PARK COUNTY
LIVINGSTON, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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PARK
COUNTY

ORGANIZATION

June 30, 2019

BOARD OF COUNTY COMMISSIONERS

Steven Caldwell	Board Chairperson
Bill Berg	Commissioner
Clint Tinsley	Commissioner

ELECTED OFFICIALS

Maritza Reddington	County Clerk and Recorder
Kevin Larkin	County Treasurer
Brad Bichler	County Sheriff
Kendra Lassiter	County Attorney
Jo Newhall	County Superintendent
Molly Bradberry	Clerk of District Court
Linda Cantin	Justice of the Peace
Albert Jenkins	County Coroner
Sue Martin	Public Administrator
Martha Miller	County Auditor

OLNESS & ASSOCIATES, P. C.
CERTIFIED PUBLIC ACCOUNTANTS

BRENT D. OLNESS, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Park County
Livingston, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park County, Montana (the government) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the government, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the government adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan information and the schedule of changes in the total other post-employment benefits (OPEB) liability and related ratios identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

Olness & Associates, PC

Billings, Montana
December 13, 2019

Park County's management offers readers of the county's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here, in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- Net position for Park County was $31,931,110.

- The County's total net position increased 9.2% as a result of this year's operations. Net position of governmental activities increased by $2,812,109 or 10.0%, while net position of business-type activities decreased by $134,961 or 13.2%.

- During the year governmental revenues of $15,404,753 were $2,760,251 more than the $12,644,502 in expenses, before transfers out. The total cost of governmental activities (expenses) decreased over the prior year by $225,481 or 1.8%.

- In the business-type activities before transfers in and out, revenues increased $70,755 (5.8%) and expenses increased $77,628 (6.0%).

- The General Fund balance reported a decrease this year of $40,133, or 4.78%.

USING THIS AUDIT REPORT

This audit report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the government as a whole and present a longer-term view of the county's finances. For governmental activities, fund statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the government's operations in more detail than the all-inclusive, government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the government acts solely as a trustee or agent for the benefit of those outside of county government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to Park County's basic financial statements. The county basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Park County's finances in a manner similar to a private-sector business.

The Statement of Net Position and the Statement of Activities (pages 10 and 11) report information about the government as a whole. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the net position and changes in them. Over time, increases or decreases in the county's net position are one indicator of its financial condition. The reader will need to consider other non-financial factors, such as changes in the property tax base and the condition of our capital assets, to assess overall health.

In the Statement of Net Position and the Statement of Activities, Park County's finances are divided into two categories:

Governmental activities: Basic services are reported here, including general government, public safety, public works, public health, social and economic services, conservation of natural resources, and culture and recreation. Property taxes and state and federal grants finance most of these activities.

Business-type activities: The County charges fees to customers to help it cover all or most of the cost of certain services it provides. Solid waste services are reported here.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Park County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, and to help it control and manage money for particular purposes. All of the county's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations (pages 13 and 15).

Proprietary Funds: The County charges fees to customers for the services it provides – whether to outside customers or to other units of the government – and these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The county has two enterprise funds, Landfill and Refuse, which deal with solid waste. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services to other departments of the government. The county has no internal service funds.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the accrual basis of accounting. Fiduciary funds are *not* included in the government-wide financial statements because these assets are not available to finance Park County operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

Net position: Net position may serve over time as a useful indicator of a government's financial position. The following schedules provide summaries of changes in net position of the county's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$13,757,861	$13,576,038	$2,076,181	$2,156,511	$15,834,042	$15,732,549
Capital assets	24,183,306	21,815,113	599,766	671,371	24,783,072	22,486,484
Total assets	37,941,167	35,391,151	2,675,947	2,827,882	40,617,114	38,219,033
Deferred outflows-pension plans	1,647,941	1,954,875	66,039	70,387	1,713,980	2,025,262
Other liabilities	54,299	36,020	-	-	54,299	36,020
Long-term liabilities outstanding	6,707,191	7,435,493	1,806,874	1,872,814	8,514,065	9,308,307
Total liabilities	6,761,490	7,471,513	1,806,874	1,872,814	8,568,364	9,344,327
Deferred inflows-pension plans	1,780,832	1,639,836	50,788	6,170	1,831,620	1,646,006
Net position:						
Net investment in capital assets	23,304,342	20,818,903	599,766	671,371	23,904,108	21,490,274
Restricted	12,466,523	11,850,677	92,561	108,200	12,559,084	11,958,877
Unrestricted	(4,724,079)	(4,434,903)	191,997	239,714	(4,532,082)	(4,195,189)
Total net position	$31,046,786	$28,234,677	$ 884,324	$1,019,285	$31,931,110	$29,253,962

A large portion of the County's net position reflects its investment in capital assets (land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. We use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the governmental and business-type activities, $12,466,523, represent resources that are subject to external restrictions on how they may be used.

At the end of the fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole as well as for its business-type activities. Net position was $31,046,786 for the governmental activities and $884,324 for the business-type activities, or a total of $31,931,110.

The County's overall net position increased 9.2% or $2,677,148 from fiscal year 2018 to 2019. There was a 10.0% increase in net position in the governmental activities of $2,812,109, mostly due to capital asset increases, and the business-type activities saw a 13.2% decrease, or $134,961, again related to capital asset changes.

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 968,034	$ 903,888	$ 1,271,721	$ 1,200,117	$ 2,239,755	$ 2,104,005
Operating grants and contributions	1,805,098	1,693,861	5,632	4,427	1,810,730	1,698,288
Capital grants and contributions	2,769,837	134,778	-	-	2,769,837	134,778
General revenues:						
Taxes	6,968,383	6,719,934			6,968,383	6,719,934
Licenses and permits	56,974	48,861			56,974	48,861
Intergovernmental	2,397,667	2,529,977			2,397,667	2,529,977
Interest	257,924	177,799	16,393	19,488	274,317	197,287
Miscellaneous	128,880	168,218	45	34	128,925	168,252
Gain on disposal of capital assets	51,956	1,927	1,030		52,986	1,927
Total revenues	15,404,753	12,379,243	1,294,821	1,224,066	16,699,574	13,603,309
Expenses:						
General government	3,507,722	3,554,377	-	-	3,507,722	3,554,377
Public safety	3,479,334	3,560,950	-	-	3,479,334	3,560,950
Public works	2,745,989	2,963,772	-	-	2,745,989	2,963,772
Public health	649,252	668,008	-	-	649,252	668,008
Social and economic services	440,462	437,752	-	-	440,462	437,752
Culture and recreation	1,128,246	1,054,524	-	-	1,128,246	1,054,524
Housing and community development	138,954	138,954	-	-	138,954	138,954
Other Current Charges	404,665	373,597	-	-	404,665	373,597
Landfill	-	-	30,209	54,345	30,209	54,345
Incinerator/transfer station	-	-	1,347,715	1,245,951	1,347,715	1,245,951
Collections	-	-	-	-	-	-
Interest on long-term debt	32,064	25,655	-	-	32,064	25,655
Intergovernmental	117,814	92,388	-	-	117,814	92,388
Total expenses	12,644,502	12,869,977	1,377,924	1,300,296	14,022,426	14,170,273
Change in net position before transfe	2,760,251	(490,734)	(83,103)	(76,230)	2,677,148	(566,964)
Transfers	51,858	125,028	(51,858)	(125,028)	-	-
Change in net position	2,812,109	(365,706)	(134,961)	(201,258)	2,677,148	(566,964)
Net position, beginning	28,234,677	26,808,529	1,019,285	1,084,401	29,253,962	27,892,930
Prior period adjustment	-	1,791,854	-	136,142	-	1,927,996
Net position, ending	$31,046,786	$28,234,677	$ 884,324	$ 1,019,285	$31,931,110	$29,253,962

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the major (most significant) funds. To be reported as a major fund, a fund must meet each of the two following criteria. Governments may choose to report other governmental and enterprise funds as major funds, even though they do not meet this test. The General Fund is always reported as a major fund.

Total assets and deferred outflows and liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds).

The same element that met the 10 percent criterion is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

Governmental Funds

Park County has six governmental funds that are reported as major funds in fiscal year 2019. These are: General, Road, Public Safety (Law Enforcement), Payment in Lieu of Taxes (PILT), Road Capital Improvement, and the General Capital Improvement funds.

- *General Fund:* This is the primary operating fund for Park County and includes the Commissioners, Justice of the Peace, Clerk and Recorder, Elections Administration, Auditor, Treasurer, County Attorney, Building Maintenance, Public Administrator, School Superintendent, Mail/copier Services, Juvenile Detention, Coroner, Sanitarian, Health Department, Extension, Public Works, Veteran Services, Mental Health Services, County Parks, Historical Research, Accounting, Grant Administration, Human Resources, Information Technology, and Geographic Information Systems.

Besides taxes and charges for services, General fund revenue sources include a Local Option Tax, which amounted to $856,529 in fiscal year 2019, an increase of 3.8% over fiscal year 2018. Before transfers in and transfers out, revenues increased 2.5% by $82,201 and expenditures increased 1.9% by $70,115 over the prior fiscal year. Transfers in from Permissive Medical Levy, Road, PILT, Records Preservation and the Enterprise funds amounted to $469,327, a decrease of $99,731 from 2018.

- *Road Fund:* This fund accounts for costs related to maintenance and reconstruction of county roads. Revenues before other financing in 2019 increased by $120,089, or 11.2%. FEMA funding of $116,032 for 2019 flooding contributed most of the funding increase. A 2.0% increase in tax revenues and a 1.6% increase in state entitlement payments also added to the increase in funding.

  Transfers included $400,000 from PILT, $64,703 from the Permissive Medical Levy fund, an increase of 3.6%, and $56,133 from the Emergency Disaster fund to cover spring flooding costs. Expenditures decreased $27,900 or -2.0% over the prior year. Expenditures include $31,116 transferred to the General fund for Road share of the Public Works Director. Transfers out also include $68,150 to cover capital purchases in the Road & Bridge Capital Improvement Funds and $49,492 for 2018 spring flooding. The Road fund has a positive fund balance of $215,682 in 2019 primarily from FEMA commitments for 2019 spring flooding. In 2018, the Road fund balance was $21,661.

- *Public Safety:* The Public Safety fund accounts for activities for Law Enforcement: Sheriff's Office, detention center, civil clerk, concealed weapons licensing, and the community service program. Revenues for fiscal year 2019 before transfers in increased $55,066, or 3.3% over the prior year. Tax revenues were up $35,596 from 2018, or 2.6%. Transfers in from other funds decreased $106,802 or 12.6%. The largest share of transfers in, $449,200, was from PILT. The 18.2% decrease in the transfer from PILT was made to help balance PILT and maintain the Sheriff's Office fund balance.

  Public Safety's expenses increased by 2.6% or $59,823. With the increase in revenues and decrease in transfers in, the ending fund balance increased $194,662 or 26.8%. Multiple scheduled vehicle purchases for 2019 were deferred to 2020 resulting in a larger than expected fund balance heading into 2020. Vacancy savings contributed to the fund balance increase as well.

- *Payment in Lieu of Taxes (PILT):* PILT funds are received annually from the federal government in lieu of taxes on federal property within the county. The majority of appropriations from PILT are transfers out to other funds in order to finance their operations, such as Law Enforcement, General, Road, Planning and Fair funds. PILT is also used to pay for operating costs of certain Public Safety services, litigation expenses, motor pool maintenance, Commissioners' special projects, and support of the city/county dispatch.

  In fiscal year 2019, the amount that the county received for PILT was $1,469,004, a $175,432 or 10.7% decrease from the prior fiscal year. The amount transferred to other funds was $975,309, a 16.4% decrease. The decrease came from reduced funding for the Sheriff's Office and reduced expenditures for external funding requests from community organizations. Dispatch expenditures, which are shared with the City of Livingston, were higher than budgeted at year end which reduced how much the government was expecting to save in 2019. The net change in fund balance from the prior fiscal year was an increase of $91,116, for an ending fund balance of $951,129.

- *Road CIP Fund:* In 2019, a fund that appeared in 2017 reappeared as a major fund due to 2018 spring floods and the emergency replacement of the Convict Grade Bridge. The fund received a $30,000 TSEP Grant for the replacement Convict Grade Bridge which cost around $500,000. FEMA awarded $83,532 for 2018 flooding damage, of which around $70,000 was transferred to this fund. The new gas tax instituted in 2017, called Gas Tax – Special Road/Street Allocation Program, contributed $126,188 for the capital projects. A 2020 loan for $560,000 was approved from Intercap at the MT Board of Investments to cover the balance of the Convict Grade Bridge and 2018 flooding expenditures not covered by the FEMA grant and other sources of revenues. There are two additional Treasure State Endowment Program (TSEP) grants for 1. replacing the Mission Creek Bridge and 2. providing a preliminary engineering report for three bridges in the Cooke City area.

- *General Capital Improvement Fund:* This fund represents the amount awarded to the county from a 1999 law suit settlement plus interest. Use of this fund is restricted by resolutions passed by the County Commissioners. Revenues consists of interest. Besides investment interest, annual payments are received for loans made from the fund. In fiscal year 2010 the fund loaned $650,000 to the Road fund for road graders which was paid off in 2019, and in 2015 it loaned $53,441 to the Cooke City Fire District for equipment purchases. In 2018, a new loan was entered into with the Cooke City Water District for $20,000 for a hydraulic analysis. In 2019, a $25,000 loan was entered into the with Angel Line transportation fund to help purchase a vehicle.

  Whereas earlier resolutions by the Board of County Commissioners restricted expenditures for only specific purposes, Resolution No. 1145, signed in November 2012, allowed interest from the BN fund to be expended on capital improvement projects. In fiscal year 2019, $80,151 was expended for a loan payment for a new building for Search and Rescue and two capital improvement projects including Tom Miner and Shields River Road Federal Lands Access Project grant matches. The ending fund balance was $8,608,370, a decrease of $17,298 over the prior year.

Enterprise Funds
The county's waste disposal sys has been in transition since 2012. The Park County Transfer Station no longer accepts refuse or recycling; all refuse activities have moved to the city of Livingston Transfer Station. In the fall of 2016, the Park County landfill was closed. All landfill jobs have been eliminated. The net position decrease for the refuse facility of $121,222 came from a $30,000 reduction in its cash position. The balance included capital asset and depreciation adjustments and noncash changes to pension plan information.

BUDGETARY HIGHLIGHTS
Original budget compared to final budget expenditures
FEMA awarded funds to Park County for 2018 and 2019 flooding which passed through the Emergency Disaster Fund to cover Public Works costs for 2018 spring flooding, and the budget increased $105,000. The Road and Bridge Capital Improvement fund increased its budget by $275,100 to cover the emergency replacement of the Convict Grade Bridge. The Homeland Security Fund was awarded a grant for portable repeaters and a tower repeater which increased the budget appropriations by $54,100. There were other adjustments for increased costs due to weather, operating costs and additional revenues received and distributed.

Final budget compared to actual results. Other financing sources and uses include transfers in from and out to other funds. Actual revenues for the General Fund before other financing sources were 3.5% over budget. Other financing sources were within 1% of the final budget. Total actual revenues including transfers in were $113,502, 3.15% over budget. Actual General fund tax revenues were $631 over budget; local option taxes, which are collected in the General fund, were 3.8% more than budgeted. Investment earnings went up in 2019.

General Fund actual expenditures were 99.64% of budgeted appropriations. The mental treatment, parks and veteran burial expenditures were significantly higher than anticipated. Transfers were made to cover expenditures not covered by the MLIA grant for GIS services in mapping the county. Those and some smaller overages were offset by other departments spending under their appropriations. The net change in the General Fund balance was a decrease of $40,133 due to increased expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION
Capital Assets: Park County's net investment in capital assets as of June 30, 2019 totaled $23,904,108. This investment includes land, construction in progress, buildings, infrastructure, machinery, and equipment. See the notes to financial statements for changes in capital assets.

Long Term Debt: Debt Service Funds are used to account for the payment of interest and principal on long term bonded debt other than revenue bonds. Montana statutes specify that a single debt service fund be established for each general obligation bond, special assessment bond, judgment levy, and S.I.D. revolving.

State statute limits the amount of county indebtedness to 2.5 percent of the total assessed value of taxable property. The 2019 market value of property in the County was $2,794,267,435, and the statutory limit of county indebtedness was $69,856,686. As of June 30, 2019, Park County had at total of $878,964 in outstanding notes, of which $760,187 is long term. Park County's total debt decreased $117,246 during the fiscal year. There were some reductions by regularly scheduled principal payments on existing debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS
The 2018 recertified taxable value of property in Park County, less the value of the Tax Increment Financing Districts, was used during fiscal year 2019 financial period of tax collections. The rate increased 1.6% from $44,447,625 in fiscal year 2018 to $45,162,088 in fiscal year 2019. The value of newly taxable property county-wide was $1,493,225, which accounts for a portion of that increase. It should also be noted that 2019 was a reassessment year for the Montana Department of Revenue, who is required by state law to conduct periodic reappraisals of property in the interest of equal taxation. The next reassessment will occur in 2021.

A Tax Increment Financing District (TIF) is a vehicle by which a targeted economic development district can set aside incremental increases in tax revenues above a base year for specific uses, generally allied to infrastructure. These increases in tax revenue are not available to other affected taxing bodies. There are 2 TIF's in Park County, both of which are within the City of Livingston. The downtown TIF expires in 2034, and the west end TIF expires in 2025 when the related infrastructure bonds are paid.

County general mills are split among the General, Bridge, Weed Control, Fair, Airport, District Court, Comprehensive Insurance, Senior Citizens, Law Enforcement, and Museum Funds at the commissioners' discretion, with certain restrictions. The growth in number of authorized mills for these aggregate mills went from 83.69 in fiscal year 2018 to 85.17 in fiscal year 2019. Calculations were done according to Montana Code Annotated, Title 15, Section 10, Part 420, which limits the growth in mills to one half the average of inflation over the prior 3 years and new construction. The commissioners levied the full amount authorized in fiscal year 2019.

With the increase in value of a county mill and the decrease in number of mills authorized to be levied, tax revenues for the county general mills were expected to increase 4.3%, from $3,689,014 in fiscal year 2018 to $3,846,278 that was budgeted in fiscal year 2019. The actual property tax revenue received was $3,839,085, or 99.8% of budget.

Payment in Lieu of Taxes (PILT) funds are received annually from the federal government in lieu of taxes on federal property within the county and continue to be a major source of operating funds. The majority of appropriations from PILT are transfers out to other funds in order to finance their operations, such as Law Enforcement, General, Road, Planning, and Fair funds. PILT is also used to pay for operating costs of motor pool maintenance, litigation expenses, commissioners' special projects, and certain Public Safety services such as support of the city/county dispatch. In fiscal year 2019 the county received $1,469,004 for the 2019 PILT from the federal government, or a 10.7% decrease. Expenditures in 2019 were $1,394,600 or 11.6% less than the prior year. The net change in fund balance from the prior fiscal year was an increase of $91,116, for an ending fund balance of $951,129. The county is continuing the process of evaluating the demands on the PILT fund and reducing the demands on the PILT reserve.

The county's waste disposal system has been in transition since 2012. The Park County Transfer Station no longer accepts refuse or recycling; all refuse activities have moved to the city of Livingston Transfer Station. In the fall of 2015, the Park County Solid Waste Board recommended and the Commissioners moved to close the landfill, pending DEQ approval. All landfill jobs have been eliminated. The landfill closure project was completed in 2016, and funds held in trust to cover the costs were released to the county to cover expenditures in 2018 and 2019.

In light of the most recent Consumer Price Index statistics indicating a Cost of Living Adjustment of 2.01% and in an effort to equalize pay increases, the county's Compensation Board recommended that elected officials receive a $0.45 per hour increase to their base salary. Wages for eligible county employees were also adjusted at the same rate.

Grants financed a number of projects during the year, including some capital projects which will continue into subsequent fiscal years. Recurring grants are discussed as well.

- Another FLAP project underway is the Gardiner Gateway project, which is intended to reduce congestion, improve safety, provide parking, and improve drainage on several roads in Gardiner, the north entrance to Yellowstone National Park. Of the total estimated cost of $15.7 million, Park County has cash and in kind matches of $819,820 through 2019. The project was completed in 2019, and the assets turned over to the county. Park County was reimbursed $7,974 from the federal government for engineering work related to the project which was initially paid for by the county. This is expected to be the last payment.
- FEMA, Federal Emergency Management Agency, awarded two grant to help defray the costs of 2018 and 2019 spring flooding. The 2018 award was $83,532 and the 2019 award was $116,732 for 2019.
- The Sheriff's Department received a three year COPS grant to assist in hiring an additional deputy. The grant will provide $125,000 over three years to defray the personnel cost. The COPS grant reimbursed $41,927 in 2019. A second COPS grant was awarded with the same funding parameters. The second COPS grant reimbursed $20,006 in 2019.
- A new Shields River Road Federal Lands Access Program award was started in 2018 for a project which Park County matched funding of 13.42%, or $24,156, in 2019, for a total project cost of $180,000.
- The Tom Miner Creek Road Capital Improvements project will total $2,461,559, and final payments were made in the amount of $3,885.
- There are multiple on-going grants which help fund the Health Department annually. In 2019, $176,541 in state grants funded Maternal Child Health, Public Health Preparedness, Asthma, Tobacco and Women, Infant and Child programs.
- The federal government awarded grants through its Homeland Security programs. A new portable repeater grant received $50,811 in funding, the Pre Disaster Mitigation plan received $1,875, and a new Sheep Mountain tower repeater grant received $77,568 in 2019.
- The Victim Witness position program grant received $43,859 in 2019.
- The Disaster and Emergency Services position receives partial funding annually. In 2019, the DES position and program received $35,775.
- An Economic Development pass through grant awarded by the Montana State Department of Commerce to Printing for Less.com amounted to $85,000 in 2019.
- A new free public bus route has been established using $61,730 in state funds for operating expenses, and community donors pay the balance of the expenditures.
- The Airport received $51,040 in grant funds to support a Master Plan of development for the physical space at Mission Field.
- The Missouri River Drug Task Force position in the Sheriff's Office is partially funded by the MT Board of Crime Control and received $29,130. MRDTF received an additional $3,154 from state forfeiture funds.
- Various Weed grants account for $21,932 in 2019, along with a Southwest Juvenile Detention grant for $5,708. A GIS (Geographic Information System) grant for $23,348 from the Montana Land Information Act was distributed through the Montana State Library to update the county's land designations and boundaries. Angel Line also received grant funds in the amount of $3,300 in 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Park County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Park County Finance Office, 414 E. Callender Street, Livingston, MT 59047.

PARK COUNTY
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	$ 3,115,752	$ 316,575	$ 3,432,327
Investments	9,335,000	-	9,335,000
Receivables:			
Taxes/assessments	235,264	262,543	497,807
Resort tax	50,503	-	50,503
CDBG	221,661	-	221,661
Insurance	69,846	-	69,846
Governments	587,223	-	587,223
Other	21,867	-	21,867
Inventories	120,390	-	120,390
Prepaids	355	-	355
Cash and equivalents	-	151,551	151,551
Investments	-	1,345,512	1,345,512
Capital assets:			
Capital assets not being depreciated-land and construction in progress	1,337,428	52,528	1,389,956
Capital assets, net of accumulated depreciation	22,845,878	547,238	23,393,116
Total assets	37,941,167	2,675,947	40,617,114
DEFERRED OUTFLOWS OF RESOURCES			
Other post-employment benefits	45,194	3,121	48,315
Pension plans	1,602,747	62,918	1,665,665
Total deferred outflows of resources	1,647,941	66,039	1,713,980
LIABILITIES			
Accounts payable-vendors	51,799	-	51,799
Unearned revenue	2,500	-	2,500
Noncurrent liabilities:			
Due within one year:			
Notes	118,777	-	118,777
Compensated absences	50,466	6,838	57,304
Due in more than one year:			
Notes	760,187	-	760,187
Compensated absences	454,192	61,539	515,731
Landfill closure/postclosure costs payable	-	1,404,502	1,404,502
Total other post-employment benefits liability	1,201,216	82,946	1,284,162
Net pension liability	4,122,353	251,049	4,373,402
Total liabilities	6,761,490	1,806,874	8,568,364
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits	10,577	730	11,307
Pension plans	1,770,255	50,058	1,820,313
Total deferred inflows of resources	1,780,832	50,788	1,831,620
NET POSITION (DEFICIT)			
Net investment in capital assets	23,304,342	599,766	23,904,108
Restricted for:			
General government	1,164,541	-	1,164,541
Public safety	1,178,071	-	1,178,071
Public works	476,264	-	476,264
Public health	106,926	-	106,926
Social and economic services	25,813	-	25,813
Culture and recreation	485,650	-	485,650
Housing and community development	221,661	-	221,661
Capital projects	8,807,597	-	8,807,597
Landfill closure/postclosure costs	-	92,561	92,561
Unrestricted (deficit)	(4,724,079)	191,997	(4,532,082)
Total net position (deficit)	$ 31,046,786	$ 884,324	$ 31,931,110

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-type Activities	Net (Expense) Revenue and Change in Net Position: Total
Governmental activities:							
General government	$ 3,507,722	$ 388,558	$ 246,662	$ -	$ (2,872,502)	$ -	$ (2,872,502)
Public safety	3,479,334	300,401	354,361	128,379	(2,696,193)	-	(2,696,193)
Public works	2,745,989	105,982	659,555	2,641,458	661,006	-	661,006
Public health	649,252	114,653	225,069	-	(309,530)	-	(309,530)
Social and economic services	440,462	11,157	104,401	-	(324,904)	-	(324,904)
Culture and recreation	1,128,246	47,283	12,236	-	(1,068,727)	-	(1,068,727)
Housing and community development	138,954	-	85,000	-	(53,954)	-	(53,954)
Other current charges	404,665	-	-	-	(404,665)	-	(404,665)
Interest on long-term debt	32,064	-	-	-	(32,064)	-	(32,064)
Intergovermental	117,814	-	117,814	-	-	-	-
Total governmental activities	12,644,502	968,034	1,805,098	2,769,837	(7,101,533)	-	(7,101,533)
Business-type activities:							
Landfill	30,209	77	-	-	-	(30,132)	(30,132)
Refuse Facility	1,347,715	1,271,644	5,632	-	-	(70,439)	(70,439)
Total business-type activities	1,377,924	1,271,721	5,632	-	-	(100,571)	(100,571)
Total	$ 14,022,426	$ 2,239,755	$ 1,810,730	$ 2,769,837	(7,101,533)	(100,571)	(7,202,104)
General revenues:							
Property taxes					6,968,383	-	6,968,383
Licenses and permits					56,974	-	56,974
Intergovernmental					2,397,667	-	2,397,667
Unrestricted investment earnings					257,924	16,393	274,317
Miscellaneous					128,880	45	128,925
Gain on disposal of capital assets					51,956	1,030	52,986
Transfers					51,858	(51,858)	-
Total general revenues and transfers					9,913,642	(34,390)	9,879,252
Change in net position					2,812,109	(134,961)	2,677,148
Net position - beginning					28,234,677	1,019,285	29,253,962
Net position - ending					$ 31,046,786	$ 884,324	$ 31,931,110

See notes to basic financial statements.

PARK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Road	Public Safety	PILT	Road CIP	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 347,889	$ 2,574	$ 838,044	$ 23	$ 355	$ 7	$ 1,926,860	$ 3,115,752
Investments	-	-	-	500,000	-	8,835,000	-	9,335,000
Receivables:								
Taxes/assessments	46,656	20,662	57,792	-	-	-	110,154	235,264
Governments	73,092	117,457	22,259	176	-	39,963	334,276	587,223
Resort tax	-	-	-	-	-	-	50,503	50,503
CDBG	-	-	-	-	-	-	221,661	221,661
Insurance	-	-	69,846	-	-	-	-	69,846
Other	6,032	-	-	-	-	-	15,835	21,867
Due from other funds	377,900	-	-	453,230	-	10,000	-	841,130
Inventories	-	95,651	-	-	-	-	24,739	120,390
Prepaid items	-	-	-	-	-	-	355	355
Total assets	$ 851,569	$236,344	$ 987,941	$953,429	$ 355	$ 8,884,970	$ 2,684,383	$ 14,598,991
LIABILITIES								
Accounts payable-vendors	$ 4,857	$ -	$ 8,448	$ -	$ 31,345	$ -	$ 7,149	$ 51,799
Due to other funds	-	-	-	2,300	550,000	276,600	12,230	841,130
Unearned revenue	-	-	-	-	-	-	2,500	2,500
Total liabilities	4,857	-	8,448	2,300	581,345	276,600	21,879	895,429
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-taxes/assessments	46,656	20,662	57,792	-	-	-	110,154	235,264
FUND BALANCES (DEFICITS)								
Nonspendable:								
Prepaid items	-	-	-	-	-	-	355	355
Inventory	-	95,651	-	-	-	-	24,739	120,390
Noncurrent portion of interfund receivable	-	-	-	-	-	5,000	-	5,000
Restricted for:								
General government	-	-	-	-	-	-	1,115,540	1,115,540
Public safety	-	-	921,701	-	-	-	184,803	1,106,504
Public works	-	120,031	-	-	-	-	198,869	318,900
Public health	-	-	-	-	-	-	100,937	100,937
Social and economic services	-	-	-	-	-	-	21,388	21,388
Culture and recreation	-	-	-	-	-	-	464,643	464,643
Housing and community development	-	-	-	-	-	-	221,661	221,661
Capital projects	-	-	-	-	-	8,603,370	199,227	8,802,597
Committed for:								
General government	-	-	-	951,129	-	-	-	951,129
Public safety	-	-	-	-	-	-	33,720	33,720
Unassigned	800,056	-	-	-	(580,990)	-	(13,532)	205,534
Total fund balances (deficits)	800,056	215,682	921,701	951,129	(580,990)	8,608,370	2,552,350	13,468,298
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 851,569	$236,344	$ 987,941	$953,429	$ 355	$ 8,884,970	$ 2,684,383	$ 14,598,991

PARK COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances, governmental funds	$ 13,468,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,183,306
Deferred inflows of resources related to taxes and assessments are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	235,264
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows:	
Pensions	1,602,747
Other post-employment benefits	45,194
Deferred inflows:	
Pensions	(1,770,255)
Other post-employment benefits	(10,577)
Long-term liabilities, such as notes payable, compensated absences, the net pension liability and the total other post-employment benefits liability, are not due and payable in the current period and, therefore, are not included in the funds.	(6,707,191)
Net position of governmental activities	$ 31,046,786

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General	Road	Public Safety	PILT	Road CIP	General Capital Improvement	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes/assessments	$ 2,040,400	$ 479,207	$ 1,407,380	$ -	$ -	$ -	$ 3,058,953	$ 6,985,940
Fines and forfeitures	115,765	-	-	-	-	-	20,325	136,090
Licenses and permits	35,050	12,919	3,605	-	-	-	8,426	60,000
Intergovernmental	571,701	700,954	208,604	1,469,004	30,000	-	1,540,420	4,520,683
Charges for services	435,114	176	108,895	-	-	-	253,358	797,543
Investment earnings	45,861	-	-	11,160	40	170,927	29,936	257,924
Miscellaneous	68,340	3,701	4,288	5,553	-	-	108,320	190,202
Total revenues	3,312,231	1,196,957	1,732,772	1,485,717	30,040	170,927	5,019,738	12,948,382
EXPENDITURES								
Current:								
General government	2,816,751	-	-	53,822	-	-	504,272	3,374,845
Public safety	135,638	-	2,264,183	330,910	-	-	659,459	3,390,190
Public works	127,227	1,345,159	-	68	14,449	24,156	568,937	2,079,996
Public health	436,896	-	-	-	-	-	206,709	643,605
Social and economic services	187,480	-	-	5,000	-	-	212,665	405,145
Culture and recreation	4,385	-	-	-	-	-	1,079,497	1,083,882
Housing and community development	53,954	-	-	-	-	-	85,000	138,954
Other current charges	-	-	-	-	-	-	404,665	404,665
Debt service:								
Principal	-	24,156	-	24,697	-	-	68,393	117,246
Interest and other charges	-	6,664	-	4,795	-	-	20,605	32,064
Capital outlay	6,289	-	68,127	-	879,811	3,885	207,497	1,165,609
Intergovernmental	-	-	-	-	-	-	117,814	117,814
Total expenditures	3,768,620	1,375,979	2,332,310	419,292	894,260	28,041	4,135,513	12,954,015
Excess (deficiency) of revenues over expenditures	(456,389)	(179,022)	(599,538)	1,066,425	(864,220)	142,886	884,225	(5,633)
OTHER FINANCING SOURCES (USES)								
Insurance recoveries	-	240	6,078	-	-	-	-	6,318
Sale of capital assets	-	725	96,458	-	-	-	-	97,183
Transfers in	469,327	520,836	742,864	-	269,999	7,167	789,327	2,799,520
Transfers out	(53,071)	(148,758)	(51,200)	(975,309)	-	(167,351)	(1,351,973)	(2,747,662)
Total other financing sources (uses)	416,256	373,043	794,200	(975,309)	269,999	(160,184)	(562,646)	155,359
Net change in fund balances	(40,133)	194,021	194,662	91,116	(594,221)	(17,298)	321,579	149,726
Fund balances - beginning	840,189	21,661	727,039	860,013	13,231	8,625,668	2,230,771	13,318,572
Fund balances (deficits) - ending	$ 800,056	$ 215,682	$ 921,701	$ 951,129	$ (580,990)	$ 8,608,370	$ 2,552,350	$ 13,468,298

PARK COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 149,728
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation expense.	
This is the amount by which capital outlay ($1,165,609) exceeded depreciation ($1,142,786) in the current period.	22,823
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position.	(45,227)
Donated capital assets.	2,390,597
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	13,818
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense.	315,289
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt principal repayments.	117,246
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(26,913)
Other post-employment benefits	(125,250)
Change in net position of governmental activities	$ 2,812,109

PARK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2019

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 51,309	$ 265,266	$ 316,575
Receivables:			
Taxes/assessments	19,860	242,683	262,543
Total current assets	71,169	507,949	579,118
Non-current assets:			
Restricted assets:			
Cash and cash equivalents	151,551	-	151,551
Investments	1,345,512	-	1,345,512
	1,497,063	-	1,497,063
Capital assets:			
Land	-	52,528	52,528
Buildings and improvements	54,241	397,007	451,248
Equipment and furniture	598,875	1,361,650	1,960,525
Less: accumulated depreciation	(617,378)	(1,247,157)	(1,864,535)
	35,738	564,028	599,766
Total non-current assets	1,532,801	564,028	2,096,829
Total assets	1,603,970	1,071,977	2,675,947
DEFERRED OUTFLOWS OF RESOURCES			
Pension plans	-	62,918	62,918
Other post-employment benefits	-	3,121	3,121
Total deferred outflows of resources	-	66,039	66,039
LIABILITIES			
Current liabilities:			
Compensated absences	-	6,838	6,838
Non-current liabilities:			
Compensated absences	-	61,539	61,539
Landfill closure/postclosure costs payable	1,404,502	-	1,404,502
Net pension liability	-	251,049	251,049
Total other post-employment benefits liability	-	82,946	82,946
Total non-current liabilities	1,404,502	395,534	1,800,036
Total liabilities	1,404,502	402,372	1,806,874
DEFERRED INFLOWS OF RESOURCES			
Pension plans	-	50,058	50,058
Other post-employment benefits	-	730	730
Total deferred inflows of resources	-	50,788	50,788
NET POSITION			
Net investment in capital assets	35,738	564,028	599,766
Restricted:			
Landfill closure/postclosure	92,561	-	92,561
Unrestricted	71,169	120,828	191,997
Total net position	$ 199,468	$ 684,856	$ 884,324

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2019

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
REVENUES			
Charges for services	$ -	$ 27,605	$ 27,605
Assessment revenue	77	1,244,039	1,244,116
Total operating revenues	77	1,271,644	1,271,721
OPERATING EXPENSES			
Personal services	-	438,855	438,855
Supplies	-	60,444	60,444
Purchased services	1,238	728,308	729,546
Fixed charges	21,906	55,568	77,474
Depreciation	7,065	64,540	71,605
Total operating expenses	30,209	1,347,715	1,377,924
Operating loss	(30,132)	(76,071)	(106,203)
NON-OPERATING REVENUES			
Interest and investment revenue	16,393	-	16,393
Miscellaneous revenue	-	45	45
Operating grants and contributions	-	5,632	5,632
Gain on disposal of capital assets	-	1,030	1,030
Total non-operating revenues	16,393	6,707	23,100
Loss before transfers	(13,739)	(69,364)	(83,103)
Transfers out	-	(51,858)	(51,858)
Change in net position	(13,739)	(121,222)	(134,961)
Net position - beginning	213,207	806,078	1,019,285
Net position - ending	$ 199,468	$ 684,856	$ 884,324

PARK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2019

	Business-type Activities		
	Landfill	Refuse Facility	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,439	$ 1,245,372	$ 1,246,811
Cash paid to employees	-	(408,296)	(408,296)
Cash paid to suppliers for goods and services	(23,144)	(844,320)	(867,464)
Net cash used by operating activities	(21,705)	(7,244)	(28,949)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from miscellaneous sources	-	45	45
Cash paid for operating transfers out	-	(51,858)	(51,858)
Cash paid for landfill closure/postclosure care costs	(41,901)	-	(41,901)
Net cash used by noncapital financing activities	(41,901)	(51,813)	(93,714)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Cash received from sale of capital assets	-	1,030	1,030
Net cash provided by capital financing activities	-	1,030	1,030
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net change in investments	(127,808)	-	(127,808)
Interest received	16,393	-	16,393
Net cash used by investing activities	(111,415)	-	(111,415)
Change in cash and cash equivalents	(175,021)	(58,027)	(233,048)
Cash and cash equivalents - beginning (Landfill includes restricted cash and cash equivalents of $336,899)	377,881	323,293	701,174
Cash and cash equivalents - ending (Landfill includes restricted cash and cash equivalents of $151,551)	$ 202,860	$ 265,266	$ 468,126
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	$ (30,132)	$ (76,071)	$ (106,203)
Adjustment to reconcile operating loss to net cash used by operating activities:			
Depreciation	7,065	64,540	71,605
Other post-employment benefits	-	7,983	7,983
Pensions	-	11,687	11,687
Increase (decrease) in taxes/assessments receivable	1,362	(26,272)	(24,910)
Decrease in compensated absences	-	10,889	10,889
Net cash used by operating activities	$ (21,705)	$ (7,244)	$ (28,949)

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	External Investment Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 4,269,294	$ 926,133
Investments	60,557	-
Taxes/assessments receivable	-	791,019
Total assets	4,329,851	$ 1,717,152
LIABILITIES		
Accounts payable	-	$ 347,328
Due to special districts	-	50,742
Due to state	-	333,040
Due to schools	-	419,360
Due to cities/towns	-	566,682
Total liabilities	-	$ 1,717,152
NET POSITION		
Net position held in trust for external participants	$ 4,329,851	

See notes to basic financial statements.

PARK COUNTY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2019

	External Investment Trust Fund
ADDITIONS	
Contributions	$ 8,485,518
Interest	73,630
Total additions	8,559,148
DEDUCTIONS	
Distribution of investments	8,921,587
Change in net position	(362,439)
Net position - beginning	4,692,290
Net position - ending	$ 4,329,851

See notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the government have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The government adopted the provisions of the following GASB statement:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The government's significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the government has included all funds, organizations, agencies, boards, commissions and authorities. The government has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the government's financial statements to misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. Based on the criteria established by the Governmental Accounting Standards Board, the government has no component units.

Related Organizations - The Board of County Commissioners is responsible for appointing members of the boards of other organizations, but the government's accountability for these organizations does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. 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. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 fund and fiduciary fund 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 revenue as soon as all 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

The government reports the following major governmental funds:

The general fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major.

The road fund accounts for resources accumulated from property taxes and state entitlement and payments made for the maintenance, repair and construction of county-owned roads.

The public safety fund accounts for resources accumulated from property taxes, state entitlement and charges for services and payments made for providing law enforcement and public safety services.

The PILT fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Payments made from the fund are at the discretion of the Board of County Commissioners.

The road CIP and general capital improvement funds account for financial resources earmarked or segregated for the acquisition and construction of major capital facilities, purchase of equipment and other project-oriented activities.

The government reports the following major proprietary funds:

The landfill and refuse facility funds account for the activities of the government's landfill and sanitation services.

Additionally, the government reports the following fund types:

The government's investment trust fund accounts for the external portion of the cash management pool, which represents resources that belong to legally separate entities.

Agency funds are custodial in nature and are used to account for assets that the government holds for others in an agency capacity.

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The investment pool is not registered with the SEC. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool. 22% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is an investment program managed and administered under the direction of the Montana Board of Investments (MBOI) as authorized by the Unified Investment Program. The STIP portfolio is reported at fair value versus amortized cost.

The pool unit value is fixed at $1 for purchases and redemptions. Income is automatically reinvested in additional units. The government did not provide or obtain any legally binding guarantees to support the value of the units. The pool does not include any involuntary participants.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The government had no nonrecurring fair value measurements. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year. The government does not charge an administrative fee to all participants in the pool or individual investment accounts.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

Inventories and Prepaids

All inventories are valued at cost. Inventories are recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

The government is required by state and federal laws and regulations to make annual contributions to a trust to finance the closure and postclosure care costs of its landfill. The amount is reported as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 for machinery and equipment, $10,000 for buildings and improvements and $25,000 for infrastructure and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is determined as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2019. Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	10-15
Infrastructure	50
Buildings	40-100
Machinery and equipment	5-30

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is restricted under State statute to a maximum accumulation of two times the amount earned annually. Sick leave is accumulated at 12 days per year with no limitations on the amount that may be accumulated. Upon retirement or resignation, an employee is eligible for 100 percent of the accumulated vacation leave and 25 percent of the accumulated sick leave.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the government's statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The government has two items that meet this criterion: pension plans and other post-employment benefits.

In addition to liabilities, the statements of net position will sometimes 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 and so will not be recognized as revenue until then. The government has two items that meet the criterion for this category: pension plans and other post-employment benefits.

In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The government will not recognize the related revenues until they are available under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.

Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.

Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - any portion of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Proprietary fund equity is classified the same as in the government-wide statements.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority (i.e., governing body). The government establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The governing body has, by resolution, authorized the finance director and/or commissioners to assign fund balance. There was no assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the government considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Gardiner Lights ($2,229), Disaster ($11,303) and Road CIP ($580,990) funds had deficit fund balances as of June 30, 2019. The Gardiner Lights fund deficit occurred because current year expenditures exceeded current year revenues. The deficit is expected to be eliminated with future tax collections. The Disaster fund deficit is a carryover from the prior year and is expected to be eliminated through a transfer from the Road fund. The deficit in the Road CIP fund occurred because the fund paid off emergency repairs for 2018 flooding and the Convict Grade Bridge replacement. The deficit is expected to be eliminated with an INTERCAP loan through the Montana Board of Investments.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

The government's cash, cash equivalents and investments are reported as follows:

Governmental activities	$ 12,450,752
Business-type activities	1,813,638
Fiduciary funds	5,255,984
	$ 19,520,374

Total carrying value of cash, cash equivalents and investments as of June 30, 2019, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	$ 3,430	$ -	$ 3,430
Cash in banks:			
Demand deposits	(229,833)	-	(229,833)
Savings deposits	267,695	-	267,695
Time deposits	-	3,810,557	3,810,557
U.S. Government securities	-	6,930,512	6,930,512
Broker money market	151,551	-	151,551
Short-term Investment Program (STIP)	8,586,462	-	8,586,462
	$ 8,779,305	$ 10,741,069	$ 19,520,374

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2019, $568,698 of the government's bank balance of $4,874,780 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	$ 568,698

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2019, exceeded the amount required by state statute.

Fair value measurements are as follows at June 30, 2019:

		Fair Value Measurements Using		
Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
U.S. Government securities	$ 6,930,622	$ 6,930,622	$ -	$ -
State Short-Term Investment Program (STIP)	8,587,664			
	$ 15,518,286			

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. The government had no investments categorized as Level 2 or 3 inputs.

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle". This pool is managed to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested for one or more days and redeemed with one business days' notice. The government's STIP ownership is represented by shares. Share prices are fixed at $1.00 per share for transactional purposes. The STIP investment portfolio consists of securities with maximum maturity of 2 years or less. The portfolio is reported at fair value for financial reporting purposes. STIP income is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares.

Interest Rate Risk. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, under state statute, an investment may not have a maturity date exceeding 5 years, except when the investment is used in an escrow account to refund an outstanding bond issue in advance.

Credit Risk. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). The STIP portfolio is reported on at fair value versus amortized cost. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

Investments made by the government are summarized below. The investments that are represented by specific identifiable investment securities are categorized in the following manner: Category 1-Insured or registered, with securities held by the government or its agent in the government's name; Category 2-Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; Category 3-Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

	Custodial Credit Risk Category			Carrying	Fair
	1	2	3	Amount	Value
U.S. government securities	$ 1,500,000	$ -	$ 5,430,512	$ 6,930,512	$ 6,930,622
Broker money market	151,551	-	-	151,551	151,551
	$ 1,651,551	$ -	$ 5,430,512	7,082,063	7,082,173
Uncategorized					
STIP				8,586,462	8,587,664
				$ 15,668,525	$ 15,669,837

Following is the condensed schedule of changes in net position for the investment pool for the year ended June 30, 2019:

	Internal	External	Total
Net position - beginning of year	$ 15,518,431	$ 4,692,290	$ 20,210,721
Contributions from participants	12,458,516	8,485,518	20,944,034
Investment earnings/change in fair value	277,125	73,630	350,755
Distributions to participants	(13,063,549)	(8,921,587)	(21,985,136)
Net position - end of year	$ 15,190,523	$ 4,329,851	$ 19,520,374

Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 622,193	$ -	$ -	$ 622,193
Construction-in-progress	587,933	715,235	(587,933)	715,235
Total capital assets, not being depreciated	1,210,126	715,235	(587,933)	1,337,428
Capital assets, being depreciated				
Buildings/improvements	7,234,612	-	-	7,234,612
Improvements other than buildings	4,574,561	22,310	-	4,596,871
Machinery and equipment	7,256,954	366,893	(148,424)	7,475,423
Infrastructure	11,599,816	3,039,701	(16,392)	14,623,125
Total capital assets, being depreciated	30,665,943	3,428,904	(164,816)	33,930,031
Less accumulated depreciation for:				
Buildings/improvements	(3,315,624)	(136,494)	-	(3,452,118)
Improvements other than buildings	(1,563,418)	(231,245)	-	(1,794,663)
Machinery and equipment	(4,407,555)	(516,955)	118,742	(4,805,768)
Infrastructure	(774,359)	(258,092)	847	(1,031,604)
Total accumulated depreciation	(10,060,956)	(1,142,786)	119,589	(11,084,153)
Total capital assets, being depreciated, net	20,604,987	2,286,118	(45,227)	22,845,878
Governmental activities capital assets, net	$ 21,815,113	$ 3,001,353	$ (633,160)	$ 24,183,306

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	$ 118,547
Public safety	280,379
Public works	655,272
Public health	3,393
Social and economic	30,564
Culture and recreation	54,631
Total depreciation-governmental activities	$ 1,142,786

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 52,528	$ -	$ -	$ 52,528
Total capital assets, not being depreciated	52,528	-	-	52,528
Capital assets, being depreciated				
Buildings and systems	299,952	-	-	299,952
Improvements other than buildings	151,296	-	-	151,296
Machinery and equipment	2,258,283	-	(297,758)	1,960,525
Total capital assets, being depreciated	2,709,531	-	(297,758)	2,411,773
Less accumulated depreciation for:				
Buildings and systems	(106,929)	(9,948)	-	(116,877)
Improvements other than buildings	(79,852)	(7,237)	-	(87,089)
Machinery and equipment	(1,903,907)	(54,420)	297,758	(1,660,569)
Total accumulated depreciation	(2,090,688)	(71,605)	297,758	(1,864,535)
Total capital assets, being depreciated, net	618,843	(71,605)	-	547,238
Business-type activities capital assets, net	$ 671,371	$ (71,605)	$ -	$ 599,766

Depreciation expense was charged to business-type activities as follows:

Business-type activities:	
Landfill	$ 7,065
Refuse facility	64,540
Total depreciation-business-type activities	$ 71,605

Interfund Transfers, Receivables and Payables

Interfund transfers consisted of the following:

	Transfer In	Transfer Out	Total
Governmental activities:			
General	$ 469,327	$ (53,071)	$ 416,256
Road	520,836	(148,758)	372,078
Public safety	742,864	(51,200)	691,664
PILT	-	(975,309)	(975,309)
Road CIP	269,999	-	269,999
General capital improvement	7,167	(167,351)	(160,184)
Nonmajor governmental funds	789,327	(1,351,973)	(562,646)
	$ 2,799,520	$ (2,747,662)	$ 51,858
Business-type activities:			
Landfill	$ -	$ (51,858)	$ (51,858)

Transfers are normal recurring amounts used to fund operations of various governmental and business-type activities.

Interfund balances as of June 30, 2019, consisted of the following:

	Due from funds	Due to funds	Long-term portion
Governmental activities:			
General (2)	$ 377,900	$ -	$ -
PILT (2)	453,230	(2,300)	-
General capital improvement (1), (2)	10,000	(276,600)	5,000
Road CIP (1), (2), (3)	-	(550,000)	-
Nonmajor governmental funds (1), (2)	-	(12,230)	(5,000)
Total governmental activities	$ 841,130	$ (841,130)	$ -

1. Equipment purchases
2. Cover cash overdraft
3. CIP projects

Operating Leases

The government leases equipment under noncancelable operating leases. Total rental expenses for operating leases were $36,527 for the year ended June 30, 2019. Scheduled minimum rental payments for succeeding years ending June 30, are as follows:

Year ending June 30,	
2020	$ 32,978
2021	30,085
2022	17,750
2023	6,798
2024	3,795
	$ 91,406

Long-Term Debt

Notes from direct borrowings consist of the following:

	Original Amount	Term	Interest Rate	Payment	Balance June 30, 2019
Durapatcher-2011	$ 77,500	10 yr	1.63%	Annual	$ 15,500
Dispatch and equipment-2017 (1)	357,500	7 yr	3.37%	Semi-annual	289,554
Search and rescue building-2013 (1)	700,000	15 yr	3.37%	Semi-annual	573,910
(1) INTERCAP, through Montana Board of Investments					$ 878,964

Notes from direct borrowings (INTERCAP) include a provision that interest is adjusted each February 1st, up to a maximum of 15 percent. The loans are general obligation that requires backing by the full faith and credit of the government and obligates the government to levy a tax sufficient to repay the obligation.

Annual debt service requirements to maturity for notes from direct borrowings are as follows:

Year ending June 30,	Governmental Activities Principal	Interest	Total
2020	$ 118,777	$ 28,410	$ 147,187
2021	120,715	24,597	145,312
2022	114,946	20,577	135,523
2023	116,971	16,687	133,658
2024	119,037	12,728	131,765
2025-2028	288,518	20,402	308,920
	$ 878,964	$ 123,401	$ 1,002,365

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Notes payable	$ 996,210	$ -	$ (117,246)	$ 878,964	$ 118,777
Compensated absences	477,745	26,913	-	504,658	50,466
Governmental activity long-term liabilities	$ 1,473,955	$ 26,913	$ (117,246)	$ 1,383,622	$ 169,243
Business-type activities:					
Compensated absences	$ 57,488	$ 10,889	$ -	$ 68,377	$ 6,838
Business-type activity long-term liabilities	$ 57,488	$ 10,889	$ -	$ 68,377	$ 6,838

For the governmental activities, notes payable are liquidated by several governmental funds and compensated absences are liquidated from where the terminated employee was paid from.

Landfill Postclosure

The landfill was officially closed in the fall of 2016. A final cover was placed on the landfill site in accordance with state and federal regulations The government is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The postclosure care costs will be paid on an annual basis and will reduce the postclosure care liability. $1,404,502 is reported as a landfill postclosure care liability as of June 30, 2019. Actual postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations. If additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations), these costs may need to be covered by charges to future landfill users or from future tax revenue.

In prior years, the government was required by state and federal laws and regulations to make annual contributions to a trust to finance postclosure care costs and corrective action. The government is in compliance with the requirements, and, as of June 30, 2019, $1,497,063 had been set aside for this purpose and is restricted and reported on the statement of net position as "restricted assets." The government expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The following changes occurred in the closure and postclosure care liability during the year ended June 30, 2019:

Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
$ 1,446,403	$ -	$ (41,901)	$ 1,404,502

NOTE 4. OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability (i.e., errors and omissions); workers compensation (i.e., employee injuries); medical insurance costs; and environmental damages. A variety of methods is used to provide insurance for these risks. Policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs. The government participates in a state-wide public risk pool, MACO, for workers' compensation coverage. The government pays monthly premiums for its employee injury insurance coverage. The agreement for formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. The government also participates in MACO's Joint Powers Insurance Authority which offers insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Given lack of coverage available, the government has no coverage for potential losses from environmental damages.

Interlocal Agreements

The City of Livingston and Park County entered into an agreement to fund a library for City and County residents. The City maintains the library accounting records and includes the financial activities of the library in its financial statements. The County contributed $338,966 during fiscal year 2019.

The City of Livingston and Park County entered into agreements for the City-County Law Enforcement Dispatch Center and ambulance services. The City provides dispatch and ambulance services to the County. The County contributed $329,196 and $241,127, respectively, during fiscal year 2019 for these services.

The City-County Airport is owned and operated jointly by the City of Livingston and Park County. The operation of the airport is accounted for by the County. The airport is administered by a five-member board, consisting of the two City-appointed members, two County-appointed members and one member-at-large appointed by the Airport Board. The budget is approved by the controlling members. The Airport Board exercises control over the airport's normal operations.

Subsequent Events

In August 2019, the government entered into a loan agreement with the Montana Board of Investments. The loan amounted to $560,000 for 15 years, with an interest rate of 3.37 percent.

Commitments and Contingencies

At year-end, the government had commitments outstanding, in the form of contracts, of approximately $865,000, primarily for construction projects and equipment.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time. although the government expects such amounts, if any to be immaterial.

Retirement Plans

Plan Descriptions

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA) The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

The Sheriffs' Retirement System (SRS), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the SRS web site at mpera.mt.gov.

Pension Benefits

Public Employees Retirement System
Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2) if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2) if between 10 and 30 years of membership service,1.785 of HAC multiplied by years of service credit, or 3) if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

Second retirement applies to plan members re-employed in a PERS position after retirement. Plan members who retire before January 1, 2016 and accumulate less than 2 years' additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years' additional service credit receive a refund of the plan member's contributions from the second employment plus regular interest at .77%.

Plan members who retire before January 1, 2016 and accumulate at least 2 years of additional service credit receive a recalculated retirement benefit based on the laws in effect at second retirement. Plan members who retire on or after January 1, 2016 and accumulate 5 or more years of additional service credit receive the same retirement benefit as prior to their return to service and a second retirement benefit for the second period of service based on the laws in effect at second retirement.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1% for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

Sheriff's Retirement System
SRS provides retirement, disability and death benefits. Members with 20 years of membership service are eligible to retire. Retirement benefits are determined as 2.5 percent of the member's highest average compensation (HAC) multiplied by years of service credit.

For plan members hired prior to July 1, 2011, HAC is determined during any consecutive 36 months. For plan members hired on or after July 1, 2011, HAC is determined during any consecutive 60 months. For plan members hired on or after July 1, 2013, HAC is determined on 110% annual cap on compensation. Members age 50 with 5 years of membership service are eligible for early retirement. Retirement benefits are determined using HAC and years of service credit at early retirement, reduced to the actuarial equivalent.

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

Second Retirement applies to retirement system members re-employed in a SRS position on or after July 1, 2017. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member a) is not awarded service credit for the period of reemployment; b) is refunded the accumulated contributions associated with the period of reemployment; c) starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and d) does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member: is awarded service credit for the period of reemployment. Starting the first month following termination of service, the member receives the same retirement benefit previously paid to the member and a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members rehire date. The member does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA on the initial retirement benefit in January immediately following second retirement, and on the second retirement benefit starting in January after receiving that benefit for at least 12 months. A member who returns to covered service is not eligible for a disability benefit.

Member and Employer Contributions

Public Employees Retirement System

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.57% of each member's compensation. This was temporarily increased from 7.07% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The additional employer contributions terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Sheriff's Retirement System

Members contribute 10.495% of their compensation. Interest is credited at rates determined by the Board. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions. Employers contribute 13.115% of each member's compensation. The rate increased from 10.115% to 13.115% on July 1, 2018.

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

At June 30, 2019, the government recorded a liability of $3,258,699 (PERS) and $1,114,703 (SRS) for its proportionate share of the net pension liability.

PERS has a special funding situation in which the State of Montana is legally responsible for making contributions directly to PERS on behalf of the government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability. The government's and State of Montana's proportionate share of the net pension liability are presented below:

	Net Pension Liability June 30, 2019	
	PERS	SRS
Employer proportionate share	$ 3,258,699	$ 1,114,703
State of Montana proportionate share associated with employer	1,095,427	-
Total	$ 4,354,126	$ 1,114,703

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 for PERS and SRS. The government's proportion of the net pension liability was based on the government's contributions received by PERS and SRS during the measurement period July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all PERS and SRS participating employers. At June 30, 2019, the government's proportion was .1561 and 1.4829 percent for PERS and SRS, respectively.

For the year ended June 30, 2019, the government recognized $201,750 (PERS) and ($65,589) (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of $73,108 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was $274,858 and ($65,589) for PERS and SRS, respectively.

At June 30, 2019, the government reported its proportionate share of PERS and SRS deferred outflows and inflows of resources from the following sources:

	PERS		SRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 247,802	$ -	$ 61,480	$ 2,483
Changes in actuarial assumptions	277,103	-	633,885	1,054,086
Difference between projected and actual investment earnings	-	50,608	-	31,204
Changes in the proportion and differences between actual and expected contributions	-	599,156	-	82,776
Employer contributions subsequent to measurement date	291,798	-	153,597	-
	$ 816,703	$ 649,764	$ 848,962	$ 1,170,549

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	PERS	SRS
2020	$ 83,977	$ (121,245)
2021	39,468	(147,768)
2022	(227,508)	(202,075)
2023	(20,796)	(4,096)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	SRS
Investment rate of return, net of investment and administrative expenses	7.65%	7.65%
Salary increases	3.50%	3.50%
Inflation	2.75%	2.75%

Mortality rates for the PERS and SRS retirement plans are based on the RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 using Scale BB, set back one year for males.

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the PERS and SRS plans. The most recent PERS and SRS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce 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. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the PERS and SRS target asset allocation as of June 30, 2018, and are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.6%	4.00%
Domestic equity	36.0%	4.55%
Foreign equity	18.0%	6.35%
Fixed income	23.4%	1.00%
Private equity	12.0%	7.75%
Real estate	8.0%	4.00%
	100.0%	

Discount Rate

Public Employees Retirement System
The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school governments. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. 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. No municipal bond rate was incorporated in the discount rate.

Sheriff's Retirement System (SRS)
The discount rate used to measure the total pension liability was 7.65%. 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 2118. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share of the PERS and SRS net pension liability calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.65%) or 1.00% higher (8.65%) than the current rate.

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net pension liability-PERS	$ 4,712,833	$ 3,258,699	$ 2,064,623
Net pension liability-SRS	2,028,611	1,114,703	366,289

Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

Plan Description. The government provides postemployment health care benefits in accordance with Montana Code Annotated, Title 2, Chapter 18, Section, 704 to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions, and (2) surviving dependents of deceased employees. Retirement eligibility is determined based on the minimum of (1) reaching age 50 with at least 5 years of membership service or (2) reaching 25 years of membership at any age. The OPEB plan is a single-employer defined benefit plan administered by the government. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs, and covers these costs when they come due. The above described OPEB plan does not provide a stand-alone financial report.

Benefits provided: The government provides healthcare insurance benefits for retirees and their dependents upon reaching the age and service years defined in 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums.

Employees Covered by Benefit Terms. As of June 30, 2019, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active plan members	92
	99

Total OPEB Liability

The total OPEB liability of $1,284,162 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018.

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

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal funding.
Salary increases	4%
Discount rate	3.87% (based on the 20 year municipal bond index).
Healthcare costs trend rates	7.0% for 2019, decreasing 0.5% per year to an ultimate rate of 3.8% for 2075 and years later.
Participation	45% of future retirees are assumed to elect medical coverage.
Mortality	For PERS and SRS: RP 2000 Healthy Combined Mortality Table projected to 2015 using Scale AA with no collar adjustment for males or females.

The actuarial assumptions used in the June 20, 2018 valuation were based on the results of the age 65 per capita claims cost for the period of July 1, 2017 through June 2018.

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

Total OPEB liability - beginning of year	$	1,154,672
Service cost		112,525
Interest on the total OPEB liability		46,842
Benefits payments		(29,877)
Net change in total OPEB liability		129,490
Total OPEB liability - end of year	$	1,284,162

Changes of benefit terms reflect revised health care trend rates and retiree contribution increases based on revised projects and future increases to retirees contributions to match health care cost trend rates. Changes of assumptions and other inputs reflect a change in status, trend, discount and other inputs.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the employer's total OPEB liability calculated using the discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (2.87%) or 1.00% higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$ 1,394,662	$ 1,284,162	$ 1,183,320

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 2.8%) or 1-percentage-point higher (8.0% decreasing to 4.8%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 2.8%)	Healthcare Cost Trend Rates (7.0% decreasing to 3.8%)	1% Increase (8.0% decreasing to 4.8%)
Total OPEB liability	$ 1,125,306	$ 1,284,162	$ 1,471,954

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the government recognized OPEB expense of $159,367. As of June 30, 2019, the government 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
Differences between expected and actual economic experience	$ 48,315	$ -
Changes in actuarial assumptions	-	11,307
	$ 48,315	$ 11,307

Amounts reported as deferred outflows of resources resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	
2020	$ 3,743
2021	3,743
2022	3,743
2023	3,743
2024	3,743
Thereafter	18,293

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, Leases. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, Conduit Debt Obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts				
	Original	Final	Actual Amounts, Budgetary Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
REVENUES					
Taxes/assessments	$ 2,008,244	$ 2,008,244	$ 2,040,400	$ -	$ 2,040,400
Fees and fines	115,000	115,000	115,765	-	115,765
Licenses and permits	22,500	22,500	35,050	-	35,050
Intergovernmental	540,627	540,627	504,225	67,476	571,701
Charges for services	380,544	380,544	435,114	-	435,114
Investment earnings	7,500	7,500	45,861	-	45,861
Miscellaneous	60,410	60,410	68,340	-	68,340
Total revenues	3,134,825	3,134,825	3,244,755	67,476	3,312,231
EXPENDITURES					
Current:					
General government	2,786,458	2,786,458	2,779,362	37,389	2,816,751
Public safety	136,483	136,483	132,602	3,036	135,638
Public works	120,169	120,169	113,232	13,995	127,227
Public health	435,995	435,995	430,493	6,403	436,896
Social and economic services	173,875	173,875	184,788	2,692	187,480
Culture and recreation	500	500	424	3,961	4,385
Housing and community development	48,954	48,954	53,954	-	53,954
Capital outlay	9,552	9,552	6,289	-	6,289
Total expenditures	3,711,986	3,711,986	3,701,144	67,476	3,768,620
Excess (deficiency) of revenues over expenditures	(577,161)	(577,161)	(456,389)	-	(456,389)
OTHER FINANCING SOURCES (USES)					
Transfers in	465,760	465,760	469,327	-	469,327
Transfers out	(55,950)	(55,950)	(53,071)	-	(53,071)
Total other financing sources (uses)	409,810	409,810	416,256	-	416,256
Net change in fund balance	$ (167,351)	$ (167,351)	(40,133)	-	(40,133)
Fund balance - beginning			840,189	-	840,189
Fund balance - ending			$ 800,056	$ -	$ 800,056

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Road Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ 481,967	$ 481,967	$ 479,207
Licenses and permits	15,800	15,800	12,919
Intergovernmental	577,988	577,988	700,954
Charges for services	-	-	176
Miscellaneous	-	-	3,701
Total revenues	1,075,755	1,075,755	1,196,957
EXPENDITURES			
Current:			
Public works	1,227,281	1,235,381	1,345,159
Debt service:			
Principal	44,934	44,934	24,156
Interest and other charges	12,376	12,376	6,664
Capital outlay	25,000	25,000	-
Total expenditures	1,309,591	1,317,691	1,375,979
Excess (deficiency) of revenues over expenditures	(233,836)	(241,936)	(179,022)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	-	240
Sale of capital assets	-	-	725
Transfers in	464,871	464,871	520,836
Transfers out	(207,116)	(207,116)	(148,758)
Total other financing sources (uses)	257,755	257,755	373,043
Net change in fund balance	$ 23,919	$ 15,819	194,021
Fund balance - beginning			21,661
Fund balance - ending			$ 215,682

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Public Safety Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Taxes/assessments	$ 1,415,864	$ 1,415,864	$ 1,407,380
Licenses and permits	500	500	3,605
Intergovernmental	208,585	208,585	208,604
Charges for services	91,500	91,500	108,895
Miscellaneous	6,000	6,000	4,288
Total revenues	1,722,449	1,722,449	1,732,772
EXPENDITURES			
Current:			
Public safety	2,265,397	2,406,253	2,264,183
Capital outlay	249,000	249,000	68,127
Total expenditures	2,514,397	2,655,253	2,332,310
Excess (deficiency) of revenues over expenditures	(791,948)	(932,804)	(599,538)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	-	6,078
Sale of capital assets	5,000	5,000	96,458
Transfers in	742,411	742,411	742,864
Transfers out	(51,200)	(51,200)	(51,200)
Total other financing sources (uses)	696,211	696,211	794,200
Net change in fund balance	$ (95,737)	$ (236,593)	194,662
Fund balance - beginning			727,039
Fund balance - ending			$ 921,701

See notes to required supplementary information.

PARK COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PILT Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		
	Original	Final	Actual Amounts
REVENUES			
Intergovernmental	$ 1,644,000	$ 1,644,000	$ 1,469,004
Investment earnings	4,000	4,000	11,160
Miscellaneous	900	900	5,553
Total revenues	1,648,900	1,648,900	1,485,717
EXPENDITURES:			
Current:			
General government	52,250	57,750	53,822
Public safety	303,197	303,197	330,910
Public works	100	100	68
Social and economic services	-	-	5,000
Debt service:			
Principal	24,697	24,697	24,697
Interest and other charges	4,795	4,795	4,795
Total expenditures	385,039	390,539	419,292
Excess (deficiency) of revenues over expenditures	1,263,861	1,258,361	1,066,425
OTHER FINANCING USES			
Transfers out	(1,004,150)	(1,004,150)	(975,309)
Total other financing uses	(1,004,150)	(1,004,150)	(975,309)
Net change in fund balance	$ 259,711	$ 254,211	91,116
Fund balance - beginning			860,013
Fund balance - ending			$ 951,129

See notes to required supplementary information.

BUDGETARY INFORMATION

Money may not be disbursed, expended or obligated except pursuant to an appropriation for which working capital is or will be available. The final budget is legally enacted by the governing body by the first Thursday after the first Tuesday in September or within 30 calendar days of receiving certified taxable values from the department of revenue, after holding public hearings as required by state statute. Budgeted fund expenditures/expenses are limited by state law to budgeted amounts. Budgets may be amended for circumstances described by state law. The budgeted amounts as shown in the financial statements are as originally adopted or as revised by legal budget transfers and amendments, if applicable. All appropriations, except for construction-in-progress, lapse at year-end. The government does not utilize a formal encumbrance accounting system.

The difference between budget and actual results for the general fund are related to the on-behalf pension revenues and expenditures.

PARK COUNTY
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA
For the Years Ended June 30,

Public Employees Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	$ 291,798	$ 217,482	$ 214,614	$ 212,925	$ 209,627
Contributions in relation to the contractually required contributions	291,798	217,482	214,614	212,925	209,627
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 2,810,418	$ 2,567,692	$ 2,564,017	$ 2,421,961	$ 2,388,307
Contributions as a percentage of covered payroll	10.38%	8.47%	8.37%	8.79%	8.78%

Sheriffs' Retirement System:	2019	2018	2017	2016	2015
Contractually required contributions	$ 153,597	$ 153,717	$ 114,388	$ 116,115	$ 110,946
Contributions in relation to the contractually required contributions	153,597	153,717	114,388	116,115	110,946
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 1,171,155	$ 1,150,523	$ 1,130,869	$ 1,120,309	$ 1,093,721
Contributions as a percentage of covered payroll	13.12%	13.36%	10.12%	10.36%	10.14%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PARK COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES AND SHERIFFS' RETIREMENT SYSTEMS OF MONTANA
For the Years Ended June 30,

Public Employees Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.1561%	0.2067%	0.2022%	0.2047%	0.2242%
Employer's proportionate share of the net pension liability associated with the employer	$ 3,258,699	$ 4,025,616	$ 3,444,108	$ 2,860,745	$ 2,793,286
State of Montana's proportionate share of the net pension liability associated with the employer	1,095,427	57,927	42,083	35,139	34,110
Total	$ 4,354,126	$ 4,083,543	$ 3,486,191	$ 2,895,884	$ 2,827,396
Employer's covered payroll	$ 2,567,692	$ 2,564,017	$ 2,421,961	$ 2,388,307	$ 2,559,683
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	126.91%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.47%	73.75%	74.71%	78.40%	79.87%

Sheriffs' Retirement System:	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.4829%	1.5115%	1.5870%	1.6073%	1.5860%
Employer's proportionate share of the net pension liability associated with the employer	$ 1,114,703	$ 1,150,173	$ 2,787,990	$ 1,549,455	$ 660,064
State of Montana's proportionate share of the net pension liability associated with the employer	-	-	-	-	-
Total	$ 1,114,703	$ 1,150,173	$ 2,787,990	$ 1,549,455	$ 660,064
Employer's covered payroll	$ 1,150,523	$ 1,130,869	$ 1,120,309	$ 1,093,721	$ 1,025,736
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	96.89%	101.71%	248.86%	141.67%	64.35%
Plan fiduciary net position as a percentage of the total pension liability	82.68%	81.30%	63.00%	75.40%	87.24%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS:

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

Refunds:

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

Interest Credited to Member Accounts:

- The interest credited to member accounts increased from 0.25% to 0.77%.

Lump-sum Payouts:

- Lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members:

- PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Sheriffs' Retirement System

Changes of Benefit Terms:

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

2017:

1. Increase in SRS Employee and Employer Contributions, effective July 1, 2017:
    - SRS employee contributions increase 1.25% from 9.245% to 10.495%.
    - SRS employer additional contributions increase 3%, from 0.58% to 3.58%, for a total employer contributions rate of 13.115%.
    - SRS employee contributions will return to 9.245% and SRS employer contributions will return to 9.535% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years.

Second Retirement Benefit - for SRS:

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

2. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

- is not awarded service credit for the period of reemployment;
- is refunded the accumulated contributions associated with the period of reemployment;
- starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

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

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

Refunds:

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

Interest credited to member accounts:

- Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts:

- Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Changes in actuarial assumptions and other inputs:

Method and assumptions used in calculations of actuarially determined contributions:

Acturial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.65%, net of pension plan investment expense and including inflation

PARK COUNTY
SCHEDULE OF CHANGES IN THE TOTAL OTHER POST-EMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
For the Years Ended June 30,

Schedule of Changes in the Total OPEB Liability

	2019	2018
Total OPEB liability - beginning of year	$ 1,154,672	$ 987,179
Service cost	112,525	110,848
Interest cost	46,842	40,328
Differences in experience	-	53,200
Changes in assumption	-	(12,449)
Benefit payments	(29,877)	(24,434)
Total OPEB liability - end of year	$ 1,284,162	$ 1,154,672
Covered-employee payroll	$ 4,143,314	$ 3,983,956
Total OPEB liability as a percentage of covered-employee payroll	30.99%	28.98%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.	3.87%	3.87%

Differences in experience measure the expected versus actual claims experience.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass-through Grantor's Number	Program or Award Amount	Balance July 1, 2018	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2019
U.S. Department of Transportation:								
Direct Program:								
Airport Improvement Program	20.106	DOT-FA18NM-2052	$ 152,381	$ -	$ 31,410	$ 51,040	$ -	$ (19,630)
Total direct program				-	31,410	51,040	-	(19,630)
Passed through the Montana Department of Transportation:								
Formula Grants for Rural Areas and Tribal Transit Progra	20.509	109518	59,924	(16,392)	28,096	-	(11,704)	-
Formula Grants for Rural Areas and Tribal Transit Progra	20.509	110043	60,000	-	47,498	60,000	-	(12,502)
Total pass-through program				(16,392)	75,594	60,000	(11,704)	(12,502)
Total U.S. Department of Transportation				(16,392)	107,004	111,040	(11,704)	(32,132)
U.S. Department of Justice:								
Direct Program:								
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0038	125,000	-	10,191	20,006	-	(9,815)
Public Safety Partnership and Community Policing Grants	16.710	2016UMWX0184	125,000	(9,551)	41,863	41,927	-	(9,615)
Subtotal				(9,551)	52,054	61,933	-	(19,430)
Passed through the Montana Board of Crime Control:								
Crime Victim Assistance	16.575	15-V88-92151	47,785	(10,514)	10,514	-	-	-
Subtotal				(10,514)	10,514	-	-	-
Violence Against Women Formula Grants	16.588	17-W03-92108	38,892	(9,523)	9,523	-	-	-
Violence Against Women Formula Grants	16.588	18-W03-92243	39,846	-	32,147	39,846	-	(7,699)
Subtotal				(9,523)	41,670	39,846	-	(7,699)
Passed through Gallatin County:								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-077	27,634	-	27,634	27,634	-	-
Passed through the Montana Board of Crime Control:								
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-GP01-92276	9,120	(8,560)	8,560	-	-	-
Subtotal				(8,560)	36,194	27,634	-	-
Subtotal pass-through programs				(28,597)	88,378	67,480	-	(7,699)
Total U.S. Department of Justice				(38,148)	140,432	129,413	-	(27,129)
U.S. Department of Homeland Security:								
Passed through the Montana Department of Military Affairs - Disaster & Emergency Services Division:								
Homeland Security Grant Program	97.067	EMW-2018-SS-00021	115,863	-	13,360	77,568	-	(64,208)
Homeland Security Grant Program	97.067	EMW-2018-SS-00021	62,679	-	50,811	50,811	-	-
Homeland Security Grant Program	97.067	EMW-2015-SS-00005	172,000	(55,383)	55,383	-	-	-
Subtotal				(55,383)	119,554	128,379	-	(64,208)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4405-DR-MT	89,101	-	2,561	89,101	-	(86,540)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4437-DR-MT	116,732	-	-	-	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PDMC-PL-08-MT-2015-005	18,749	(1,875)	-	-	-	(1,875)
Subtotal				(1,875)	2,561	89,101	-	(88,415)
Emergency Management Performance Grants	97.042	EMD-2017-EP-00003	37,500	(14,886)	14,886	-	-	-
Emergency Management Performance Grants	97.042	EMD-2018-EP-00005-S01	36,433	-	26,855	35,775	-	(8,920)
Subtotal				(14,886)	41,741	35,775	-	(8,920)
Total U.S. Department of Homeland Security				(72,144)	163,856	253,255	-	(161,543)

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass-through Grantor's Number	Program or Award Amount	Balance July 1, 2018	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2019
U.S. Department of Health and Human Services:								
Passed through the Montana Department of Public Health and Human Services:								
Maternal and Child Health Services Block Grant to the States	93.994	19-07-5-01-034-0	18,121	-	8,060	13,308	561	(4,687)
Maternal and Child Health Services Block Grant to the States	93.994	18-07-5-01-034-0	12,897	(5,159)	5,159	-	-	-
Subtotal				(5,159)	13,219	13,308	561	(4,687)
Immunization Cooperative Agreements	93.268	19-07-4-31-131-0	8,866	-	6,650	8,679	(187)	(2,216)
Immunization Cooperative Agreements	93.268	17-07-4-31-131-0	12,699	(2,117)	2,117	-	-	-
Subtotal				(2,117)	8,767	8,679	(187)	(2,216)
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	18-07-6-11-037-0	34,533	(7,770)	7,770	-	-	-
Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	19-07-6-11-037-0	42,936	-	32,201	31,143	9,677	10,735
Subtotal				(7,770)	39,971	31,143	9,677	10,735
Passed through Rocky Mountain Area IV Agency on Aging:								
National Family Caregiver Support, Title III, Part E	93.052	2019-004-015	3,300	-	3,300	3,300	-	-
Subtotal				-	3,300	3,300	-	-
Passed through the Gallatin County Health Department:								
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	19-07-3-01-007-0	7,920	-	5,216	5,216	-	-
Subtotal				-	5,216	5,216	-	-
Organized Approaches to Increased Colorectal Cancer Screening	93.800	19-07-3-01-007-0	2,700	-	1,778	1,778	-	-
Subtotal				-	1,778	1,778	-	-
Total U.S. Department of Health and Human Services				(15,046)	72,251	63,424	10,051	3,832
U.S. Department of the Interior:								
Direct Programs:								
Cooperative Research and Training Programs-Resources of the National Park System	15.945	P15AC00153	45,115	(20,565)	20,565	-	-	-
Total U.S. Department of the Interior				(20,565)	20,565	-	-	-
U.S. Department of Agriculture:								
Direct Programs:								
Schools and Roads - Grants to States	10.665	15-PA-11011100-072	5,000	-	-	2,061	-	(2,061)
Subtotal direct programs				-	-	2,061	-	(2,061)
Passed through the Montana Department of Administration:								
Schools and Roads - Grants to States	10.665	N/A	284,684	14,483	284,684	287,053	-	12,114
Subtotal pass-through programs				14,483	284,684	287,053	-	12,114
Subtotal				14,483	284,684	289,114	-	10,053
Passed through the Montana Department of Public Health and Human Services:								
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	18-07-5-21-032-0	40,728	(6,542)	17,713	7,902	-	3,269
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	19-07-5-21-032-0	46,218	-	20,237	25,372	(1,731)	(6,866)
Subtotal				(6,542)	37,950	33,274	(1,731)	(3,597)
Passed through the Montana Department of Natural Resources and Conservation:								
Cooperative Forestry Assistance	10.664	VFA-19-340	8,500	-	-	8,500	-	(8,500)
Subtotal				-	-	8,500	-	(8,500)

PARK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Award/Pass-through Grantor's Number	Program or Award Amount	Balance July 1, 2018	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2019
Passed through the Montana Department of Agriculture:								
Forest Health Protection	10.680	2018-807X	24,742	-	13,159	18,540	-	(5,381)
Subtotal				-	13,159	18,540	-	(5,381)
Total U.S. Department of Agriculture				7,841	335,793	349,428	(1,731)	(7,425)
Total Federal Awards				$ (154,354)	$ 839,901	$ 906,560	$ (3,384)	$ (224,397)

Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the government under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the government, it is not intended to and does not present the financial position or changes in net position of the government.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATES

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

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

To the Board of County Commissioners
Park County
Livingston, Montana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park County, Montana (the government) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated December 13, 2019. The report included an explanatory paragraph to describe a change in accounting principles.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-003 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2019-004 and 2019-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-004 through 2019-006.

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

The Government's Response to Findings

The government's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The government's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Olness & Associates, PC

Billings, Montana
December 13, 2019

OLNESS & ASSOCIATES, P. C.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of County Commissioners
Park County
Livingston, Montana

Report on Compliance for Each Major Federal Program

We have audited Park County, Montana's (the government) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the government's major federal programs for the year ended June 30, 2019. The government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the government's compliance.

Basis for Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters)

As described in the accompanying schedule of findings and questioned costs, the government did not comply with the following requirements:

Finding No.	CFDA No.	Program (or Cluster) Name	Compliance Requirement
2019-008	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles

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

Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants - Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Unmodified Opinion on the Other Major Federal Program

In our opinion, the government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

The government's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The government's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the government's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-007 and 2019-008 that we consider to be material weaknesses.

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

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

Olness & Associates, PC

Billings, Montana
December 13, 2019

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? __√__ yes ____ no

FEDERAL AWARDS

Internal control over major programs:

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

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

Qualified for Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Unmodified for Schools and Roads - Grants to States

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

Major programs:

CFDA Numbers	*Name of Federal Program or Cluster*
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
10.665	Schools and Roads - Grants to States

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

Auditee qualified as low-risk auditee? ____ yes __√__ no

FINDINGS - FINANCIAL STATEMENT AUDIT

2019-001. SEGREGATION OF DUTIES

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among personnel.

Effect: Transactions could be mishandled.

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

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

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

2019-002. INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING

Criteria: As part of its internal control structure, it is the county's responsibility to prepare its financial statements in accordance with generally accepted accounting principles. Further, local governments in Montana are required to adhere to the accounting and financial reporting standards adopted by the Governmental Accounting Standards Board (GASB).

Condition: During the course of our audit engagement, we proposed adjustments and changes to the financial statements and footnotes that were not identified as a result of Park County's existing internal controls. Individually and in the aggregate, the adjustments and changes were material to the financial statements.

Cause: Revenue and expenditure cutoff procedures were ineffective, deferred inflows and deferred outflows related to GASB Statement No. 75 were not adjusted, interest earnings were misclassified and fund balance in the financial statements was not classified correctly. Additionally, the Schedule of Expenditures of Federal Awards was not prepared in accordance with the Uniform Guidance.

Effect: These control deficiencies could result in material misstatements to the financial statements that would not be prevented or detected.

Recommendation: We recommend a thorough review of the County's financial and accounting reporting procedures be conducted; specifically, year-end reporting and financial statement preparation.

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

2019-003. JUSTICE OF THE PEACE TIME PAY ACCOUNTING

Criteria: The Montana Supreme Court Administrator's Office Full Court Accounting Responsibility & Compliance Guidelines that have been adopted by the Courts of Limited Jurisdiction Automation Committee outlines court personnel accounting responsibilities. The guidelines require court personnel to develop and maintain a system of internal controls to safeguard court resources, check the accuracy of clerical entries, promote operational efficiency, and encourage adherence to prescribed accounting procedures. Effective internal control over time pay accounts requires a reconciliation of the monthly time pay activity to the beginning and ending time pay balances to be prepared to determine that all transactions have been recorded properly and to discover errors and irregularities. Further, a formal time pay reconciliation is a useful tool in evaluating and monitoring outstanding time pay balances.

Condition: The Justice of the Peace office does not perform a monthly time pay account reconciliation.

Cause: Unknown.

Effect: Not reconciling the time pay accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

Recommendation: The Justice of the Peace office should prepare a formal reconciliation of time pay activity to the beginning and ending time pay balances on a monthly basis. Once completed, the reconciliation should be reviewed and approved by the Justice of the Peace.

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

Auditor's response in accordance with GAO Government Auditing Standards-paragraph 4.38: The planned corrective action related to time pay accounting does not adequately address the auditors' recommendation. The planned corrective action does not describe how all transactions related to a defendant's time pay will be accounted for to ensure they have been recorded properly and the methods that will be used to discover errors or irregularities.

2019-004. FINAL BUDGET DOCUMENT TIMELY SUBMISSION

Criteria: A local government shall submit a complete copy of the final budget together with a statement of tax levies to the Department of Administration by the later of October 1 or 60 days after receipt of taxable values from the Department of Revenue. The local government shall use standard budget forms prescribed by the Department of Administration or may use an alternative budget format acceptable to the Department. (Section 7-6-4003, MCA)

Condition: For fiscal year 2019, the certified taxable values from the Department of Revenue were received August 2, 2018; however, the budget document was not filed with the Department of Administration until October 15, 2019.

Cause: Unknown.

Effect: Noncompliance with Section 7-6-4003, MCA.

Recommendation: The budget document should be filed within the timelines established by 7-6-4003, MCA.

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

2019-005. RESTRICTIONS ON DONATIONS

Criteria: Per Section 7-7-2103, MCA, no County must ever give or loan its credit in aid of or make any donation or grant, by subsidy or otherwise, to any individual, association, or corporation.

Condition: The County donated $15,000 to the Park County Community Foundation, a non-profit corporation.

Cause: Unknown.

Effect: Non-compliance with state statutes.

Recommendation: The County should discontinue the practice of making donations that are prohibited by Section 7-7-2103, MCA.

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

2019-006. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Criteria: The cost principles in 2 CFR part 200, subpart E (Cost Principles), prescribe the cost accounting requirements associated with the administration of federal awards. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Condition: Program expenditures were not separately identified in the general ledger for the Project Worksheets (PW).

Questioned Costs: None

Cause: Unknown.

Effect: Non-compliance with Federal costs principles.

Recommendation: Program expenditures should be separately identified in the general ledger.

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

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019-007. ALL MAJOR FEDERAL AWARD PROGRAMS

Finding 2019-002 applies to these major programs.

U.S. DEPARTMENT OF HOMELAND SECURITY

2019-008. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Finding 2019-006 applies to this major program.

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

2018-001. SEGREGATION OF DUTIES

Status: This finding is unresolved and is repeated as finding 2019-001 for the year ended June 30, 2019.

2018-002. INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING

Status: This finding is unresolved and is repeated as finding 2019-002 for the year ended June 30, 2019.

2018-003. JUSTICE OF THE PEACE TIME PAY ACCOUNTING

Status: This finding is unresolved and is repeated as finding 2019-003 for the year ended June 30, 2019.

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

2018-004. ALL MAJOR FEDERAL AWARD PROGRAMS

Finding 2018-002 applies to these major programs

FINDINGS - FINANCIAL STATEMENT AUDIT

2019-001. SEGREGATION OF DUTIES

Name of Contact person: Commission

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will continue to be involved in providing some of these controls.

Proposed Completion Date: The governing board will implement the above procedure immediately.

2019-002. INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING

Name of Contact person: Finance Director

Corrective Action: Park County continues to work on better preparing and presenting year end data. Although every effort was made to create accurate financial statements, the expenditure cutoff information related to retainage which was not clear in the invoices, so invoices will require closer review. GASB 75 is in its second year of adoption and the presentation is still relatively new, and interest was not noted as a problem in the past even though the handling was the same in prior years. The fund balance classification was corrected following the auditors' guidance. The errors were addressed with assistance from the auditors, and procedures will be updated.

Proposed Completion Date: Immediately

2019-003. JUSTICE OF THE PEACE TIME PAY ACCOUNTING

Name of Contact Person: Park County Justice of the Peace

Corrective Action: None of the courts in Montana perform monthly time pay reconciliation. Some smaller Courts do spread sheets or log books that basically do the same thing as full court case management system does but puts all the information on one page. The courts are to reconcile the bank statement in a timely matter every month (which this court does), financial issues/errors will be recognized during that process. If a payment is made on a Time Pay account during a particular month those funds can be tracked from date of receipt and to the deposit. The Time Pay accounts that do not receive payments are tracked and go to another step. The defendant is issued a letter to pay or appear, or in some cases a warrant. If the defendant does not appear or pay on the notice, a warrant is issued and their driver's license is suspended in most cases.

What may be at issue is the ***total amount*** of the Time Pays outstanding, which has nothing to do with the reconciliation or financial errors. The court works very diligently (DL suspensions, warrants) to try to collect Time Pays. No financial errors have been found by the auditors or by internal audits performed by the Park County Auditor.

I, as Justice of the Peace, do review the monthly reconciliation and it is done in a timely manner. I also periodically review other reports such as the voided receipts and adjustments to Time Pays such as community service or credit for time served in Jail. The auditors did not ask for any of the reports that I looked at this past fiscal year, so they have no idea of what has been done to check for possible issues with Justice Court. In the past I have run reports, printed them and put them in with the bank statements for the auditors' review. We still get the same finding. The auditor asked that I run the reports and print them for the next audit and then will not give this finding.

I am now also on the Automation Committee that developed the guidelines referenced in the findings. These guidelines were developed to set out and limit the responsibilities of the IT department of the Supreme Court Administrators Office in providing aid to courts that consistently had problems reconciling their accounts and outlines the Courts responsibilities for reconciling and keeping the "books" balanced. This Court is fully compliant with those responsibilities. The Automation committee along with the court administrator's office has developed and approved a time-pay auditors report that will solve these problems for the new system Full Court Enterprise. The automation committee has had a letter explaining the lack of the time pay report to be given to the commissioners. Olness is the only auditor that requests this. This letter is attached to this response.

The auditors have been unable to recommend an economical and useful tool to do a monthly reconciliation of the time pay agreement other than what is provided by the State Full Court Case Management System. This Court is compliant with the accounting policies established by the Supreme Court Administrators Office.

Proposed Completion Date: The Justice of the Peace will continue monthly reconciliation and review voided receipts and adjustments to Time Pay for community service or credit for time served in Jail.

2019-004. FINAL BUDGET DOCUMENT TIMELY SUBMISSION

Name of Contact person: Finance Director

Corrective Action: Park County developed a new budget format to present information to the taxpayer more clearly and with additional text information. Unfortunately, the budget was late as a result of providing better information. The format is now set up properly, and no future late submissions will occur.

Proposed Completion Date: Immediately

2019-005. RESTRICTIONS ON DONATIONS

Name of Contact person: Commissioners

Corrective Action: Park County supported community wide studies performed by the Park County Community Foundation in an effort to improve the wellbeing of the community members, unknowingly not following MCA code. The County will discontinue the practice.

Proposed Completion Date: Immediately

2019-006. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Name of Contact person: Finance Director

Corrective Action: While Park County created a hardcopy document with Project Worksheets following the rules of the cost principles in 2 CFR Part 200, subpart E, the general ledger did not correspond as it should have. The Accounting Department will work more closely with the auditors to make sure that future Disaster Grants, which can occur infrequently, are handled properly in the General Ledger. Procedures will be updated.

Proposed Completion Date: Immediately

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019-007. ALL MAJOR FEDERAL AWARD PROGRAMS

Finding 2019-002 applies to these major programs.

U.S. DEPARTMENT OF HOMELAND SECURITY

2019-008. DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

Finding 2019-006 applies to this major program.