

LINCOLN COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

**AUDIT REPORT**



LINCOLN COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

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LINCOLN COUNTY, MONTANA

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LINCOLN COUNTY, MONTANA

**ORGANIZATION**

Fiscal Year Ended June 30, 2025

**BOARD OF COUNTY COMMISSIONERS**

Brent Teske  
Jim Hammons  
Noel Duram

Commissioner  
Commissioner  
Commissioner

**COUNTY OFFICIALS**

Wendy Drake  
Corrina Brown  
Sedaris Carlberg  
Tricia Brooks  
Jay Sheffield  
Steven Schackenbert  
Darren Short  
Susy Rios  
Marcia Boris

Finance Director  
Clerk & Recorder  
Treasurer  
Clerk of District Court  
Justice of the Peace  
Coroner  
Sheriff  
Superintendent of Schools  
County Attorney

Lincoln County, Montana  
**Management's Discussion and Analysis**  
Fiscal Year Ending June 30, 2025

**Introduction**

This section provides an overview of Lincoln County's financial performance for Fiscal Year 2025. Readers are encouraged to review the basic financial statements and accompanying notes to better understand the County's financial position and results of operations.

**Financial Highlights**

- Federal PILT payments were extended, continuing funding support into 2025.
- Growth in housing starts and increases in property values contributed to an expanding tax base.
- An influx of new microbusinesses has supported local economic diversification.

**Using This Annual Financial Report**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. Lincoln County's financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

**Government-Wide Financial Statements**

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the County as a whole and its activities. These statements include all assets and liabilities using the full accrual basis of accounting. All current year revenues and expenses are reported regardless of when cash is received or paid.

These statements report on the County's net position and changes in net position. Net position represents the difference between assets and liabilities and is one way to measure the County's financial condition. Over time, increases or decreases in net position may indicate whether the County's financial position is improving or deteriorating. Other factors to consider include changes in the property tax base, legislative changes, and the condition of infrastructure and other capital assets.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been designated for specific activities or objectives. Lincoln County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Lincoln County funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Lincoln County, Montana  
**Management's Discussion and Analysis**  
 Fiscal Year Ending June 30, 2025

**Governmental Funds**

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that is available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to government operations and the basic services it provides. The governmental fund information helps you to determine whether there are more or fewer financial resources available to finance future county services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds**

Lincoln County maintains one proprietary fund reported as an Enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The Lincoln County Refuse District provides refuse disposal and recycling services to the residents of the County. Proprietary funds are reported using full accrual accounting, which is the same accounting method, used by the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of the parties outside the government. Fiduciary funds are not reflected in the governmental wide financial statements because the resources of those funds are not available to support the County's programs or services. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lincoln County, assets exceeded liabilities by \$32,858,428 at the close of the most recent fiscal year. The following table provides a summary comparison for the County's Governmental and business type net position for fiscal year 2025 and compared to the prior year.

Table 1 - Net Position

	Governmental Activities			Business-type Activities		
	<u>FY25</u>	<u>FY24</u>	<u>Change Inc (Dec)</u>	<u>FY25</u>	<u>FY24</u>	<u>Change Inc (Dec)</u>
Current and other assets	\$ 31,317,345	\$ 33,353,297	\$ (2,035,952)	\$ 5,023,368	\$ 5,477,479	\$ (454,111)
Capital assets	13,018,310	12,674,421	343,889	4,474,877	1,357,212	3,117,665
Total assets	\$ 44,335,655	\$ 46,027,718	\$ (1,692,063)	\$ 9,498,245	\$ 6,834,691	\$ 2,663,554
Long-term debt outstanding	\$ 9,420,782	\$ 9,354,431	\$ 66,351	\$ 1,026,042	\$ 910,142	\$ 115,900
Other liabilities	8,409,584	10,540,607	(2,131,023)	2,119,064	2,087,339	31,725
Total liabilities	\$ 17,830,366	\$ 19,895,038	\$ (2,064,672)	\$ 3,145,106	\$ 2,997,481	\$ 147,625
Net investment in capital assets	\$ 13,039,473	\$ 12,765,842	\$ 273,631	\$ 4,474,877	\$ 1,357,212	\$ 3,117,665
Restricted	8,789,513	9,813,966	(1,024,453)	1,366,360	1,247,419	118,941
Unrestricted (deficit)	4,676,303	3,552,872	1,123,431	511,902	1,232,579	(720,677)
Total net position	\$ 26,505,289	\$ 26,132,680	\$ 372,609	\$ 6,353,139	\$ 3,837,210	\$ 2,515,929

Lincoln County, Montana  
**Management's Discussion and Analysis**  
 Fiscal Year Ending June 30, 2025

Table 2 - Changes in Net Position

	Governmental Activities			Business-type Activities		
	FY25	FY24	Change Inc (Dec)	FY25	FY24	Change Inc (Dec)
<b>Revenues</b>						
<i>Program revenues (by major source):</i>						
Charges for services	\$ 1,345,468	\$ 1,496,545	\$ (151,077)	\$ 2,468,879	\$ 2,427,399	\$ 41,480
Operating grants and contributions	7,541,095	11,722,180	(4,181,085)	-	-	-
Capital grants and contributions	3,300,515	252,881	3,047,634	-	21,882	(21,882)
<i>General revenues (by major source):</i>						
Property taxes for general purposes	7,029,185	6,616,595	412,590	-	-	-
Licenses and permits	115,537	68,445	47,092	-	-	-
Video poker apportionment	18,800	15,820	2,980	-	-	-
Miscellaneous	834,285	656,603	177,682	44	-	44
Interest/investment earnings	438,070	1,134,432	(696,362)	61,980	45,371	16,609
Local option taxes	1,255,177	1,155,365	99,812	-	-	-
State entitlement	1,278,019	1,242,098	35,921	-	-	-
PILT	872,636	837,713	34,923	-	-	-
State contribution to retirement	608,195	137,174	471,021	11,864	20,335	(8,471)
Contributions & donations	85,232	-	85,232	-	-	-
Total revenues	\$ 24,722,214	\$ 25,335,851	\$ (613,637)	\$ 2,542,767	\$ 2,514,987	\$ 27,780
<b>Program expenses</b>						
General government	\$ 5,991,124	\$ 5,611,752	\$ 379,372	\$ -	\$ -	\$ -
Public safety	6,981,273	6,649,056	332,217	-	-	-
Public works	4,638,687	4,504,095	134,592	-	-	-
Public health	1,906,357	1,883,565	22,792	-	-	-
Social and economic services	180,565	183,155	(2,590)	-	-	-
Culture and recreation	973,391	850,812	122,579	-	-	-
Housing and community development	416,155	145,207	270,948	-	-	-
Conservation of natural resources	336,436	110,015	226,421	-	-	-
Debt service - interest	37,395	18,889	18,506	-	-	-
Miscellaneous	120,944	108,480	12,464	-	-	-
Solid Waste	-	-	-	2,539,509	2,509,468	30,041
Total expenses	\$ 21,582,327	\$ 20,065,026	\$ 1,517,301	\$ 2,539,509	\$ 2,509,468	\$ 30,041
Excess (deficiency) before special items and transfers	\$ 3,139,887	\$ 5,270,825	\$ (2,130,938)	\$ 3,258	\$ 5,519	\$ (2,261)
Transfers - net	(2,543,069)	216,016	(2,759,085)	2,543,069	(216,016)	2,759,085
<b>Increase (decrease) in net position</b>	\$ 596,818	\$ 5,486,841	\$ (4,890,023)	\$ 2,546,327	\$ (210,497)	\$ 2,756,824

**Condensed Financial Statements**

By far the largest portion of the County's net position is reflected in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

The cost of all Governmental activities this year was \$21,582,327 as found in the Statement of Activities. However, as shown on the same statement, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$7,029,185. With some of the costs being paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with operating grants. Other revenues such as interest earnings, entitlement reimbursements, general contributions and other miscellaneous revenues along with remaining cash carryovers from the prior fiscal year financed the remaining portions of budgets.

Lincoln County, Montana  
**Management's Discussion and Analysis**  
Fiscal Year Ending June 30, 2025

**Business-Type Activities**

**Enterprise Fund – Solid Waste District**

The County owns and operates the Solid Waste District. The program provides disposal of wastes delivered to its central landfill in Libby. A transfer station is operated in Eureka. Other rural areas in the County are serviced by “green box” sites, which are picked up by the County. User fees support all Solid Waste District services wholly. The enterprise fund’s prime objective is to provide disposal services to County residents and businesses. As maintenance and operating expenses increase, while revenues remain at a fairly consistent level, fund balances are affected and investment in capital assets are at lower levels as reflected in the following schedule:

**Financial Analysis of the County’s Funds**

As noted earlier, Lincoln County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds Overview**

The focus of County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financial requirements. In particular, unassigned fund balance may serve as a useful measure of the County’s net resources available for spending at the end of the fiscal year.

At the end of Fiscal Year 2025, the combined ending fund balance for governmental funds was \$24,940,434. A reserve of \$16,3554,365 is maintained to provide liquidity until property tax revenues are received in November. Remaining balances may be re-appropriated in accordance with fund purposes.

**General Fund**

This is the chief operating fund of Lincoln County. At the end of the fiscal year 2025 unreserved fund balance of the General Fund was \$16,571,689. Unassigned fund balance as a percentage of total fund expenditures can be a good tool to use to measure the liquidity of the General Fund. It accounts for many of the County’s general and administrative services, such as legislative, judicial, financial, elections, facilities, administration, legal, and civil defense and emergency services.

**Road Fund**

This fund is used to report all County Road projects. At the end of Fiscal year 2025 the Road Fund reported an ending fund balance of \$4,922,145, all of which is restricted for road-related projects and maintenance.

**Public Safety Fund**

This fund is a special revenue fund used to account for Lincoln County’s sheriff, dispatch, coroner and detention services. The ending fund balance was \$462,033, an increase from \$427,238 in the prior year.

**Solid Waste Fund**

This fund is a proprietary fund used to account for Lincoln County’s solid waste services. The Solid Waste Fund reported a net position of \$6,353,139, an increase from \$3,837,210 in the prior year.

Lincoln County, Montana  
**Management's Discussion and Analysis**  
Fiscal Year Ending June 30, 2025

**General Fund Budgetary Highlights**

The General Fund expenditure budget remained relatively consistent at \$5,043,312. The County exceeded its budget authority in the General Fund as a budget amendment was not completed to account for the transfers going out.

**Capital Assets**

Lincoln County's investment in capital assets (depreciable, net) including leases for its governmental and business type activities as of June 30, 2025, was \$17,493,187. This investment in capital assets includes land, significant road projects, construction in progress, buildings, machinery & equipment, and improvements other than buildings. The governmental funds had additions of \$4,293,152 for capital assets and \$425,108 for leased assets during fiscal year 2025

**Long Term Debt**

The Solid Waste Fund has a landfill closure post closure liability of \$1,456,167. The County does not have any loans or bonds but does have some leases. These leases are for wheel loaders, two hydraulic excavators, and a tire compactor. They have a lease liability in relation to these items of \$573,415. Other long-term liabilities include compensated absences, OPEB, and net pension liability.

**Economic Factors and Next Year's Budgets**

Despite ongoing economic pressures, Lincoln County continues to maintain a relatively stable financial position. Recent federal support, including the re-authorization of the Secure Rural Schools and Communities Act, has provided short-term relief to the Road Fund; however, this funding source is not considered a long-term solution.

Several factors continue to influence the County's economic outlook. Declines in timber harvest levels and natural resource-based employment persist, driven in part by regulatory and environmental constraints affecting operations, including activity at the HECLA mining sites. Additionally, the long-standing impacts associated with the EPA Superfund designation in the Libby/Troy area, along with residual effects from the COVID-19 pandemic, continue to present challenges to sustained economic growth.

At the same time, there are indicators of positive momentum. Residential construction and real estate activity have shown continued growth, contributing to rising property valuations and an expanding tax base. Small and microbusiness development is also increasing, helping to diversify the local economy. The U.S. Forest Service has continued to emphasize production targets within its planning framework, resulting in improved timber sale activity and associated revenues. Local organizations and stakeholders are also actively engaged in efforts to strengthen the business environment and support economic development initiatives.

Looking ahead to the next fiscal year, County leadership remains focused on maintaining fiscal stability while identifying and pursuing sustainable revenue opportunities. Strategic planning efforts will continue to prioritize diversification of the economic base, responsible budgeting, and long-term financial resilience to support future operations and community needs.



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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Lincoln County  
Libby, Montana

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln County, Montana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lincoln 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln County, Montana, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Lincoln 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, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, or 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 Lincoln 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 Lincoln 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 Lincoln 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.

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report April 1, 2026, on our consideration of the Lincoln 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 Lincoln 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 Lincoln County, Montana's internal control over financial reporting and compliance.

*Nexus CPA Group*

April 1, 2026

**Lincoln County, Montana**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 26,167,326	\$ 3,131,198	\$ 29,298,524
Taxes and assessments receivable, net	356,298	261,300	617,598
Accounts receivable - net	-	43,888	43,888
Notes and loans receivable	317,796	-	317,796
Due from other governments	1,582,669	-	1,582,669
Total current assets	<u>\$ 28,424,089</u>	<u>\$ 3,436,386</u>	<u>\$ 31,860,475</u>
Noncurrent assets			
Restricted cash and investments	\$ -	\$ 1,366,360	\$ 1,366,360
Capital assets - land	609,651	850	610,501
Capital assets - construction in progress	486,124	3,107,228	3,593,352
Capital assets - depreciable, net	11,922,535	1,366,799	13,289,334
Leased assets, net	594,578	-	594,578
Total noncurrent assets	<u>\$ 13,612,888</u>	<u>\$ 5,841,237</u>	<u>\$ 19,454,125</u>
Total assets	<u>\$ 42,036,977</u>	<u>\$ 9,277,623</u>	<u>\$ 51,314,600</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pensions	\$ 1,805,317	\$ 153,075	\$ 1,958,392
Deferred outflows of resources - OPEB	493,361	67,547	560,908
Total deferred outflows of resources	<u>\$ 2,298,678</u>	<u>\$ 220,622</u>	<u>\$ 2,519,300</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 44,335,655</u>	<u>\$ 9,498,245</u>	<u>\$ 53,833,900</u>
<b>LIABILITIES</b>			
Current liabilities			
Warrants payable	\$ 2,599,316	\$ -	\$ 2,599,316
Accounts payable	58,772	-	58,772
Accrued payroll	469,269	46,920	516,189
Current portion of compensated absences payable	1,080,969	153,387	1,234,356
Current portion of lease liabilities	150,837	-	150,837
Total current liabilities	<u>\$ 4,359,163</u>	<u>\$ 200,307</u>	<u>\$ 4,559,470</u>
Noncurrent liabilities			
Landfill closure postclosure liability	\$ -	\$ 1,456,167	\$ 1,456,167
Other post employment benefits liability	2,253,287	308,501	2,561,788
Noncurrent portion of compensated absences	136,101	22,184	158,285
Net pension liability	8,203,712	850,471	9,054,183
Noncurrent portion of lease liabilities	422,578	-	422,578
Total noncurrent liabilities	<u>\$ 11,015,678</u>	<u>\$ 2,637,323</u>	<u>\$ 13,653,001</u>
Total liabilities	<u>\$ 15,374,841</u>	<u>\$ 2,837,630</u>	<u>\$ 18,212,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	\$ 347,844	\$ 18,912	\$ 366,756
Deferred inflows of resources - OPEB	2,107,681	288,564	2,396,245
Total deferred inflows of resources	<u>\$ 2,455,525</u>	<u>\$ 307,476</u>	<u>\$ 2,763,001</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 13,039,473	\$ 4,474,877	\$ 17,514,350
Restricted for special projects	8,789,513	-	8,789,513
Restricted for landfill closure/postclosure	-	1,366,360	1,366,360
Unrestricted	4,676,303	511,902	5,188,205
Total net position	<u>\$ 26,505,289</u>	<u>\$ 6,353,139</u>	<u>\$ 32,858,428</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 44,335,655</u>	<u>\$ 9,498,245</u>	<u>\$ 53,833,900</u>

See accompanying Notes to the Financial Statements

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

Functions/Programs Primary government:	Program Revenues					Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:								
General government	\$ 6,611,150	\$ (620,026)	\$ 607,198	\$ 4,027,606	\$ -	\$ (1,356,320)	\$ -	\$ (1,356,320)
Public safety	6,739,041	242,232	467,446	449,054	7,000	(6,057,773)	-	(6,057,773)
Public works	4,453,644	185,043	224,132	1,468,757	1,314,624	(1,631,174)	-	(1,631,174)
Public health	1,906,357	-	12,000	1,575,678	1,904,540	1,585,861	-	1,585,861
Social and economic services	180,565	-	2,462	-	-	(178,103)	-	(178,103)
Culture and recreation	973,391	-	32,230	-	74,351	(866,810)	-	(866,810)
Housing and community development	416,155	-	-	20,000	-	(396,155)	-	(396,155)
Conservation of natural resources	336,436	-	-	-	-	(336,436)	-	(336,436)
Debt service - interest	37,395	-	-	-	-	(37,395)	-	(37,395)
Miscellaneous	120,944	-	-	-	-	(120,944)	-	(120,944)
Total governmental activities	\$ 21,775,078	\$ (192,751)	\$ 1,345,468	\$ 7,541,095	\$ 3,300,515	\$ (9,395,249)	\$ -	\$ (9,395,249)
Business-type activities:								
Solid Waste	\$ 2,346,758	\$ 192,751	\$ 2,468,879	\$ -	\$ -	\$ -	\$ (70,630)	\$ (70,630)
Total business-type activities	\$ 2,346,758	\$ 192,751	\$ 2,468,879	\$ -	\$ -	\$ -	\$ (70,630)	\$ (70,630)
Total primary government	\$ 24,121,836	\$ -	\$ 3,814,347	\$ 7,541,095	\$ 3,300,515	\$ (9,395,249)	\$ (70,630)	\$ (9,465,879)
General Revenues:								
Property taxes for general purposes						\$ 7,029,185	\$ -	\$ 7,029,185
Licenses and permits						115,537	-	115,537
Video poker apportionment						18,800	-	18,800
Miscellaneous						834,285	44	834,329
Interest/investment earnings						438,070	61,980	500,050
Local option taxes						1,255,177	-	1,255,177
State entitlement						1,278,019	-	1,278,019
PILT						872,636	-	872,636
State contribution to retirement						608,195	11,864	620,059
Contributions & donations						85,232	-	85,232
Transfers - net						(2,543,069)	2,543,069	-
Total general revenues, special items and transfers						\$ 9,992,067	\$ 2,616,957	\$ 12,609,024
Change in net position						\$ 596,818	\$ 2,546,327	\$ 3,143,145
Net position - beginning						\$ 26,132,680	\$ 3,837,210	\$ 29,969,890
Restatements						(224,209)	(30,398)	(254,607)
Net position - beginning - restated						\$ 25,908,471	\$ 3,806,812	\$ 29,715,283
Net position - end						\$ 26,505,289	\$ 6,353,139	\$ 32,858,428

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

	General	Road	Public Safety	ARPA Landfill	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 17,407,129	\$ 4,989,065	\$ 630,148	\$ -	\$ 3,140,984	\$ 26,167,326
Taxes and assessments receivable, net	11,754	-	173,164	-	171,380	356,298
Notes and loans receivable	317,796	-	-	-	-	317,796
Due from other funds	1,583,575	-	-	-	-	1,583,575
Due from other governments	-	-	-	605,979	976,690	1,582,669
<b>TOTAL ASSETS</b>	<b>\$ 19,320,254</b>	<b>\$ 4,989,065</b>	<b>\$ 803,312</b>	<b>\$ 605,979</b>	<b>\$ 4,289,054</b>	<b>\$ 30,007,664</b>
<b>LIABILITIES</b>						
Current liabilities:						
Warrants payable	\$ 2,599,316	\$ -	\$ -	\$ -	\$ -	\$ 2,599,316
Accounts payable	11,087	-	-	-	47,685	58,772
Accrued payroll	126,408	66,820	168,115	-	107,926	469,269
Due to other funds	-	-	-	605,979	977,596	1,583,575
Total liabilities	<b>\$ 2,736,811</b>	<b>\$ 66,820</b>	<b>\$ 168,115</b>	<b>\$ 605,979</b>	<b>\$ 1,133,207</b>	<b>\$ 4,710,932</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources - taxes and assessments	\$ 11,754	\$ -	\$ 173,164	\$ -	\$ 171,380	\$ 356,298
Total deferred inflows of resources	<b>\$ 11,754</b>	<b>\$ -</b>	<b>\$ 173,164</b>	<b>\$ -</b>	<b>\$ 171,380</b>	<b>\$ 356,298</b>
<b>FUND BALANCES</b>						
Restricted	\$ -	\$ 4,922,245	\$ 462,033	\$ -	\$ 3,065,163	\$ 8,449,441
Committed	-	-	-	-	136,628	136,628
Unassigned fund balance	16,571,689	-	-	-	(217,324)	16,354,365
Total fund balance	<b>\$ 16,571,689</b>	<b>\$ 4,922,245</b>	<b>\$ 462,033</b>	<b>\$ -</b>	<b>\$ 2,984,467</b>	<b>\$ 24,940,434</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 19,320,254</b>	<b>\$ 4,989,065</b>	<b>\$ 803,312</b>	<b>\$ 605,979</b>	<b>\$ 4,289,054</b>	<b>\$ 30,007,664</b>

See accompanying Notes to the Financial Statements

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

<b>Total fund balances - governmental funds</b>	\$	24,940,434
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,612,888
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.		356,298
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(1,790,485)
Net pension and other post-employment benefit liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(10,456,999)
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.		1,805,317
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.		(347,844)
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred outflows of resources and are not payable in the current period, therefore are not reported in the funds.		493,361
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.		(2,107,681)
<b>Total net position - governmental activities</b>	\$	<u>26,505,289</u>

See accompanying Notes to the Financial Statements

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

	General	Road	Public Safety	ARPA Landfill	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes and assessments	\$ 1,340,684	\$ 124,390	\$ 3,421,826	\$ -	\$ 3,395,335	\$ 8,282,235
Licenses and permits	75,850	-	-	-	-	75,850
Intergovernmental	6,276,227	1,158,447	718,819	1,984,922	3,791,728	13,930,143
Charges for services	282,445	4,650	388,177	-	471,677	1,146,949
Fines and forfeitures	118,339	-	-	-	20,732	139,071
Miscellaneous	112,019	10,278	16,880	-	628,023	767,200
Investment earnings	126,229	271,184	-	-	40,657	438,070
Total revenues	\$ 8,331,793	\$ 1,568,949	\$ 4,545,702	\$ 1,984,922	\$ 8,348,152	\$ 24,779,518
<b>EXPENDITURES</b>						
General government	\$ 4,591,507	\$ -	\$ -	\$ -	\$ 1,491,974	\$ 6,083,481
Public safety	243,411	-	5,555,327	-	932,756	6,731,494
Public works	33,100	3,080,437	-	5,699	595,618	3,714,854
Public health	415,064	-	-	-	1,476,005	1,891,069
Social and economic services	-	-	-	-	180,565	180,565
Culture and recreation	3,057	1,696	-	-	857,618	862,371
Housing and community development	18,871	-	-	-	397,284	416,155
Conservation of natural resources	-	-	-	-	336,436	336,436
Debt service - principal	-	158,372	-	-	-	158,372
Debt service - interest	-	37,395	-	-	-	37,395
Miscellaneous	-	-	-	-	120,944	120,944
Capital outlay	1,152,166	490,173	500	1,979,223	671,090	4,293,152
Lease Outlay	-	425,108	-	-	-	425,108
Total expenditures	\$ 6,457,176	\$ 4,193,181	\$ 5,555,827	\$ 1,984,922	\$ 7,060,290	\$ 25,251,396
Excess (deficiency) of revenues over expenditures	\$ 1,874,617	\$ (2,624,232)	\$ (1,010,125)	\$ -	\$ 1,287,862	\$ (471,878)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ 17,700	\$ -	\$ -	\$ 17,700
Proceeds from Lease Financing	-	425,108	-	-	-	425,108
Transfers in	1,209,859	892,682	1,661,894	-	587,935	4,352,370
Transfers out	(2,006,990)	(185,043)	(242,231)	-	(1,800,356)	(4,234,620)
Total other financing sources (uses)	(\$ 797,131)	\$ 1,132,747	\$ 1,437,363	\$ -	\$ (1,212,421)	\$ 560,558
Net Change in Fund Balance	\$ 1,077,486	\$ (1,491,485)	\$ 427,238	\$ -	\$ 75,441	\$ 88,680
Fund balances - beginning	\$ 15,494,203	\$ 6,413,730	\$ 34,795	\$ -	\$ 2,909,026	\$ 24,851,754
Fund balance - ending	\$ 16,571,689	\$ 4,922,245	\$ 462,033	\$ -	\$ 2,984,467	\$ 24,940,434

See accompanying Notes to the Financial Statements

**Lincoln 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:

<b>Net change in fund balances - total governmental funds</b>	\$	88,680
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		4,293,152
- Depreciation expense		(1,238,474)
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		(49,970)
- Contribution of CIP from Governmental Funds to Solid Waste Funds		(2,660,819)
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)		2,126
The change in compensated absences is shown as an expense in the Statement of Activities		
		42,552
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		158,372
Long term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:		
- Proceeds from the sale of long-term debt		(425,108)
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		(42,709)
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		
		(508,635)
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		
		(27,160)
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.		
		768,333
Governmental funds report lease outlays as expenditures while governmental activities report amortization expense to allocate those expenditures over the life of the asset:		
- Lease assets purchased		425,108
<b>Change in net position - Statement of Activities</b>	<b>\$</b>	<b><u>596,818</u></b>

See accompanying Notes to the Financial Statements

**Lincoln County, Montana**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>
	<b>Solid Waste</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments	
Taxes and assessments receivable, net	\$ 3,131,198
Accounts receivable - net	261,300
Total current assets	\$ 3,436,386
Noncurrent assets:	
Restricted cash and investments	\$ 1,366,360
Capital assets - land	850
Capital assets - construction in progress	3,107,228
Capital assets - depreciable, net	1,366,799
Total noncurrent assets	\$ 5,841,237
Total assets	\$ 9,277,623
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions	\$ 153,075
Deferred outflows of resources - OPEB	67,547
Total deferred outflows of resources	\$ 220,622
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,498,245</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued payroll	\$ 46,920
Current portion of compensated absences payable	153,387
Total current liabilities	\$ 200,307
Noncurrent liabilities:	
Landfill closure postclosure liability	\$ 1,456,167
Other post employment benefits liability	308,501
Noncurrent portion of compensated absences	22,184
Net pension liability	850,471
Total noncurrent liabilities	\$ 2,637,323
Total liabilities	\$ 2,837,630
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions	\$ 18,912
Deferred inflows of resources - OPEB	288,564
Total deferred inflows of resources	\$ 307,476
<b>NET POSITION</b>	
Net investment in capital assets	\$ 4,474,877
Restricted for landfill closure/postclosure	1,366,360
Unrestricted	511,902
Total net position	\$ 6,353,139
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 9,498,245</b>

See accompanying Notes to the Financial Statements

**Lincoln County, Montana**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2025**

		<b>Business-Type Activities - Enterprise Funds</b>
		<u>Solid Waste</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$	2,468,880
Miscellaneous revenues		43
Total operating revenues	\$	<u>2,468,923</u>
<b>OPERATING EXPENSES</b>		
Personal services	\$	1,260,435
Supplies		480,264
Purchased services		502,817
Fixed charges		86,567
Depreciation		209,426
Total operating expenses	\$	<u>2,539,509</u>
Operating income (loss)	\$	<u>(70,586)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	\$	11,864
Investment earnings		61,980
Total non-operating revenues (expenses)	\$	<u>73,844</u>
Income (loss) before contributions and transfers	\$	3,258
Capital contributions		2,660,819
Transfers in		75,000
Transfers out		(192,750)
Change in net position	\$	<u>2,546,327</u>
Net Position - Beginning of the year	\$	3,837,210
Restatements		(30,398)
Net Position - Beginning of the year - Restated	\$	<u>3,806,812</u>
Net Position - End of the year	\$	<u>6,353,139</u>

See accompanying Notes to the Financial Statements

**Lincoln Conty, Montana**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**Fiscal Year Ended June 30, 2025**

	<b>Business - Type</b>
	<b>Activities</b>
	<b>Solid Waste</b>
<b>Cash flows from operating activities:</b>	
Cash received from providing services	\$ 2,408,515
Cash received from miscellaneous sources	43
Cash payments to suppliers	(415,620)
Cash payments for professional services	(589,384)
Cash payments to employees	(1,234,214)
Net cash provided (used) by operating activities	\$ 169,340
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	\$ (666,272)
Net cash provided (used) by capital and related financing activities	\$ (666,272)
<b>Cash flows from non-capital financing activities:</b>	
Transfers from/to other funds	\$ (117,750)
Cash received from other sources	10,898
Net cash provided (used) from non-capital financing activities	\$ (106,852)
<b>Cash flows from investing activities:</b>	
Interest on investments	\$ 61,980
Net cash provided (used) by investing activities	\$ 61,980
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (541,804)
<b>Cash and cash equivalents at beginning</b>	5,039,362
<b>Cash and cash equivalents at end</b>	\$ 4,497,558
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (70,586)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	209,426
Other post-employment benefits	8,010
Pension Expense	4,251
Landfill closure/postclosure expense	64,644
Changes in assets and liabilities:	
Assessment receivables	(36,798)
Accounts receivables	(23,567)
Accrued payroll	47,918
Compensated absence liabilities	(33,958)
Net cash provided (used) by operating activities	\$ 169,340
<b>Noncash investing and financing activities:</b>	
On behalf public employees retirement system payments	\$ 11,864

See accompanying notes to the financial statements

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

	<b>Custodial Funds</b>	
	<b>Custodial Funds</b>	<b>External Investment Pool Fund</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 316,448	\$ 17,672,886
Taxes receivable	1,011,371	-
<b>TOTAL ASSETS</b>	<b>\$ 1,327,819</b>	<b>\$ 17,672,886</b>
 <b>LIABILITIES</b>		
Due to others	\$ 2,658,883	\$ -
Total liabilities	<b>\$ 2,658,883</b>	<b>\$ -</b>
 <b>NET POSITION</b>		
Restricted for:		
Pool participants	\$ -	\$ 17,672,886
Individuals, organizations, and other governments	(1,331,064)	-
Total net position	<b>\$ (1,331,064)</b>	<b>\$ 17,672,886</b>
<b>TOTAL LIABILITIES AND NET POSTION</b>	<b>\$ 1,327,819</b>	<b>\$ 17,672,886</b>

See accompanying Notes to the Financial Statements

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

	<b>Custodial Funds</b>	
	<b>Custodial Funds</b>	<b>External Investment Pool Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Contributions to external investment pool	\$ -	\$ 9,840,013
Interest and change in fair value of investments	-	784,931
Taxes, licenses, and fees collected for other governments	20,540,985	-
Property taxes collected for school districts	6,887,405	-
Intergovernmental grants and entitlements collected for school districts	26,125,396	-
School district transfers in	672,708	-
Total additions	\$ 54,226,494	\$ 10,624,944
<b>DEDUCTIONS</b>		
Distributions from external investment pool	\$ -	\$ 10,112,578
Investment pool distribution - net	512,366	-
Taxes, licenses, and fees distributed to other governments	20,098,317	-
School district claims and payroll expense	33,129,720	-
School district transfers out	672,178	-
Total deductions	\$ 54,412,581	\$ 10,112,578
Change in net position	\$ (186,087)	\$ 512,366
Net Position - Beginning of the year	\$ (1,144,977)	\$ 17,160,520
Net Position - End of the year	\$ (1,331,064)	\$ 17,672,886

See accompanying Notes to the Financial Statements

LINCOLN 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 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.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

*Related Organizations*

Related organizations are separate legal entities that are related to the primary government because the primary government officials appoint a voting majority of the board members. However, the primary government is not financially accountable because it does not have the ability to impose its will and there is not a potential financial benefit or burden relationship. The County has the following related organizations:

The Television Districts are considered related organizations of the County because the County Commissioners appoint the board members of the districts. However, the County is not financially accountable for the districts because it does not have the ability to impose its will on the districts and there is not a potential financial benefit or burden relationship. The Television Districts are included in the combined balance sheet as agency funds because the County Treasurer must collect and disburse funds for the districts.

The Friends of the Library and the Library Foundation are considered related organizations of the County. The Friends of the Library focuses public attention on the library, stimulates the use of the library's resources and services, receives and encourages gifts, endowments and bequests to the library, and supports and cooperates with the library in developing library services and facilities. The Library Foundation provides fundraising support for the benefit of all three libraries. The areas of fundraising include endowments, memorials and tax-deferred gifts. The County Library Board are responsible for employing the library director, determining policies and purposes of the library, submitting and annual budget, securing adequate funds and working to ensure that the library is able to offer comprehensive and effective service to the community.

**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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Eliminations have been made in the consolidation of business-type activities.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

The Statement of Net Position presents the financial condition of the governmental and business-type 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 charges 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. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

*Measurement Focus and Basis of Accounting*

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type 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.

**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

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- 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.

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. The payroll and claims clearing funds of the County, have been combined with the General Funds for reporting purposes. The cash and related payables of these clearing funds are also reported here.

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*Road Fund* – A special revenue fund that accounts for resources allocated by law contractual agreement, or administrative regulations for, and the payment of, road maintenance, road construction, and other road related costs.

*Public Safety* – A special revenue fund that is used to account for the revenues and expenditures for public safety.

*ARPA Landfill* – This is a capital project fund used to account for the Solid Waste Groundwater Protection and Closure Cap System Excavation project that is funded through American Rescue Plan Act funding and other contributions from the County.

***Proprietary Funds:***

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues for enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Major Funds:**

The County reports the following major proprietary funds:

*Solid Waste Fund* – An enterprise fund that accounts for the activities of the County's solid waste service.

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***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.

**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	
Petty Cash	\$ 400
Vault Cash	2,000
Cash in banks:	
Demand deposits	453,149
Savings deposits	21,866,265
Time deposits	2,363,096
<u>Investments:</u>	
State Short-Term Investment Pool (STIP)	1,000
U.S. Government Securities	23,968,308
Total	\$ 48,654,218

**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, and all other short-term investments with original maturity dates of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the enterprise fund considers all funds (including restricted assets) held in the County’s cash management pool to be cash equivalents.

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**Fair Value Measurements**

Investments, including pooled and non-pooled 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 market participants 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.
- 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).

**Repurchase Agreements**

An agreement in which a governmental entity (buyer-lender) transfers cash to a broker dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for the same securities.

**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

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- 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.

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 3<sup>rd</sup> Floor in Helena, Montana.

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**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:

<u>Depository Account</u>	<u>June 30, 2025</u> <u>Balance</u>
Insured	\$ 3,782,305
- Collateral held by the pledging bank's trust department but not in the County's name	20,668,213
Total deposits and investments	<u>\$ 24,450,518</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.

**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 along with their related interest rates and maturity dates.

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
United States Treasury Note/Bond	3.75%	12/31/2028	\$ 20,020
United States Treasury Note/Bond	3.75%	5/31/2030	\$120,113
Federal Agricultural Mortgage Corp	3.20%	8/26/2027	\$74,779
Federal Agricultural Mortgage Corp	4.50%	12/4/2026	\$40,427
Federal Farm Credit Banks Funding Corp	1.60%	12/14/2026	\$19,373
Federal Farm Credit Banks Funding Corp	1.82%	4/6/2026	\$14,799
Federal Farm Credit Banks Funding Corp	1.82%	12/18/2025	\$49,475
Federal Farm Credit Banks Funding Corp	2.63%	8/3/2026	\$34,895
Federal Farm Credit Banks Funding Corp	4.25%	3/20/2028	\$15,342

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Federal Home Loan Banks	3.38%	6/8/2029	\$39,366
Federal Home Loan Banks	4.13%	9/10/2027	\$40,751
Federal Home Loan Banks	4.38%	3/8/2030	\$72,630
Federal Home Loan Banks	4.38%	6/12/2026	\$20,102
Federal Home Loan Banks	4.50%	3/9/2029	\$51,947
Federal Home Loan Banks	4.50%	6/11/2027	\$30,435
Federal National Mortgage Association	0.50%	11/7/2025	\$9,876
United States Treasury Note/Bond	3.50%	1/31/2028	\$90,857
United States Treasury Note/Bond	3.75%	4/30/2027	\$10,061
United States Treasury Note/Bond	3.75%	12/31/2028	\$30,030
United States Treasury Note/Bond	3.75%	5/31/2030	\$120,113
Federal Agricultural Mortgage Corp	3.20%	8/26/2027	\$69,794
Federal Agricultural Mortgage Corp	4.50%	12/4/2026	\$40,427
Federal Farm Credit Banks Funding Corp	1.60%	12/14/2026	\$14,530
Federal Farm Credit Banks Funding Corp	1.82%	4/6/2026	\$14,799
Federal Farm Credit Banks Funding Corp	1.82%	12/18/2025	\$49,475
Federal Farm Credit Banks Funding Corp	3.05%	5/18/2029	\$34,222
Federal Farm Credit Banks Funding Corp	3.32%	2/25/2026	\$65,388
Federal Farm Credit Banks Funding Corp	4.25%	3/20/2028	\$15,342
Federal Farm Credit Banks Funding Corp	4.75%	5/28/2026	\$25,266
Federal Home Loan Banks	1.88%	9/11/2026	\$14,732
Federal Home Loan Banks	4.13%	9/10/2027	\$40,751
Federal Home Loan Banks	4.38%	3/8/2030	\$62,254
Federal Home Loan Banks	4.50%	3/9/2029	\$41,558
Federal National Mortgage Association	1.88%	9/24/2026	\$9,797
Federal National Mortgage Association Note	0.72%	7/9/2025	\$500,000
Federal National Mortgage Association Note	0.65%	7/30/2025	\$500,000
Federal National Mortgage Association Note	0.65%	8/25/2025	\$500,000
Federal National Mortgage Association Medium Term Note	4.20%	8/28/2025	\$500,000
Federal National Mortgage Association Note	0.63%	8/28/2025	\$500,000
Federal National Mortgage Association Medium Term Note	0.57%	10/8/2025	\$500,000
Federal National Mortgage Association Note	0.58%	10/20/2025	\$500,000
Federal Farm Credit Banks Debenture	3.37%	12/8/2025	\$250,000
Federal Home Loan Banks Debenture	0.66%	2/25/2026	\$500,000
Federal Home Loan Banks Debenture	0.66%	2/25/2026	\$500,000
Federal Farm Credit Banks Debenture	0.84%	3/2/2026	\$500,000
Federal Home Loan Banks Debenture	1.00%	3/30/2026	\$500,000
Federal Home Loan Banks Debenture	1.05%	4/29/2026	\$500,000
Federal Farm Credit Banks Debenture	0.94%	9/28/2026	\$500,000
Federal Home Loan Banks Debenture	1.00%	9/30/2026	\$500,000
Federal Home Loan Banks Debenture	1.10%	10/13/2026	\$500,000
Federal Home Loan Banks Debenture	1.25%	10/26/2026	\$500,000
Federal Home Loan Banks Debenture	1.50%	12/3/2026	\$500,000
Federal Home Loan Banks Debenture	1.50%	12/3/2026	\$500,000

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Federal Home Loan Banks Debenture	2.08%	2/25/2027	\$500,000
Federal Home Loan Banks Debenture	2.86%	3/29/2027	\$420,000
Federal Home Loan Banks Debenture	3.00%	4/21/2027	\$500,000
Federal Home Loan Banks Debenture	4.30%	7/28/2027	\$500,000
Federal Home Loan Banks Debenture	4.85%	9/20/2029	\$1,000,000
Federal Home Loan Banks Debenture	5.00%	1/30/2030	\$500,000
Federal Home Loan Banks Debenture	4.95%	2/26/2030	\$500,000
Federal Home Loan Banks Debenture	4.60%	3/27/2030	\$250,000
Federal Home Loan Banks Debenture	4.60%	3/27/2030	\$1,000,000
Federal Home Loan Mortgage Corporation Medium Term Note	4.80%	4/8/2030	\$500,000
Federal Home Loan Mortgage Corporation Medium Term Note	4.75%	5/6/2030	\$500,000
Federal Home Loan Banks Debenture	5.15%	7/25/2029	\$980,000
Federal Home Loan Banks Debenture	4.85%	9/24/2029	\$1,000,000
Federal Home Loan Banks Debenture	4.80%	1/16/2029	\$1,000,000
Federal Home Loan Banks Debenture	4.80%	4/29/2030	\$1,000,000
Federal Farm Credit Banks Debenture	5.14%	7/23/2029	\$1,000,000
Federal Farm Credit Banks Debenture	4.65%	3/26/2030	\$1,000,000
Federal Farm Credit Banks Debenture	4.84%	4/8/2030	\$1,000,000
Federal Home Loan Banks Debenture	4.75%	3/11/2030	\$79,690
Federal National Mortgage Association Medium Term Note	4.00%	3/14/2025	\$84,892
Total			<u>\$ 23,968,308</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." In addition, investments are separately held by several of the government's funds. The deposits and investments of the Solid Waste fund are held separately from those of other government funds.

**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 investment funds. There are two types of investment funds reported by the County, pooled and individually directed investment funds.

The County has one pooled investment fund invested in U.S. Government Securities, time deposits, interest bearing savings accounts, and an insured cash sweep account. The pooled funds are carried at fair value.

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.

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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.

**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	\$ 28,202,890
Equity of external pool participants	<u>17,672,886</u>
Total equity	<u>\$ 45,875,776</u>

**Condensed Statement of Changes in Net Position**

	External	Internal
Investment earnings	\$ 784,931	\$ 1,246,265
Contributions to trust	9,840,013	13,147,799
Distributions paid	<u>(10,112,578)</u>	<u>(17,967,938)</u>
Net change in net position	\$ 512,366	\$ (3,573,874)
Net position at beginning of year	<u>17,160,520</u>	<u>31,776,764</u>
Net position at end of year	<u>\$ 17,672,886</u>	<u>\$ 28,202,890</u>

**NOTE 3. RESTRICTED CASH/INVESTMENTS**

The following restricted cash/investments were held by the County as of June 30, 2025. These amounts are reported within the cash/investment account on the Statement of Net Position.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Solid Waste	Landfill Closure	\$ 638,820
Solid Waste	Landfill Post Closure	<u>727,540</u>
Total		<u>\$1,366,360</u>

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**NOTE 4. 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 District. 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.

**NOTE 5. INVENTORIES**

The cost of inventories are recorded as an expenditure when purchased.

**NOTE 6. 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	10 – 20 years
Improvements	5 – 15 years
Equipment	5 – 60 years
Infrastructure	10 – 40 years

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

Governmental activities:

	Balance July 1, 2024	Additions	Disposals	Transfers	Lease Transfers	Transfer to Solid Waste	Balance June 30, 2025
Capital assets not being depreciated:							
Land	\$ 609,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,651
Construction in progress	<u>3,379,022</u>	<u>3,066,178</u>	<u>(2,163)</u>	<u>(3,296,094)</u>	-	<u>(2,660,819)</u>	<u>486,124</u>
Total capital assets not being depreciated	\$ <u>3,988,673</u>	\$ <u>3,066,178</u>	\$ <u>(2,163)</u>	\$ <u>(3,296,094)</u>	\$ -	\$ <u>(2,660,819)</u>	\$ <u>1,095,775</u>
Other capital assets:							
Buildings	\$ 5,361,382	\$ -	\$ -	\$ 28,098	\$ -	\$ -	\$ 5,389,480
Improvements other than buildings	11,386,922	30,013	-	2,952,406	-	-	14,369,341
Machinery and equipment	13,913,022	1,196,961	(355,690)	-	55,494	-	14,809,787
Infrastructure	1,935,106	-	-	315,590	-	-	2,250,696
Right to use asset - Machinery and equipment	<u>930,610</u>	<u>425,108</u>	<u>-</u>	<u>-</u>	<u>(55,494)</u>	<u>-</u>	<u>1,300,224</u>
Total other capital assets at historical cost	\$ <u>33,527,042</u>	\$ <u>1,652,082</u>	\$ <u>(355,690)</u>	\$ <u>3,296,094</u>	\$ -	\$ -	\$ <u>38,119,528</u>
Less: accumulated depreciation	<u>(24,443,194)</u>	<u>(1,467,104)</u>	<u>307,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,602,415)</u>
Total	\$ <u>13,072,521</u>	\$ <u>3,251,156</u>	\$ <u>(49,970)</u>	\$ -	\$ -	\$ <u>(2,660,819)</u>	\$ <u>13,612,888</u>

Governmental activities depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 167,184
Public safety	249,779
Public works	923,833
Culture and recreation	15,288
Housing and community development	<u>111,020</u>
Total governmental activities depreciation expense	<u>\$ 1,467,104</u>

A summary of changes in business-type capital assets was as follows:

Business-type activities:

	Balance July 1, 2024	Additions	Transfers from Governmental	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 850	\$ -	\$ -	\$ 850
Construction in progress	<u>397,409</u>	<u>49,000</u>	<u>2,660,819</u>	<u>3,107,228</u>
Total capital assets not being depreciated	\$ <u>398,259</u>	\$ <u>49,000</u>	\$ <u>2,660,819</u>	\$ <u>3,108,078</u>
Other capital assets:				
Buildings	\$ 303,740	\$ -	\$ -	\$ 303,740
Improvements other than buildings	152,201	-	-	152,201
Machinery and equipment	<u>3,040,973</u>	<u>617,272</u>	<u>-</u>	<u>3,658,245</u>
Total other capital assets at historical cost	\$ <u>3,496,914</u>	\$ <u>617,272</u>	\$ -	\$ <u>4,114,186</u>
Less: accumulated depreciation	<u>(2,537,961)</u>	<u>(209,426)</u>	<u>-</u>	<u>(2,747,387)</u>
Total	\$ <u>1,357,212</u>	\$ <u>456,846</u>	\$ <u>2,660,819</u>	\$ <u>4,474,877</u>

*NOTE:* The transfer from the Governmental Capital Assets to the Business Capital Assets was due to the ARPA Landfill Project. The project was accounted for in the governmental activities in the ARPA Landfill Fund but the assets belong to the Solid Waste Fund so a transfer at year end was made to put the capital assets to the fund in which they belonged. This transfer can also be seen on the Statement of Activities.

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**NOTE 7. LONG TERM DEBT OBLIGATIONS**

In the governmental-wide and proprietary, 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				Balance	Due Within
	July 1, 2024	Additions	Deletions	Restatements	June 30, 2025	One Year
Compensated absences	\$ 1,035,413	\$	\$ (42,552)	\$ 224,209	\$ 1,217,070	\$ 1,080,969
Leases	306,679	425,108	(158,372)		573,415	150,837
Total	<u>\$ 1,342,092</u>	<u>\$ 425,108</u>	<u>\$ (200,924)</u>	<u>\$ 224,209</u>	<u>\$ 1,790,485</u>	<u>\$ 1,231,806</u>

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

Business-type Activities:

	Balance			Balance	Due Within
	July 1, 2024	Additions	Restatements	June 30, 2025	One Year
Compensated absences	\$ 127,653	\$ 17,520	\$ 30,398	\$ 175,571	\$ 153,387
Landfill Closure/Post Closure	1,391,523	64,644	-	1,456,167	-
Total	<u>\$ 1,519,176</u>	<u>\$ 82,164</u>	<u>\$ 30,398</u>	<u>\$ 1,631,738</u>	<u>\$ 153,387</u>

**Leases**

The County, as a lessee, has entered into lease agreements involving six 2021 Cat Small Wheel Loaders, one 2021 Cat Excavator, one 2022 Cat Excavator, one 2020 Tire Compactor and one 2024 John Deer Grader as follows:

1. 2021 CAT Wheel Loaders & Excavator

Lincoln County leases two 2021 Caterpillar 938M small wheel loaders (P5K02210, P5K02204) and one 2021 Caterpillar 316FL hydraulic excavator (YDL21394) from Caterpillar Financial Services Corporation under a lease-purchase agreement. Fixed payments consist of five installments of \$40,264 with interest at 2.99 percent per annum. The agreement includes a non-appropriation clause under which the County may terminate the lease at the beginning of a fiscal year if funds are not appropriated, with all units returned and no obligation beyond the last funded year; if the units are not timely returned, month-to-month rent applies. The contract provides for a purchase option of \$385,000, however, the County does not expect to exercise, therefore, this was excluded from the value of the leased assets and lease liability calculations. The net book value of these leased right-to-use assets as of June 30, 2025 was \$60,996.

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2. 2021 CAT Wheel Loaders  
Lincoln County leases two 2021 Caterpillar 938M small wheel loaders (P5K02208, P5K02212) from Caterpillar Financial Services Corporation. The units were delivered in September 2023. Fixed payments consist of five installments of \$28,128 with interest at 2.99 percent per annum. The agreement includes a non-appropriation clause allowing termination at the start of a fiscal year if funds are not appropriated, after 60 days' notice and return of the units; otherwise, month-to-month rent applies if the units are retained beyond the appropriation period. There is a purchase option at the end for \$270,000, however, the County does not expect to exercise, therefore, this was excluded from the value of the leased assets and lease liability calculations. The net book value of these leased right-to-use assets as of June 30, 2025 was \$38,544.
3. 2021 CAT Wheel Loaders  
Lincoln County leases two 2021 Caterpillar 938M small wheel loaders (P5K02209, P5K02203) from Caterpillar Financial Services Corporation under a substantially identical agreement as above. The units were delivered in September 2023. Fixed payments consist of five installments of \$28,128 and a final payment of \$270,000, with interest at 2.99 percent per annum. The agreement contains a non-appropriation clause permitting termination at the start of a fiscal year if funds are not appropriated, with return of the units and no further obligation beyond the last funded year; if the units are not returned, month-to-month rent is charged. There is a purchase option at the end for \$270,000, however, the County does not expect to exercise, therefore, this was excluded from the value of the leased assets and lease liability calculations. The net book value of these leased right-to-use assets as of June 30, 2025 was \$38,544.
4. 2020 CAT CW16 Pneumatic Tired Compactor  
The Lincoln County Road Department leased a 2020 Caterpillar CW16 pneumatic tired compactor (TL500526) from Caterpillar Financial Services Corporation. The lease commenced August 13, 2020, for a five-year term. Fixed payments consist of five annual installments of \$11,842 with interest at 3.35 percent per annum. The agreement includes a non-appropriation clause allowing termination at the start of a fiscal year if funds are not appropriated, with the compactor returned; the County is responsible for insurance, taxes, and maintenance. The County exercised the purchase option of \$48,000 at the end of the lease and this was moved to their capital asset machinery and equipment and removed from leases.
5. John Deere 772G Grader  
Lincoln County leases a John Deere 772G grader from Financial Pacific Leasing, Inc., dba Umpqua Bank Equipment Leasing & Finance. The schedule shows annual payments of \$45,303.18 due each December 1 from 2024 through 2027, followed by a final payment of \$349,980 on December 1, 2028. The effective lease term based on the payment schedule is from December 1, 2024 through December 1, 2028. Each payment is allocated between principal and interest, but a single stated interest rate is not identified. The agreement includes an option to purchase the grader for \$349,980 at the end of the term, exercisable by paying that amount with the final installment; no separate renewal or non-appropriation clause is shown in the provided pages. The County is expecting to exercise this option as thus the purchase option was included in the value of the leased asset and lease liability calculations. The net book value of these leased right-to-use assets as of June 30, 2025 was \$382,597.

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6. 2022 Caterpillar Hydraulic Excavator

Lincoln County leases one 2022 Caterpillar 315-07 hydraulic excavator (serial WKX20784) from Caterpillar Financial Services Corporation under a lease-purchase agreement. The excavator was delivered December 30, 2022, and the schedule provides for five regular “annual lease payments” of \$42,102 with the principal portion of payments bearing interest at 6.99 percent per annum. The agreement includes a non-appropriation clause allowing the County to terminate at the start of a fiscal year if funds are not appropriated, with the excavator returned at the County’s expense and no obligation beyond the last funded year, except month-to-month rent if it is not timely returned. The lease is structured as a lease-purchase, with the \$140,000 final payment functioning as a purchase option at the end of the term, however, the County is not expecting to exercise the purchase option therefore, this was excluded from the value of the leased assets and lease liability calculations. the County bears all risk of loss and must insure the equipment, and failure to file required IRS tax-exempt reporting would increase the interest rate to a taxable equivalent. The net book value of these leased right-to-use assets as of June 30, 2025 was \$73,897.

Lease liabilities as of June 30, 2025 were as follows:

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Principal Additions</u>	<u>Principal Reductions</u>	<u>Balance June 30, 2025</u>	<u>Amount Within 1 Year</u>
2021 CAT 938M Small Wheel Loader - P5K02210	\$ 26,914	-	\$ (13,259)	\$ 13,655	\$ 13,655
2021 CAT 938M Small Wheel Loader - P5K02204	26,914	-	(13,259)	13,655	13,655
2021 CAT 316FL Hydraulic Excavator	23,227	-	(11,442)	11,785	11,785
2021 CAT 938M Small Wheel Loader - P5K02208	26,914	-	(13,259)	13,655	13,655
2021 CAT 938M Small Wheel Loader - P5K02212	26,914	-	(13,259)	13,655	13,655
2021 CAT 938M Small Wheel Loader - P5K02203	26,914	-	(13,259)	13,655	13,655
2021 CAT 938M Small Wheel Loader - P5K02209	26,914	-	(13,259)	13,655	13,655

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2020 Tire Compactor	11,458	-	(11,458)	-	-
2022 CAT 315-07 Hydraulic Excavator	110,510	-	(34,378)	76,132	34,378
John Deere 722G Grader	<u>-</u>	<u>425,108</u>	<u>(21,540)</u>	<u>403,568</u>	<u>22,744</u>
	<u>\$ 306,679</u>	<u>\$425,108</u>	<u>\$ (158,372)</u>	<u>\$ 573,415</u>	<u>\$ 150,837</u>

The future lease payments under the lease agreements are as follows:

For Fiscal Year Ended	Principal	Interest
2026	\$ 150,837	\$ 30,681
2027	65,769	24,039
2028	25,358	19,946
2029	331,451	18,528
Total	<u>\$ 573,415</u>	<u>\$ 93,194</u>

**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.

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**Leave Policies**

It is the County's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from County service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but the excess cannot be carried forward more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability associated with governmental fund-type employees is reported in the governmental activities, while the liability associated with proprietary fund-type employees is recorded in the business-type activities/respective proprietary fund. Only the portion of the liability expected to be paid with current financial resources is reported in the governmental funds; the full liability is reported in the government-wide and proprietary fund statements. The County has elected to disclose the net change in the compensated absences liability in the notes to the financial statements.

**NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and Federal laws and regulations require that Lincoln County place a final cover on its landfill when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the landfill reports a portion of these closure and postclosure care costs as an operating expense each period. The costs expensed during a period are based on landfill capacity used as of each balance sheet date. The \$1,456,167 reported as landfill closure and postclosure liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 95.06% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$75,740 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure in 2025. Actual costs may be different due to inflation, deflation, technology, or changes in applicable laws or regulation. The County expects to close the landfill in the year 2026, therefore there are 1 years remaining of useful life. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to demonstrate financial assurance for the costs of closure and postclosure care costs. For the fiscal year ended June 30, 2025, Lincoln County demonstrated its ability to handle closure and postclosure care costs by depositing in restricted investment accounts. The investment cash balance was \$1,366,360 as of June 30, 2025.

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**NOTE 9. 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 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	11
Active employees	123
Total employees	134

Total OPEB Liability

The County's total OPEB liability of \$2,561,787 at June 30, 2025, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2024 and using standard roll-forward procedures to June 30, 2025.

*Actuarial assumptions and other input.* The total OPEB liability in the June 30, 2024, 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)	61.73
Discount rate (average anticipated rate)	4.34%
Average salary increase (Consumer Price Index)	3.50%

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Health care cost rate trend (Federal Office of the Actuary)

<u>Year</u>	<u>Medical</u>	<u>Pre-65 Rx</u>	<u>Post-65 Rx</u>
2025	6.6%	7.4%	9.0%
2026	6.3%	6.5%	1.5%
2027	5.6%	5.2%	1.2%
2028	5.5%	5.1%	2.9%
2029	5.4%	5.1%	3.0%
2030	5.3%	5.1%	3.2%
2031	5.2%	5.1%	4.1%
2032	5.1%	5.0%	4.6%
2033	5.0%	5.0%	5.0%
2034	4.7%	4.7%	4.7%
2035-2047	4.6%	4.6%	4.6%
2048-2065	4.5%	4.5%	4.5%
2066-2067	4.4%	4.4%	4.4%
2068-2069	4.3%	4.3%	4.3%
2070-2072	4.2%	4.2%	4.2%
2073-2074	4.1%	4.1%	4.1%
2075+	4.0%	4.0%	4.0%

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

Participation

- 40.0% of future retirees are assumed to elect medical coverage.
- 70.0% of the future retirees who elect medical coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.

Mortality – Contributing Members

For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.

For SRS members mortality follows the Pub-2010 Safety table, projected generationally using MP-2021.

Mortality – Retired

For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

For SRS retirees, mortality follows the Pub-2010 Safety Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

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Mortality Surviving Beneficiaries

For general MPERA survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.

For SRS survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males, projected generationally using MP-2021.

Mortality Disabled

For disabled MPERA members, mortality follows the Pub-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021.

For SRS retirees, mortality follows the Pub-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

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>2,313,484</u>
Changes for the year:	
Service Cost	\$ 180,186
Interest	107,382
Differences in experience	-
Change in assumptions	-
Benefit payments	<u>(39,264)</u>
Net Changes	\$ <u>248,304</u>
Balance at 6/30/2025	\$ <u>2,561,788</u>

*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 (3.34%)	Discount Rate (4.34%)	1% Increase (5.34%)
Total OPEB Liability \$	2,785,978	\$ 2,313,484	\$ 1,949,045

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*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%:

	<u>1% Decrease</u>	<u>Healthcare Cost Trends*</u>	<u>1% Increase</u>
Total OPEB Liability \$	1,911,658	\$ 2,313,484	\$ 2,841,629

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

In fiscal year ending June 30, 2025, the above sensitivity analysis does not reflect the change to the total OPEB liability. The total OPEB liability in the analysis is based on the June 30, 2024, calculated liability per valuation completed on June 30, 2024.

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

For the year ended June 30, 2024, the County recognized an OPEB expense of \$50,718.

At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources - OPEB</u>	<u>Deferred Inflows of Resources - OPEB</u>
Differences between expected and actual economic experience	\$ 298,509	(469,525)
Changes in actuarial assumptions	262,399	(1,926,720)
Total	<u>\$ 560,908</u>	<u>\$ (2,396,245)</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2026	\$ (197,585)
2027	\$ (197,585)
2028	\$ (197,585)
2029	\$ (199,209)
Thereafter	\$ (1,043,373)

**NOTE 10. 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	\$ 6,640,394	\$ 2,413,789	\$ 9,054,183
Deferred outflows of resources*	\$ 1,195,196	\$ 763,196	\$ 1,958,392
Deferred inflows of resources	\$ 147,664	\$ 219,092	\$ 366,756
Pension expense	\$ 583,620	\$ 571,246	\$ 1,154,866

\*Deferred outflows for PERS and SRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$576,121 and \$265,998 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.

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**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).

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.

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- 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.

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.

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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.

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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.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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3. Non-Employer Contributions

a. Special Funding

- i. The State contributes 0.1% of members' compensation on behalf of local government entities.
- 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, 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 \$6,640,394 and the County's proportionate share was 0.271506 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	\$ 6,640,394	\$ 6,061,010	0.271506%	0.248366%	0.023140%
State of Montana Proportionate Share associated with Employer	1,728,521	1,678,939	0.070674%	0.068799%	0.001875%
Total	<u>\$ 8,368,915</u>	<u>\$ 7,739,949</u>	<u>0.342180%</u>	<u>0.317165%</u>	<u>0.025015%</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.

LINCOLN 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 \$490,987 for its proportionate share of the pension expense. The County also recognized grant revenue of \$92,633 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	\$ 490,987	\$ 518,778
State of Montana Proportionate Share associated with the Employer	92,633	157,509
Total	\$ 583,620	\$ 676,287

*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 \$555,359.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*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	\$ 335,570	\$ -
Actual vs. Expected Investment Earnings	-	147,664
Changes in Assumptions	-	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	283,505	-
Employer contributions subsequent to the measurement date - FY25*	576,121	-
Total	<u>\$ 1,195,196</u>	<u>\$ 147,664</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:

<u>For the Measurement Year ended June 30:</u>		<u>Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense</u>
2025	\$	14,828
2026	\$	623,985
2027	\$	(103,809)
2028	\$	(63,594)
Thereafter	\$	-

LINCOLN 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.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2025, 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.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 9,680,256	\$ 6,640,394	\$ 4,091,322

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**

Lincoln 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 351 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>.

LINCOLN 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.

LINCOLN COUNTY, MONTANA  
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**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

LINCOLN COUNTY, MONTANA  
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**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 \$527,426 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, 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 (reporting period), 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 \$2,413,789 and the County’s proportionate share was 1.9680 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	\$ 2,413,789	\$ 3,040,497	1.9680%	2.0685%	-0.1005%
Total	\$ 2,413,789	\$ 3,040,497	1.9680%	2.0685%	-0.1005%

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*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 \$571,246 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	\$ <u>571,246</u>	\$ <u>647,333</u>
Total	\$ <u><u>571,246</u></u>	\$ <u><u>647,333</u></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 \$286,671.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*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	\$ 419,043	\$ -
Actual vs. Expected Investment Earnings	-	86,218
Changes in Assumptions	78,155	21,634
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	111,240
Employer contributions subsequent to the measurement date - FY25*	265,998	-
<b>Total</b>	<b>\$ <u>763,196</u></b>	<b>\$ <u>219,092</u></b>

\*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:

<u>For the Measurement Year ended June 30:</u>	<u>Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense</u>
2025	\$ 155,422
2026	\$ 217,125
2027	\$ (57,825)
2028	\$ (36,616)
<u>Thereafter</u>	<u>\$ -</u>

LINCOLN 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, 2007

**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.

LINCOLN 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, 2025 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	Current	1.0% Increase
	<u>(6.30%)</u>	<u>Discount Rate</u>	<u>(8.30%)</u>
\$	4,337,068	\$ 2,413,789	\$ 848,505

LINCOLN 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 11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2025, was as follows:

**Due to/from other funds**

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Short term loan to cover deficit cash	PILT* - Major Governmental	Public Health – Nonmajor Governmental	\$ 9,667
Short term loan to cover deficit cash	General – Major Governmental	ARPA Landfill – Major Governmental	605,979
Short term loan to cover deficit cash	PILT* - Major Governmental	Public Health Preparedness Grant/ Bio – Nonmajor Governmental	7,585
Short term loan to cover deficit cash	PILT* - Major Governmental	DNRC – Nonmajor Governmental	46,329
Short term loan to cover deficit cash	PILT* - Major Governmental	NRDP– Nonmajor Governmental	21,210
Short term loan to cover deficit cash	PILT* - Major Governmental	Homeland Security – Nonmajor Governmental	60,893
Short term loan to cover deficit cash	PILT* - Major Governmental	CDBG – Nonmajor Governmental	16,395
Short term loan to cover deficit cash	PILT* - Major Governmental	Partnership for Success – Nonmajor Governmental	78,470
Short term loan to cover deficit cash	PILT* - Major Governmental	Disaster/Flood – Nonmajor Governmental	6
Short term loan to cover deficit cash	PILT* - Major Governmental	Healthy Child – Nonmajor Governmental	4,027

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

Short term loan to cover deficit cash	PILT* - Major Governmental	C.I.T– Nonmajor Governmental	113,806
Short term loan to cover deficit cash	PILT* - Major Governmental	DIS/CLC – Nonmajor Governmental	4,894
Short term loan to cover deficit cash	PILT* - Major Governmental	ARPA PORT – Nonmajor Governmental	237,656
Short term loan to cover deficit cash	PILT* - Major Governmental	ARPA COMPETIVIE LC – Nonmajor Governmental	<u>376,658</u>
			<u>\$ 1,583,575</u>

\* The PILT Fund is combined with the General Fund in accordance with GASB #54 for financial reporting purposes.

**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>
Health insurance cost transfer	General – Major Governmental	Permissive Medical Levy – Nonmajor Governmental	\$ 589,834
Operating Transfer	Public Safety – Major Governmental	General – Major Governmental	914,975
Operating Transfer	Road– Major Governmental	General – Major Governmental	892,682
Health insurance cost transfer	Weed – Nonmajor Governmental	Permissive Medical Levy – Nonmajor Governmental	24,799
Health insurance cost transfer	District Court – Nonmajor Governmental	Permissive Medical Levy – Nonmajor Governmental	58,344
Health insurance cost transfer	Library Fund – Nonmajor Governmental	Permissive Medical Levy – Nonmajor Governmental	86,967
Health insurance cost transfer	County Planning – Nonmajor Governmental	Permissive Medical Levy – Nonmajor Governmental	49,598
Health insurance cost transfer	Public Health – Nonmajor Governmental	Permissive Medical Levy – Nonmajor Governmental	30,998
Health insurance cost transfer	Public Safety– Major Governmental	Permissive Medical Levy – Nonmajor Governmental	668,096

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

Health insurance cost transfer	Public Safety– Major Governmental	Permissive Sheriff Retirement – Nonmajor Governmental	78,823
Operating Transfer	Permissive Medical Levy – Nonmajor Governmental	PILT* – Major Governmental	53,833
Transfer for grant match	EMPG Grant – Nonmajor Governmental	General – Major Governmental	50,500
Transfer for grant match	ARPA Port – Nonmajor Governmental	Port Tedd – Nonmajor Governmental	187,897
Transfer for future capital costs	Library Dep Reserve – Nonmajor Governmental	Library Fund – Nonmajor Governmental	25,000
Operating Transfer	L.C. Fair Capital Improvement – Nonmajor Governmental	PILT* – Major Governmental	20,000
Operating Transfer	Solid Waste – Nonmajor Governmental	PILT* – Major Governmental	75,000
Cost Allocation Plan	General– Major Governmental	Road – Major Governmental	185,043
Cost Allocation Plan	General– Major Governmental	Public Safety – Major Governmental	242,231
Cost Allocation Plan	General– Major Governmental	Solid Waste –Major Proprietary	192,750
			<u>\$ 4,427,370</u>

\* The PILT Fund is combined with the General Fund in accordance with GASB #54 for financial reporting purposes.

**NOTE 12. COST ALLOCATION PLAN**

The County uses an indirect cost allocation plan to allocate the administrative costs. These costs are allocated based on time study costs, expenses, or revenues in each fund. The County completed transfers from the Road, Public Safety, and Solid Waste funds to the General Fund to reimburse for the allocated portion of the administrative costs as noted above in Interfund Transfers. The allocation can then be seen on the face of the Statement of Activities.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 13. 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:

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.

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.

**Restricted Fund Balance**

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Road	\$ 4,922,245	Road Repair, maintenance, and supplies
Public Safety	462,033	Law Enforcement, emergency services, and supplies
All Other Aggregate	298,508	General Government administration and services
	345,859	Road Repair, maintenance, and supplies
	1,785,391	Public Health Services and Supplies
	100,428	Noxious Weed Management
	4,809	Animal Control
	82,616	Economic development
	17,924	Social and Economic Services and travel
	123,348	Culture and recreation
	55,044	Parks and recreation services and supplies
	192,968	Conservation of Natural Resources
	20,356	Miscellaneous
	<u>37,912</u>	Employer costs of benefits
Total	<u>\$ 8,449,441</u>	

**Committed Fund Balance**

<u>Major Fund</u>	<u>Amount</u>	<u>Purpose of Commitment</u>
All Other Aggregate	<u>\$ 136,628</u>	Constructions and/or capital asset purchases

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 14. DEFICIT FUND BALANCES/NET POSITION**

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>
ARP Charges	\$ (8,331)	Expenditures in excess of assets available due to accounts payable
Public Health	(13,252)	Prior year deficit balance
DNRC	(47,443)	Expenditures in excess of assets available
NRDP	(28,615)	Expenditures in excess of assets available due to accounts payable
Homeland Security	(34,909)	Expenditures in excess of assets available
CDBG	(16,395)	Expenditures in excess of assets available
Partnership for Success	(7,119)	Expenditures in excess of assets available
Disaster/Flood	(6)	Deficit cash balance
Healthy Child	(4,691)	Expenditures in excess of assets available
D.I.C	(47,564)	Expenditures in excess of assets available
DIS/CLC	(4,894)	Deficit cash balance
ARPA Port	(3,963)	Expenditures in excess of assets available
ARPA Planning	(142)	Expenditures in excess of assets available
	<u>\$ (217,324)</u>	

**NOTE 15. RESTATEMENTS**

During the current fiscal year, the following adjustments relating to prior years' transactions were made to fund balance and net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Solid Waste	\$ (30,398)	Implementation of GASB Statement No. 101, Compensated Absences.
Government – Wide Governmental	<u>(224,209)</u>	Implementation of GASB Statement No. 101, Compensated Absences.
	<u>\$ (254,607)</u>	

**NOTE 16. RELATED PARTY TRANSACTIONS**

Lincoln County Port Authority (LCPA) is related to the Kootenai River Development Council (KRDC) through the employees being the same for both organizations, and one board member sitting on each board. KRDC is a not-for-profit organized under Section 501 (c)(3) of the IRS and is an economic and community development organization focused on expanding and diversifying the economic base of south Lincoln County. KRDC is administered by an independent board of LCPA, but of the six board members one member also sits on the board of LCPA. The two organizations work together to identify and pursue grants to help develop the County.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 17. SERVICES PROVIDED FROM OTHER GOVERNMENTS**

Lincoln 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 18. 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.

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.

LINCOLN COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

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 19. PENDING LITIGATION**

The following is a list of litigation pending against the County and the amount of damages claimed by the Plaintiff. The County Attorney's evaluation as to the outcome of each case is also noted. The County has liability insurance which may cover all or part of the damages requested.

<u>Case</u>	<u>Damages Requested</u>	<u>Potential of Loss</u>
<i>Vincent v. Lincoln County, DV-24-1</i>	Unknown	Unknown
<i>Tristan Kirk Assance v. Lincoln County; Brandon Holzer; Jame Kirk Kraft; and Does 1-10, CV 24-9-3-DWM</i>	Unknown	Unknown
<i>Steiger/Matilas v. Charles Brad Black ET AL., DV-24-187</i>	Unknown	Unknown
<i>Daniel W. Torgison v. Lincoln County Port Authority et al., DV-25-61</i>	Unknown	Unknown
<i>Magnolia Properties, LLC ET AL. v. Lincoln County</i>	Unknown	Unknown
<i>Montana Environmental Information Center v. Lincoln County</i>	Unknown	Unknown
<i>ACT V, LLC v. Lincoln County</i>	Unknown	Unknown

**NOTE 20. SUBSEQUENT EVENTS**

Beginning on December 10, 2025, the County experienced significant damage to land and structures from flooding, followed by a wind storm. The County has incurred approximately \$369,964 in disaster-related expenses for these events, which has included emergency response, debris removal, and repair activities. Documentation is currently being submitted to Montana Disaster and Emergency Services (DES) for potential reimbursement and federal declaration of the event is being processed before federal assistance through the Federal Emergency Management Agency (FEMA) can be proceeded with. The total cost to the County as a result of the disaster is unknown at this time.

The Landfill Solid Waste Groundwater Protection and Closure Cap System Excavation Project continued into fiscal year 2026. Subsequent to year end, the landfill expansion project funded by the American Rescue Plan Act (ARPA) and County contributions has incurred \$3,445,725 in additional expenses to date. At year end, \$1,216,188 was due from Department of Natural Resources and Conservation for the ARPA projects. The County has received \$1,419,291 to date for expense reimbursement.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

	<b>General</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ 205,215	\$ 205,215	\$ 1,340,684	\$ 1,135,469
Licenses and permits	50,500	50,500	75,850	25,350
Intergovernmental	538,529	538,529	1,501,251	962,722
Charges for services	274,180	274,180	282,445	8,265
Fines and forfeitures	90,000	90,000	118,339	28,339
Miscellaneous	10,000	10,000	89,191	79,191
Investment earnings	-	-	115,082	115,082
Amounts available for appropriation	\$ <u>1,168,424</u>	\$ <u>1,168,424</u>	\$ <u>3,522,842</u>	\$ <u>2,354,418</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government	\$ 4,290,826	\$ 4,290,826	\$ 4,144,134	\$ 146,692
Public safety	249,922	249,922	218,713	31,209
Public works	24,000	24,000	33,100	(9,100)
Public health	428,064	428,064	400,830	27,234
Culture and recreation	-	-	3,057	(3,057)
Miscellaneous	50,500	50,500	-	50,500
Total charges to appropriations	\$ <u>5,043,312</u>	\$ <u>5,043,312</u>	\$ <u>4,799,834</u>	\$ <u>243,478</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 1,209,859	\$ 1,209,859
Transfers out	-	-	(1,858,157)	(1,858,157)
Total other financing sources (uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(648,298)</u>	\$ <u>(648,298)</u>
Net change in fund balance			\$ <u>(1,925,290)</u>	
Fund balance - beginning of the year			\$ <u>2,907,024</u>	
Fund balance - end of the year			\$ <u>981,734</u>	

Lincoln 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
	ORIGINAL	FINAL		
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ -	\$ -	\$ 124,390	\$ 124,390
Intergovernmental	-	-	663,668	663,668
Charges for services	-	-	4,650	4,650
Miscellaneous	-	-	505,057	505,057
Investment earnings	-	-	271,184	271,184
Amounts available for appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,568,949</u>	<u>\$ 1,568,949</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	\$ 4,204,333	\$ 4,204,333	\$ 3,080,437	\$ 1,123,896
Culture and recreation	-	-	1,696	(1,696)
Debt service - principal	62,858	62,858	158,372	(95,514)
Debt service - interest	6,532	6,532	37,395	(30,863)
Miscellaneous	178,610	178,610	-	178,610
Capital outlay	410,000	410,000	490,173	(80,173)
Lease Outlay	-	-	425,108	(425,108)
Total charges to appropriations	<u>\$ 4,862,333</u>	<u>\$ 4,862,333</u>	<u>\$ 4,193,181</u>	<u>\$ 669,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Lease Financing	\$ -	\$ -	\$ 425,108	\$ 425,108
Transfers in	-	-	892,682	892,682
Transfers out	-	-	(185,043)	(185,043)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,747</u>	<u>\$ 1,132,747</u>
Net change in fund balance			<u>\$ (1,491,485)</u>	
Fund balance - beginning of the year			\$ 6,413,730	
Fund balance - end of the year			<u>\$ 4,922,245</u>	

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

<b>Public Safety</b>				
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS</b> <b>(BUDGETARY</b> <b>BASIS) See Note A</b>	
<b>RESOURCES (INFLOWS):</b>				
Taxes and assessments	\$ 3,414,719	\$ 3,414,719	\$ 3,421,826	\$ 7,107
Licenses and permits	50,500	-	-	-
Intergovernmental	538,529	1,109,975	718,819	(391,156)
Charges for services	274,180	308,700	388,177	79,477
Fines and forfeitures	90,000	-	-	-
Miscellaneous	10,000	15,000	16,880	1,880
Amounts available for appropriation	<u>\$ 4,377,928</u>	<u>\$ 4,848,394</u>	<u>\$ 4,545,702</u>	<u>\$ (302,692)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public safety	\$ 5,134,021	\$ 5,134,021	\$ 5,555,327	\$ (421,306)
Miscellaneous	212,638	212,638	-	212,638
Capital outlay	131,013	-	500	(500)
Total charges to appropriations	<u>\$ 5,477,672</u>	<u>\$ 5,346,659</u>	<u>\$ 5,555,827</u>	<u>\$ (209,168)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ 17,700	\$ 17,700
Transfers in	-	-	1,661,894	1,661,894
Transfers out	-	-	(242,231)	(242,231)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,363</u>	<u>\$ 1,437,363</u>
Net change in fund balance			<u>\$ 427,238</u>	
Fund balance - beginning of the year			\$ 34,795	
Fund balance - end of the year			<u>\$ 462,033</u>	

**Lincoln County, Montana  
Budgetary Comparison Schedule  
Budget-to-GAAP Reconciliation**

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

<b>Sources/Inflows of resources</b>	<u>General</u>	<u>Road</u>	<u>Public Safety</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,522,842	\$ 1,568,949	\$ 4,545,702
Combined funds (GASBS 54) revenues	<u>4,808,951</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	<u>\$ 8,331,793</u>	<u>\$ 1,568,949</u>	<u>\$ 4,545,702</u>
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,799,834	\$ 4,193,181	\$ 5,555,827
Combined funds (GASBS 54) expenditures	<u>1,657,342</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,457,176</u>	<u>\$ 4,193,181</u>	<u>\$ 5,555,827</u>

**Lincoln County, Montana**  
**Required Supplementary Information**  
**Schedule of Changes in the Entity's Total OPEB Liability**  
**and Related Ratios**  
**For the Year Ended June 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service Cost	\$ 180,186	\$ 181,815	\$ 213,184	\$ 199,309	\$ 206,790	\$ 228,916	\$ 225,195	\$ 214,844
Interest	107,382	127,006	116,222	77,169	76,275	140,802	121,843	118,880
Differences in experience	-	(383,660)	-	586,589	-	(257,511)	-	1,115
Change in assumptions and inputs	-	(544,188)	-	(1,183,354)	-	(1,136,909)	255,935	135,080
Benefit payments	(39,264)	(52,275)	(44,643)	(38,254)	(32,542)	(76,706)	(63,115)	(65,752)
Net change in total OPEB liability	248,304	(671,302)	284,763	(358,541)	250,523	(1,101,408)	539,858	404,167
Total OPEB Liability - beginning	2,313,484	2,984,786	2,700,023	3,058,564	2,808,041	3,909,449	3,369,591	2,965,424
Total OPEB Liability - ending	\$ 2,561,788	\$ 2,313,484	\$ 2,984,786	\$ 2,700,023	\$ 3,058,564	\$ 2,808,041	\$ 3,909,449	\$ 3,369,591
Covered-employee payroll	\$ 5,370,957	\$ 5,370,957	\$ 5,874,384	\$ 5,874,384	\$ 4,995,992	\$ 4,995,992	\$ 4,037,065	\$ 4,037,065
Total OPEB liability as a percentage of covered -employee payroll	48%	43%	51%	46%	61%	56%	97%	83%

*\*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.*

**Lincoln 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	0.271506%	0.248366%	0.259855%	0.254762%	0.254495%	0.226896%	0.221892%	0.305071%	0.329615%	0.347774%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 6,640,394	\$ 6,061,010	\$ 6,179,059	\$ 4,619,400	\$ 6,714,119	\$ 4,742,829	\$ 4,631,197	\$ 5,941,644	\$ 5,614,478	\$ 4,861,437
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 1,728,521	\$ 1,678,939	\$ 1,848,588	\$ 1,362,145	\$ 2,115,159	\$ 1,544,021	\$ 1,548,905	\$ 75,748	\$ 68,602	\$ 59,715
Employer's covered payroll	\$ 8,368,915	\$ 7,739,949	\$ 8,027,647	\$ 5,981,545	\$ 8,829,278	\$ 6,286,850	\$ 6,180,102	\$ 6,017,392	\$ 5,683,080	\$ 4,921,152
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	\$ 5,319,563	\$ 4,617,588	\$ 4,562,748	\$ 4,500,056	\$ 4,270,002	\$ 3,743,754	\$ 3,649,134	\$ 3,777,516	\$ 3,948,206	\$ 4,058,594
Plan fiduciary net position as a percentage of the total pension liability	124.83%	131.26%	135.42%	102.65%	157.24%	126.69%	126.91%	157.29%	142.20%	119.78%
	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	1.9680%	2.0685%	2.1330%	2.1395%	2.2106%	2.0647%	1.9801%	1.8704%	2.0080%	1.9590%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 2,413,789	\$ 3,040,497	\$ 2,920,546	\$ 1,558,426	\$ 2,694,352	\$ 1,721,929	\$ 1,488,506	\$ 1,423,290	\$ 3,527,540	\$ 1,888,483
Employer's covered payroll	\$ 2,413,789	\$ 3,040,497	\$ 2,920,546	\$ 1,558,426	\$ 2,694,352	\$ 1,721,929	\$ 1,488,506	\$ 1,423,290	\$ 3,527,540	\$ 1,888,483
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	\$ 2,183,532	\$ 2,119,173	\$ 2,055,762	\$ 1,944,444	\$ 1,876,933	\$ 1,657,997	\$ 1,536,338	\$ 1,398,094	\$ 1,417,485	\$ 1,333,032
Plan fiduciary net position as a percentage of the total pension liability	110.55%	143.48%	142.07%	80.15%	143.55%	103.86%	96.89%	101.80%	248.86%	141.67%
	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.*

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

	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016			
Contractually required contributions	\$ 576,121	\$ 555,359	\$ 489,749	\$ 406,142	\$ 398,792	\$ 374,109	\$ 321,988	\$ 309,082	\$ 316,762	\$ 330,013			
Contributions in relation to the contractually required contribution	\$ 576,121	\$ 555,359	\$ 489,749	\$ 406,142	\$ 398,792	\$ 374,109	\$ 321,988	\$ 309,082	\$ 316,762	\$ 336,677			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
County's covered payroll	\$ 6,351,940	\$ 6,123,032	\$ 5,459,855	\$ 4,562,748	\$ 4,500,056	\$ 4,270,002	\$ 3,743,754	\$ 3,649,134	\$ 3,777,516	\$ 3,948,206			
Contributions as a percentage of covered payroll	9.07%	9.07%	8.97%	8.90%	8.86%	8.76%	8.60%	8.47%	8.39%	8.53%			
	SRS	SRS	SRS	SRS	SRS	SRS	SRS	SRS	SRS	SRS			
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016			
Contractually required contributions	\$ 265,998	\$ 286,671	\$ 277,930	\$ 270,960	\$ 255,014	\$ 247,033	\$ 218,294	\$ 205,264	\$ 141,550	\$ 146,916			
Contributions in relation to the contractually required contribution	\$ 265,998	\$ 286,671	\$ 277,930	\$ 270,960	\$ 255,014	\$ 247,033	\$ 218,294	\$ 205,264	\$ 141,550	\$ 146,916			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
County's covered payroll	\$ 2,203,064	\$ 2,185,825	\$ 2,119,177	\$ 2,055,762	\$ 1,944,445	\$ 1,876,933	\$ 1,657,997	\$ 1,536,338	\$ 1,398,094	\$ 1,417,485			
Contributions as a percentage of covered payroll	12.07%	13.12%	13.12%	13.18%	13.09%	13.16%	13.17%	13.36%	10.12%	10.36%			

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

**Lincoln 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.

**Lincoln 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.

**Lincoln 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.

**Lincoln 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.

**Lincoln 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.

**Lincoln 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.

# **SINGLE AUDIT SECTION**

Lincoln County, Montana  
Schedule of Expenditures of Federal Awards By Grant  
For the Year Ended June 30, 2025

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures (\$)</i>
<b><i>Forest Service Schools and Roads Cluster-Cluster</i></b>				
United States Department of Agriculture Schools and Roads - Grants to States Schools and Roads - Grants to States Total Schools and Roads - Grants to States	10.665		Federal Forest Reserves	\$ 635,335
<i>Total United States Department of Agriculture</i>				\$ 635,335
<b><i>Total Forest Service Schools and Roads Cluster-Cluster</i></b>				<b>\$ 635,335</b>
<b><i>Other Programs (Treated individually for major program determination)</i></b>				
United States Department of Agriculture Cooperative Forestry Assistance		Montana Dept. of Natural Resources and Conservatio	USDA Forest Service Grant-- 20-DG-11010000-024	\$ 245,453
Cooperative Forestry Assistance Total Cooperative Forestry Assistance	10.664			\$ 245,453
<i>Total United States Department of Agriculture</i>				\$ 245,453
Department of Housing and Urban Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		Montana Department of Commerce	Community Development Block Grant--MT-CDBG- 22PF-03	\$ 20,000
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			\$ 20,000
<i>Total Department of Housing and Urban Development</i>				\$ 20,000
United States Department of Justice Crime Victim Assistance		Montana Board of Crime Control	Crime Victims Witness--25- V01-1994	\$ 89,632
Crime Victim Assistance Total Crime Victim Assistance	16.575			\$ 89,632
Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance Grant Program Total Edward Byrne Memorial Justice Assistance Grant Program	16.738	Flathead County	NW Drug Task Force--25-G01- 2011	\$ 167,798
<i>Total United States Department of Justice</i>				\$ 167,798
Department of Transportation Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs			Cares Act Airport Grant--3-30- 0049-018-2022	\$ 9,469
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106			\$ 1,783
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106		FAA Grant--3-30-0027-020- 2023	\$ 364,823
Total Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106			\$ 376,075
<i>Total Department of Transportation</i>				<b>\$ 376,075</b>

Lincoln County, Montana  
Schedule of Expenditures of Federal Awards By Grant - Continued  
For the Year Ended June 30, 2025

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures (\$)</i>
Department of the Treasury				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Montana Dept of Natural Resources and Conservation	ARPA Water and Sewer Grants--AM-230-0286	\$ 277,136
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Montana Dept of Natural Resources and Conservation	ARPA Water and Sewer Grants--AM-23-0267	195,000
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Montana Dept of Natural Resources and Conservation	ARPA Water and Sewer Grants--AC-22-0139	397,284
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Montana Dept of Natural Resources and Conservation	ARPA Water and Sewer Grants--AC-22-0036	1,415,067
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Montana Dept of Natural Resources and Conservation	ARPA Water and Sewer Grants--AM-22-0123	569,855
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS				<u>\$ 2,854,342</u>
Local Assistance and Tribal Consistency Fund				
Local Assistance and Tribal Consistency Fund	21.032		LATCF	\$ 3,902,339
Total Local Assistance and Tribal Consistency Fund				<u>\$ 3,902,339</u>
Total Department of the Treasury				<u>\$ 6,756,681</u>
United States Environmental Protection Agency				
Performance Partnership Grants				
Performance Partnership Grants	66.605	Montana Dept. of Environmental Quality	Air Quality Grant--525007	\$ 31,757
Total Performance Partnership Grants				<u>\$ 31,757</u>
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements				
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	Montana Dept of Environmental Quality	Asbestos Resource Program	\$ 448,174
Total Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements				<u>\$ 448,174</u>
Total United States Environmental Protection Agency				<u>\$ 479,931</u>
Department of Health and Human Services				
Public Health Emergency Preparedness				
Public Health Emergency Preparedness	93.069	Montana Dept of Public Health and Human Services	Public Health Preparedness--25-07-6-11-032-0	\$ 39,106
Total Public Health Emergency Preparedness				<u>\$ 39,106</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		SAMHSA--H9SP082596	\$ 238,678
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>\$ 238,678</u>
Immunization Cooperative Agreements				
Immunization Cooperative Agreements	93.268	Montana Dept of Public Health and Human Services	Immunization--25-07-4-31-125-0	\$ 134,640
Total Immunization Cooperative Agreements				<u>\$ 134,640</u>
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health				
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	Montana Dept of Public Health and Human Services	Pathways to Recognition Program--23-07-1-01-192-0	\$ 22,500
Total Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health				<u>\$ 22,500</u>
Maternal and Child Health Services Block Grant to the States				

Lincoln County, Montana  
Schedule of Expenditures of Federal Awards By Grant - Continued  
For the Year Ended June 30, 2025

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures (\$)</i>
Maternal and Child Health Services Block Grant to the States	93.994	Montana Dept of Public Health and Human Services	MCH--HHS-ECFS-00000596	\$ 11,848
Total Maternal and Child Health Services Block Grant to the States				\$ 11,848
<i>Total Department of Health and Human Services</i>				\$ 446,772
Department of Homeland Security Emergency Management Performance Grants		Montana Department of Emergency	EMPG	\$ 51,273
Emergency Management Performance Grants	97.042			\$ 51,273
Total Emergency Management Performance Grants				\$ 51,273
<b>BRIC: Building Resilient Infrastructure and Communities</b>				
BRIC: Building Resilient Infrastructure and Communities	97.047	Montana Department of Emergency	Building Resilient Infrastructure & Communities - -EMD-2022-BR-001-0002	\$ 148,240
Total BRIC: Building Resilient Infrastructure and Communities				\$ 148,240
Homeland Security Grant Program		Montana Disaster and Emergency Services	Operation Stonegarden-- EMW-2023-SS-00059	\$ 97,108
Homeland Security Grant Program	97.067	Montana Disaster and Emergency Services	Operation Stonegarden--EMW- 2023-SS-00059	\$ 137,390
Total Homeland Security Grant Program	97.067			\$ 234,498
<i>Total Department of Homeland Security</i>				\$ 434,011
<b>Total Other Programs (Treated individually for major program determination)</b>				\$ 9,016,353
<b>Total Expenditures of Federal Awards</b>				<b>\$ 9,651,688</b>

The accompanying notes are an integral part of this schedule

LINCOLN COUNTY, MONTANA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Fiscal Year Ended June 30, 2025

*Basis of Presentation and Significant Accounting Policies*

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

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

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



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

Board of County Commissioners  
Lincoln County  
Libby, 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, business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lincoln County's basic financial statements and have issued our report thereon dated April 1, 2026.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lincoln 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 Lincoln County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses listed as item(s) 2025-001, 2025-002, and 2025-003.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lincoln 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 in the accompanying schedule of findings and questioned costs as item(s) 2025-004.

#### **Lincoln County's Response to Findings**

Lincoln County's response to the findings identified in our audit is described in the Auditee's Corrective Action Plan. Lincoln 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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Nexus CPA Group*

April 1, 2026



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

Board of County Commissioners  
Lincoln County  
Libby, Montana

**Report on Compliance for each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

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

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

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

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Report on Internal Control over Compliance**

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Nexus CPA Group*

April 1, 2026

LINCOLN COUNTY, MONTANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2025

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified	None Reported
Type of auditor’s report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.665	Forest Service Schools and Roads – Grants to States
21.032	Local Assistance and Tribal Consistency Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**Section II – Financial Statement Findings**

**2025-001      Misclassified Revenues**

**Condition:**

There is a lack of internal controls around coding of revenues with the accounting system in accordance with the Montana BARS Chart of Accounts.

**Context:**

While completing the risk assessment for the audit, we noted that miscellaneous revenues had a significant increase from prior years. We determined to complete substantive testing of miscellaneous revenues to determine if there were misclassifications.

**Criteria:**

Intergovernmental revenues should be recorded in accounts that reflect their nature as revenues received from other governments, in accordance with the BARS chart of accounts and applicable governmental accounting standards. Proper classification is necessary to ensure accurate presentation of revenue by source and to facilitate meaningful financial analysis and compliance reporting.

**Effect:**

We found that the County had \$529,763 in revenues that were coded to miscellaneous revenues, instead of intergovernmental revenues, resulting in understated intergovernmental revenues and overstated miscellaneous revenues. The specific revenues that were misclassified were as follows:

- Road Fund: \$494,779 in Gas Tax revenues
- LCARP Fund: \$24,541 in Asbestos Resource Program revenues
- PILT Fund: \$10,443 in TSP Grant (Trail Stewardship Grant Program) revenues

**Cause:**

The misclassification appears to have resulted from incorrect account coding during the revenue recording process and a lack of sufficient review over revenue classifications at year-end.

**Recommendation:**

We recommend the County strengthen its revenue classification controls by:

- Providing additional training to accounting staff on the proper coding of intergovernmental revenues.
- Implementing a targeted review of revenue accounts at interim and year-end to identify and correct misclassifications on a timely basis.
- Updating and distributing written procedures or coding guidance to ensure consistent application of the BARS chart of accounts.

**2025-002      School Retirement Distribution**

**Condition:**

There is a lack of internal controls over the Distribution of the Retirement Funds to the school districts within the County.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**Context:**

There was a risk noted through results of school audits, that it appeared the County did not allocate the retirement fund distributions to the schools correctly. As part of testing that risk, we scheduled out how the County should have allocated the levies to the schools for retirement to how they did allocate the levies, and noted variances.

**Criteria:**

A proper system of internal controls would ensure that the allocation of the retirement be allocated to the schools based on each school's need after taking into account cash reappropriated and any other revenues estimated to be received. The allocation spreadsheet should further be reviewed and approved by a secondary party to ensure its accuracy.

**Effect:**

We found there was a lack of internal controls over the distribution of retirement to the school districts. The County inappropriately used the budget amount prior to the reduction of cash available for reappropriation and expected other revenues that would be received with the retirement funds of each District. This skewed the allocation between the districts and some districts received too much while others too little as follows:

School District	Allocation Should Have Been	Allocation Was	Difference
Troy Elementary	\$ 292,592.74	\$ 259,125.92	\$ (33,466.82)
Eureka	\$ 430,657.49	\$ 448,633.76	\$ 17,976.27
Fortine	\$ 93,466.86	\$ 79,531.73	\$ (13,935.13)
McCormick	\$ 11,679.54	\$ 20,730.07	\$ 9,050.53
Yaak	\$ 11,343.15	\$ 11,785.68	\$ 442.53
Trego	\$ 13,827.22	\$ 16,283.34	\$ 2,456.12
Troy High School	\$ 192,293.50	\$ 172,463.37	\$ (19,830.13)
Libby Unified School	\$ 1,133,719.17	\$ 1,100,480.58	\$ (33,238.59)
Lincoln County High School	\$ 290,080.33	\$ 327,457.48	\$ 37,377.15

**Cause:**

There was a lack of internal controls related to checks and balances as no one reviewed the calculation sheet to identify that the allocation was based on incorrect numbers.

**Recommendation:**

We recommend:

1. The County put policies and procedures in place to ensure that calculations for the retirement distributions be checked to ensure the correct numbers are used.
2. Notify the Districts of the error made, correct the distribution issue, and re-distribute by the end of the year.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**2025-003      Cash Reconciliation**

**Condition:**

The County does not have adequate internal controls over the cash reconciliation process.

**Context:**

Through inquiry, observation, and testing of bank reconciliations, we noted cash balances were out of balance by various amounts, and at no point during the fiscal year did the reconciliations reflect a \$0 difference between bank and book balances. These unreconciled differences ranged up to \$98,864 during the fiscal year. As of June 30, 2025, the bank balance and the general ledger cash balance differed by \$7,955.

**Criteria:**

Internal control procedures require that cash be reconciled to the general ledger on a monthly basis to help safeguard assets. All cash reconciliations prepared by the Treasurer should be reviewed and approved by the County Commissioners on a monthly basis.

**Effect:**

An internal control deficiency exists because cash did not reconcile between the bank and book balances during fiscal year 2025. The lack of effective internal controls over the cash reconciliation process increases the risk of undetected errors and/or misappropriation of assets.

**Cause:**

The Treasurer was unable to identify and resolve the variances between the bank balances and the general ledger.

**Recommendation:**

The County should ensure that complete and accurate bank reconciliations are prepared for all cash accounts on a monthly basis, and that all differences are promptly investigated and resolved. The Treasurer should present completed reconciliations to the County Commissioners for review each month. The Commissioners should perform and document their review, including evidence that they verified the reconciliation was properly completed and that any reconciling items are reasonable, supported, and resolved in a timely manner.

**2025-004      Budget Authority**

**Condition:**

The County had several funds that exceeded their budget authority resulting in the County not being in compliance with MCA 7-6-4005.

**Context:**

As part of the audit, we compared the expenditures in each fund to the budgeted appropriations in each fund to determine if any funds have exceeded their budgetary authority for the fiscal year and if they had, was a properly approved budget amendment completed.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**Criteria:**

Per MCA 7-6-4005, “expenditures are limited to appropriation. (1) local government officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund”.

Per MCA 7-6-4006(4) “The governing body may amend the budget during the fiscal year by conducting public hearings at regularly scheduled meetings. Budget amendments providing for additional appropriations must identify the fund reserves, unanticipated revenue, or previously unbudgeted revenue that will fund the appropriations.”

**Effect:**

The following funds had expenditures that exceeded the budgetary authority by the follow amounts and no budget amendment was completed to address the issue:

<u>Fund</u>	<u>Final</u> <u>Appropriations</u>	<u>Fiscal Year</u> 2025 <u>Expenditures</u>	<u>Expenditures in</u> excess of <u>appropriations</u>
General Fund	\$ 5,043,312	\$ 6,657,995	\$ 1,614,683
ARP Charges Fund	-	10,559	10,559
Permissive Medical Levy Fund	1,454,804	1,508,636	53,832
NRDP Fund	21,210	47,221	26,011
PILT Fund	923,907	1,033,509	109,602

**Cause:**

There was a lack of internal controls as the County failed to monitor expenditures and/or complete a budget amendment as required by MCA 7-6-4005 and MCA 7-6-4006

**Recommendation:**

We recommend that the County either monitor expenditures throughout the year to ensure they stay within budget as required by MCA 7-6-4005 or they do a budget amendment to increase the budget authority and that budget amendment follows the requirements of MCA 7-6-4006.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs reported.

**LINCOLN COUNTY**

**STATE OF MONTANA**

BRENT TESKE, COMMISSIONER  
DISTRICT NO. 1, LIBBY

JIM HAMMONS, COMMISSIONER  
DISTRICT NO. 2, TROY

Noel Duram, COMMISSIONER  
DISTRICT NO. 3, EUREKA

CORRINA L. BROWN  
CLERK OF THE BOARD AND COUNTY RECORDER

Contact Person:

Wendy Drake  
Lincon Conty Finance Director

Expected Completion Date of Corrective Action Plan:

May 1,2026

**CORRECTIVE ACTION PLAN**

FINDING 2025-001: Misclassified Revenues

The Treasurer's Office will review the BARS chart of accounts and ensure revenues are properly classified in accordance with BARS requirements.

Response:

FINDING 2025-002: School Retirement Distributions

Response: The County will review the accounting and reporting of school retirement distributions and make any necessary corrections to ensure compliance with applicable accounting standards and reporting requirements going forward.

FINDING 2025-003: Cash Reconciliation

Response: Closed sweep accounts so I can now get the correct daily balance for bank statements.

FINDING 2025-004: Budget Authority

Response: As part of our year-end procedures, the County will perform a comprehensive review of all funds after closing to ensure that no fund remains over budget. Any necessary budget amendments will be prepared and presented to the governing body for approval to bring expenditures into compliance.

BOARD OF COUNTY COMMISSIONERS

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**LINCOLN COUNTY**

**STATE OF MONTANA**

BRENT TESKE, COMMISSIONER  
DISTRICT NO. 1, LIBBY

JIM HAMMONS, COMMISSIONER  
DISTRICT NO. 2, TROY

Noel Duram, COMMISSIONER  
DISTRICT NO. 3, EUREKA

CORRINA L. BROWN  
CLERK OF THE BOARD AND COUNTY RECORDER

**STATUS OF PRIOR AUDIT FINDINGS**

There were not prior year audit findings.

Lincoln County Commissioners,

Brent Teske

Jim Hammons

Noel Duram

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512 CALIFORNIA AVENUE

LIBBY, MONTANA 59923

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