12	8/1/2027	1,015,434	205,000
Outstanding rural special improvement district bonds, June 30, 2023					**$ 278,000**

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		Governmental-type Activities	
June 30,	Principal	Interest	Total
2024	6,000	10,013	16,013
2025	17,000	9,788	26,788
2026	97,000	9,073	106,073
2027	102,000	5,573	107,573
2028	56,000	1,905	57,905
2029-2037	0	0	0
Total	$278,000	$36,352	$314,352

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, 2023, the County had an outstanding balance of $307,452 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 at 1.65% as of June 30, 2023 and payable over 6 years with the final payment due February 15, 2029.

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, 2023				
Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Principal Due Within One Year
General obligation bonds	$ 7,530,000	$ 0	$ (485,000)	$ 7,045,000	$ 500,000
Special assessment debt with governmental commitment	410,000	0	(132,000)	278,000	6,000
Notes payable	367,120	0	(59,668)	307,452	61,073
Claims and judgments	755,000	45,950	0	800,950	800,950
Compensated absences	2,520,256	92,828	0	2,613,084	648,196
Lease liability	1,229,934	0	(317,686)	912,248	599,337
Net Pension Liability	20,562,096	11,572,080	0	32,134,176	0
OPEB Liability	3,030,210	0	(709,328)	2,320,882	0
Governmental activity long-term liabilities	$ 36,404,616	$ 11,710,858	$ (1,703,682)	$ 46,411,792	$ 2,615,556
Business-type Activities:					
Compensated absences	187,686	29,135	0	216,821	54,205
Net Pension Liability	1,953,792	505,374	0	2,459,166	0
OPEB Liability	262,905	0	(46,727)	216,178	0
Business-type Activities Long-term Liabilities	$ 2,404,383	$ 534,509	$ (46,727)	$ 2,892,165	$ 54,205

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, 2023, are as follows:

	Type of Debt		
Year Ending June 30,	General Obligation Bonds	Rural Special Improvement Bonds	Lockwood Safety Intercap Loan
2024	676,025	16,013	77,870
2025	675,800	26,788	62,515
2026	675,125	106,073	63,996
2027	678,925	107,573	38,721
2028	680,025	57,905	39,950
2029-2037	4,979,973	0	41,198
	$ 8,365,873	$ 314,352	$ 324,250

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 is 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.

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	$ 84,289	$ 237,463	$ 0	$ 0	$ 0	$ 0	$ 0	$ 76,135	$ 397,887
Prepaids	155,849	6,503	2,362	0	23,379	0	0	12,383	$ 200,476
Total Nonspendable Fund Balance	$240,138	$243,966	$2,362	$0	$23,379	$0	$0	$88,518	$ 598,363
Restricted									
Road	0	5,019,447	0	0	0	0	0	0	$ 5,019,447
Predatory Animal	0	0	0	0	0	0	0	181	$ 181
Park	0	0	0	0	0	0	0	286,717	$ 286,717
Veteran's Cemetery	0	0	0	0	0	0	0	0	$ 0
Public Safety - Mental Health	0	0	0	0	0	0	0	562,897	$ 562,897
Lockwood Pedestrian Safety	0	0	0	0	0	0	0	466,875	$ 466,875
Lockwood TEDD	0	0	0	0	0	0	0	364,955	$ 364,955
Drug Forfeiture	0	0	0	0	0	0	0	271,716	$ 271,716
RSID Maintenance	0	0	0	0	0	0	0	6,512,036	$ 6,512,036
Alcohol Rehabilitation	0	0	0	0	0	0	0	0	$ 0
Junk Vehicle	0	0	0	0	0	0	0	108,387	$ 108,387
DUI Task Force/Highway Traffic Safety	0	0	0	0	0	0	0	50,739	$ 50,739
LTGO Bond Fund	0	0	0	0	0	0	0	0	$ 0
RSID Revolving	0	0	0	0	0	0	0	359,516	$ 359,516
RSID Bond	0	0	0	0	0	226,429	0	0	$ 226,429
Total Restricted Fund Balance	$ 0	$ 5,019,447	$ 0	$ 0	$ 0	$ 226,429	$ 0	$ 8,984,019	$ 14,229,895
Committed									
Bridge	0	0	0	0	0	0	0	1,017,107	$ 1,017,107
Weed	0	0	0	0	0	0	0	163,637	$ 163,637
Liability & Property Insurance	0	0	181,303	0	0	0	0	0	$ 181,303
Health Services	0	0	0	0	0	0	0	(11,937)	$ (11,937)
Mental Health Fund	128,862	0	0	0	0	0	0	0	$ 128,862
Extension Service	0	0	0	0	0	0	0	127,878	$ 127,878
Public Safety	0	0	0	0	7,139,167	0	0	0	$ 7,139,167
County Attorney	0	0	0	0	0	0	0	2,445,430	$ 2,445,430
Museum	0	0	0	0	0	0	0	319,866	$ 319,866
Youth Services	0	0	0	0	0	0	0	1,178,172	$ 1,178,172
Total Committed Fund Balance	$ 128,862	$ 0	$ 181,303	$ 0	$ 7,139,167	$ 0	$ 0	$ 5,240,153	$ 12,689,485

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	3,588,720	0	0	0	3,208,463	0	2,661,025	2,020,747	$ 11,478,955
Blight	194,960	0	0	0	0	0	0	0	$ 194,960
Record Preservation	119,852	0	0	0	0	0	0	0	$ 119,852
PILT	0	0	0	0	0	0	0	664,765	$ 664,765
Capital Improvement	0	0	0	0	0	0	39,444,969	0	$ 39,444,969
Total Assigned Fund Balance	$ 3,903,532	$ 0	$ 0	$ 0	$ 3,208,463	$ 0	$ 42,105,994	$ 2,685,512	$ 51,903,501
Unassigned									
General Fund	6,666,253	0	0	0	0	0	0	0	$ 6,666,253
Total Unassigned Fund Balance	$ 6,666,253	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,666,253
Total Fund Balance	**$ 10,938,785**	**$ 5,263,413**	**$ 183,665**	**$ 0**	**$ 10,371,009**	**$ 226,429**	**$ 42,105,994**	**$ 16,998,202**	**$ 86,087,497**

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.

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 $800,950 for outstanding liability claims. Reinsurance for liability claims is purchased from a third-party risk retention group. Coverage history is as follows:

	Deductible	Limit per occurrence	Annual aggregate
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, 2023	$ 250,000	$ 1,500,000	$ 5,000,000

County buildings and their contents are covered by a blanket property and casualty insurance policy of $267,350,000 with a $500,000 deductible for wind/hail coverage and $100,000 for all other occurrences. The County at June 30, 2023, had a fund balance in its Property and Liability Insurance Fund totaling $183,665. 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. In fiscal year 2023, the County had one claim 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.

Note 11. Employee Benefits

A. Compensated Absences

All full-time County employees accumulate vacation and sick leave hours for later use or for payment upon termination, death or retirement. Employees earn annual vacation leave at the rate of 15 days per year for the first 10 years of employment up to a maximum of 24 days per year after 20 years. There is no requirement that annual vacation leave be taken, but the maximum permissible accumulation is twice the current annualized rate as of December 31 of each year. At termination employees are paid for any accumulated annual vacation leave.

Employees earn sick leave at the rate of 12 days per year. There is no limit on the accumulation of sick leave. At termination employees are paid for 25% of accumulated sick leave. The liability for vested accumulated annual vacation and sick leave at June 30, 2023, is $2,829,905. The unvested 75% of accumulated sick pay benefits, which totaled $2,715,734 at June 30, 2023, has not been recorded as a liability.

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 employees' 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 $604,110 for FY23.

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
2020-2021	$6,781,020	$1,014,000	$7,795,020
2021-2022	$7,517,578	$750,000	$8,267,578
2022-2023	$8,882,055	$604,110	$9,486,165

Yellowstone County carries specific stop loss insurance of $325,000 per claim on a claims incurred basis. There were no claims that exceeded the specific stop loss level for fiscal year 2023. 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 $2,174,663 to the health insurance fund in fiscal year 2023.

Results of operations for fiscal year ended:	June 30, 2023	June 30, 2022
Health insurance premiums	$ 7,652,177	$ 7,625,669
Health claims	(9,094,593)	(7,721,851)
Administrative expenses	(419,427)	(289,984)
Interest revenue	377,981	(179,857)
Interfund transfer in	2,174,663	2,249,673
Net income (loss)	690,801	1,683,650
Net position, beginning of fiscal year	14,023,467	12,339,817
Net position, end of fiscal year	**$ 14,714,268**	**$ 14,023,467**

Note 11. Employee Benefits, continued

B. Health Insurance, continued

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, 2023, there are 10 former employees and dependents covered under the health plan. As of 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 FY23, 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 2023.

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 when 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, available to all County employees, 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 to 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.

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 2023.

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.

Note 11. Employee Benefits, continued

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

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 fulltime and certain other employees. As of June 2023 there are 10 retirees and/or survivors enrolled for the employer's sponsored health insurance plan. In 2023, retirees contributed $149,059 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, 2022 the following employees were covered:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	441
	452

5. Total OPEB liability

The County's total OPEB liability of $2,537,060 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022 for reporting as of June 30, 2023.

Accrued liability (Total OPEB Liability)	July 1, 2022
1. Split by implicit rate liability vs direct subsidy liability	
a. Implicit rate liability	2,537,060
b. Direct subsidized liability	0
c. Total	2,537,060
2. Split by status	
a. Actives	2,231,448
b. Retirees and beneficiaries	305,612
c. Total	2,537,060

Note 11. Employee Benefits, continued

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

6. Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2022 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	3.80%
Salary increases	Service graded table
Discount rate	3.80%
Medical cost trend rates	6.5% as of July 1, 2022 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, 2022 Actuarial Valuation (June 30, 2023 report) were similarly based on the MPERA experience study for general and safety employees. The most recent six-year experience studies were completed in 2016.
For the fiscal year 2023 reporting period, the percentage of future retirees who are assumed to stay on one of the County's medical plans post-employment was reduced from 60% to 50%.
The discount rate was changed from 2.40% to 3.80%.
The health care trend rates, mortality tables and salary increase rates were updated.

7. Changes in the total OPEB liability

	Total OPEB Liability
Balance at June 30, 2022	$ 3,293,115
Changes for the year:	
Service cost	255,951
Interest	83,540
Differences between expected and actual experience	(251,155)
Assumption changes	(707,118)
Benefit payments	(137,273)
Net changes	(756,055)
Balance at June 30, 2023	$ 2,537,060

Changes in assumptions and other inputs reflect the current discount rate of 3.80%. The covered-employee payroll for the reporting period is $24,045,194. The total OPEB liability as a percentage of covered-employee payroll is 11% for the reporting period.

Note 11. Employee Benefits, continued

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 2.80%	Discount Rate 3.80%	1% Increase 4.80%
Total OPEB liability	$ 2,740,275	$ 2,537,060	$ 2,348,196

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	$ 2,251,230	$ 2,537,060	$ 2,874,668
Medical Trend Rate	5.25% decreasing to 5.00% then 4.00%	6.25% decreasing to 5.00% then 4.00%	7.25% decreasing to to 5.00% then 4.00%
Dental Trend Rate	N/A	N/A	N/A

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

For the year ended June 30, 2023, the County recognized OPEB expense of ($180,730). 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	$ 119,523	$ 0
Assumption Changes	0	817,324
Liability Gains	0	341,123
Total	$ 119,523	$ 1,158,447

Note 11. Employee Benefits, continued

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

Future recognition of deferred flows in OPEB expense:

Year ended June 30:		
2024	$	(279,676)
2025	$	(279,676)
2026	$	(279,674)
2027	$	(159,713)
2028	$	(159,708)
2029	$	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
2022	119,523	0	119,523
2023	142,816	0	142,816
2024	153,952	0	153,952
2025	179,883	0	179,883
2026	174,886	0	174,886
2027-2031	1,113,465	0	1,113,465
2032-2036	1,384,137	0	1,384,137
2037-2041	1,345,834	0	1,345,834
Thereafter	6,163,859	0	6,163,859

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

Note 12. Pension and Retirement Fund Commitments

Public Employees' Retirement System (PERS)

In accordance with GASB Statement 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; 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 plans. This report provides information for employers who are using a June 30, 2022 measurement date for the 2023 reporting. A brief summary is provided below.

Pension Amounts Total for Employer - Employer's proportion of PERS and SRS pension amounts combined.

	The employer's proportionate share associated with PERS	The employer's proportionate share associated with SRS	The employer's Total Pension Amounts
Total Pension Liability	$ 21,397,574	$ 13,195,768	$ 34,593,342
Fiduciary Net Position	$ 6,648,898,896	$ 460,194,880	$ 7,109,093,776
Net Pension Liability	$ 2,377,885,194	$ 136,923,616	$ 2,514,808,810
Deferred Outflows of Resources	$ 3,421,964	$ 5,563,645	$ 8,985,609
Deferred Inflows of Resources	$ 1,566,499	$ 317,824	$ 1,884,323
Pension Expense	$ 2,187,397	$ 2,327,987	$ 4,515,384

A. Summary of Significant Accounting Policies

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

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

Note 12. Pension and Retirement Fund Commitments, continued

B. General Information about the Pension Plan, continued

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.

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.

Note 12. Pension and Retirement Fund Commitments, continued

C. Benefits Provided, continued

4. Member's highest average compensation (HAC):

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

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.

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.

Note 12. Pension and Retirement Fund Commitments, continued

D. Contributions, continued

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.

	Member		State & Universities	Local Government		School Districts	
Fiscal Year	Hired <7/01/11	Hired >7/01/11	Employer	Employer	State	Employer	State
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%

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. 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.

Note 12. Pension and Retirement Fund Commitments, continued

D. Contributions, continued

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 $34,633,570.

E. Pension Liability, 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, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, 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.

As of measurement date	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
YELLOWSTONE COUNTY Proportionate Share	$21,397,574.00	$15,495,944.00	0.899857%	0.854608%	0.045249%
State of Montana Proportionate Share associated with the Employer	$ 6,392,110.00	$ 4,567,121.00	0.268815%	0.251879%	0.016936%
Total	$27,789,684.00	$20,063,065.00	1.168672%	1.106487%	0.062185%

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- Updated all mortality tables to the PUB2010 tables for general employees.
- Updated the rates of withdrawal, retirement, and disability.
- Lowered the payroll growth assumption from 3.50% to 3.25%.
- The inflation rate was increased from 2.40% to 2.75%.

Changes in benefit terms:

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

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

Changes in proportionate share:

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

F. Pension Expense

At June 30, 2022, the employer recognized a Pension Expense of $2,187,397 for its proportionate share of the Plan’s pension expense. The employer also recognized grant revenue of $662,546 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

As of measurement date	Pension Expense as of 6/30/2022	Pension Expense as of 6/30/2021
YELLOWSTONE COUNTY's Proportionate Share	$ 2,187,397	$ 63,514
State of Montana Proportionate Share associated with the Employer	$ 662,546	$ 1,254,154
Total	$ 2,849,943	$ 1,317,668

G. Recognition of Deferred Inflows and Outflows

At June 30, 2022 (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	$ 272,776	$ -
Projected Investment Earnings vs. Actual Investment Earnings	$ 628,867	$ -
Changes in Assumptions	$ 797,403	$ 1,566,499
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	$ 205,078	$ -
Employer Contributions Subsequent to the Measurement Date	$ 1,517,840	
Total	$ 3,421,964	$ 1,566,499
Yellowstone County reported $1,253,517 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, 2023.		

Note 12. Pension and Retirement Fund Commitments, continued

G. Recognition of Deferred Inflows and Outflows

Yellowstone County reported $1,517,840 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, 2023. 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
2023	$ 96,324.00
2024	$ (512,232.00)
2025	$ (678,263.00)
2026	$ 1,431,795.00
Thereafter	$ -

H. Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined on the results of an actuarial evaluation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of admin expense)	7.30%
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	0% to 4.80%
Post Retirement 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	3.0%
● Members hired between July 1, 2007 & June 30, 2013	1.5%
● Members hired on or after July 1, 2013	
● For each year PERS is funded at or above 90%	1.5%
● 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%

Note 12. Pension and Retirement Fund Commitments, continued

Mortality:	
• Active Participants	PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disable Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• 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, 2022 valuation were developed in the five-year experience study for the period ending 2021.

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 2126. 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.

Note 12. Pension and Retirement Fund Commitments, continued

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, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	(0.33%)
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100%	

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	$30,845,601	$21,397,574	$13,470,793

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.

Note 12. Pension and Retirement Fund Commitments, continued

L. PERS Disclosure for the defined contribution plan, continued

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, 2022, 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 344 employers that have participants in the PERS-DCRP totaled $1,681,603.

M. Pension plan fiduciary net position

The stand-alone financial statements 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.

Sheriff's 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 Sheriff's 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, 2022 measurement date for the 2023 reporting.

A. Summary of Significant Accounting Policies

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

Note 12. Pension and Retirement Fund Commitments, continued

B. General Information about the Pension Plan, continued

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. 20 years of membership service

ii. 2.5% of HAC x years of service credit.

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.

Note 12. Pension and Retirement Fund Commitments, continued

B. General Information about the Pension Plan, continued

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.

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 - 2023	10.495%	13.115%
2010 - 2017	9.245%	10.115%
2008 - 2009	9.245%	9.825%
1998 - 2007	9.245%	9.535%

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, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, 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	$13,195,768
and the employer's proportionate share was	9.6373%

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 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
Employer Proportionate Share	$ 13,195,768	$ 7,019,944	9.6373%	9.6375%	(0.0001%)
Total	$ 13,195,768	$ 7,019,944	9.6373%	9.6375%	(0.0001%)

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was increased from 7.06% to 7.30%.
2. The investment rate of return was lowered from 7.06% to 7.30%.
3. All mortality assumptions were updated to the PUB2010 tables for public safety employees.
4. Rates of withdrawal, retirement, disability retirement, and merit increases were updated.
5. Payroll growth assumption was lowered from 3.50% to 3.25%.
6. The inflation rate was increased from 2.40% to 2.75%.

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 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, 2022 measurement date, the employer recognized its proportionate share of the Plan’s pension expense.

As of measurement date	Pension Expense as of 6/30/2022	Pension Expense as of 6/30/2021
Employer's Proportionate Share	$ 2,327,987	$ 243,698
Total	$ 2,327,987	$ 243,698

E. Recognition of Deferred Inflows and Outflows

At June 30, 2022, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Note 12. Pension and Retirement Fund Commitments, continued

E. Recognition of Deferred Inflows and Outflows, continued

As of measurement date	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	$ 1,828,732.00	$ -
Projected Investment Earnings vs. Actual Investment Earnings	$ 560,112.00	$ -
Changes in Assumptions	$ 1,900,157.00	$ 317,824.00
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	$ 21,127.00	$ -
Employer Contributions Subsequent to the Measurement Date	$ 1,253,517.00	
Total	$ 5,563,645.00	$ 317,824.00

Yellowstone County reported $1,253,517 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, 2023.

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
2023	$ 1,424,774.00
2024	$ 1,169,054.00
2025	$ 343,679.00
2026	$ 1,054,798.00
Thereafter	$ -

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, was determined by an actuarial evaluation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Note 12. Pension and Retirement Fund Commitments, continued

F. Actuarial Assumptions, continued

Investment Return (net of admin expense)	7.30%
General Wage Growth* *includes Inflation at	3.50% 2.75%
Merit Increases	1.0% to 6.4%
Post Retirement Increases Guaranteed Annual Benefit Adjustment (GABA) • Requires 12 full months of retirement before GABA will be made • Members prior to July 1, 2007 • Members hired on or after July 1, 2007	 3.00% 1.50%
Mortality: • Active Participant	PUB-2010 Satefy Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retiree	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality table projected to 2021 set forward one year and adjusted 105% for males. Projected generationally using MP-2021.
• Contingent Survivor	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.
• Disable Retiree	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, 2022 valuation, were developed in the five-year experience study for the period ending June 30, 2021.

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, 2022 is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	(0.33%)
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100%	

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	$21,463,012.00	$13,195,768.00	$6,466,274.00

Note 12. Pension and Retirement Fund Commitments, continued

J. Pension plan fiduciary net position

The stand-alone financial statements 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 $800,950 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, 2023 there were twenty-one series of industrial revenue bonds issued. The aggregate principal amount outstanding for the five remaining series issued after July 1, 1997 was $12,456,465 as of June 30, 2023.

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

Note 15. Related Organization, continued

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.

Note 16. Leases

Capital Leases

As of June 30, 2023, the County has not entered into any capital leases.

Operating Leases

Lessee Disclosures

The County is the lessee in a material operating lease as of June 30, 2023. It covers 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. In general, the County is subject to an approximate 3% escalation of rent and CAM charges each year. This lease began in May 2018 and has a primary term of seven years with a County option for an additional three years at the end of the term. The County may expand the space in use with notice to the owner. As of the end of FY23, the County does not expect to exercise this option to extend the lease in FY25.

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, 2023:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Building	$1,511,146	$0	$0	$0	$1,511,146	
Equipment	129,515	0	0	0	129,515	
	1,640,661	0	0	0	1,640,661	
Less: Accumulated Amortization						
Building	($385,825)	($385,825)	$0	$0	($771,650)	
Equipment	(12,183)	(12,182)	0	0	(24,365)	
	(398,008)	(398,007)	0	0	(796,015)	
Total Lease Assets, net	$1,242,653	($398,007)	$0	$0	$844,647	
Lease Liabilities	$1,283,934	$0	$0	($371,686)	$912,248	$599,337

Note 16. Leases, continued

The below table details amortization by class, total interest on lease liabilities, and variable lease expense for the year ended June 30, 2023:

Lease expense	Year Ending 6/30/2023
Amortization expense by class of underlying asset	
Building	$ 385,825
Equipment	12,182
Total amortization expense	$ 398,007
Interest on lease liabilities	32,515
Variable lease expense	0
Total	$ 430,522

Principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Payments
Year Ending 6/30/24	$ 599,337	$ 20,806	$ 620,143
Year Ending 6/30/25	211,836	5,080	216,916
Year Ending 6/30/26	7,829	2,566	10,395
Year Ending 6/30/27	3,588	2,715	6,303
Year Ending 6/30/28	4,013	2,605	6,618
5 Years Ending 6/30/33	27,491	10,907	38,398
5 Years Ending 6/30/38	43,175	5,832	49,007
5 Years Ending 6/30/43	10,985	334	11,319
Total Future Payments	$ 908,254	$ 50,845	$ 959,099

There are no subleases in place as of June 30, 2023.

Lessor Disclosures

The County purchased the Miller building at 301 N. 29th Street in downtown Billings, MT in FY22, and assumed four lease arrangements with the tenants currently occupying the building. The City of Billings has a lease agreement that expires July 31, 2024, with no option to extend. BMO Harris Bank has a lease agreement that will expire February 28, 2027, with an option to extend an additional five years. Felt, Martin, Frazier & Weldon PC has a lease agreement expiring on April 30, 2024, with an option to extend an additional two years. All lessees are subject to a 2% escalation of rent each year.

Note 16. Leases, continued

The below table details the total amount of inflows of resources recognized during the year ended June 30, 2023 from lease expense:

Lease-related Revenue	Year Ending 6/30/2023
Lease Revenue	
Building	$ (501,479)
Total Lease Revenue	(501,479)
Interest Revenue	(38,745)
Variable & Other Revenue	0
Total	$ (540,224)

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

	Principal	Interest	Total Receipts
Year Ending 6/30/24	$ (585,943)	$ (24,357)	$ (610,300)
Year Ending 6/30/25	(235,674)	(11,581)	(247,255)
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	0	0	0
Total Future Receipts	$ (1,087,939)	$ (40,982)	$ (1,128,921)

Note 17. SBITAs

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the County beginning in fiscal year 2023.

SBITA Disclosures

The County has a subscription agreement with NeoGov for an initial term of 36 months, to be renewed automatically for successive twelve (12) month terms. This is paid on an annual basis. The County also has a subscription agreement with LeadsOnline for an initial term of three (3) years and may be renewed for an additional one-year term.

The below table summarizes the total amount of lease assets, related accumulated amortization and lease liabilities related to subscription-based information technology arrangements as of June 30, 2023:

Note 17. SBITAs, continued

Right-to-use subscription assets	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
SBITA - GASB 96 (General Gov't)	0	96,019	0	0	96,019	
SBITA - GASB 96 (Public Safety)	0	9,503	0	0	9,503	
	0	105,522	0	0	105,522	
Less: Accumulated Amortization						
SBITA - GASB 96 (General Gov't)	0	(24,005)		0	(24,005)	
SBITA - GASB 96 (Public Safety)	0	(2,112)	0	0	(2,112)	
	0	(26,117)	0	0	(26,117)	
Total Subscription Assets, net	0	79,405	0	0	79,405	
Subscription Liabilities (General Gov't)	0	89,019	0	(20,303)	68,716	28,876
Subscription Liabilities (Public Safety)	0	6,240	0	0	6,240	3,073
Total Subscription Liabilities	0	95,259	0	(20,303)	74,956	31,949

The below table details amortization by class, total interest on lease liabilities, and variable lease expense for the year ended June 30, 2023:

Subscription expense	Year Ending 6/30/2023
Amortization expense by class of underlying asset	
SBITA - GASB 96 (General Gov't)	24,005
SBITA - GASB 96 (Public Safety)	2,112
Total amortization expense	26,117
Interest on subscription liabilities (GG)	1,609
Interest on subscription liabilities (PS)	126
Variable subscription expense	0
Total	27,852

Principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Payments
Year Ending 6/30/2024	31,949	2,103	34,052
Year Ending 6/30/2025	43,007	1,308	44,315
Year Ending 6/30/2026	0	0	0
Year Ending 6/30/2027	0	0	0
Year Ending 6/30/2028	0	0	0
Total Future Payments	74,956	3,411	78,367

Note 18. Protested Taxes

The protest tax receivable for the County's governmental and proprietary funds increased $112,282 or 0.187% of the FY23 adjusted County tax levy.

Protest Tax Receivables

Fiscal	Governmental-type Funds			Business-type Funds			Total		
Year Ending	Beginning Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance	Beginning Balance	Change	Ending Balance
FY19	$8,159,357	($7,728,500)	$430,857	$477,970	($449,564)	$28,406	$8,637,327	($8,178,064)	$459,263
FY20	$430,857	$623,329	$1,054,186	$28,406	$28,949	$57,355	$459,263	$652,278	$1,111,541
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

Note 19. Tax Abatement Activity

In accordance with GASB Statement 77, Tax Abatement Disclosures, state and local governments are 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 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.

Five-Year Program

Resolution #02-66, passed by the Board of Yellowstone County Commissioners on August 9, 2002 allows for a 5-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 involved by at least 2.5% as determined by the Montana Department of Revenue may qualify. If within the confines of the cities of Billings or Laurel, or town of Broadview those local governing bodies would also have to approve under their resolutions for it to apply for city or town imposed mills.

The applying party must also show that jobs will either be created or retained, and taxes on the property remain current. The abatement amounts to 100% for the first 4 years following completion of construction. In the fifth year, the full rate of taxation applies. If the entity fails in complying with terms stated in the abatement application, it may be subject to recapture of all previous abatements, along with penalties and interest. Recapture is not triggered by any involuntary conversion of the property, and the recapture may be canceled, 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 $43,236.

Note 19. Tax Abatement Activity, continued

Ten-Year Program

Resolution 94-92, passed by the Board of Yellowstone County Commissioners on October 4, 1994 allows for a 10 year tax abatement program authorized by Title 15, Chapter 24 MCA. As adopted under this resolution, existing businesses that expend at least $50,000 on qualifying improvements or modernized processes or new businesses that expend at least $125,000 on qualifying improvements or modernized processes may qualify. If within the confines of the cities of Billings or Laurel, or town of Broadview those local governing bodies would also have to approve under their resolutions for it to apply for city or town imposed mills.

Qualifying entities must also demonstrate and maintain job growth and keep taxes on the property current. The abatement amounts to a 50% taxable value reduction for each of the first five years of the improvement. The reduction is reduced by 10% each year, beginning in year six, until the full rate of taxation applies in the tenth year. If the entity fails in complying with terms stated in the abatement application, it may be subject to recapture of all previous abatements, along with penalties and interest. Recapture is not triggered by any involuntary conversion of the property, and the recapture may be canceled, 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, signed by the Governor. Through this change to Montana statute, the local governing body may also choose to abate 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 applies in the tenth year. At the end of FY23, one such abatement was granted, and due to its material nature, is listed in detail below.

For the most recent fiscal year, abatements from this set of 10 year programs totaled $2,899,534.

For the purposes of this GASB, the County believes that a threshold for separately identifying an entity receiving abatements should meet or exceed $500,000. For totals less than this, reporting will be in aggregate for the programs presented.

Tax Abatement Recap

General Taxes Abated:	FYE 6/30/2023	FYE 6/30/2022
County	$1,123,555	$1,242,374
Cities and towns	14,415	33,476
School District 2	1,522,442	1,758,451
School District 7	237,760	249,750
School District 26	22,762	18,603
Other School Districts	0	1,016
Other	21,835	24,077
	$2,942,769	$3,327,747

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

2022 Tax Year Abatement per the Montana Department of Revenue (all jurisdictions):	**$2,403,211**

Note 20. Subsequent Events

No material subsequent event has been identified by Management.