

CARTER COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

AUDIT REPORT



CARTER COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

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CARTER COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2025

BOARD OF COUNTY COMMISSIONERS

Rod Tauck	Chairman
Pamela J. Castleberry	Vice Chairman
Dan Dinstel	Commissioner

COUNTY OFFICIALS

Judy Wright	Clerk & Recorder
Jesi Pierson	Treasurer
Tracey Walker	Superintendent of Schools/Clerk of District Court
Kathleen Rosencrantz	Justice of the Peace
Neil Kittleman	Sheriff/Coroner/County Fire Warden
Corbit S. Harrington	County Attorney

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

In 1999 the Governmental Accounting Standards Board (GASB), issued a new accounting standard that essentially revised the form of governmental entities' financial statements. The County continues to strive to meet each year requirements for meeting the standards requirements and Fiscal Year reporting in 2025 is no different.

The following discussion and analysis of Carter County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2025.

Financial Highlights

- Total Assets of Carter County were \$59,652,120 on June 30, 2025. Of this amount, \$26,298,635 may be used to meet the County's ongoing operational needs; \$33,353,485 was invested in Capital assets on June 30, 2025.
- Carter County's net position decreased \$2,702,882 from FY2024 to FY2025. All assets are reported as Governmental Activities.
- The total long-term debt outstanding obligation for the County is \$14,811,808.
- Governmental funds experienced an excess of revenues over expenditures by \$2,699,707 in FY 2025.

Using This Financial Report

This management's discussion and analysis is intended to serve as an introduction to Carter County's financial statements. This annual report consists of financial statements for the County as a whole, with more detailed information for certain funds, and reported as the "Major Funds" for 2025: **General Fund, Public Safety Fund, Hospital Building, Road Fund, and Dahl Debt Service Fund.**

Government-Wide Financial Statements

The government-wide financial statements, described below, is intended to provide readers with a broad overview of Carter County's finances, and can be found in the 2025 Carter County Financial and Compliance Report.

The **statement of net position** outlines all of Carter County's assets and liabilities. The difference is reported as net position. The increase or decrease in net position, along with other non-financial factors such as change in tax base and legislative action, can serve as a useful indicator of whether the financial position of Carter County is improving or deteriorating.

The **statement of activities** presents information showing how Carter County's net position changed during the most recent fiscal year. Both the statement of net position and the statement of activities use the accrual basis of accounting, similar to the accounting used by most private sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received and paid.

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

Fund Financial Statements

The fund financial statements give more detailed information about Carter County's financial activities. Funds are set up to manage resources that have been segregated for specific activities or objectives. Some funds are required to be set up by state law; other funds are established by the County to help manage funding and expenses for specific purposes. All the reported funds in this annual financial report can be divided into two categories: Governmental Funds (all County funds fall into this category) and Fiduciary Funds.

Governmental Funds

All of the County's services are reported in the governmental funds. The governmental fund statements provide a detailed short-term view to cash, the fund operations, and the basic services it provides.

Fiduciary Funds

The County's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position in the annual report. Fiduciary activities are excluded from the County's other financial statements because the County cannot use these assets to finance its operations, but is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided.

Required Supplemental Information

This section provides detailed information concerning revenues, expenditures and changes in fund balances, and compares budget to actual.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

Combined net position for Carter County at June 30, 2025 is as follows:

The reader may note that a large portion of Carter County's net position, 56%, reflects its investment in Capital assets (land, buildings, equipment and vehicles). Because Carter County uses these capital assets to provide services to its citizens, they are not available for future spending.

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

Table 1 - Net Position

	Governmental Activities		
	<u>FY25</u>	<u>FY24</u>	<u>Change Inc (Dec)</u>
Current and other assets	\$ 26,298,635	\$ 24,903,760	\$ 1,394,875
Capital assets	33,353,485	33,051,689	301,796
Total assets	<u>\$ 59,652,120</u>	<u>\$ 57,955,449</u>	<u>\$ 1,696,671</u>
Long-term debt outstanding	\$ 14,808,633	\$ 15,750,260	\$ (941,627)
Other liabilities	852,502	917,086	(64,584)
Total liabilities	<u>\$ 15,661,135</u>	<u>\$ 16,667,346</u>	<u>\$ (1,006,211)</u>
Net investment in capital assets	\$ 22,333,485	\$ 21,271,689	\$ 1,061,796
Restricted	20,420,990	13,370,763	7,050,227
Unrestricted (deficit)	1,236,510	6,645,651	(5,409,141)
Total net position	<u>\$ 43,990,985</u>	<u>\$ 41,288,103</u>	<u>\$ 2,702,882</u>

Table 2 - Changes in Net Position

	Governmental Activities		
	<u>FY25</u>	<u>FY24</u>	<u>Change Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 519,677	\$ 448,703	\$ 70,974
Operating grants and contributions	847,808	1,417,252	(569,444)
<i>General revenues (by major source):</i>			
Property taxes for general purposes	444,450	1,354,123	(909,673)
Licenses and permits	460	950	(490)
Centrally assessed tax	6,343,496	6,379,317	(35,821)
Miscellaneous	86,962	46,012	40,950
Interest/investment earnings	1,201,302	1,142,730	58,572
Local option taxes	87,291	120,509	(33,218)
Unrestricted federal/state shared revenues	12,478	381,988	(369,510)
Bentonite mining production	1,054,615	808,896	245,719
State entitlement	311,902	302,610	9,292
Contributions & donations	23,145	32,837	(9,692)
State contributions to retirement	104,644	47,310	57,334
Total revenues	<u>\$ 11,038,230</u>	<u>\$ 12,483,237</u>	<u>\$ (1,445,007)</u>
Program expenses			
General government	\$ 1,698,987	\$ 1,848,225	\$ (149,238)
Public safety	896,690	820,239	76,451
Public works	3,339,727	2,540,259	799,468
Public health	1,125,764	781,766	343,998
Social and economic services	240,764	255,208	(14,444)
Culture and recreation	431,591	467,721	(36,130)
Conservation of natural resources	52,571	46,775	5,796
Debt service - interest	292,469	540,650	(248,181)
Miscellaneous	287,918	226,314	61,604
Total expenses	<u>\$ 8,366,481</u>	<u>\$ 7,527,157</u>	<u>\$ 839,324</u>
Excess (deficiency) before special items and transfers	<u>\$ 2,671,749</u>	<u>\$ 4,956,080</u>	<u>\$ (2,284,331)</u>
Gain (loss) on sale of capital assets	31,133	74,505	(43,372)
Increase (decrease) in net position	<u>\$ 2,702,882</u>	<u>\$ 5,030,585</u>	<u>\$ (2,327,703)</u>

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

Governmental Activities

The cost of all Carter County governmental activities for the fiscal year ending June 30, 2025, was \$8,366,481 and for June 30, 2024, it was \$7,527,157. Following is a run down of expenses of the four largest areas:

		<u>2025</u>		<u>2024</u>
General Government	\$	1,848,225	\$	1,698,987
Public Safety	\$	820,239	\$	896,690
Public Works	\$	2,540,259	\$	3,339,727
Public Health	\$	781,766	\$	1,125,764

Carter County taxpayers and centrally assessed taxpayers contributed \$6,787,946 in FY2025. Property taxes and Operating Grants and Contributions made up the other large portion of revenue.

Page 5 of the basic financial statements shows the net cost for each program area. The net cost shows the financial burden that was placed on the County taxpayers by each of the functional program areas. Following are the four program areas, which offer the greatest burden to the taxpayers:

General Government, Public Safety, Public Works and Public Health

Please see page 5, which depicts the sources of revenues for Governmental Activities and categories of expense for Governmental Activities.

The County Funds

The major funds in 2025 are General, Road, Public Safety, Dahl Debt Service, and Public Health/Hospital; the Annual Report best describes and the detail of each of these funds regarding Expenditures and Revenues.

Following is an analysis of balances in the County's Major Funds and other governmental funds.

General Fund

The information below compares revenues and expenditures of the General Fund for fiscal year 2024 and 2025:

REVENUES	<u>2024</u>	<u>2025</u>
Taxes/assessments	\$ 1,397,329	\$ 546,930
Licenses and permits	0	0
Intergovernmental Revenues	996,562	461,663
Charges for Services	56,224	54,722
Fines and Forfeitures	7,816	6,443
Miscellaneous	2,834	3,622
Investment and Royalty Earnings	<u>754,839</u>	<u>694,841</u>
Total Revenues	\$ <u>3,215,604</u>	\$ <u>1,768,241</u>

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

EXPENDITURES

Current:

General Government	\$ 1,457,588	\$ 1,643,054
Public Safety	54,149	55,432
Public Health	44,031	49,241
Social & Economic Services	3,937	0
Culture & Recreation	342	0
Conservation of Natural Resources	361	0
Public Works	44,282	257,945
Capital Outlay	297,576	0
Total Expenditures:	\$ <u>5,208,723</u>	\$ <u>5,935,404</u>

The General Fund houses many departments of Carter County. General government is a huge function of the county administrative government, and totaled approximately 20% of the total County expense.

Property taxes are the very source for operation of all government services in Carter County, however; Intergovernmental revenues also play an important role in the revenue bracket.

Road Fund

General Government makes up only 3% of the actual expenditures in the Road Fund. Of the remaining 97%, 12% goes to salaries and benefits for four employees and some additional seasonal and intermittent employees, 55% to fuel and oil, parts and repairs, gravel royalty and contract work, and 40% to capital expenses for fiscal years 2025. The Road Fund expenditures are 28% of the total County expenditures for 2024. Capital Outlay purchases are very important in the Road Fund. The county has been able to replace much of the equipment to be used in maintaining and building the approximate 800 miles of county roads.

As is true with the General Fund, property taxes and assessments contribute a large portion of our operating revenues to the Road Fund. Other revenues include the gas tax and intergovernmental revenues to Carter County.

The other major funds listed in 2025 are Hospital Building, Public Safety, and Dahl Debt Service. The Annual Report best describes the detail of each of these funds regarding Expenditures and Revenues.

Debt Administration

The passing of the Hospital Bond Levy in 2018 put Carter County on the map for Debt Administration. The Bond Levy of \$15.1 Million is set to be paid off in 17 years.

Capital Assets

The capital assets of the County are those assets, which are used in the performance of the County's functions. At June 30, 2025, net capital assets of the governmental activities totaled \$33,353,485. Of these assets, 2% consisted of land and work in progress, these items are not being depreciated. Machinery and equipment, buildings, and building improvements and improvements other than buildings are 98%.

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

Economic Factors and Budgets

The annual budget assures the efficient, effective and economic uses of the County's resources, as well as establishing projects and objectives that are carried out according to prioritized planning. Through the budget, the Carter County Commission and various Department Heads set the direction of the County expenditures and allocate its resources.

Following are factors considered in preparing the 2026 Fiscal Year Budget

In preparing for the 2026 Fiscal Year Budget, the commission's attention was devoted to working with an Engineer to address the old healthcare facility along with the Museum expansion project and the Airport runway improvement project.

- Always, the Board of County Commissioners must consider the County's taxable valuation as the means of operation. The installation and operation of the pipelines has provided the boost that Carter County needs to continue. However, the outcome of an election can affect the outcome for revenues. Prices of oil and gas dictate the direction the companies are taking in pipeline production. Carter County's Central Assessments directly affect the direction the commission will take in setting budgets and mill levies.

Review of Budget to Actual Variances

Road Fund – Basically the Road Fund operated status quo, some gravel was crushed and major work was hauling gravel to the various county roads. Work on the Plevna Rd which is not completed to the Fallon County line was hoped to be completed but as the end of FY 25 it still is not complete, also there was a court order in which approximately 6.5 miles of the Durm Road will need to be brought back up to county standards, there has been some surveying done but ground has not been broken to start the project.

Public Safety Fund – The Sheriff continues to budget for a building to house Rural Fire Trucks.

Overall, Carter County entered into the 2025 fiscal year in a solid financial position. The board remains mindful and is very conservative when setting mills and budgets. The County has an established Capital Improvements Fund with the primary function to protect and replace infrastructure and equipment. There is a special levy for the Predator Fund. In addition the Dahl Bond Levy Fund has been added to the mix.

To conclude, the county officials continue to provide a high level of services for the citizens of Carter County while being diligent in keeping the taxes down. We consider Carter County to be fortunate to have the bentonite production tax and central assessments. The County has experienced a healthy increase in the taxable value, which has allowed the commission more freedom in the budgeting process.

Carter County, Montana
Management's Discussion & Analysis
June 30, 2025

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of Carter County with a general overview of the County's finances and to show the County's accountability for the revenues and tax dollars received. If you have any questions or concerns about this report or need any additional information, please contact: Judy Wright, Carter County Clerk and Recorder, PO Box 315, Ekalaka, Montana 59324-0315 or call (406)775-8749, or email jwright@cartercountymt.gov.



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Carter County
Ekalaka, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carter County, Montana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Carter County, Montana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Carter County, Montana, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carter County, Montana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the County has implemented GASB Statement No. 101 Compensated Absences for the fiscal year ended June 30, 2025. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carter County, Montana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carter County, Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carter County, Montana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedules of Proportionate Share of the Net Pension Liability and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 content. 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report July 20, 2026, on our consideration of the Carter County, Montana'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 solely 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 the effectiveness of the Carter County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carter County, Montana's internal control over financial reporting and compliance.

The logo for Nexus CPA Group is written in a cursive, handwritten-style font. The word "Nexus" is followed by "CPA Group".

July 20, 2026

Carter County, Montana
Statement of Net Position
June 30, 2025

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 24,638,425
Taxes and assessments receivable, net	42,365
Inventories	1,105,616
Total current assets	<u>\$ 25,786,406</u>
Noncurrent assets	
Capital assets - land	\$ 195,017
Capital assets - construction in progress	531,425
Capital assets - depreciable, net	32,627,043
Total noncurrent assets	<u>\$ 33,353,485</u>
Total assets	<u>\$ 59,139,891</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 512,229
Total deferred outflows of resources	<u>\$ 512,229</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 59,652,120</u>
LIABILITIES	
Current liabilities	
Warrants payable	\$ 735,116
Accrued payroll	55,678
Current portion of long-term capital liabilities	795,000
Current portion of compensated absences payable	186,357
Current portion of bond premium liability	105,966
Total current liabilities	<u>\$ 1,878,117</u>
Noncurrent liabilities	
Noncurrent portion of OPEB	\$ 35,403
Noncurrent portion of long-term capital liabilities	10,225,000
Noncurrent portion of compensated absences	57,683
Net pension liability	2,343,568
Noncurrent portion of bond premium liability	1,059,656
Total noncurrent liabilities	<u>\$ 13,721,310</u>
Total liabilities	<u>\$ 15,599,427</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	\$ 61,707
Total deferred inflows of resources	<u>\$ 61,708</u>
NET POSITION	
Net investment in capital assets	\$ 22,333,485
Restricted for capital projects	5,142,764
Restricted for debt service	330,471
Restricted for special projects	14,947,755
Unrestricted	1,236,510
Total net position	<u>\$ 43,990,985</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 59,652,120</u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Changes in Net Position</u>
		<u>Services</u>	<u>Grants and</u>	<u>Primary Government</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 1,698,987	\$ 198,255	\$ 364,135	\$ (1,136,597)
Public safety	896,690	51,150	97,096	(748,444)
Public works	3,339,727	213,158	202,657	(2,923,912)
Public health	1,125,764	43,382	183,920	(898,462)
Social and economic services	240,764	3,561	-	(237,203)
Culture and recreation	431,591	10,171	-	(421,420)
Conservation of natural resources	52,571	-	-	(52,571)
Debt service - interest	292,469	-	-	(292,469)
Miscellaneous	287,918	-	-	(287,918)
Total governmental activities	\$ <u>8,366,481</u>	\$ <u>519,677</u>	\$ <u>847,808</u>	\$ <u>(6,998,996)</u>
 Total primary government	 \$ <u>8,366,481</u>	 \$ <u>519,677</u>	 \$ <u>847,808</u>	 \$ <u>(6,998,996)</u>
 General Revenues:				
Property taxes for general purposes			\$	444,450
Licenses and permits				460
Centrally assessed tax				6,343,496
Miscellaneous				86,962
Interest/investment earnings				1,201,302
Local option taxes				87,291
Unrestricted federal/state shared revenues				12,478
Bentonite mining production				1,054,615
State entitlement				311,902
Contributions & donations				23,145
State contributions to retirement				104,644
Gain (loss) on sale of capital assets				31,133
Total general revenues, special items and transfers			\$	<u>9,701,878</u>
Change in net position			\$	<u>2,702,882</u>
 Net position - beginning			\$	<u>41,288,103</u>
 Net position - end			\$	<u><u>43,990,985</u></u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Road</u>	<u>Hospital Building</u>	<u>Public Safety</u>	<u>Dahl Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Current assets:							
Cash and investments	\$ 5,326,209	\$ 2,243,689	\$ 3,501,888	\$ 1,488,954	\$ 330,337	\$ 11,747,348	\$ 24,638,425
Taxes and assessments receivable, net	2,953	11,402	5,833	5,190	134	16,853	42,365
Inventories	-	964,463	-	-	-	141,153	1,105,616
TOTAL ASSETS	<u>\$ 5,329,162</u>	<u>\$ 3,219,554</u>	<u>\$ 3,507,721</u>	<u>\$ 1,494,144</u>	<u>\$ 330,471</u>	<u>\$ 11,905,354</u>	<u>\$ 25,786,406</u>
LIABILITIES							
Current liabilities:							
Warrants payable	\$ 735,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 735,116
Accrued payroll	19,424	10,727	-	6,858	-	18,669	55,678
Total liabilities	<u>\$ 754,540</u>	<u>\$ 10,727</u>	<u>\$ -</u>	<u>\$ 6,858</u>	<u>\$ -</u>	<u>\$ 18,669</u>	<u>\$ 790,794</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources - taxes and assessments	\$ 2,953	\$ 11,402	\$ 5,833	\$ 5,190	\$ 134	\$ 16,853	\$ 42,365
Total deferred inflows of resources	<u>\$ 2,953</u>	<u>\$ 11,402</u>	<u>\$ 5,833</u>	<u>\$ 5,190</u>	<u>\$ 134</u>	<u>\$ 16,853</u>	<u>\$ 42,365</u>
FUND BALANCES							
Nonspendable	\$ -	\$ 964,463	\$ -	\$ -	\$ -	\$ 141,153	\$ 1,105,616
Restricted	-	2,232,962	3,501,888	1,482,096	330,337	6,585,915	14,133,198
Committed	-	-	-	-	-	5,142,764	5,142,764
Unassigned fund balance	4,571,669	-	-	-	-	-	4,571,669
Total fund balance	<u>\$ 4,571,669</u>	<u>\$ 3,197,425</u>	<u>\$ 3,501,888</u>	<u>\$ 1,482,096</u>	<u>\$ 330,337</u>	<u>\$ 11,869,832</u>	<u>\$ 24,953,247</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,329,162</u>	<u>\$ 3,219,554</u>	<u>\$ 3,507,721</u>	<u>\$ 1,494,144</u>	<u>\$ 330,471</u>	<u>\$ 11,905,354</u>	<u>\$ 25,786,406</u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2025

Total fund balances - governmental funds	\$ 24,953,247
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,353,485
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	42,364
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,465,065)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,343,568)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.	512,229
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, there for are not reported in the funds.	(61,707)
Total net position - governmental activities	\$ <u>43,990,985</u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	<u>General</u>	<u>Road</u>	<u>Hospital Building</u>	<u>Public Safety</u>	<u>Dahl Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes and assessments	\$ 546,930	\$ 2,227,285	\$ 1,047,742	\$ 933,381	\$ 478	\$ 2,074,318	\$ 6,830,134
Licenses and permits	-	-	-	260	-	-	260
Intergovernmental	461,663	506,407	168,874	227,806	-	1,034,615	2,399,365
Charges for services	54,722	184,614	3,659	51,150	-	185,800	479,945
Fines and forfeitures	6,443	-	-	-	-	-	6,443
Miscellaneous	3,622	15,400	48,058	3,938	-	23,247	94,265
Investment earnings	694,861	-	-	-	-	506,441	1,201,302
Total revenues	<u>\$ 1,768,241</u>	<u>\$ 2,933,706</u>	<u>\$ 1,268,333</u>	<u>\$ 1,216,535</u>	<u>\$ 478</u>	<u>\$ 3,824,421</u>	<u>\$ 11,011,714</u>
EXPENDITURES							
General government	\$ 1,643,054	\$ 72,767	\$ -	\$ -	\$ -	\$ 18,603	\$ 1,734,424
Public safety	55,432	-	-	706,553	-	39,438	801,423
Public works	257,945	1,603,197	-	-	-	872,138	2,733,280
Public health	49,241	-	136,548	-	-	575,587	761,376
Social and economic services	-	-	-	-	-	211,018	211,018
Culture and recreation	-	-	-	-	-	382,845	382,845
Conservation of natural resources	-	-	-	-	-	52,158	52,158
Debt service - principal	-	-	-	-	760,000	-	760,000
Debt service - interest	-	-	-	-	504,400	-	504,400
Miscellaneous	-	-	-	-	-	287,918	287,918
Capital outlay	-	1,087,220	19,656	24,236	-	716,214	1,847,326
Total expenditures	<u>\$ 2,005,672</u>	<u>\$ 2,763,184</u>	<u>\$ 156,204</u>	<u>\$ 730,789</u>	<u>\$ 1,264,400</u>	<u>\$ 3,155,919</u>	<u>\$ 10,076,168</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (237,431)</u>	<u>\$ 170,522</u>	<u>\$ 1,112,129</u>	<u>\$ 485,746</u>	<u>\$ (1,263,922)</u>	<u>\$ 668,502</u>	<u>\$ 935,546</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from the sale of general capital asset disposition	-	\$ 391,420	\$ -	\$ -	\$ -	\$ 8,550	\$ 399,970
Transfers in	308,479	162,848	-	99,400	1,360,857	1,029,600	2,961,184
Transfers out	-	(700,000)	-	(6,635)	-	(2,254,549)	(2,961,184)
Total other financing sources (uses)	<u>\$ 308,479</u>	<u>\$ (145,732)</u>	<u>\$ -</u>	<u>\$ 92,765</u>	<u>\$ 1,360,857</u>	<u>\$ (1,216,399)</u>	<u>\$ 399,970</u>
Net Change in Fund Balance	<u>\$ 71,048</u>	<u>\$ 24,790</u>	<u>\$ 1,112,129</u>	<u>\$ 578,511</u>	<u>\$ 96,935</u>	<u>\$ (547,897)</u>	<u>\$ 1,335,516</u>
Fund balances - beginning	\$ 4,500,621	\$ 3,172,635	\$ -	\$ -	\$ 233,402	\$ 15,711,073	\$ 23,617,731
Restatements	-	-	2,389,759	903,585	-	(3,293,344)	-
Fund balances - beginning, restated	<u>\$ 4,500,621</u>	<u>\$ 3,172,635</u>	<u>\$ 2,389,759</u>	<u>\$ 903,585</u>	<u>\$ 233,402</u>	<u>\$ 12,417,729</u>	<u>\$ 23,617,731</u>
Fund balance - ending	<u>\$ 4,571,669</u>	<u>\$ 3,197,425</u>	<u>\$ 3,501,888</u>	<u>\$ 1,482,096</u>	<u>\$ 330,337</u>	<u>\$ 11,869,832</u>	<u>\$ 24,953,247</u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$	1,335,516
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	1,847,326	
- Depreciation expense	(1,176,693)	

In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from the sale of these assets:

- Proceeds from the sale of capital assets	(399,970)	
- Gain on the sale of capital assets	31,133	

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Long-term receivables (deferred inflows)	33,570	
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The change in compensated absences is shown as an expense in the Statement of Activities	60,944	
--	--------	--

Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:

- Long-term debt principal payments	760,000	
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Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	13,879	
--	--------	--

Pension expense related to the net pension liability is shown as an expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	(237,346)	
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State aid revenue related to net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	(7,054)	
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Current year contributions to retirement benefits are shown as deferred outflows of resources on the Statement of Net Position and shown as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance when paid.	229,646	
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Amortization of the bond premium is shown as an expense on the Statement of Activities but not in the Statement of Revenues, Expenditures, and Changes in Fund Balance	211,931	
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Change in net position - Statement of Activities	\$	<u>2,702,882</u>
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See accompanying Notes to the Financial Statements

Carter County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds	
	Custodial Funds	External Investment Pool Fund
ASSETS		
Cash and short-term investments	\$ 384,947	\$ 2,174,687
Taxes receivable	65,429	-
TOTAL ASSETS	<u>\$ 450,376</u>	<u>\$ 2,174,687</u>
LIABILITIES		
Due to others	\$ 151,868	\$ -
Total liabilities	<u>\$ 151,868</u>	<u>\$ -</u>
NET POSITION		
Restricted for:		
Pool participants	\$ -	\$ 2,174,687
Individuals, organizations, and other governments	298,508	-
Total net position	<u>\$ 298,508</u>	<u>\$ 2,174,687</u>
TOTAL LIABILITIES AND NET POSTION	<u>\$ 450,376</u>	<u>\$ 2,174,687</u>

See accompanying Notes to the Financial Statements

Carter County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Custodial Funds	
	Custodial Funds	External Investment Pool Fund
ADDITIONS		
Contributions:		
Contributions to Investment Trust Fund	\$ -	\$ 811,309
Interest and change in fair value of investments	-	105,552
Taxes, licenses, and fees collected for other governments	8,482,632	-
Property taxes collected for school districts	1,641,479	-
Intergovernmental grants and entitlements collected for school districts	2,390,363	-
Miscellaneous	59,793	-
School district transfers in	1,374,988	-
Total additions	\$ 13,949,255	\$ 916,861
DEDUCTIONS		
Distributions from investment trust fund	\$ 548,483	\$ 368,378
Taxes, licenses, and fees distributed to other governments	8,451,602	-
School district claims and payroll expense	3,418,209	-
School district transfers out	1,374,988	-
Total deductions	\$ 13,793,282	\$ 368,378
Change in net position	\$ 155,973	\$ 548,483
 Net Position - Beginning of the year	 \$ 142,535	 \$ 1,626,204
 Net Position - End of the year	 \$ 298,508	 \$ 2,174,687

See accompanying Notes to the Financial Statements

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

New Accounting Pronouncements

For the fiscal year ended June 30, 2025, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GASB Statement No. 101 requires recognition of liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or otherwise settled. A liability for unused leave is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The liability is generally measured using the employee's pay rate as of the date of the financial statements. The Statement also requires inclusion of certain salary-related payments that are directly and incrementally associated with leave payments in the measurement of the liability.

Financial Reporting Entity

In determining the financial reporting entity, the County complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component units of which the County appointed a voting majority of the component unit's board; the County is either able to impose its will on the unit or a financial benefit or burden relationship exists. In addition, the County complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the County.

Primary Government

The County is a political subdivision of the State of Montana governed by an elected Board of Commissioners duly elected by the registered voters of the County. The County utilizes the commission form of government. The County is considered a primary government because it is a general-purpose local government. Further, it meets the following criteria; (a) it has a separately elected governing body (b) it is legally separate and (c) it is fiscally independent from the State and other local governments.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the County except fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities for the County at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function. The County does not charge indirect expenses to programs or functions. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the 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. The County generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net position are available.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Fund Financial Statements

Basis of Presentation

Fund financial statements of the reporting County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus and Basis of Accounting

Governmental Funds

Modified Accrual

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County defined the length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements as collection within 60 days of the end of the current fiscal period, except for property taxes and other state grants that are recognized upon receipt.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and inception of leases and subscription based IT arrangements are reported as other financing sources.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Property taxes, franchise fees, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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.

Major Funds:

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund and it accounts for all financial resources of the County except those required to be accounted for in other funds.

Road Fund – A special revenue fund accounting for activities related to construction, maintenance, or improvement of public roads in the County.

Hospital Building Fund – A special revenue fund used for the collection of taxes and other revenues to support the expenditures necessary for the hospital building.

Public Safety Fund – A special revenue fund authorized by MCA 7-6-2513 to account for the resources received and expended for providing public safety to its citizens of the county.

Dahl Debt Service Fund – A debt service fund used to levy taxes to pay the General Obligation bond used to build a new medical facility in the county, the Dahl Memorial Hospital.

Fiduciary Funds

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net position. The fiduciary funds are:

Custodial Funds – To report fiduciary activities that are not required to be reported in any of the other fiduciary categories in which the resources held by the County in a custodial capacity. This fund primarily consists of reporting resources held by the County as an agent for individuals, private organizations, other local governmental entities. The external portion of the investment pools that are not held in a trust are also reported here.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

Composition of cash, deposits and investments at fair value on June 30, 2025, are as follows:

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash on hand	\$ 20,205
Petty Cash	800
Cash in banks:	
Demand deposits	3,669,077
Savings deposits	265,028
Time deposits	13,051,996
<u>Investments:</u>	
State Short-Term Investment Pool (STIP)	4,239,687
U.S. Government Securities	5,951,266
Total	<u>\$ 27,198,059</u>

Cash equivalents

Cash equivalents are short-term, highly liquid deposits and investments that both readily convertible to known amounts of cash, and have maturities at purchase date of three months or less. The County's cash and cash equivalents (including restricted assets) are considered to be cash on hand, demand, savings and time deposits, STIP, and all other short-term investments with original maturity dates of three months or less from the date of acquisition.

Fair Value Measurements

Investments are reported at fair value, with the following limited exceptions: 1) investments in non-negotiable certificates of deposit are reported at cost and 2) money market investments, including U.S Treasury and Agency obligations, which mature within one year of acquisition, are reported at amortized cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets participates at the measurement date. Fair value is determined annually at fiscal year-end and requires use of valuation techniques described below.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted account principles. The hierarchy, as follows, is based on the valuation inputs used to measure fair value. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs that include the following:

- a. Level 1 Inputs – Quotes prices in active markets for identical assets; these investments are valued using prices quoted in active markets.
- b. Level 2 Inputs – Significant other observable inputs other than quoted prices included within Level 1; these investments are valued using matrix pricing.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

- c. Level 3 Inputs – Significant unobservable inputs, these investments are valued using consensus pricing.

The U.S Government Securities are valued using quoted market prices (Level 1 inputs).

Credit Risk

As a means of limiting exposure to credit risk, the County is required to follow specific state statutes adding security to the deposits and investments. Below are the legal provisions provided in the state Montana Code Annotated (MCA).

Section 7-6-202, MCA, limits investments of public money of a local government in the following eligible securities:

- a. United States government treasury bills, notes and bonds and in the United States treasury obligations, such as state and local government series (SLGLS), separate trading of registered interest and principal of securities (STRIPS), or similar United States treasury obligations;
- b. United States treasury receipts in a form evidencing the holder's ownership of future interest or principal payments on specific United States treasury obligations that, in the absence of payment default by the United States, are held in a special custody account by an independent trust company in a certificate or book entry form with the federal reserve bank of New York; or
- c. Obligations of the following agencies of the United States, subject to the limitations in subsection 2 (not included):
 - i. federal home loan bank;
 - ii. federal national mortgage association;
 - iii. federal home mortgage corporation; and
 - iv. federal farm credit bank.

With the exception of the assets of a local government group self-insurance program, investments 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.

Section 7-6-205 and Section 7-6-206, MCA, state that demand deposits may be placed only in banks and public money not necessary for immediate use by a county, city, or town that is not invested as authorized in Section 7-6-202, MCA, may be placed in time or savings deposits with a bank, savings and loan association, or credit union in the state or placed in repurchase agreements as authorized in Section 7-6-213, MCA.

The government has no investment policy that would further limit its investment choices.

The government has no investments that require credit risk disclosure.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Short Term Investment Pool (STIP) Credit Quality ratings by the S&P's rating services as of June 30, 2025, (in thousands):

<u>Security Investment Type</u>	Total Fixed Income Investments at <u>Fair Value</u>	Credit Quality <u>Rating</u>	WAM <u>(Days)</u>
Treasuries	\$ 1,877,840	A-1+	85
Agency or Government Related	350,679	A-1+	296
Corporate:			
Commercial Paper	401,605	A-1+	186
Notes	882,990	A-1+	319
Certificates of Deposit	<u>1,159,893</u>	A-1+	129
Total Investments	<u>\$ 4,673,007</u>		

Audited financial statements for the State of Montana's Board of Investments are available at 2401 Colonial Drive 3rd Floor in Helena, Montana.

Custodial Credit Risk

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 other than that required by state statutes. All deposits are carried at cost plus accrued interest. As of June 30, 2025, the government's bank balance was exposed to custodial credit risk as follows:

	June 30, 2025 <u>Balance</u>
<u>Depository Account</u>	
Insured	\$ 13,427,239
- Collateral held by the pledging bank's trust department but not in the County's name	3,400,326
- Uninsured and Uncollateralized deposits	<u>90,155</u>
Total deposits and investments	<u>\$ 16,917,720</u>

Deposit Security

Section 7-6-207, MCA, states (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, to the extent of:

- a. 50% of such deposits if the institution in which the deposit is made has a net worth of total assets ratio of 6% or more; or
- b. 100% if the institution in which the deposit is made has a net worth of total assets ratio of less than 6%.

The amount of collateral held for County deposits at June 30, 2025, equaled or exceeded the amount required by State statutes.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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, but as stated above is limited to investment maturities of 5 years per MCA 7-6-202. The following is a list of individual investments as of June 30, 2025, alone with their related interest rates and maturity dates.

Investment	Interest Rate	Maturity	Amount
Federal Home Loan Banks Cons Bond	1.27%	11/24/2026	\$ 964,210
Federal Home Loan Banks Cons Bond	1.90%	2/17/2027	975,129
Federal Home Loan Banks Cons Bond	4.00%	5/27/2027	1,251,546
Federal Home Loan Banks Cons Bond	3.75%	10/3/2029	994,193
Federal Home Loan Banks Cons Bond	4.13%	3/13/2030	754,575
Federal Home Loan Banks Cons Bond	5.10%	3/15/2030	1,011,613
Total			<u>\$ 5,951,266</u>

Cash and Investment Pool

The government maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments."

Investment in the Treasurer's Pools

The County Treasurer invests on behalf of most funds of the County and external participants in accordance with the County's investment policy and Montana law. The County's pools are managed by the County Treasurer. The external portion of the County's investment pools are accounted for as custodial funds – external investment pool fund. There is one type of investment funds reported by the County, pooled investment funds.

The County's pooled investment fund, is invested in STIP, certificates of deposit, savings, money market, time deposits, and U.S. Government Securities.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2025, to support the value of the shares in the pool. As stated previously, the fair value of the investments is determined annually following the fair value measurement hierarchy. The condensed statement below is measured at fair value at fiscal year ended June 30, 2025.

As noted above state statutes limit the type of investments but provide no other regulatory oversight, and the pool is not registered with the Securities and Exchange Commission.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's month end cash balance in relation to total pooled investments.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Condensed statements of investments pools

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2025.

Statement of Net Position

Net position held in trust for all pool participants:

Equity of internal pool participants	\$ 20,933,022
Equity of external pool participants	<u>2,174,687</u>
Total equity	<u><u>\$ 23,107,709</u></u>

Condensed Statement of Changes in Net Position

	<u>External</u>	<u>Internal</u>
Investment earnings	\$ 105,552	\$ 1,016,018
Contributions to trust	811,309	3,530,347
Distributions paid	<u>(368,378)</u>	<u>(3,990,473)</u>
Net change in net position	\$ 548,483	\$ 555,892
Net position at beginning of year	<u>1,626,204</u>	<u>20,377,130</u>
Net position at end of year	<u><u>\$ 2,174,687</u></u>	<u><u>\$ 20,933,022</u></u>

NOTE 3. RECEIVABLES

Tax Receivables

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the County. Taxable values are established by the Montana Department of Revenue, and a revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Special assessments are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

Taxes that become delinquent are charged interest at the rate of 5/6 of 1% a month plus a penalty of 2%. Real property on which taxes remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is to be seized and sold after the taxes become delinquent.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 4. INVENTORIES AND PREPAIDS

Inventories are valued at cost using the First In First Out (FIFO) method.

NOTE 5. CAPITAL ASSETS

The County's assets are capitalized at historical cost or estimated historical cost. County policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	20 – 75 years
Improvements	50 years
Equipment	10 years
Infrastructure	5 – 15 years

A summary of changes in governmental capital assets was as follows:

Governmental activities:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 170,950	\$ 24,067	\$ -	\$ -	\$ 195,017
Construction in progress	17,773,539	276,304	-	(17,518,418)	531,425
Total capital assets not being depreciated	<u>\$ 17,944,489</u>	<u>\$ 300,371</u>	<u>\$ -</u>	<u>\$ (17,518,418)</u>	<u>\$ 726,442</u>
Other capital assets:					
Buildings	\$ 6,382,711	\$ -	\$ -	\$ 17,518,418	\$ 23,901,129
Improvements other than buildings	8,280,171	14,984	-	-	8,295,155
Machinery and equipment	10,286,426	1,531,971	(559,135)	-	11,259,262
Total other capital assets at historical cost	<u>\$ 24,949,308</u>	<u>\$ 1,546,955</u>	<u>\$ (559,135)</u>	<u>\$ 17,518,418</u>	<u>\$ 43,455,546</u>
Less: accumulated depreciation	<u>(9,842,108)</u>	<u>(1,176,693)</u>	<u>190,298</u>	<u>-</u>	<u>(10,828,503)</u>
Total	<u>\$ 33,051,689</u>	<u>\$ 670,633</u>	<u>\$ (368,837)</u>	<u>\$ -</u>	<u>\$ 33,353,485</u>

Governmental activities depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 42,574
Public Safety	84,379
Public Works	606,447
Public Health	364,388
Social and Economic Services	29,746
Culture and Recreation	48,746
Conservation of Natural Resources	413
Total governmental activities depreciation expense	<u>\$ 1,176,693</u>

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2025, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance <u>July 1, 2024</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>	Due Within <u>One Year</u>
General obligation bonds \$	11,780,000	\$ (760,000)	\$ 11,020,000	\$ 795,000
Bond Premiums	1,271,588	(105,966)	1,165,622	105,966
Compensated absences	304,984	(60,944)	244,040	186,357
Total	<u>\$ 13,356,572</u>	<u>\$ (926,910)</u>	<u>\$ 12,429,662</u>	<u>\$ 1,087,323</u>

In prior years the General Fund was used to liquidate compensated absences and claims and judgments.

General Obligation Bonds - The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds outstanding as of June 30, 2025, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2025</u>
Hospital Bond	4/30/19	Varies	17yrs	7/1/36	<u>\$15,110,000</u>	Varies	<u>\$ 11,020,000</u>

Reported in the governmental activities.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Annual requirement to amortize debt:

For Fiscal Year Ended	Principal	Interest
2026	\$ 795,000	\$ 465,900
2027	835,000	426,150
2028	880,000	384,400
2029	925,000	340,400
2030	960,000	303,400
2031	1,000,000	265,000
2032	1,040,000	225,000
2033	1,080,000	183,400
2034	1,125,000	140,200
2035	1,165,000	95,200
2036	1,215,000	48,600
Total	\$ <u>11,020,000</u>	\$ <u>2,877,650</u>

Bond Premiums

As of June 30, 2025, the County recognized a liability for bond premiums totaling \$1,165,622. The premium is related to the issuance of the Series 2019 General Obligation Bond, for the construction costs of the Hospital, totaling \$15,110,000. The premiums are amortized over the life of the bonds that equals 17 years. The total amortized during fiscal year 2025 was \$105,966.

Compensated Absences

The County records a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. The liability represents amounts owed to employees for (1) leave that has not been used and (2) leave that has been used but not yet paid or otherwise settled. A liability for unused leave is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

The liability is measured using employees' pay rates in effect as of the end of the fiscal year and includes salary-related payments that are directly and incrementally associated with payments for leave.

The table above summarizes the activity in the compensated absences liability for the year ended June 30, 2025, presented as a net change. The net change represents the combined effect of benefits earned during the year and benefits used, paid, or forfeited.

The full liability is reported in the government-wide financial statements. In the governmental fund financial statements, only the portion of the liability expected to be liquidated with current financial resources is reported. The County has elected to present the activity for the year as a net change in the notes to the financial statements, as permitted by GASB Statement No. 101.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

In accordance with Montana law and County policy, employees earn both vacation and sick leave benefits. Vacation leave may be accumulated subject to statutory limitations and applicable County personnel policies. Employees are generally entitled to payment of 100 percent of unused vacation leave upon termination of employment. Sick leave may accumulate without limitation; however, upon termination, employees are entitled to payment of one-fourth of the accumulated sick leave balance, as provided by Montana law.

NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan provides for, as required by section 2-18-704, MCA, employees with at least 5 years of service and who are at least age 50, along with surviving spouses and dependents, to stay on the government's health care plan as long as they pay the same premium. This creates a defined benefit Other Post-Employment Benefits Plan (OPEB); since retirees are usually older than the average age of the plan participants, they receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the County. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs, and covers these when they come due. The government has less than 100 plan members and thus qualifies to use the "Alternative Measurement Method" for calculating the liability. 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 section 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums, but may pay the same premiums as the other members in the group health plan.

Employees covered by benefit terms. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	-
Active employees	30
Total employees	<u>30</u>

Total OPEB Liability

The County's total OPEB liability of \$35,403 at June 30, 2025, was determined by using the alternative measurement method. The measurement date of the determined liability was June 30, 2025.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2025, alternative measurement method was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement (based on historical data)	62
Discount rate (average anticipated rate)	4.79%
Average salary increase (Consumer Price Index)	3.00%
Participation Rate	10.00%
<u>Health care cost rate trend (Federal Office of the Actuary)</u>	

<u>Year</u>	<u>% Increase</u>
2025	7.6%
2026	6.1%
2027	6.4%
2028	5.9%
2029	6.0%
2030	5.7%
2031	5.6%
2032	5.4%
2033	5.4%
2034	5.4%
2035 and thereafter	6.0%

The discount rate was based on the 20-year General obligation (GO) bond index.

Life expectancy of employees was based on the Montana Life Tables, 2021 for Males: Table 2 and Females: Table 3 as published in the National Vital Statistics Reports, Vol. 73, No. 3, August 21, 2024.

The turnover rates were determined from the periodic experience studies of the Montana public retirement systems for the covered groups as documented in the GASB 68 actuarial valuations.

Changes in the Total OPEB Liability

Balance at 6/30/2024	\$ <u>49,282</u>
Changes for the year:	
Service Cost	\$ 3,175
Change in assumptions	<u>(17,054)</u>
Net Changes	\$ <u>(13,879)</u>
Balance at 6/30/2025	\$ <u><u>35,403</u></u>

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Sensitivity of the total OPEB liability to changes in the discount rate. The following summarizes the total OPEB liability reported, and how that liability would change if the discount rate used to calculate the OPEB liability were to decrease or increase 1%:

	1% Decrease (3.79%)	Discount Rate (4.79%)	1% Increase (5.79%)
Total OPEB Liability \$	39,896	\$ 35,403	\$ 31,717

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following summarizes the total OPEB liability reported, and how that liability would change if the healthcare trend rates used in projecting the benefit payments were to decrease or increase 1%:

	1% Decrease	Healthcare Cost Trends*	1% Increase
Total OPEB Liability \$	30,791	\$ 35,403	\$ 41,180

**Reference the assumptions footnotes to determine the healthcare cost trends used to calculate the OPEB liability.*

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

For the year ended June 30, 2025, the County recognized an OPEB expense of \$(13,879). The County does not report any deferred outflows of resources and deferred inflows of resources related to OPEB as there were no differences between expected and actual experience or changes in assumptions performed in the alternative measurement method. In addition, since County records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan trust.

NOTE 8. NET PENSION LIABILITY (NPL)

As of June 30, 2025, the County reported the following balances as its proportionate share of PERS and SRS pension amounts:

County's Proportionate Share Associated With:

	PERS	SRS	Pension Totals
Net Pension Liability	\$ 1,992,266	\$ 351,302	\$ 2,343,568
Deferred outflows of resources*	\$ 397,603	\$ 114,626	\$ 512,229
Deferred inflows of resources	\$ 44,303	\$ 17,404	\$ 61,707
Pension expense	\$ 222,376	\$ 18,207	\$ 240,583

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

*Deferred outflows for PERS and SRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$188,382, and \$41,264, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2025.

The following are the detailed disclosures for each retirement plan as required by GASB 68.

Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

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

Plan Descriptions

The PERS-Defined Benefit Retirement Plan (PERS) administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, local governments, certain employees of the Montana University System, and school districts.

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 defined contribution retirement plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the *defined contribution* and *defined benefit* retirement plans. For members that choose to join the PERS-DCRP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature.

Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

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

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Contributions

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

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

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

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

Fiscal Year	Member		Local Government	
	Hired<07/01/11	Hired>07/01/11	Employer	State
2025	7.900%	7.900%	9.070%	0.100%
2024	7.900%	7.900%	9.070%	0.100%
2023	7.900%	7.900%	8.970%	0.100%
2022	7.900%	7.900%	8.870%	0.100%
2021	7.900%	7.900%	8.770%	0.100%
2020	7.900%	7.900%	8.670%	0.100%
2019	7.900%	7.900%	8.570%	0.100%
2018	7.900%	7.900%	8.470%	0.100%
2017	7.900%	7.900%	8.370%	0.100%
2016	7.900%	7.900%	8.270%	0.100%
2015	7.900%	7.900%	8.170%	0.100%
2014	7.900%	7.900%	8.070%	0.100%
2012 – 2013	6.900%	7.900%	7.070%	0.100%
2010 – 2011	6.900%		7.070%	0.100%
2008 – 2009	6.900%		6.935%	0.100%
2000 - 2007	6.900%		6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a statutory appropriation from its General Fund of \$35,329,705.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2025 (reporting period), is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2025, and 2024 (reporting period), are displayed below. The County proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The County recorded a liability of \$1,992,266 and the County's proportionate share was 0.081458 percent.

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 1,992,266	\$ 1,817,508	0.081458%	0.074477%	0.006981%
State of Montana Proportionate Share associated with Employer	520,286	504,316	0.021273%	0.020666%	0.000607%
Total	<u>\$ 2,512,552</u>	<u>\$ 2,321,824</u>	<u>0.102731%</u>	<u>0.095143%</u>	<u>0.007588%</u>

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Changes in proportionate share:

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense:

At June 30, 2025, the County recognized a Pension Expense of \$194,493 for its proportionate share of the pension expense. The County also recognized grant revenue of \$27,883 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the County.

	Pension Expense as of 6/30/25	Pension Expense as of 6/30/24
Employer Proportionate Share	\$ 194,493	\$ 206,820
State of Montana Proportionate Share associated with the Employer	27,883	47,312
Total	\$ <u>222,376</u>	\$ <u>254,132</u>

Recognition of Beginning Deferred Outflow

At June 30, 2025, the County recognized a beginning deferred outflow of resources for the County's fiscal year 2024 contributions of \$178,679.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Recognition of Deferred Inflows and Outflows:

At June 30, 2025, the County reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 100,678	\$ -
Actual vs. Expected Investment Earnings	-	44,303
Changes in Assumptions	-	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	108,543	-
Employer contributions subsequent to the measurement date - FY25*	188,382	-
Total	<u>\$ 397,603</u>	<u>\$ 44,303</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2025	\$ 27,625
2026	\$ 187,518
2027	\$ (31,145)
2028	\$ (19,080)
Thereafter	<u>\$ -</u>

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2024, actuarial valuation, and was determined using the following actuarial assumptions.

- | | |
|--|-------------|
| • Investment Return (net of admin expense) | 7.30% |
| • General Wage Growth* | 3.50% |
| *includes Inflation at | 2.75% |
| • Merit Increases | 0% to 4.80% |

Postretirement Benefit Increases - Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, Inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Member hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	<u>6.00%</u>	3.02%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 2,904,293	\$ 1,992,266	\$ 1,227,488

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

PERS Disclosure for the defined contribution plan

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

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

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

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2024, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 348 employers that have participants in the PERS-DCRP totaled \$1,345,278.

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

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Sheriff's Retirement System

Summary of Significant Accounting Policies

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

Plan Descriptions

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.

Summary of Benefits

Service retirement:

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

Early retirement:

- 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.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Second Retirement:

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

1. 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.
2. 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:
 - a. Is awarded service credit for the period of reemployment;
 - b. 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
 - c. 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.
3. A member who returns to covered service is not eligible for a disability benefit.

Member's compensation period used in benefit calculation

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

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Contributions

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

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

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

For reporting date June 30, 2025, non-special funding: House Bill 569 also provides a one-time appropriation of State of Montana general fund dollars to the SRS of \$26.8 million. This is a non-special funding, non-contributing entity contribution. For GASB Statement 68 reporting, the employer would recognize grant revenue of \$76,761 for its proportionate share of support revenue from the State of Montana.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2025 (reporting period), is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the County's and the state of Montana's NPL for June 30, 2025, and 2024, are displayed below. The County proportionate share equals the ratio of the employer's contributions to the sum of all employer contributions during the measurement period. The County recorded a liability of \$351,302 and the County's proportionate share was 0.2864 percent.

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 351,302	\$ 420,933	0.2864%	0.2864%	0.0001%
Total	\$ 351,302	\$ 420,933	0.2864%	0.2864%	0.0001%

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2025, the County recognized a Pension Expense of \$94,968 for its proportionate share of the pension expense.

	Pension Expense as of 6/30/25	Pension Expense as of 6/30/24
Employer Proportionate Share	\$ 94,968	\$ 100,184
Total	\$ 94,968	\$ 100,184

Recognition of Beginning Deferred Outflow

At June 30, 2025, the County recognized a beginning deferred outflow of resources for the County's fiscal year 2024 contributions of \$41,678.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Recognition of Deferred Inflows and Outflows:

At June 30, 2025, the County reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 60,987	\$ -
Actual vs. Expected Investment Earnings	-	12,548
Changes in Assumptions	12,375	3,149
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	1,707
Employer contributions subsequent to the measurement date - FY25*	41,264	-
Total	<u>\$ 114,626</u>	<u>\$ 17,404</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2025	\$ 31,569
2026	\$ 37,134
2027	\$ (8,416)
2028	\$ (5,329)
Thereafter	\$ -

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2024, actuarial valuation, and was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.30%
- General Wage Growth* 3.50%
 *includes inflation at 2.75%
- Merit Increases 1.0% to 6.40%

Post Retirement Benefit Increased - Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, Inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2207

Mortality

- Mortality assumptions among contributing members are based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for males.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 105% for males. Projected generationally using MP-2021.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	<u>6.00%</u>	3.02%
Total	<u>100%</u>	

Discount Rate

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

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 631,215	\$ 351,302	\$ 123,491

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
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In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena 620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2025:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Retirement allocation	General – Major Governmental	Retirement – Nonmajor Governmental	\$ 86,298
Group Health Ins allocation	General – Major Governmental	Grp Health Ins – Nonmajor Governmental	222,181
Retirement allocation	Road – Major Governmental	Retirement – Nonmajor Governmental	53,445
Group Health Ins allocation	Road – Major Governmental	Grp Health Ins – Nonmajor Governmental	109,402
Retirement allocation	Bridge – Nonmajor Governmental	Retirement – Nonmajor Governmental	21,744
Group Health Ins allocation	Bridge – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	40,887
Retirement allocation	Weed – Nonmajor Governmental	Retirement – Nonmajor Governmental	11,369
Group Health Ins allocation	Weed – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	18,571
Retirement allocation	Pred Animal – Nonmajor Governmental	Retirement – Nonmajor Governmental	91

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Group Health Ins allocation	Pred Animal – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	100,000
Retirement allocation	Fair – Nonmajor Governmental	Retirement – Nonmajor Governmental	157
Retirement allocation	Airport – Nonmajor Governmental	Retirement – Nonmajor Governmental	104
Retirement allocation	Conservation District – Nonmajor Governmental	Retirement – Nonmajor Governmental	2,354
Retirement allocation	Senior Citizens – Nonmajor Governmental	Retirement – Nonmajor Governmental	3,733
Group Health Ins allocation	Senior Citizens – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	13,928
Retirement allocation	Senior Transportation – Nonmajor Governmental	Retirement – Nonmajor Governmental	2,046
Retirement allocation	Extension Service – Nonmajor Governmental	Retirement – Nonmajor Governmental	1,973
Group Health Ins allocation	Extension Service – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	1,973
Retirement allocation	Public Safety – Major Governmental	Retirement – Nonmajor Governmental	49,700
Group Health Ins allocation	Public Safety – Major Governmental	Grp Health Ins – Nonmajor Governmental	49,700
Retirement allocation	Severity – Nonmajor Governmental	Retirement – Nonmajor Governmental	104
Group Health Ins allocation	Severity – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	104
Retirement allocation	Camp Needmore – Nonmajor Governmental	Retirement – Nonmajor Governmental	269
Group Health Ins allocation	Camp Needmore – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	269
Retirement allocation	Museum – Nonmajor Governmental	Retirement – Nonmajor Governmental	17,831

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Group Health Ins allocation	Museum – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	17,831
Operating transfer	DNRC Vol Fire Assistance – Nonmajor Governmental	Public Safety – Major Governmental	6,635
Retirement allocation	County Health – Nonmajor Governmental	Retirement – Nonmajor Governmental	13,146
Group Health Ins allocation	County Health – Nonmajor Governmental	Grp Health Ins – Nonmajor Governmental	18,571
Operating transfer	Immunization – Nonmajor Governmental	County Health – Nonmajor Governmental	5,911
Operating transfer	Dahl Debt Service – Major Governmental	DMHC Construction – Nonmajor Governmental	1,360,857
Future capital improvements	Road Cap Improvements – Nonmajor Governmental	Road – Major Governmental	700,000
Future capital improvements	Weed Capital Improvements – Nonmajor Governmental	Weed – Nonmajor Governmental	30,000
			<u>\$ 2,961,184</u>

NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

Governmental Fund equity is classified as fund balance. The County categorizes fund balance of the governmental funds into the following categories:

Non-spendable – Includes resources not in spendable form, such as inventory, or those legally required to be maintained intact, such as principle portion of permanent funds.

Restricted – includes constraint for specific purposes which are externally imposed by a third party, State Constitution, or enabling legislation.

Committed – includes constraint for specific purposes which are internally imposed by the formal action of the board. This is the government's highest level of decision-making authority, Commissioners, and a formal action is required to establish, modify, or rescind the fund balance commitment.

Unassigned – includes negative fund balances in all funds, or fund balance with no constraints in the General Fund.

The County considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Reason Nonspendable</u>
Road	\$ 964,463	Inventory
All Other Aggregate	<u>141,153</u>	Inventory
	<u>\$ 1,105,616</u>	

Restricted Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Road	\$ 2,232,962	Road Repair, maintenance and supplies
Hospital Building	3,501,888	Public Health Services and Supplies
Public Safety	1,482,096	Law Enforcement, emergency services, and supplies
Dahl Debt Service	330,337	Debt Service
All Other Aggregate	115,351	General Government administration and services
	327,499	Law Enforcement, emergency services, and supplies
	835,270	Road Repair, maintenance and supplies
	117,670	Public Health Services and Supplies
	426,731	Noxious Weed Management
	663,673	Animal Control
	460,616	Social and Economic Services and travel
	672,295	Culture and recreation
	41,489	Conservation of Natural Resources
	30,305	Miscellaneous
	2,485,567	Airport
	<u>409,449</u>	Employer contributions
	<u>\$14,133,198</u>	

Committed Fund Balance

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Commitment</u>
All Other Aggregate	<u>\$ 5,142,764</u>	Constructions and/or capital asset purchases

NOTE 11. JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose which are subject to joint control, in which the participating governments retain 1) an ongoing financial interest or 2) an ongoing financial responsibility.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Town-County Library

The operations of the Town-County Library are included in the financial statements of the Town of Ekalaka. The Library operates under the supervision and control of the Town-County Library Board. The Board consists of five members, who are appointed by the Town Council and the County Board of Commissioners. All the capital assets of the library are included in the Town's capital assets. The County contributed \$12,000 in fiscal year ended June 30, 2025, financed by County-wide levy. The County accounts for the levy in a special revenue fund.

NOTE 12. INTERLOCAL AGREEMENTS

The Town and County also entered into an agreement whereby the County will provide law enforcement services for the Town and the Town will contribute \$40,000 a year, payable in four equal quarterly installments. The Town agrees to pay costs associated with prisoner care, court-appointed counsel and animal care, if needed, and provide funding for the police reserve training. The County agrees to provide labor, equipment, facilities, and supplies needed to provide these services and will be responsible for liability. This agreement is renewable annually.

NOTE 13. SERVICES PROVIDED FROM OTHER GOVERNMENTS

Carter County provides various financial services to other governmental entities located within the County. The County serves as the billing agent, cashier and treasurer for tax and assessment collections for various taxing jurisdictions. The County also serves as a bank for such agencies as school districts, irrigation districts, rural fire districts, and other special purpose districts. The funds collected and held by the County for other entities are accounted for in agency funds. Funds collected for incorporated cities and towns are periodically remitted to those entities by the County Treasurer. The County has not recorded any service charges for the services it provides other governmental entities.

NOTE 14. RISK MANAGEMENT

The County faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Casualty Insurance

The County is part of a public entity risk pool called the Montana Association of Counties Property and Casualty Trust (MACo PCT). The MACo PCT pool is a group self-insurance program that offers a package concept combining multiple lines of coverages designed to meet the coverage and service needs for Montana Counties and Special Districts. Liability coverages are provided for at \$750,000/claim and \$1,500,000/occurrence.

CARTER COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

PCT Coverage Includes:

- Public officials' errors and omissions
- Employment practices including legal advice on employment issues
- Law enforcement liability
- Auto liability
- General liability
- Defense only coverage for subdivisions approval and denials
- Property
- Faithful performance of duty
- Boiler and Machinery
- Fidelity and Crime
- Professional liability

Workers Compensation Insurance

The County is part of a public entity self-insured risk sharing pool that provides statutorily mandated workers' compensation called the Montana Association of Counties Workers' Compensation Trust (MACo WCT). Coverage is provided to member counties to protect member employees from on-the-job injuries and occupational diseases.

Health Care Insurance

The County is part of a public entity risk sharing pool that provides group health benefits for Montana Counties called the Montana Association of Counties Health Care Trust (MACo HCT). The plan provides medical, pharmacy, Vision and Dental benefits.

NOTE 15. SUBSEQUENT EVENTS

On June 20, 2025, the County experienced a hailstorm that caused significant damage to certain County assets, including vehicles and buildings. Subsequent to year-end, the County received insurance proceeds related to the hailstorm totaling \$1,338,751 in FY26 and \$198,731 in FY27 to cover repair costs. Repair costs of \$7,761 have been incurred to date. Estimated repair costs for building damage are not yet available because the bidding process has begun and remains in process.

REQUIRED SUPPLEMENTARY INFORMATION

Carter County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	General			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 509,547	\$ 509,547	\$ 546,930	\$ 37,383
Intergovernmental	160,000	160,000	161,142	1,142
Charges for services	37,000	37,000	54,722	17,722
Fines and forfeitures	4,000	4,000	6,443	2,443
Miscellaneous	-	-	3,622	3,622
Investment earnings	201,000	201,000	694,861	493,861
Amounts available for appropriation	<u>\$ 911,547</u>	<u>\$ 911,547</u>	<u>\$ 1,467,720</u>	<u>\$ 556,173</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General government	\$ 1,787,500	\$ 1,787,500	\$ 1,575,273	\$ 212,227
Public safety	60,000	60,000	55,432	4,568
Public health	80,000	80,000	49,241	30,759
Social and economic services	35,000	35,000	-	35,000
Capital outlay	600,000	600,000	-	600,000
Total charges to appropriations	<u>\$ 2,562,500</u>	<u>\$ 2,562,500</u>	<u>\$ 1,679,946</u>	<u>\$ 882,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 308,479	\$ 308,479
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,479</u>	<u>\$ 308,479</u>
Net change in fund balance			<u>\$ 96,253</u>	
Fund balance - beginning of the year			<u>\$ 2,475,429</u>	
Fund balance - end of the year			<u><u>\$ 2,571,682</u></u>	

Carter County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	Road				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET	
	<u>ORIGINAL</u>	<u>FINAL</u>			
RESOURCES (INFLOWS):					
Taxes and assessments	\$ 2,161,881	\$ 2,161,881	\$ 2,227,285	\$	65,404
Intergovernmental	350,000	350,000	506,407		156,407
Charges for services	-	-	184,614		184,614
Miscellaneous	-	-	15,400		15,400
Amounts available for appropriation	<u>\$ 2,511,881</u>	<u>\$ 2,511,881</u>	<u>\$ 2,933,706</u>	<u>\$</u>	<u>421,825</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):					
General government	\$ 87,000	\$ 87,000	\$ 72,767	\$	14,233
Public works	2,050,000	2,050,000	1,603,197		446,803
Capital outlay	828,000	828,000	1,087,220		(259,220)
Total charges to appropriations	<u>\$ 2,965,000</u>	<u>\$ 2,965,000</u>	<u>\$ 2,763,184</u>	<u>\$</u>	<u>201,816</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ 391,420	\$	391,420
Transfers in	-	-	162,848		162,848
Transfers out	-	-	(700,000)		(700,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,732)</u>	<u>\$</u>	<u>(145,732)</u>
Net change in fund balance			<u>\$ 24,790</u>		
Fund balance - beginning of the year			<u>\$ 3,172,635</u>		
Fund balance - end of the year			<u><u>\$ 3,197,425</u></u>		

Carter County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	Hospital Building				
	BUDGETED AMOUNTS		ACTUAL	VARIANCE	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>See Note A</u>	<u>WITH FINAL</u> <u>BUDGET</u>	
RESOURCES (INFLOWS):					
Taxes and assessments	\$ 1,053,262	\$ 1,053,262	\$ 1,047,742	\$	(5,520)
Intergovernmental	-	-	168,874		168,874
Charges for services	15,000	15,000	3,659		(11,341)
Miscellaneous	-	-	48,058		48,058
Amounts available for appropriation	<u>\$ 1,068,262</u>	<u>\$ 1,068,262</u>	<u>\$ 1,268,333</u>	<u>\$</u>	<u>200,071</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):					
Public health	\$ 1,100,000	\$ 1,100,000	\$ 136,548	\$	963,452
Capital outlay	<u>1,500,000</u>	<u>1,500,000</u>	<u>19,656</u>		<u>1,480,344</u>
Total charges to appropriations	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>	<u>\$ 156,204</u>	<u>\$</u>	<u>2,443,796</u>
Net change in fund balance			<u>\$ 1,112,129</u>		
Fund balance - beginning of the year			\$ -		
Restatements			<u>2,389,759</u>		
Fund balance - beginning of the year - restated			<u>\$ 2,389,759</u>		
Fund balance - end of the year			<u>\$ 3,501,888</u>		

Carter County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

Public Safety				
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		
RESOURCES (INFLOWS):				
Taxes and assessments	\$ 938,131	\$ 938,131	\$ 933,381	\$ (4,750)
Licenses and permits	-	-	260	260
Intergovernmental	18,000	18,000	227,806	209,806
Charges for services	30,000	30,000	51,150	21,150
Miscellaneous	-	-	3,938	3,938
Amounts available for appropriation	<u>\$ 986,131</u>	<u>\$ 986,131</u>	<u>\$ 1,216,535</u>	<u>\$ 230,404</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	\$ 1,079,000	\$ 1,079,000	\$ 706,553	\$ 372,447
Capital outlay	<u>350,000</u>	<u>350,000</u>	<u>24,236</u>	<u>325,764</u>
Total charges to appropriations	<u>\$ 1,429,000</u>	<u>\$ 1,429,000</u>	<u>\$ 730,789</u>	<u>\$ 698,211</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 99,400	\$ 99,400
Transfers out	<u>-</u>	<u>-</u>	<u>(6,635)</u>	<u>(6,635)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,765</u>	<u>\$ 92,765</u>
Net change in fund balance			<u>\$ 578,511</u>	
Fund balance - beginning of the year			\$ -	
Restatements			<u>903,585</u>	
Fund balance - beginning of the year - restated			<u>\$ 903,585</u>	
Fund balance - end of the year			<u>\$ 1,482,096</u>	

Carter County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>General</u>	<u>Road</u>	<u>Hospital Building</u>	<u>Public Safety</u>
Sources/Inflows of resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,467,720	\$ 2,933,706	\$ 1,268,333	\$ 1,216,535
Combined funds (GASBS 54) revenues	<u>300,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	<u>\$ 1,768,241</u>	<u>\$ 2,933,706</u>	<u>\$ 1,268,333</u>	<u>\$ 1,216,535</u>
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,679,946	\$ 2,763,184	\$ 156,204	\$ 730,789
Combined funds (GASBS 54) expenditures	<u>325,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,005,672</u>	<u>\$ 2,763,184</u>	<u>\$ 156,204</u>	<u>\$ 730,789</u>

Carter County, Montana
Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
For Fiscal Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability								
Service Cost	\$ 3,175	\$ 4,235	\$ 4,235	\$ 6,197	\$ 6,197	\$ 4,353	\$ 4,353	\$ -
Change in assumptions and inputs	<u>(17,054)</u>	<u>-</u>	<u>(29,921)</u>	<u>-</u>	<u>2,317</u>	<u>-</u>	<u>1,740</u>	<u>-</u>
Net change in total OPEB liability	(13,879)	4,235	(25,686)	6,197	8,514	4,353	6,093	-
Total OPEB Liability - beginning	<u>49,282</u>	<u>45,047</u>	<u>70,733</u>	<u>64,536</u>	<u>56,022</u>	<u>51,669</u>	<u>45,576</u>	<u>45,576</u>
Total OPEB Liability - ending	<u>\$ 35,403</u>	<u>\$ 49,282</u>	<u>\$ 45,047</u>	<u>\$ 70,733</u>	<u>\$ 64,536</u>	<u>\$ 56,022</u>	<u>\$ 51,669</u>	<u>\$ 45,576</u>
Covered-employee payroll	\$ 1,952,945	\$ 1,622,647	\$ 1,622,647	\$ 1,579,368	\$ 1,579,368	\$ 1,268,844	\$ 181,307	\$ 1,096,032
Total OPEB liability as a percentage of covered -employee payroll	2%	3%	3%	4%	4%	4%	28%	4%

**The above schedule is presented by combining the required schedules from GASB 75 paragraphs 170a and 170b. The GASB requires that 10 years of information related to the OPEB liability be presented, additional data will be provided as it becomes available.*

Carter County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

	PERS 2025	PERS 2024	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016
Employer's proportion of the net pension liability	0.081458%	0.074477%	0.075021%	0.070324%	0.069662%	0.061257%	0.055450%	0.071482%	0.073962%	0.070923%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 1,992,266	\$ 1,817,508	\$ 1,783,917	\$ 1,275,132	\$ 1,837,829	\$ 1,280,459	\$ 1,157,316	\$ 1,392,194	\$ 1,259,833	\$ 991,419
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 520,286	\$ 504,316	\$ 534,221	\$ 376,358	\$ 578,341	\$ 416,921	\$ 386,833	\$ 17,525	\$ 15,394	\$ 12,178
Total	<u>\$ 2,512,552</u>	<u>\$ 2,321,824</u>	<u>\$ 2,318,138</u>	<u>\$ 1,651,490</u>	<u>\$ 2,416,170</u>	<u>\$ 1,697,380</u>	<u>\$ 1,544,149</u>	<u>\$ 1,409,719</u>	<u>\$ 1,275,227</u>	<u>\$ 1,003,597</u>
Employer's covered payroll	\$ 1,592,857	\$ 1,381,487	\$ 1,315,930	\$ 1,239,087	\$ 1,168,812	\$ 1,010,731	\$ 911,904	\$ 886,745	\$ 885,938	\$ 827,691
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	125.08%	131.56%	135.56%	102.91%	157.24%	126.69%	126.91%	157.00%	142.20%	119.78%
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%
	SRS 2025	SRS 2024	SRS 2023	SRS 2022	SRS 2021	SRS 2020	SRS 2019	SRS 2018	SRS 2017	SRS 2016
Employer's proportion of the net pension liability	0.2864%	0.2864%	0.2800%	0.2827%	0.2991%	0.2628%	0.2298%	0.2313%	0.2368%	0.2316%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 351,302	\$ 420,933	\$ 384,391	\$ 205,886	\$ 364,595	\$ 219,184	\$ 172,766	\$ 175,992	\$ 416,007	\$ 223,213
Total	<u>\$ 351,302</u>	<u>\$ 420,933</u>	<u>\$ 384,391</u>	<u>\$ 205,886</u>	<u>\$ 364,595</u>	<u>\$ 219,184</u>	<u>\$ 172,766</u>	<u>\$ 175,992</u>	<u>\$ 416,007</u>	<u>\$ 223,213</u>
Employer's covered payroll	\$ 317,790	\$ 293,383	\$ 270,572	\$ 256,884	\$ 253,983	\$ 210,989	\$ 178,318	\$ 173,039	\$ 167,166	\$ 157,560
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	110.55%	143.48%	142.07%	80.15%	143.55%	103.88%	96.89%	101.71%	248.86%	141.67%
Plan fiduciary net position as a percentage of the total pension liability	82.12%	77.09%	77.07%	86.94%	75.92%	81.89%	82.68%	81.30%	63.00%	75.40%

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

Carter County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2025

	PERS 2025	PERS 2024	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016
Contractually required contributions	\$ 188,382	\$ 145,426	\$ 125,239	\$ 117,255	\$ 110,082	\$ 102,403	\$ 86,930	\$ 77,238	\$ 74,221	\$ 74,052
Contributions in relation to the contractually required contributions	\$ 188,382	\$ 145,426	\$ 125,239	\$ 117,255	\$ 110,082	\$ 102,403	\$ 86,930	\$ 77,238	\$ 74,221	\$ 75,167
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 2,076,979	\$ 1,592,857	\$ 1,381,487	\$ 1,315,930	\$ 1,239,087	\$ 1,168,812	\$ 1,010,731	\$ 911,904	\$ 886,745	\$ 885,938
Contributions as a percentage of covered payroll	9.07%	9.13%	9.07%	8.91%	8.88%	8.76%	8.60%	8.47%	8.37%	8.48%

	SRS 2025	SRS 2024	SRS 2023	SRS 2022	SRS 2021	SRS 2020	SRS 2019	SRS 2018	SRS 2017	SRS 2016
Contractually required contributions	\$ 41,264	\$ 42,229	\$ 38,609	\$ 35,663	\$ 33,627	\$ 33,428	\$ 27,786	\$ 23,824	\$ 17,503	\$ 17,326
Contributions in relation to the contractually required contributions	\$ 41,264	\$ 118,990	\$ 38,609	\$ 35,663	\$ 33,627	\$ 33,428	\$ 27,786	\$ 23,824	\$ 17,503	\$ 17,326
Contribution deficiency (excess)	\$ -	\$ (76,761)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 341,759	\$ 317,790	\$ 293,383	\$ 270,572	\$ 256,884	\$ 253,983	\$ 210,989	\$ 178,318	\$ 173,039	\$ 167,166
Contributions as a percentage of covered payroll	12.07%	37.44%	13.16%	13.18%	13.09%	13.16%	13.17%	13.36%	10.12%	13.36%

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

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

Permanent Injunction Limits Application of the GABA Reduction – Passed under House Bill 454

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

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

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013:
 - 1.5% each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

- For members who retire on or after January 1, 2016, return to PERS-covered employment, and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016, and the contributions of 2.37%, 0.47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes

Working Retiree Limitations – for PERS

Effective July 1, 2017, 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.

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.

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.

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0% to 4.80%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality	
• Active Participation	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Health Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021.

Sheriffs' Retirement System of Montana (SRS)

Changes of Benefit Terms

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

2015 Legislative Changes

There were no legislative changes with regards to SRS in 2015.

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

2017 Legislative Changes

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

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

- 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.
- 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:
 - 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 member's rehire date; and
 - 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.

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.

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

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.

2023:

Retirement eligibility

- Effective July 1, 2023, the retirement eligibility criteria in SRS for new hires first entering the system changes from 20 years of service at any age to age 50 and 20 years of service. This change had no impact on the TPL.

2024:

Employer contribution rate

- Beginning July 1, 2024, contribution rates are actuarially determined based on the funding valuation one year prior.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investments and administrative expenses
*Includes inflation at	2.75%
Merit salary increases	1% to 6.40%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Mortality	
• Active Participation	PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Healthy Retiree	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality table projected to 2021, set forward one year and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
• Disabled Retiree	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality table projected to 2021, set forward one year for males.

Carter County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year ended June 30, 2025

- Contingent Survivor PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021.



**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***

Board of County Commissioners
Carter County
Ekalaka, Montana

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, each major fund, and the aggregate remaining fund information of Carter County, Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 20, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit 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 *Governmental Auditing Standards* and which are described below as item(s) 2025-001.

2025-001 Tax Levy Requirement Schedule and Cash Reserve Limitations

Condition:

The County's tax levy requirement schedule was not properly completed, and as a result, the County exceeded the cash reserve limitation for the Road and Weed funds.

Context:

We recalculated the fiscal year 2025 tax levy requirement schedule and compared our results to the County's schedule. In doing this, we tested the County's compliance with the cash reserve limitation and noted that the Road and Weed funds exceeded the limitation.

Criteria:

The Tax Levy Requirement Schedule should be accurately and completely prepared to ensure that cash reserves remain within the one-third limitation required by MCA 7-6-4034.

Effect:

During recalculation of the fiscal year 2025 tax levy requirements schedule, it was determined that the Road Fund's cash reserve was exceeded by 23%, or \$682,224. Additionally, the Weed Fund's cash reserve was exceeded by 6%, or \$24,124.

Cause:

The County doesn't have procedures in place to properly evaluate the tax levy requirement to confirm proper calculation, and that budgeted cash reserves are in compliance.

Recommendation:

We recommend that the County implement procedures to ensure the tax levy requirement schedule is prepared accurately and agrees to the underlying accounting records and adopted budget, and to make adjustments to the allocation of mills or budget when necessary. This will help the County ensure it has sufficient resources to meet appropriations and that cash reserves are within statutory limitations.

Carter County's Response to Findings

Carter County's response to the findings identified in our audit is described in the Auditee's Corrective Action Plan. Carter County's response was not subject 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 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.

Nexus CPA Group

July 20, 2026

CARTER COUNTY BOARD OF COMMISSIONERS

PO BOX 315 *** 214 PARK STREET

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Contact Person:

Judy Wright

Carter County Clerk and Recorder

Po Box 315/ 2140 Park Street

Ekalaka, MT 59324

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Expected Completion Date of Corrective Action Plan:

September 10, 2026

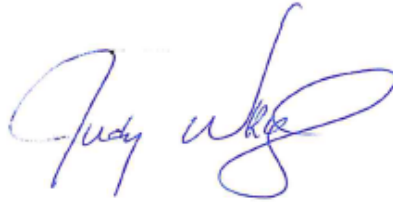
CORRECTIVE ACTION PLAN

FINDING 2025-001: Tax Levy Requirement Schedule and Cash Reserve Limitations

Response:

Work with the Treasurer to check the numbers and move extra monies into the 4000 fund if there are overages of the 33%, after having a second or even third person double check the numbers.

I am also sending a report in which there was a JV that moved monies out of both funds in question which should have fixed the excess reserves.

 7/21/26

2/24

descript	debit	credit	fund	account	object	project	orgn	notes	tran_numb
ROAD TX TO CIP	700000	0	2110	521000	820	0	0	0 TRANS OUT	517
ROAD CASH	0	700000	2110	101000	0	0	0	0 CASH	517
ROAD CI CASH	700000	0	4001	101000	0	0	0	0 CASH	517
ROAD CI TX FROM ROAD	0	700000	4001	383000	0	0	0	0 TRANS IN	517
WEED CI CASH	30000	0	4003	101000	0	0	0	0 CASH	517
WEED CI TX FROM WEED	0	30000	4003	383000	0	0	0	0 TRANS IN	517
WEED CASH	0	30000	2140	101000	0	0	0	0 CASH	517
WEED TX TO CIP	30000	0	2140	521000	820	0	0	0 TRANS IN	517