

## IV. SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yellowstone County, State of Montana (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

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

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

(Continued)

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

*KCoe Jam, LLP*

December 20, 2023  
Billings, Montana

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

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

### **Report on Compliance on Major Federal Program**

#### ***Opinion on Major Federal Program***

We have audited Yellowstone County, State of Montana's (the County) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2023. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on Major Federal Program***

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

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

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

(Continued)

### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

(Continued)

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

***Report on Internal Control Over Compliance***

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

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

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

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

*KCoe Isom, LLP*

December 20, 2023  
Billings, Montana

**YELLOWSTONE COUNTY, MONTANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
 (Page 1 of 2)

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through/ Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>					
<b><u>Passed through State Department of Transportation/Highway Traffic Safety:</u></b>					
State Highway Traffic Safety - DUI Symposium	20.616		5,000	5,000	5,000
<b>Total U.S. Department of Transportation</b>			<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>U.S. Department of Treasury</b>					
<b><u>Direct Programs:</u></b>					
Equitable Sharing Program	21.016	N/A	N/A	7,279	0
COVID Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	31,330,634	8,253,014	8,253,014
COVID Local Assistance and Tribal Consistency Fund (LATCF)	21.032	N/A	62,891	0	0
<b>Total U.S. Department of Treasury</b>			<b>31,330,634</b>	<b>8,260,293</b>	<b>8,253,014</b>
<b>U.S. Department of Justice</b>					
<b><u>Direct Programs:</u></b>					
Byrne Justice Assistance Grant (JAG)	16.738	O-BJA-2022-171368	19,076	1,244	1,244
Byrne Special Assistant US Attorney	16.751	2020-DG-BX-K003	216,755	59,063	59,064
			<b>235,831</b>	<b>60,307</b>	<b>60,308</b>
<b><u>Passed through State Board of Crime Control:</u></b>					
Comprehensive Opioid Abuse Program (COAP)	16.838	23-CA01-1399	420,000	279,815	279,816
Residential Substance Abuse Treatment (RSAT)	16.593	23-R01-1472	233,992	172,345	172,345
Yellowstone County Victim Witness Program	16.575	23-V01-1381	207,260	158,963	158,963
CSEF Visiting Room Modifications	16.034	21-CV01-92776	15,592	10,436	10,436
<b>Total U.S. Department of Justice</b>			<b>876,844</b>	<b>621,559</b>	<b>621,559</b>
<b>U.S. Department of Housing &amp; Urban Development</b>					
<b><u>Passed through State Department of Commerce</u></b>					
Community Development Block Grant	14.228	MT-CDBG-PL-20-12	30,000	30,000	30,000
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>U.S. Election Assistance Commission</b>					
<b><u>Passed through Secretary of State</u></b>					
<b>Total U.S. Election Assistance Commission</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The accompanying notes are an integral part of this schedule.

**YELLOWSTONE COUNTY, MONTANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Page 2 of 2)**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through/ Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>					
<u>Passed through State Department of Health and Human Services</u>					
State Opioid Response	93.788	23-102-74018-0	124,720	27,828	27,828
COVID - Mental Health Block Grant American Rescue Plan Act of 2021	93.958	23-102-74018-0	75,000	49,522	49,522
Montana Injury Prevention Program - Core SIPP MT	93.136	23-07-3-11-045-0	5,000	5,000	5,000
Foster Care Title IV-E	93.658		N/A	326,201	326,201
<b>Total U.S. Department of Health and Human Services</b>			<b>\$204,720</b>	<b>\$408,551</b>	<b>\$408,551</b>
<b>U.S. Department of Homeland Security</b>					
<u>Passed through State Department of Military Affairs, DES Division</u>					
Emergency Mgt Performance Grant (EMPG) Yellowstone	97.042	22-23 EMPG Yellowstone	130,000	130,000	130,000
Homeland Security- Metra	97.067	EMW-2021-SS-00042	129,000	129,000	129,000
Homeland Security- Cyber Security	97.067	EMW-2020-SS-00018	75,000	33,250	33,250
<b>Total U.S. Department of Homeland Security</b>			<b>\$334,000</b>	<b>\$292,250</b>	<b>\$292,250</b>
<b>U.S. Department of Interior</b>					
<u>Passed through State Department of Natural Resources &amp; Conservation</u>					
Volunteer Fire Assistance Program Sub Award (Cooperative Forestry Asst)	10.664	RFC-23-560	12,000	12,000	12,000
			12,000	12,000	12,000
<u>Direct Programs</u>					
BLM-Community Assistance	15.228	L19AC00062	46,322	0	0
BLM Invasive and Noxious Plant Management	15.230	L22AC00416	20,000	0	0
Taylor Grazing	N/A	N/A	N/A	293	293
Bankhead Jones	N/A	N/A	N/A	2,182	2,182
			66,322	2,475	2,475
<b>Total U.S. Department of Interior</b>			<b>\$78,322</b>	<b>\$14,475</b>	<b>\$14,475</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$33,095,351</b>	<b>\$9,692,435</b>	<b>\$9,685,157</b>

The accompanying notes are an integral part of this schedule.

**YELLOWSTONE COUNTY, MONTANA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2023**  
**Page 1 of 2**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Yellowstone County, Montana (County) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**(2) Summary of Significant Accounting Policies**

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

**(3) Indirect Cost Rate**

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

**(4) Relationship to General Purpose Financial Statements**

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

	<b>Federal Awards Revenues</b>	<b>State &amp; Local Intergovernmental Revenues</b>	<b>Total Intergovernmental Revenues</b>
General Fund	\$1,023,016	\$1,559,234	\$2,582,250
Road Fund	2,182	3,466,644	3,468,826
COVID-19 Fund	8,253,014	0	8,253,014
Property and Liability Insurance Fund	0	42,007	42,007
Public Safety Fund	70,743	575,971	646,714
Nonmajor Governmental Funds	343,480	2,067,272	2,410,752
	<b>\$9,692,435</b>	<b>\$7,711,128</b>	<b>\$17,403,563</b>

**YELLOWSTONE COUNTY, MONTANA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2023**

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**(5) Matching Funds**

In accordance with the terms of the grants, the County has expended cash and in-kind matching contributions during the year ended June 30, 2023 for the following programs:

	<b><u>Grant Number</u></b>	<b><u>Amount</u></b>
<b><u>U.S. Department of Homeland Security</u></b>		
FY22 Emergency Mgt Performance Grant (EMPG) Yellowstone	22-23 EMPG Yellowstone	\$ 130,000
		<b><u>\$ 130,000</u></b>
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>		
Community Development Block Grant	MT-CDBG-PL-20-12	\$ 10,000
		<b><u>\$ 10,000</u></b>
<b><u>U.S. Department of Interior</u></b>		
Volunteer Fire Assistance Program Sub Award	RFC-23-560	\$ 1,334
		<b><u>\$ 1,334</u></b>
<b><u>U.S. Department of Justice</u></b>		
Residential Substance Abuse Treatment (RSAT)	23-R01-1472	\$ 88,981
		<b><u>\$ 88,981</u></b>
		<b><u>\$ 230,315</u></b>
<b><u>Total Matching on Federal Expenditures</u></b>		

**YELLOWSTONE COUNTY, STATE OF MONTANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2023

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) No

