

FERGUS COUNTY
LEWISTOWN, MONTANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

2810 CENTRAL AVENUE, SUITE B
BILLINGS, MONTANA 59102

(406) 252-6230

FAX (406) 245-6922

TABLE OF CONTENTS

	<u>Page No.</u>
ORGANIZATION	1
INDEPENDENT AUDITOR'S REPORT	2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion & Analysis	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position - Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Statement of Net Position - Fiduciary Funds	17
Statement of Changes in Net Position - Fiduciary Fund	18
Notes to Basic Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	38
Road Fund	39
PILT Fund	40
Notes to Required Supplementary Information	41
Pension Plan Information:	
Schedule of Contributions	42
Schedule of Proportionate Share of the Net Pension Liability	43
Notes to Required Supplementary Information-Pension Plan Information	44
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	45
SUMMARY SCHEDULE OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	47
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 <i>GOVERNMENT AUDITING STANDARDS</i>	48
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	52
SCHEDULE OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS	57

FERGUS COUNTY

ORGANIZATION

June 30, 2015

BOARD OF COUNTY COMMISSIONERS

Sandra Youngbauer	Presiding Officer
Ross Butcher	Commissioner
Carl Seilstad	Commissioner

COUNTY OFFICIALS

Thomas Meissner	Attorney
Rana Wichman	Clerk and Recorder
Phyllis Smith	Clerk of Court
Richard Brown	Coroner
Kelly Mantooth	Justice of the Peace
Gary Kruger	Public Administrator
Troy Killham	Sheriff
Rhonda Long	Superintendent of Schools
Gwenda Gehlen	Treasurer

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

ERNEST J. OLNESS, CPA

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

2810 CENTRAL AVENUE, SUITE B
BILLINGS, MONTANA 59102
(406) 252-6230
FAX (406) 245-6922

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Fergus County
Lewistown, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fergus County, Montana (the government) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinions

Because we did not observe year-end inventory counts and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities, we were unable to form an opinion regarding the amounts at which inventory was recorded in the governmental activities, the road fund and the aggregate remaining fund information.

Because of inadequacies in the government's accounting records, we were unable to form an opinion regarding the classification of federal and state emergency disaster revenue (intergovernmental) between the road fund and aggregate remaining fund information.

Management has not recorded the other post-employment benefit (OPEB) liability and related expense in the governmental activities, business-type activities, the airport fund (a major enterprise fund) and the aggregate remaining fund information. Accounting principles generally accepted in the United States of America require that the OPEB liability and related expense be recorded, which would increase the liabilities, decrease net position and change expenses in the governmental activities, business-type activities, the airport fund (a major enterprise fund) and the aggregate remaining fund information. The amount by which this departure would affect the liabilities, net position and expenses has not been determined.

INDEPENDENT AUDITOR'S REPORT (Continued)

Qualified Opinions

In our opinion, except for the possible effects of the matters discussed in the first and second paragraphs under the heading "Basis for Qualified Opinions" and except for the effects of the matter described in the third paragraph under the heading "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the road fund, the airport fund (a major enterprise fund) and the aggregate remaining fund information of the government, as of June 30, 2015, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund (excluding the road fund) of the government as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the government adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, the government adopted the provisions of GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2016, on our consideration of the government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control over financial reporting and compliance.

O'Neal & Associates, PC

Billings, Montana
February 18, 2016

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of the County's financial performance provides an overview of the government's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with our financial statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- Net position at the close of fiscal year 2015 was \$14,091,192. Of this amount, \$12,657,706 was invested in capital assets, net of related debt.
- The County's total net position decreased by \$1,812,676 before a prior period adjustment of \$4,207,866. The prior period adjustment recorded the beginning of the year net pension liability.
- The general fund's budgeted amounts were increased primarily for a DES grant. Actual revenues were \$351,638 more than budgeted revenues, while actual expenditures were \$406,270 less than budgeted appropriations.

USING THIS ANNUAL REPORT

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide financial statements One of the most important questions asked about the government's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities (pages 8 and 9) report information about the government as a whole and about its activities in a way that helps answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net position and changes in it. You can think of net position—the difference between assets and deferred outflows and liabilities and deferred inflows—as one way to measure the government's financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the property tax base and the condition of the capital assets, to assess the overall health.

In the Statement of Net Position and the Statement of Activities, our government is divided into two kinds of activities:

Governmental activities—Basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.

Business-type activities—Fees charged to customers to help it cover all or most of the cost of certain services it provides. The Hospital and Airport funds are reported here.

Fund financial statements The fund financial statements (pages 10 through 18) provide detailed information about the most significant funds—not the government as a whole. Some funds are required to be established by State law and by bond covenants. Also, the governing body establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. We utilize the following funds:

Governmental funds—Basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Position and the Statement of Activities) and governmental funds in reconciliations (pages 11 and 13, respectively).

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

Proprietary funds—Fees are charged to customers for the services provided—whether to outside customers or to other units of the government—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for other programs and activities—such as the Self-Insurance fund.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds use the same basis of accounting as proprietary funds. We exclude these activities from the other financial statements because we cannot use these assets to finance our operations. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position at the close of fiscal year 2015 was \$14,091,192. Of this amount, \$12,657,706 was invested in capital assets, net of related debt. Restricted net position for the governmental activities is subject to external resources on how they are used. There is not currently any business-type activities restricted net position.

NET POSITION:

	Governmental		Business-type		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 8,554,164	\$ 8,887,167	\$ 58,387	\$ 101,844	\$ 8,612,551	\$ 8,989,011
Capital assets	9,881,122	9,566,185	3,567,548	3,446,404	13,448,670	13,012,589
Total assets	18,435,286	18,453,352	3,625,935	3,548,248	22,061,221	22,001,600
Deferred outflows-pensions	262,347	-	7,146	-	269,493	-
Other liabilities	476,755	656,212	5,436	19,814	482,191	676,026
Long-term liabilities	6,241,356	1,020,684	258,993	193,156	6,500,349	1,213,840
Total liabilities	6,718,111	1,676,896	264,429	212,970	6,982,540	1,889,866
Deferred inflows-pensions	1,232,598	-	24,384	-	1,256,982	-
Net position						
Net investment in capital assets	9,240,190	8,981,679	3,417,516	3,270,916	12,657,706	12,252,595
Restricted	4,139,586	5,217,593	-	-	4,139,586	5,217,593
Unrestricted	(2,632,852)	2,577,184	(73,248)	64,362	(2,706,100)	2,641,546
	\$ 10,746,924	\$ 16,776,456	\$ 3,344,268	\$ 3,335,278	\$ 14,091,192	\$ 20,111,734

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

CHANGE IN NET POSITION:	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,512,115	\$ 1,419,363	\$ 226,077	\$ 230,824	\$ 1,738,192	\$ 1,650,187
Operating grants and contributions	1,679,704	1,711,524	13,157	-	1,692,861	1,711,524
Capital grants and contributions	659,502	652,961	-	-	659,502	652,961
General revenues:						
Taxes	4,627,648	4,163,874	-	-	4,627,648	4,163,874
Licenses and permits	500	800	-	-	500	800
Intergovernmental	1,537,658	1,641,162	-	25,700	1,537,658	1,666,862
Unrestricted investment earnings	57,659	44,210	677	4,925	58,336	49,135
Miscellaneous	97,933	531,445	-	251	97,933	531,696
Gain on disposal of capital assets	12,638	381,000	-	-	12,638	381,000
Total revenues	10,185,357	10,546,339	239,911	261,700	10,425,268	10,808,039
Expenses:						
General government	2,511,016	2,465,542	-	-	2,511,016	2,465,542
Public safety	1,992,630	1,851,503	-	-	1,992,630	1,851,503
Public works	3,092,954	3,184,467	-	-	3,092,954	3,184,467
Public health	1,025,405	942,606	-	-	1,025,405	942,606
Social and economic services	239,261	216,287	-	-	239,261	216,287
Culture and recreation	2,706,485	680,652	-	-	2,706,485	680,652
Housing and community development	9,409	9,135	-	-	9,409	9,135
Airport	-	-	593,873	583,992	593,873	583,992
Hospital	-	-	-	4,315	-	4,315
Interest on long-term debt	66,911	8,118	-	-	66,911	8,118
Total expenses	11,644,071	9,358,310	593,873	588,307	12,237,944	9,946,617
Transfers	(477,185)	-	477,185	-	-	-
Change in net position	(1,935,899)	1,188,029	123,223	(326,607)	(1,812,676)	861,422
Net position, beginning	16,776,456	15,588,427	3,335,278	3,661,885	20,111,734	19,250,312
Prior period adjustment	(4,093,633)	-	(114,233)	-	(4,207,866)	-
Net position, ending	\$ 10,746,924	\$ 16,776,456	\$ 3,344,268	\$ 3,335,278	\$ 14,091,192	\$ 20,111,734

The County's total net position decreased by \$1,812,676 before a prior period adjustment of \$4,207,866. The prior period adjustment recorded the beginning of the year net pension liability. The \$1,812,676 decrease in net position can be attributed to additional long-term debt that was used to construct water and sewer lines at the fairgrounds. At the end of construction, the water and sewer lines were turned over to the City of Lewistown. The City will be responsible for repairs and maintenance of the lines.

FUND FINANCIAL STATEMENTS

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

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

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

General Fund – The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund. At the end of the fiscal year, unassigned fund balance was \$1,471,985. Overall fund balance increased \$725,781 mainly due to conservative spending.

Road Fund – The road fund accounts for resources accumulated and payments made for the maintenance, repair and construction of county-owned roads. At the end of fiscal year 2015, the fund balance of the road fund was \$976,886, an increase of \$286,930. The increase was due not spending all of the Road fund budget.

FERGUS COUNTY
MANAGEMENT'S DISCUSSION & ANALYSIS

PILT Fund – The PILT (payment in lieu of taxes) fund accounts for resources accumulated from the federal government for payments in lieu of taxes. Expenditures from the fund are at the discretion of the Board of County Commissioners. Overall fund balance decreased \$397,873. The decrease occurred because PILT resources were transferred to other funds.

Fairgrounds Water/Sewer Construction Fund - The fairgrounds water/sewer construction fund accounts for revenues and expenditures related to new water and sewer lines at the fairgrounds. At the end of fiscal year 2015, fund balance was \$25,014.

Airport Fund – Net position increased \$123,223 or 3 percent.

GENERAL FUND ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

Budget resolutions that affected the General fund budget for 2015 were (1) Resolution 11-2015 which was for a Board of Crime Control Grant for Justice Court in the amount of \$19,501; (2) Resolution #14-2015 which was for a Homeland Security Grant for DES in the amount of \$106,027; and (3) Resolution #15-2015 which was another Board of Crime Control Grant, this time for machinery and equipment for the Sheriff's Department in the amount of \$24,453.

CAPITAL ASSET AND DEBT ADMINISTRATION

Fergus County's net investment in capital assets, as of June 30, 2015, was \$12,657,706. Invested in capital assets includes property, buildings, improvements, machinery, equipment and infrastructure (i.e. roads, bridges, etc.). For more information related to capital assets, see the notes to the basic financial statements.

Compensated absences are a liability of the County for unpaid vacation leave, sick leave, and compensatory time. The liability typically increases on an annual basis as a result of increasing wages and a general growth in the number of total compensable hours. However, for fiscal year 2015, compensated absences decrease \$34,428. Other debt outstanding consists of bonds and notes payable, with various maturities and the net pension liability.

THE GOVERNMENT'S FUTURE

Fergus County has worked through the flooding issues from the past few years. This was a major drain on the road, bridge, and DES staff but they came through well. A number of departments have new department heads and/or elected officials at the helm. These include a new commissioner, treasurer, sheriff, justice of the peace, and county nurse office manager.

The following factors were considered when preparing the Fergus County Budgets for FY2016:

- Utility and fuel costs are a major concern for several of Fergus County's departments, including but not limited to the road, bridge, weed, and sheriff. It is hard to budget when the costs are so unpredictable from year to year.
- Trying to keep a living wage for County employees is something that is looked at each year. Fergus County is typically not competitive with its wages so we end up training employees and then they move on to higher paying jobs. This is a struggle that will be faced for many years to come.
- The outside exercise yard at the jail will be completed soon along with upgrades to the Sheriff's Department dispatch center. The Sheriff feels that additional funding is needed for staffing the facility. No additional money was put in his budget for FY1516 as none was requested at budget time.
- Energy efficiency work continues to be done throughout the County. This includes insulation and maintenance on the road and weed buildings.
- Continuing on a rotation schedule with replacement of large equipment for the road and bridge departments is essential and is always a budgetary concern.
- Concern over the possible discontinuance of PILT monies forces us to look to the future years for funding options.
- Technology is expensive and it is essential that the County keep up with the needed information and equipment. This will continue to be a budgetary concern for many years to come for most if not all departments. Building and maintaining a County website is essential to be able to keep County residents up to date on the County proceedings, but it all takes time and money. The County is also looking at upgrading its payroll system to include automated time devices.
- The fair water and sewer project was vital to keeping the fairgrounds open, but the new monthly expenses involved with this are proving to be cumbersome.
- The economy in downtown Lewistown continues to be in a downward trend. There are many empty storefronts on Main Street. This continues to have a considerable impact on not just Lewistown but Fergus County.
- The continuing high cost of health insurance is a major concern for Fergus County. With an aging employee population this will continue to affect the County.

FERGUS COUNTY
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 3,162,649	\$ 26,530	\$ 3,189,179
Investments	3,797,768	31,857	3,829,625
Receivables:			
Taxes and assessments	199,554	-	199,554
Governments	966,659	-	966,659
Roundhouse road	16,311	-	16,311
Other	89,401	-	89,401
Inventories	248,658	-	248,658
Prepays	73,164	-	73,164
Capital assets:			
Land and construction in progress	305,283	293,737	599,020
Capital assets, net of accumulated depreciation	9,575,839	3,273,811	12,849,650
Total assets	<u>18,435,286</u>	<u>3,625,935</u>	<u>22,061,221</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plans	262,347	7,146	269,493
Total deferred outflows of resources	<u>262,347</u>	<u>7,146</u>	<u>269,493</u>
LIABILITIES			
Accounts payable:			
Vendors	476,755	5,436	482,191
Long-term liabilities:			
Due within one year:			
Bonds and notes	182,217	25,629	207,846
Compensated absences	40,464	1,478	41,942
Due in more than one year:			
Bonds and notes	2,640,569	124,403	2,764,972
Compensated absences	364,179	13,297	377,476
Net pension liability	3,013,927	94,186	3,108,113
Total liabilities	<u>6,718,111</u>	<u>264,429</u>	<u>6,982,540</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plans	1,232,598	24,384	1,256,982
Total deferred inflows of resources	<u>1,232,598</u>	<u>24,384</u>	<u>1,256,982</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	9,240,190	3,417,516	12,657,706
Restricted for:			
General government	549,570	-	549,570
Public safety	69,106	-	69,106
Public works	1,586,827	-	1,586,827
Public health	105,763	-	105,763
Social and economic services	40,295	-	40,295
Culture and recreation	113,678	-	113,678
Housing and community development	481,289	-	481,289
Capital projects	1,193,058	-	1,193,058
Unrestricted (deficit)	<u>(2,632,852)</u>	<u>(73,248)</u>	<u>(2,706,100)</u>
Total net position (deficit)	<u>\$ 10,746,924</u>	<u>\$ 3,344,268</u>	<u>\$ 14,091,192</u>

See notes to basic financial statements.

FERGUS COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,511,016	\$ 190,455	\$ 36,280	\$ -	\$ (2,284,281)	\$ -	\$ (2,284,281)
Public safety	1,992,630	127,772	137,831	-	(1,727,027)	-	(1,727,027)
Public works	3,092,954	527,519	912,615	505,125	(1,147,695)	-	(1,147,695)
Public health	1,025,405	365,844	496,537	-	(163,024)	-	(163,024)
Social and economic services	239,261	-	1,920	-	(237,341)	-	(237,341)
Culture and recreation	2,706,485	300,525	94,521	154,377	(2,157,062)	-	(2,157,062)
Housing and community development	9,409	-	-	-	(9,409)	-	(9,409)
Interest on long-term debt	66,911	-	-	-	(66,911)	-	(66,911)
Total governmental activities	11,644,071	1,512,115	1,679,704	659,502	(7,792,750)	-	(7,792,750)
Business-type activities:							
Airport	593,873	226,077	13,157	-	-	(354,639)	(354,639)
Total business-type activities	593,873	226,077	13,157	-	-	(354,639)	(354,639)
Total	\$ 12,237,944	\$ 1,738,192	\$ 1,692,861	\$ 659,502	(7,792,750)	(354,639)	(8,147,389)
General revenues:							
Property taxes					4,627,648	-	4,627,648
Licenses and permits					500	-	500
Intergovernmental					1,537,658	-	1,537,658
Unrestricted investment earnings					57,659	677	58,336
Miscellaneous					97,933	-	97,933
Gain on disposal of capital assets					12,638	-	12,638
Transfers					(477,185)	477,185	-
Total general revenues and transfers					5,856,851	477,862	6,334,713
Change in net position					(1,935,899)	123,223	(1,812,676)
Net position - beginning					16,776,456	3,335,278	20,111,734
Prior period adjustments					(4,093,633)	(114,233)	(4,207,866)
Net position - ending					\$ 10,746,924	\$ 3,344,268	\$ 14,091,192

FERGUS COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Road	PILT	Fairgrounds Water/Sewer Construction	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 666,097	\$ 124,581	\$ 767,707	\$ 70,366	\$ 1,462,738	\$ 3,091,489
Investments	799,861	78,929	486,390	84,497	2,262,640	3,712,317
Receivables:						
Taxes and assessments	73,263	24,945	-	6,694	94,652	199,554
Governments	48,544	741,497	-	-	176,618	966,659
Roundhouse road	-	-	-	-	16,311	16,311
Other	-	-	-	-	89,401	89,401
Due from other funds	-	-	-	-	58,552	58,552
Inventories	-	62,312	-	-	186,346	248,658
Prepaid items	63,164	-	-	-	10,000	73,164
Total assets	\$ 1,650,929	\$ 1,032,264	\$ 1,254,097	\$ 161,557	\$ 4,357,258	\$ 8,456,105
LIABILITIES						
Accounts payable-vendors	\$ 105,681	\$ 30,433	\$ -	\$ 129,849	\$ 210,792	\$ 476,755
Due to other funds	-	-	-	-	58,552	58,552
Total liabilities	105,681	30,433	-	129,849	269,344	535,307
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-taxes and assessments	73,263	24,945	-	6,694	94,652	199,554
Total deferred inflows of resources	73,263	24,945	-	6,694	94,652	199,554
FUND BALANCES (DEFICITS)						
Nonspendable:						
Prepaid items	63,164	-	-	-	10,000	73,164
Inventory	-	62,312	-	-	186,346	248,658
Noncurrent portion of advance to funds	-	-	-	-	57,223	57,223
Restricted:						
General government	-	-	-	-	490,956	490,956
Public safety	-	-	-	-	69,106	69,106
Public works	-	914,574	-	-	381,847	1,296,421
Public health	-	-	-	-	1,049,997	1,049,997
Social and economic services	-	-	-	-	33,613	33,613
Culture and recreation	-	-	-	-	109,320	109,320
Housing and community development	-	-	-	-	424,066	424,066
Capital projects	-	-	-	25,014	1,150,921	1,175,935
Committed:						
General government	-	-	1,254,097	-	85,865	1,339,962
Unassigned	1,408,821	-	-	-	(55,998)	1,352,823
Total fund balances (deficits)	1,471,985	976,886	1,254,097	25,014	3,993,262	7,721,244
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,650,929	\$ 1,032,264	\$ 1,254,097	\$ 161,557	\$ 4,357,258	\$ 8,456,105

See notes to basic financial statements.

FERGUS COUNTY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 June 30, 2015

Total fund balances, governmental funds	\$ 7,721,244
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,881,122
Deferred inflows of resources related to taxes and assessments are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	199,554
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	262,347
Deferred inflows of resources related to pensions	(1,232,598)
The assets and liabilities of the self-insurance fund (internal service) are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.	156,611
Some liabilities (such as notes payable, revenue bonds, compensated absences and the net pension liability) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,241,356)</u>
Net position of governmental activities	<u><u>\$ 10,746,924</u></u>

FERGUS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General	Road	PILT	Fairgrounds Water/Sewer Construction	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes/assessments	\$ 2,094,609	\$ 550,314	\$ -	\$ 147,473	\$ 1,914,728	\$ 4,707,124
Fines and forfeitures	92,174	-	-	-	12,532	104,706
Licenses and permits	500	-	-	-	27,463	27,963
Intergovernmental	692,162	1,006,233	-	32	2,045,804	3,744,231
Charges for services	518,627	134,678	-	-	687,998	1,341,303
Investment earnings	32,043	470	7,010	-	14,181	53,704
Miscellaneous	35,065	3,614	-	-	184,930	223,609
Total revenues	3,465,180	1,695,309	7,010	147,505	4,887,636	10,202,640
EXPENDITURES						
Current:						
General government	1,823,181	-	56,223	-	698,170	2,577,574
Public safety	1,714,039	-	-	-	199,733	1,913,772
Public works	18,811	1,251,903	-	-	1,456,302	2,727,016
Public health	349,228	-	-	-	683,077	1,032,305
Social and economic services	10,790	-	-	-	214,237	225,027
Culture and recreation	2,606	-	-	1,992,886	609,129	2,604,621
Housing and community development	-	-	-	-	9,409	9,409
Debt service:						
Principal	50,035	38,395	-	111,464	-	199,894
Interest and other charges	4,562	5,281	-	57,068	-	66,911
Capital outlay	72,532	341,357	-	176,551	733,522	1,323,962
Total expenditures	4,045,784	1,636,936	56,223	2,337,969	4,603,579	12,680,491
Excess (deficiency) of revenues over expenditures	(580,604)	58,373	(49,213)	(2,190,464)	284,057	(2,477,851)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	57,532	-	-	2,293,318	-	2,350,850
Sale of capital assets	-	14,245	-	-	-	14,245
Transfers in	1,268,984	214,312	77,940	-	658,269	2,219,505
Transfers out	(20,631)	-	(426,600)	(77,940)	(1,393,496)	(1,918,667)
Total other financing sources (uses)	1,305,885	228,557	(348,660)	2,215,378	(735,227)	2,665,933
Net change in fund balances	725,281	286,930	(397,873)	24,914	(451,170)	188,082
Fund balances - beginning	746,704	689,956	1,651,970	100	4,444,432	7,533,162
Fund balances - ending	\$ 1,471,985	\$ 976,886	\$ 1,254,097	\$ 25,014	\$ 3,993,262	\$ 7,721,244

FERGUS COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 188,082

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

Governmental funds report capital outlay expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlay (\$1,323,962) exceeded depreciation (\$625,707) in the current period. 698,255

The net effect of various transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position. (1,607)

Capital assets contributed (477,185)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (33,876)

Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This amount is the net effect of the differences in the treatment of long-term debt. (2,150,956)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits is reported as pension expense. 117,605

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Compensated absences 31,535

Internal service funds are used by management to charge the costs of certain activities, such as self insurance, to individual funds. The change in net position of the self insurance internal service fund is reported with governmental activities. (307,752)

Change in net position of governmental activities \$ (1,935,899)

FERGUS COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Enterprise Fund	Governmental Activities
	Airport	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,530	\$ 71,160
Investments	31,857	85,451
Total current assets	58,387	156,611
Capital assets:		
Land	293,737	-
Buildings and improvements	8,391,734	-
Machinery and equipment	541,480	-
Less: accumulated depreciation	(5,659,403)	-
Total non-current assets	3,567,548	-
Total assets	3,625,935	156,611
DEFERRED OUTFLOWS OF RESOURCES		
Pension plans	7,146	-
Total deferred outflows of resources	7,146	-
LIABILITIES		
Current liabilities:		
Accounts payable	5,436	-
Compensated absences	1,478	-
Notes payable	25,629	-
Total current liabilities	32,543	-
Non-current liabilities:		
Compensated absences	13,297	-
Notes payable	124,403	-
Net pension liability	94,186	-
Total non-current liabilities	231,886	-
Total liabilities	264,429	-
DEFERRED INFLOWS OF RESOURCES		
Pension plans	24,384	-
Total deferred inflows of resources	24,384	-
NET POSITION (DEFICIT)		
Net investment in capital assets	3,417,516	-
Unrestricted (deficit)	(73,248)	156,611
Total net position (deficit)	\$ 3,344,268	\$ 156,611

See notes to basic financial statements.

FERGUS COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Fund	Governmental Activities
	Airport	Internal Service Fund
REVENUES		
Charges for services	\$ 226,077	\$ 98,214
Total operating revenues	<u>226,077</u>	<u>98,214</u>
OPERATING EXPENSES		
Personal services	147,027	-
Supplies	13,326	-
Purchased services	64,882	-
Fixed charges	1,366	-
Administration and insurance	-	93,731
Claims	-	15,352
Depreciation	364,895	-
Total operating expenses	<u>591,496</u>	<u>109,083</u>
Operating loss	<u>(365,419)</u>	<u>(10,869)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	677	3,955
Intergovernmental	13,157	-
Interest expense	(2,377)	-
Total non-operating revenues (expenses)	<u>11,457</u>	<u>3,955</u>
Loss before transfers	(353,962)	(6,914)
Capital contributions	477,185	-
Transfers in	-	13,769
Transfers out	-	(314,607)
Change in net position	123,223	(307,752)
Total net position - beginning	3,335,278	464,363
Prior period adjustment	(114,233)	-
Total net position - ending	<u>\$ 3,344,268</u>	<u>\$ 156,611</u>

FERGUS COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Airport	Other Enterprise Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for health insurance premiums	\$ -	\$ -	\$ -	\$ 98,214
Cash received from customers	226,077	-	226,077	-
Medical claims paid	-	-	-	(262,495)
Cash paid to employees	(150,066)	-	(150,066)	-
Cash paid to suppliers for goods and services	(91,070)	-	(91,070)	(93,731)
Net cash used by operating activities	<u>(15,059)</u>	<u>-</u>	<u>(15,059)</u>	<u>(258,012)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental	21,744	-	21,744	-
Operating transfers	-	-	-	(300,838)
Net decrease in amount due to CMMC	-	(2,882)	(2,882)	-
Net cash provided (used) by noncapital financing activities	<u>21,744</u>	<u>(2,882)</u>	<u>18,862</u>	<u>(300,838)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Cash paid for purchase of capital assets	(8,854)	-	(8,854)	-
Principal payments on debt	(25,456)	-	(25,456)	-
Interest paid	(2,377)	-	(2,377)	-
Net cash used by capital financing activities	<u>(36,687)</u>	<u>-</u>	<u>(36,687)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net change in investments	18,145	-	18,145	307,251
Interest received	677	-	677	3,955
Net cash provided by investing activities	<u>18,822</u>	<u>-</u>	<u>18,822</u>	<u>311,206</u>
Change in cash and cash equivalents	(11,180)	(2,882)	(14,062)	(247,644)
Cash and cash equivalents - beginning	37,710	2,882	40,592	318,804
Cash and cash equivalents - ending	<u>\$ 26,530</u>	<u>\$ -</u>	<u>\$ 26,530</u>	<u>\$ 71,160</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	\$ (365,419)	\$ -	\$ (365,419)	\$ (10,869)
Adjustment to reconcile operating loss to net cash used by operating activities:				
Depreciation	364,895	-	364,895	-
Pensions	(146)	-	(146)	-
Decrease in accounts receivable	-	-	-	27,878
Decrease in accounts payable	(11,496)	-	(11,496)	(275,021)
Decrease in compensated absences	(2,893)	-	(2,893)	-
Net cash used by operating activities	<u>\$ (15,059)</u>	<u>\$ -</u>	<u>\$ (15,059)</u>	<u>\$ (258,012)</u>

Schedule of noncash capital and related financing activities:

Contributed capital assets	\$ 477,185	\$ -	\$ -	\$ -
----------------------------	------------	------	------	------

FERGUS COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	External Investment Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 6,268,820	\$ 393,087
Investments	7,527,716	-
Taxes and assessments receivable	-	767,953
	13,796,536	\$ 1,161,040
LIABILITIES		
Accounts payable	-	\$ 393,087
Due to others	-	10,325
Due to special districts	-	31,840
Due to state	-	119,279
Due to schools	-	382,464
Due to cities/towns	-	224,045
	-	\$ 1,161,040
NET POSITION		
Held in trust	\$ 13,796,536	

FERGUS COUNTY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2015

	External Investment Trust Fund
ADDITIONS	
Contributions	\$ 12,000,006
Interest earnings	85,667
Total additions	12,085,673
DEDUCTIONS	
Withdrawals	11,993,918
Administrative	1,877
Total deductions	11,995,795
Change in net position	89,878
Net position - beginning	13,706,658
Net position - ending	\$ 13,796,536

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed.

The government adopted the provisions of GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This Statement establishes standards for the amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The government's significant accounting policies are described below.

Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major governmental funds:

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

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

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

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

The fairgrounds water/sewer construction capital projects fund accounts for revenue bond proceeds and the fairgrounds water and sewer expenditures.

The government reports the following major proprietary funds:

The airport fund accounts for the activities of the government's airport services.

Additionally, the government reports the following fund types:

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

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

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

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

Cash and Investments

The County maintains and controls an investment pool consisting of funds belonging to the government and also of funds held by the County Treasurer belonging to legally separate entities, such as school districts, fire and water districts and other special districts. The investment pool is managed by the County Treasurer and overseen by the Board of County Commissioners. The County Treasurer is responsible for setting the investment policies for the pool, reviewing and monitoring investments to ensure the County's investment policies are met and ensuring investments are in compliance with State statute.

School districts and other legally separate districts within the County hold their funds with the County Treasurer. The districts have, at their option, elected to participate in the County's investment pool. 65% of the investment pool belongs to these districts.

Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values. The pool unit value is fixed at \$1 for purchases and redemptions. Income is automatically reinvested in additional units. The government did not provide or obtain any legally binding guarantees to support the value of the units.

Investments in the pool are reported at fair value. Fair value is determined annually, based on year-end market values. Short-term investments are reported at cost, which approximates fair value. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Investment income from the pool is allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of each month. The net change in fair value of the pool is also allocated to individual funds of the County and to the external participants based on the fund or participant's cash and investment balance at the end of the year.

The government charges a 2% administrative fee to all participants in the pool. The fee is deducted prior to distributing interest to the County funds and pool participants. The administrative fee charged during the year was \$2,885.

Receivables and Payables

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

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

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

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government has elected not to report major infrastructure assets retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 for machinery and equipment, \$20,000 for buildings and improvements and \$35,000 for infrastructure and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the year ended June 30, 2015.

Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-100
Infrastructure	100
Machinery and equipment	5-25

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Collections Not Capitalized

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

Compensated Absences

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

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

The government reports decreases in net position that relate to a future period(s) as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources are related to government's pension plans and consist of differences between expected and actual results, changes in actuarial assumptions, differences between actual and expected contributions and contributions made to the pension plans subsequent to the measurement date. No deferred outflows of resources affect the governmental funds financial statements in the current year.

The government's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the government's statement of net position for actual pension plan investment earnings in excess of the expected amounts and differences between actual and expected contributions included in determining pension expense. In the governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The government will not recognize the related revenues until they are available under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet.

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

Net Position

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

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

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

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

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

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance

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

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

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

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

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

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

The governing body has by resolution authorized the clerk and recorder, in conjunction with the county commissioners, to assign fund balance. There was no assigned fund balance in the general fund.

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

Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The Roundhouse Road (\$42,241), District Court (\$5,814) and DES Grants (\$7,943) funds had deficit fund balances as of June 30, 2015. The Roundhouse Road deficit is expected to be eliminated through the recovery of construction costs from hookup fees or a contribution from the General fund. The District Court deficit is expected to be eliminated through collection of delinquent taxes. Also, the deficit in the DES Grants fund is expected to be eliminated through a General fund transfer.

NOTE 3. DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents and Investments

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

Governmental activities	\$ 6,960,417
Business-type activities	58,387
Fiduciary funds	<u>14,189,623</u>
	<u>\$ 21,208,427</u>

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Total carrying value of cash, cash equivalents and investments as of June 30, 2015, consisted of the following:

	Cash/Cash Equivalents	Investments	Total
Cash on hand	\$ 1,325	\$ -	\$ 1,325
Cash in banks:			
Demand deposits	533,448	-	533,448
Time deposits	-	108,647	108,647
Brokers:			
U.S. Government securities	-	11,248,694	11,248,694
Repurchase agreement	9,216,313	-	9,216,313
Short-term Investment Program (STIP)	100,000	-	100,000
	<u>\$ 9,851,086</u>	<u>\$ 11,357,341</u>	<u>\$ 21,208,427</u>

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$384,537 of the government's bank balance of \$642,095 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the government's name	<u>\$ 384,537</u>
---	-------------------

State statutes require that the government obtain securities for the uninsured portion of deposits as follows: 1.) securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or 2.) 100% if the ratio of net worth to total assets is less than 6%. State statutes do not specify in whose custody or name the collateral is to be held. The amount of collateral held for the government's deposits as of June 30, 2015, exceeded the amount required by state statute.

The investment pool portfolio as of June 30, 2015 is listed below. The security type percentage is based on the book value ratio of the specific security investment type to the total portfolio.

Security Name	Coupon	Maturity	Par	Book Value	Fair Value	% of Total
Certificates of deposit	2.60%	01/23/2017	\$ 105,187	\$ 108,647	\$ 108,647	0.96%
U.S. Government securities	.70-1.70%	Various	11,250,000	11,248,694	11,185,690	99.04%
				<u>\$ 11,357,341</u>	<u>\$ 11,294,337</u>	

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

Credit Risk. Allowable investments include direct obligations of the United States Government, repurchase agreements, savings or time deposits in a state or national bank, building and loan associations, savings and loan associations, or credit unions insured by the FDIC, FSLIC, or NCUA and the State Short Term Investment Pool (STIP). STIP is classified as a 2a7-like pool, and as such, uses amortized cost to report unit values. The government has no investment policy that would further limit its investment choices. The Short-Term Investment Pool (STIP) maintained by the State of Montana has certain investments in derivatives. GASB requires the nature of the underlying securities and market, credit and legal risks be disclosed. Reference to the audit of the State of Montana would identify the level of risk associated with STIP.

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

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	Custodial Credit Risk Category			Carrying Amount	Fair Value
	1	2	3		
Repurchase agreements	\$ -	\$ -	\$ 9,216,313	\$ 9,216,313	\$ 9,216,313
Brokers:					
U.S. Government securities	1,000,000	-	10,248,694	11,248,694	11,185,690
	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 19,465,007</u>	<u>20,465,007</u>	<u>20,402,003</u>
STIP				<u>100,000</u>	<u>100,000</u>
				<u>\$ 20,565,007</u>	<u>\$ 20,502,003</u>

Following is the condensed schedule of changes in net position for the investment pool for the year ended June 30, 2015:

	Internal	External	Total
Net position - beginning of year	\$ 8,498,602	\$ 13,706,658	\$ 22,205,260
Contributions from participants	6,490,828	12,000,006	18,490,834
Investment earnings	58,596	85,667	144,263
Administration expenses	(1,008)	(1,877)	(2,885)
Distributions to participants	(7,635,127)	(11,993,918)	(19,629,045)
Net position - end of year	<u>\$ 7,411,891</u>	<u>\$ 13,796,536</u>	<u>\$ 21,208,427</u>

Roundhouse Road Receivable

\$14,982 of the Roundhouse Road receivable is not expected to be collected within one year.

Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 67,687	\$ 75,000	\$ -	\$ 142,687
Construction-in-progress	326,174	412,872	(576,450)	162,596
Total capital assets, not being depreciated	<u>393,861</u>	<u>487,872</u>	<u>(576,450)</u>	<u>305,283</u>
Capital assets, being depreciated				
Buildings/improvements	6,366,514	608,131	-	6,974,645
Machinery and equipment	6,028,194	150,673	(96,169)	6,082,698
Infrastructure	3,481,268	176,551	-	3,657,819
Total capital assets, being depreciated	<u>15,875,976</u>	<u>935,355</u>	<u>(96,169)</u>	<u>16,715,162</u>
Less accumulated depreciation for:				
Buildings/improvements	(2,792,228)	(165,786)	-	(2,958,014)
Machinery and equipment	(3,668,206)	(387,331)	94,562	(3,960,975)
Infrastructure	(147,744)	(72,590)	-	(220,334)
Total accumulated depreciation	<u>(6,608,178)</u>	<u>(625,707)</u>	<u>94,562</u>	<u>(7,139,323)</u>
Total capital assets, being depreciated, net	<u>9,267,798</u>	<u>309,648</u>	<u>(1,607)</u>	<u>9,575,839</u>
Governmental activities capital assets, net	<u>\$ 9,661,659</u>	<u>\$ 797,520</u>	<u>\$ (578,057)</u>	<u>\$ 9,881,122</u>

Beginning of the year machinery and equipment (\$103,994) and accumulated depreciation (\$8,520) were adjusted to reflect corrections to the prior year.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 293,737	\$ -	\$ -	\$ 293,737
Total capital assets, not being depreciated	<u>293,737</u>	<u>-</u>	<u>-</u>	<u>293,737</u>
Capital assets, being depreciated				
Buildings	115,181	82,737	-	197,918
Improvements other than buildings	8,130,498	63,318	-	8,193,816
Machinery and equipment	201,496	339,984	-	541,480
Total capital assets, being depreciated	<u>8,447,175</u>	<u>486,039</u>	<u>-</u>	<u>8,933,214</u>
Less accumulated depreciation for:				
Buildings	(51,935)	(3,358)	-	(55,293)
Improvements other than buildings	(5,056,175)	(346,939)	-	(5,403,114)
Machinery and equipment	(186,398)	(14,598)	-	(200,996)
Total accumulated depreciation	<u>(5,294,508)</u>	<u>(364,895)</u>	<u>-</u>	<u>(5,659,403)</u>
Total capital assets, being depreciated, net	<u>3,152,667</u>	<u>121,144</u>	<u>-</u>	<u>3,273,811</u>
Business-type activities capital assets, net	<u>\$ 3,446,404</u>	<u>\$ 121,144</u>	<u>\$ -</u>	<u>\$ 3,567,548</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	33,752
Public safety	95,956
Public works	371,900
Public health	8,648
Social and economic	6,423
Culture and recreation	<u>109,028</u>
Total depreciation-governmental activities	<u>\$ 625,707</u>
Business-type activities:	
Airport	<u>\$ 364,895</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances (due from/to other funds) as of June 30, 2015, consisted of the Roundhouse Road fund owing the USG Loan fund \$58,552. \$1,328 is expected to be repaid next fiscal year.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Interfund transfers consisted of the following

	Transfers In	Transfers Out	Total
Governmental funds:			
General	\$ 1,268,984	\$ (20,631)	\$ 1,248,353
Road	214,312	-	214,312
PILT	77,940	(426,600)	(348,660)
Fairgrounds water/sewer const.	-	(77,940)	(77,940)
Nonmajor governmental funds	658,269	(1,393,496)	(735,227)
	<u>\$ 2,219,505</u>	<u>\$ (1,918,667)</u>	<u>\$ 300,838</u>
Proprietary fund:			
Internal service	<u>\$ 13,769</u>	<u>\$ (314,607)</u>	<u>\$ (300,838)</u>

Transfers are made to finance various programs accounted for in other funds in accordance with budgetary authorizations. As of September 1, 2014, the County discontinued its self-funded health insurance program. Dollars were transferred from the internal service fund to the health insurance fund (a governmental fund). Additionally, at the government-wide level, capital assets were contributed from the governmental activities to the business-type activities.

Long-Term Debt

In November 2014, the County issued \$2,293,318 in series 2014 revenue bonds to provide financing for water and sewer improvements at the fairgrounds. The bonds have an interest rate of three percent and are payable over 20 years. Revenue bonds outstanding at year-end were \$2,181,854.

The significant provisions of the bond resolution require the government to establish a revenue bond debt service account and a revenue bond reserve account at \$151,532. As defined by the bond resolution, the reserve requirement is equal to the maximum annual principal and interest payable each year. The government is not in compliance with these provisions.

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

Year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 86,536	\$ 64,996	\$ 151,532
2017	89,328	62,204	151,532
2018	92,028	59,504	151,532
2019	94,809	56,723	151,532
2020	97,529	54,003	151,532
2021-2025	534,345	223,310	757,655
2026-2030	620,167	137,488	757,655
2031-2035	567,112	39,016	606,128
	<u>\$ 2,181,854</u>	<u>\$ 697,244</u>	<u>\$ 2,879,098</u>

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Notes payable are as follows:

	Original Amount	Term	Interest Rate	Payment	Governmental Activities	Business-type Activities
Airport-2013	\$ 24,000	10 yrs	1.63%	Annual	\$ -	\$ 16,800
Airport-2013	89,902	10 yrs	1.00%	Semi-annual	-	63,232
Airport-2011	140,000	10 yrs	1.63%	Annual	-	70,000
Road and bridge-2012 (1)	615,454	15 yrs	1.25%	Semi-annual	499,354	-
Sheriff vehicle-2015	28,588	4 yrs	3.49%	Semi-annual	28,588	-
Sheriff vehicle-2015	28,944	4 yrs	3.49%	Semi-annual	28,944	-
Sheriff vehicle-2014	33,304	4 yrs	3.79%	Semi-annual	17,279	-
Sheriff vehicle-2014	70,690	4 yrs	3.49%	Semi-annual	45,019	-
Sheriff vehicle-2013	33,705	4 yrs	3.79%	Semi-annual	13,209	-
Sheriff vehicle-2012	32,492	4 yrs	3.79%	Semi-annual	4,276	-
Sheriff vehicle-2012	32,492	4 yrs	3.79%	Semi-annual	4,263	-
					<u>\$ 640,932</u>	<u>\$ 150,032</u>

(1) Through Montana Board of Investments, with interest adjusted each February, up to 15%.

Annual debt service requirements to maturity for notes payable is as follows:

June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 95,681	\$ 9,967	\$ 105,648	\$ 25,629	\$ 2,020	\$ 27,649
2017	85,614	7,145	92,759	25,806	1,662	27,468
2018	64,777	5,204	69,981	25,987	1,299	27,286
2019	56,760	4,088	60,848	26,171	937	27,108
2020	42,307	3,275	45,582	26,358	572	26,930
2021-2025	224,300	9,839	234,139	20,081	270	20,351
2026-2028	71,493	715	72,208	-	-	-
	<u>\$ 640,932</u>	<u>\$ 40,233</u>	<u>\$ 681,165</u>	<u>\$ 150,032</u>	<u>\$ 6,760</u>	<u>\$ 156,792</u>

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Notes payable	\$ 671,830	\$ 57,532	\$ (88,430)	\$ 640,932	\$ 95,681
Revenue bonds	-	2,293,318	(111,464)	2,181,854	86,536
Compensated absences	436,178	-	(31,535)	404,643	40,464
Governmental activity long-term liabilities	<u>\$ 1,108,008</u>	<u>\$ 2,350,850</u>	<u>\$ (231,429)</u>	<u>\$ 3,227,429</u>	<u>\$ 222,681</u>

The beginning of the year notes payable balance was adjusted \$87,324 to correct prior year notes payable.

For the governmental activities, notes payable are liquidated within the General and Road funds. Compensated absences are paid from the fund in which the employee is paid.

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Business-type activities:					
Notes payable	\$ 175,488	\$ -	\$ (25,456)	\$ 150,032	\$ 25,629
Compensated absences	17,668	-	(2,893)	14,775	1,478
Business-type activity long-term liabilities	<u>\$ 193,156</u>	<u>\$ -</u>	<u>\$ (28,349)</u>	<u>\$ 164,807</u>	<u>\$ 27,107</u>

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Conduit Debt

To provide for the d/remodeling to the Central Montana Medical Facilities (CMMF), the County issued revenue hospital notes (\$4.5 million) in May 2014. This note is a special limited obligation of the County payable solely from separate loan agreements with CMMF. The note does not constitute a debt or pledge of the full faith and credit of the County or the State, and accordingly has not been reported in the accompanying financial statements. As of June 30, 2015, the amount of the 2014 revenue hospital notes outstanding was \$4,413,441.

Violation of Finance-related Legal or Contractual Provisions

As of June 30, 2015, the government was not in compliance with the provisions of the series 2014 fairgrounds revenue bond covenants that require debt service and revenue bond reserve accounts to be established. As of the end of the year, the accounts were not established. Management is expected to comply with the covenants in fiscal year 2016.

NOTE 4. OTHER INFORMATION

Risk Management

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

Internal Service Fund-Self-Insurance Plan

Through August 31, 2014, employees of the government were covered by a medical self-insurance plan. Effective September 1, 2014, the government joined the Montana Association of Counties Health Care Trust. The Trust was established in 2005 to provide a cost-effective alternative for health insurance benefits.

Prior Period Adjustments

Prior period adjustments resulted from recording the beginning net pension liability under GASB Statement No.'s 68 and 71. Additionally, beginning of the year machinery and equipment and related accumulated depreciation and notes payable were adjusted to reflect corrections to the prior year.

Commitments and Contingencies

At year-end, the government had commitments outstanding, in the form of contracts, of approximately \$350,000, primarily for construction projects and equipment.

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Interlocal Agreements

The City of Lewistown and Fergus County entered into an agreement to fund a library for City and County residents. Fergus County contributed \$44,584 for the year ended June 30, 2015. The City maintains the library accounting records and includes the financial activities of the library in its financial statements.

The City-County Airport is owned and operated jointly by the City of Lewistown and Fergus County. The operation of the airport is accounted for by the County as an enterprise fund. All capital assets are recorded within the County's accounting records. The airport is administered by a five-member board, consisting of the City's manager, a City-appointed member, one County commissioner, a County-

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

appointed member and one member-at-large appointed by the Airport Board. The budget is approved by the controlling members. The Airport Board exercises control over the airports normal operations.

The City of Lewistown and Fergus County entered into an agreement whereby the County provides a justice of the peace who acts as City judge for the City. The City contributes forty-five percent of fines and assessments collected or \$25,000, whichever is greater. The County maintains the accounting records and remits a monthly accounting to the City.

Jointly Governed

Central Montana Health District Number 6 (CMHD)

The CMHD, which was formed September 1987, was created under the provisions of Montana Code Annotated. The District was formed to provide for the salaries of sanitarians. District members make contributions to Fergus County (responsible for record keeping and reporting), based on population.

South Central Montana Regional Mental Health Center

The Fergus County Mental Health Center is a satellite office of the South Central Montana Regional Mental Health Center located in Billings, Montana. The County belongs to Region No. 3 which consists of eleven counties. The District was created under the provisions of Montana Code Annotated (MCA). Each County is represented on the Board by one of its county commissioners. Fergus County contributed \$14,254 during fiscal year 2015. The purpose of the Center is to initiate preventive mental health activities for statewide mental health programs and to perform other duties as listed in MCA.

Fergus County Council on Aging

The Fergus County Council on Aging is a satellite office of the Area II Agency on Aging (Area II). Eleven counties belong to Area II. Fergus County contributes money to Area II each fiscal year for the purpose of matching federal grants that Area II obtains. During the year ended June 30, 2015 the County contributed \$27,689 for matching purposes.

Retirement Plans

Plan Descriptions

The Teacher's Retirement System (TRS) is a mandatory-participation multiple-employer cost sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts. 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. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

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

Pension Benefits

Teachers' Retirement System

TRS provides retirement, disability, and death benefits. Tier one members with 25 years of service or age 60 with 5 years of service are eligible to retire. The retirement benefit is equal to 1/60 of final compensation for each year of service. Tier two members age 55 with 30 years of service or age 60 with 5 years of service are eligible to retire. The retirement benefit for a member age 60 with at least 30 years of creditable service will receive a retirement allowance equal to 185/100 of final compensation for each year of service. Otherwise, the multiplier used to calculate the retirement allowance will equal 1/60 of final compensation for each year of service.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Tier one members are eligible for early retirement with 5 years of service and age 50. The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 25 years of service. Tier two members are eligible for early retirement with 5 years of service and age 55. The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 30 years of service.

5 years of service are required for disability benefits. The disability benefit is equal to 1/60 of final compensation for each year of service accrued at date of disability. The minimum benefit is 1/4 of the final compensation. A tier two member is not eligible for a disability retirement if the member is or will be eligible for a service retirement on or before the member's date of determination.

5 years of service are required for death benefits. The death benefit is equal to 1/60 of final compensation for each year of service accrued at date of death, with an actuarial adjustment based on the relation of the member's age at death to the beneficiary's age. A monthly benefit of \$200 is paid to each child until age 18. In addition, a lump-sum benefit of \$500 is paid upon the death of an active or retired member.

For a member who leaves with less than 5 years of service, the accumulated employee contributions with interest are returned. A member who leaves with more than 5 years of service, may elect a refund of contributions with interest or leave the contributions and interest in the system and retain a vested right to retirement benefits.

Public Employees Retirement System

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, the greater of (a) 1/56 of the member's highest average compensation (HAC) multiplied by years of service credit or (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest or 2) if 25 years of membership service or more, the greater of (a) 2% of HAC multiplied by years of service credit or (b) calculation in 1)(b) above.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, the greater of (a) 1.5% of the member's HAC multiplied by years of service credit or (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest 2) if between 10 and 30 years of membership service, the greater of (a) 1/56 of HAC multiplied by years of service credit or (b) calculation in 1)(b) above or 3) if 30 years of membership service or more, the greater of (a) 2% of HAC multiplied by years of service credit or (b) calculation in 1)(b) above.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age under age 60 with 25 years of membership service. Benefits are calculated as follows: 1) members who retire prior to October 1, 2011, the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced by a factor resulting from multiplying 0.5% (for first 5 years from service retirement eligibility) and by 0.3% (for six to 10 years from service retirement eligibility) by the number of months by which the retirement date precedes the date at which the member would have attained age 60 or completed 30 years of membership service or 2) members who retire on or after October 1, 2011, the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. The benefit is the actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 65 with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

5 years of membership service is required for disability eligibility. Disability benefits are determined as follows: 1) if hired on or before February 24, 1991 and an election was not made, the greater of (a) 90% of 1/56 of HAC multiplied by years of service credit or (b) 25% of HAC, 2) if hired after February 24, 1991 and prior to July 1, 2011 (a) less than 25 years of membership service: 1/56 of HAC multiplied by years of service credit or (b) at least 25 years of membership service: 2% of HAC multiplied by years of service credit or 3) if hired on or after July 1, 2011 (a) if less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit, (b) if between 10 and 30 years of membership service: 1/56 of HAC multiplied by years of service credit or (c) if 30 years of membership service or more: 2% of HAC multiplied by years of service credit.

Death benefits equal the sum of 1) accumulated contributions plus 2) monthly compensation multiplied by the lesser of years of service credit or six, plus 3) interest until the benefit is paid. However, the survivor of an inactive member who was inactive for more than six months will receive only accumulated contributions and interest from the date of death until payment is made. A survivor may elect to receive the payment as a non-increasing annuity that is the actuarial equivalent of the amount of benefit the member would have

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

received.

For members hired prior to July 1, 2011, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death or, if the member dies prior to age 50 or 25 years of membership service, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 50. For members hired on or after July 1, 2011, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death, or if the member dies prior to age 55, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 55.

A member who leaves service may withdraw contributions made. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to a maximum of 1.5% for each year PERS is funded at or above 90%, with the 1.5% 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.

Sheriff's Retirement System

SRS provides retirement, disability and death benefits. Members with 20 years of membership service are eligible to retire. Retirement benefits are determined as 2.5 percent of the member's highest average compensation (HAC) multiplied by years of service credit. For plan members hired prior to July 1, 2011, HAC is determined during any consecutive 36 months. For plan members hired on or after July 1, 2011, HAC is determined during any consecutive 60 months. For plan members hired on or after July 1, 2013, HAC is determined on 110% annual cap on compensation. Members age 50 with 5 years of membership service are eligible for early retirement. Retirement benefits are determined using HAC and years of service credit at early retirement, reduced to the actuarial equivalent.

5 years of membership service is required for a non-duty disability and any membership service for a duty-related disability. Disability benefits for a non-duty-related disability are calculated as the actuarial equivalent of the accrued normal retirement benefit available at the time of disability or for a duty-related disability (a) if less than 20 years of membership service: 50% of HAC, or (b) if 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.

The non-duty-related death benefit is either a lump-sum payment of the member's accumulated contributions or a monthly survivor benefit equal to 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit. The duty-related death benefit is either a lump-sum payment of the member's accumulated contributions or a monthly survivor benefit to the designated beneficiary equal to the greater of (a) 50% of HAC or (b) 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit. A beneficiary may elect to receive the present value of the benefit as a single lump sum. For retired members without a contingent annuitant, a payment will be made to the designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

A member who leaves service may withdraw contributions made. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to a maximum of 1.5% for members hired on or after July 1, 2007 and 3% for members hired prior to July 1, 2007.

Member and Employer Contributions

Teachers' Retirement System

The TRS funding policy provides for monthly employee and employer contributions at rates specified by state law. Plan members, for the fiscal year ending June 30, 2015, were required to contribute 8.15% of their earned compensation. TRS employers were required to contribute 8.57% of earned compensation. The State's General Fund contributes an additional 2.49% of earned compensation. Pursuant to 19-20-609, MCA, the employer contribution rate will increase by 0.10% each year beginning July 1, 2014 through fiscal year 2024.

Public Employees Retirement System

All members contribute 7.9% of their compensation. This is a temporary 1% increase for members hired prior to July 1, 2011 and remains the same for members hired on or after July 1, 2011. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years and remain below 25 years following the termination of the 1% additional member contribution rate. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contribute 7.9% of each member's compensation. This was temporarily increased from 6.9% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Sheriff's Retirement System

Members contribute 9.245% of their compensation. Interest is credited at rates determined by the Board. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contribute 10.115% of each member's compensation. The rate increased from 9.535% to 9.825% on July 1, 2007 and to 10.115% on July 1, 2009. These increased contributions as of 2009 of 0.58% will terminate if an actuarial valuation shows that the period required to amortize the system's unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

Beginning July 1, 2013, employers of retirees who return to work in a position working less than 480 hours contribute 10.115% of the working retiree's compensation.

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

At June 30, 2015, the government recorded a liability of \$52,469 (TRS), \$2,675,738 (PERS) and \$379,906 (SRS) for its proportionate share of the net pension liability.

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

	Net Pension Liability June 30, 2014		
	TRS	PERS	SRS
Employer proportionate share	\$ 52,469	\$ 2,675,738	\$ 379,906
State of Montana proportionate share associated with employer	38,604	32,675	-
Total	\$ 91,073	\$ 2,708,413	\$ 379,906

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The government's proportion of the net pension liability was based on the government's contributions received by TRS, PERS and SRS during the measurement period July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all TRS, PERS and SRS participating employers. At June 30, 2014, the government's proportion was .0034, .2147 and .9129 percent for TRS, PERS and SRS, respectively.

For the year ended June 30, 2015, the government recognized \$2,938 (TRS), \$123,208 (PERS) and \$21,225 (SRS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$2,162 and \$75,769 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$5,100, \$198,977 and \$21,225 for TRS, PERS and SRS, respectively.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

At June 30, 2015, the government reported its proportionate share of TRS, PERS and SRS deferred outflows and inflows of resources from the following sources:

	TRS		PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 519	\$ -	\$ -	\$ -
Changes in assumptions	1,189	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	8,127	-	691,367
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions	-	1,056	-	1,350
Employer contributions subsequent to measurement date	3,966	-	203,004	-
	<u>\$ 5,674</u>	<u>\$ 9,183</u>	<u>\$ 203,004</u>	<u>\$ 692,717</u>
	SRS			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ -		
Changes in assumptions	-	387,645		
Net difference between projected and actual earnings on pension plan investments	-	167,437		
Changes in the employer's proportion and differences between employer's contributions and the employer's proportionate contributions	-	-		
Employer contributions subsequent to measurement date	60,815	-		
	<u>\$ 60,815</u>	<u>\$ 555,082</u>		

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

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

Year Ended June 30:	TRS			PERS		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase (Decrease) to Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase (Decrease) to Pension Expense
2016	\$ 569	\$ 2,296	\$ (1,727)	\$ -	\$ 173,292	\$ (173,292)
2017	569	2,296	(1,727)	-	173,292	(173,292)
2018	570	2,296	(1,726)	-	173,292	(173,292)
2019	-	2,295	(2,295)	-	172,841	(172,841)

Year Ended June 30:	SRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase (Decrease) to Pension Expense
2016	\$ -	\$ 106,467	\$ (106,467)
2017	-	106,467	(106,467)
2018	-	106,467	(106,467)
2019	-	106,467	(106,467)
2020	-	64,607	(64,607)
Thereafter	-	64,607	(64,607)

Actuarial Assumptions

For each of the retirement plans, the total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	PERS	SRS
Investment rate of return, net of investment and administrative expenses	7.75%	7.75%	7.75%
Salary increases	4.00%	4.00%	4.00%
Inflation	3.00%	3.00%	3.25%

Mortality rates for the TRS retirement plan were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB. Mortality rates for the PERS and retirement plans are based on the RP-2000 Combined Employee and Annuitant Mortality Tables with adjustments for mortality improvements based on Scale AA.

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the TRS, PERS and TRS plans. The most recent TRS analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated May 1, 2014, which is located on the TRS website. 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 a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. The most recent PERS and SRS analysis, performed for the period covering fiscal years 2003 through 2009, is outlined in a report dated May 2010, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including rates of return adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the TRS', PERS' and SRS' target asset allocation as of June 30, 2014, and are summarized in the following table:

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

Asset Class	TRS		PERS		SRS	
	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash equivalents	2.0%	-0.25%	2.0%	-0.25%	0.0%	0.00%
Domestic equity	36.0%	4.80%	36.0%	4.80%	36.0%	4.80%
Foreign equity	18.0%	6.05%	18.0%	6.05%	18.0%	6.05%
Fixed income	24.0%	1.68%	24.0%	1.68%	26.0%	1.68%
Private equity	12.0%	8.50%	12.0%	8.50%	12.0%	8.50%
Real estate	8.0%	4.50%	8.0%	4.50%	8.0%	4.50%
	<u>100.0%</u>		<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

Teachers Retirement System

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1st of each year. Based on those assumptions, the TRS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2116. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Public Employees Retirement System

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Sheriff's Retirement System

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

Sensitivity Analysis

The following presents the employer's proportionate share net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

FERGUS COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability-TRS	\$ 72,897	\$ 52,469	\$ 35,211
Net pension liability-PERS	4,256,823	2,675,738	1,342,248
Net pension liability-SRS	799,570	379,906	33,556

Future Implementation of GASB Pronouncements

The GASB has issued the following pronouncements:

GASB Statement No. 77, Tax Abatement Disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 75, Statement 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

FERGUS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Budget Amounts, Budget Basis	Budget to GAAP Differences	Actual Amounts, GAAP Basis
	Original	Final			
REVENUES					
Taxes and assessments	\$ 2,003,371	\$ 2,003,371	\$ 2,094,609	\$ -	\$ 2,094,609
Fines and forfeitures	86,500	86,500	92,174	-	92,174
Licenses and permits	750	750	500	-	500
Intergovernmental	1,031,156	1,181,137	617,004	75,158	692,162
Charges for services	430,540	430,540	518,627	-	518,627
Investment earnings	20,000	20,000	32,043	-	32,043
Miscellaneous	19,362	19,362	35,065	-	35,065
Total revenues	<u>3,591,679</u>	<u>3,741,660</u>	<u>3,390,022</u>	<u>75,158</u>	<u>3,465,180</u>
EXPENDITURES					
Current:					
General government	1,849,196	1,843,769	1,790,733	32,448	1,823,181
Public safety	1,932,266	1,932,266	1,705,805	8,234	1,714,039
Public works	-	-	-	18,811	18,811
Public health	289,326	289,326	338,089	11,139	349,228
Social and economic services	9,000	9,000	8,870	1,920	10,790
Culture and recreation	-	-	-	2,606	2,606
Debt service:					
Principal	45,325	45,325	50,035	-	50,035
Interest and other charges	4,770	4,770	4,562	-	4,562
Capital outlay	124,960	255,440	72,532	-	72,532
Total expenditures	<u>4,254,843</u>	<u>4,379,896</u>	<u>3,970,626</u>	<u>75,158</u>	<u>4,045,784</u>
Excess (deficiency) of revenues over expenditures	<u>(663,164)</u>	<u>(638,236)</u>	<u>(580,604)</u>	<u>-</u>	<u>(580,604)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	57,532	-	57,532
Transfers in	881,268	881,268	1,268,984	-	1,268,984
Transfers out	(20,631)	(20,631)	(20,631)	-	(20,631)
Total other financing sources (uses)	<u>860,637</u>	<u>860,637</u>	<u>1,305,885</u>	<u>-</u>	<u>1,305,885</u>
Net change in fund balance	<u>\$ 197,473</u>	<u>\$ 222,401</u>	<u>725,281</u>	<u>-</u>	<u>725,281</u>
Fund balance - beginning			<u>746,704</u>	<u>-</u>	<u>746,704</u>
Fund balance - ending			<u>\$ 1,471,985</u>	<u>\$ -</u>	<u>\$ 1,471,985</u>

FERGUS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Road Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes and assessments	\$ 544,335	\$ 544,335	\$ 550,314
Intergovernmental	1,107,643	1,107,643	1,006,233
Charges for services	18,000	18,000	134,678
Investment earnings	-	-	470
Miscellaneous	-	-	3,614
Total revenues	<u>1,669,978</u>	<u>1,669,978</u>	<u>1,695,309</u>
EXPENDITURES			
Current:			
Public works	1,530,486	1,530,486	1,251,903
Debt service:			
Principal	38,395	38,395	38,395
Interest and other charges	5,283	5,283	5,281
Capital outlay	320,000	320,000	341,357
Total expenditures	<u>1,894,164</u>	<u>1,894,164</u>	<u>1,636,936</u>
Excess (deficiency) of revenues over expenditures	<u>(224,186)</u>	<u>(224,186)</u>	<u>58,373</u>
OTHER FINANCING SOURCES			
Sale of capital assets	22,000	22,000	14,245
Transfers in	180,548	180,548	214,312
Total other financing sources	<u>202,548</u>	<u>202,548</u>	<u>228,557</u>
Net change in fund balance	<u>\$ (21,638)</u>	<u>\$ (21,638)</u>	286,930
Fund balance - beginning			<u>689,956</u>
Fund balance - ending			<u>\$ 976,886</u>

FERGUS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PILT Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Investment earnings	\$ -	\$ -	\$ 7,010
Total revenues	-	-	7,010
EXPENDITURES:			
Current:			
General government	1,651,970	1,651,970	56,223
Capital outlay	-	-	-
Total expenditures	1,651,970	1,651,970	56,223
Excess (deficiency) of revenues over expenditures	(1,651,970)	(1,651,970)	(49,213)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	77,940
Transfers out	-	-	(426,600)
Total other financing sources (uses)	-	-	(348,660)
Net change in fund balance	<u>\$ (1,651,970)</u>	<u>\$ (1,651,970)</u>	(397,873)
Fund balance - beginning			<u>1,651,970</u>
Fund balance - ending			<u>\$ 1,254,097</u>

FERGUS COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

BUDGETARY INFORMATION

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

Budget to GAAP basis differences for the General fund consist of recording state support revenue and expenditures for pensions.

FERGUS COUNTY
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS, PUBLIC EMPLOYEES AND SHERIFFS RETIREMENT SYSTEMS OF MONTANA
 For the Year Ended June 30, 2015

<u>Teachers Retirement System:</u>	2015
Contractually required contributions	\$ 3,966
Contributions in relation to the contractually required contributions	3,966
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 46,279
Contributions as a percentage of covered-employee payroll	8.57%
<u>Public Employees Retirement System:</u>	2015
Contractually required contributions	\$ 203,004
Contributions in relation to the contractually required contributions	203,004
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 2,364,803
Contributions as a percentage of covered-employee payroll	8.58%
<u>Sheriffs Retirement System:</u>	2015
Contractually required contributions	\$ 60,815
Contributions in relation to the contractually required contributions	60,815
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 601,230
Contributions as a percentage of covered-employee payroll	10.12%

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

FERGUS COUNTY
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS, PUBLIC EMPLOYEES AND SHERIFFS RETIREMENT SYSTEMS OF MONTANA
 For the Year Ended June 30, 2015

<u>Teachers Retirement System:</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.0034%
Employer's proportionate share of the net pension liability associated with the employer	\$ 52,469
State of Montana's proportionate share of the net pension liability associated with the employer	<u>38,604</u>
Total	<u>\$ 91,073</u>
Employer's covered-employee payroll	\$ 42,999
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	122.02%
Plan fiduciary net position as a percentage of the total pension liability	79.90%
 <u>Public Employees Retirement System:</u>	 <u>2015</u>
Employer's proportion of the net pension liability	0.2147%
Employer's proportionate share of the net pension liability associated with the employer	\$ 2,675,738
State of Montana's proportionate share of the net pension liability associated with the employer	<u>32,675</u>
Total	<u>\$ 2,708,413</u>
Employer's covered-employee payroll	\$ 2,430,903
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	110.07%
Plan fiduciary net position as a percentage of the total pension liability	79.90%
 <u>Sheriffs Retirement System:</u>	 <u>2015</u>
Employer's proportion of the net pension liability	0.9129%
Employer's proportionate share of the net pension liability associated with the employer	\$ 379,906
State of Montana's proportionate share of the net pension liability associated with the employer	<u>-</u>
Total	<u>\$ 379,906</u>
Employer's covered-employee payroll	\$ 590,372
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.35%
Plan fiduciary net position as a percentage of the total pension liability	87.20%

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

FERGUS COUNTY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PENSION
 PLAN INFORMATION
 For the Year Ended June 30, 2015

TRS-Changes of assumptions: The following changes in assumptions or other inputs that affected the measurement date have been made since the prior measurement date:

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

- Mortality among disabled members was updated to the following:

For males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.

For females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

There were no changes in assumptions for PERS or SRS

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis for the fiscal year beginning July 1, 2014, determined as of June 30, 2014. The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in that schedule:

	TRS	PERS/SRS
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	28 years	30 years
Asset valuation method	4 year smoothed market	4 year smoothed market
Inflation	3.25%	3.00%
Salary increases	4 to 8.51% for non-university members	4%
Investment rate of return	7.75%, net of pension plan investment expense and including inflation	7.75%, net of pension plan investment expense and including inflation

OTHER SUPPLEMENTARY INFORMATION

FERGUS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Cluster or Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Balance July 1, 2014	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2015
<u>U.S. Department of Transportation:</u>								
Direct Program:								
Airport Improvement Program	20.106	DOT-FA12NM-2017	\$ 107,898	\$ -	\$ 20,415	\$ 20,415	\$ -	\$ -
Airport Improvement Program	20.106	DOT-FA14NM-2043	385,221	-	352,140	352,140	-	-
Airport Improvement Program	20.106	DOT-FA14NM-2046	148,050	-	19,690	19,690	-	-
Airport Improvement Program	20.106	DOT-FA13NM-2049	393,595	(48,112)	209,798	163,689	2,003	-
Subtotal				(48,112)	602,043	555,934	2,003	-
Passed through the Montana Department of Transportation:								
Highway Planning and Construction	20.205	STPE (14)40	166,462	(2,265)	129,145	153,444	-	(26,564)
Subtotal				(2,265)	129,145	153,444	-	(26,564)
Passed through the Montana Department of Military Affairs-Disaster & Emergency Services Division:								
Interagency Public Sector Hazardous Materials Training and Planning Grants								
	20.703	HM-HMP-0336-13-01-00	24,912	(20,138)	23,035	4,032	1,135	-
Subtotal				(20,138)	23,035	4,032	1,135	-
Total U.S. Department of Transportation				(70,515)	754,223	713,410	3,138	(26,564)
<u>U.S. Department of Justice:</u>								
Passed through the Montana Board of Crime Control:								
Crime Victim Assistance	16.575	13-V01-91476	29,636	(3,198)	3,198	-	-	-
Crime Victim Assistance	16.575	14-V01-91634	32,600	-	26,182	32,600	-	(6,418)
Subtotal				(3,198)	29,380	32,600	-	(6,418)
Edward Byrne Memorial Justice Assistance Grant Program								
	16.738	14-GP01-91884	10,750	-	-	1,420	-	(1,420)
Subtotal				-	-	1,420	-	(1,420)
Total U.S. Department of Justice				(3,198)	29,380	34,020	-	(7,838)
<u>U.S. Department of Homeland Security:</u>								
Direct Program:								
Pre-Disaster Mitigation	97.047	DR-1996-P-71-F	70,000	(41,115)	-	11,407	-	(52,522)
Subtotal				(41,115)	-	11,407	-	(52,522)
Passed through the Montana Department of Military Affairs-Disaster & Emergency Services Division:								
Emergency Management Performance Grants	97.042	EMW-2014-EP-00006	32,843	-	18,276	25,327	-	(7,051)
Emergency Management Performance Grants	97.042	EMW-2013-EP-00044-S0	32,100	(6,197)	20,995	14,798	-	-
Subtotal				(6,197)	39,271	40,125	-	(7,051)
Homeland Security Grant Program								
	97.067	EMW-2014-SS-00019	106,027	-	-	-	-	-
Subtotal				-	-	-	-	-
Hazard Mitigation Grant								
	97.039	DR-4127-P5-R	120,821	-	-	-	-	-
Subtotal				-	-	-	-	-
Disaster Grants-Public Assistance								
	97.036	FEMA-DR-4127-MT	414,641	-	32,762	32,762	-	-
	97.036	FEMA-1996-DR-MT	3,993,929	(257,290)	13,052	272,454	(39,431)	(556,123)
Subtotal				(257,290)	45,814	305,216	(39,431)	(556,123)
Total U.S. Department of Homeland Security				(304,602)	85,085	356,748	(39,431)	(615,696)
<u>U.S. Department of Health and Human Services:</u>								
Passed through the Montana Department of Public Health and Human Services:								
Maternal and Child Health Services Block Grant to the States								
	93.994	14-07-5-01-057-0	5,765	(1,153)	1,153	-	-	-
Maternal and Child Health Services Block Grant to the States								
	93.994	15-07-5-01-057-0	3,890	-	3,890	3,890	-	-
Maternal and Child Health Services Block Grant to the States								
	93.994	14-07-5-01-035-0	1,500	(300)	300	-	-	-
Maternal and Child Health Services Block Grant to the States								
	93.994	15-07-5-01-035-0	1,500	-	1,200	1,500	-	(300)

FERGUS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Cluster or Program Title	Federal CFDA Number	Pass-through Grantor's Number	Program or Award Amount	Balance July 1, 2014	Receipts	Expenditures	Returned to Grantor/ Other	Balance June 30, 2015
Maternal and Child Health Services								
Block Grant to the States	93.994	15-07-5-11-009-0	720	-	720	720	-	-
Maternal and Child Health Services								
Block Grant to the States	93.994	14-07-5-01-014-0	11,873	(2,375)	2,375	-	-	-
Maternal and Child Health Services								
Block Grant to the States	93.994	15-07-5-01-14-0	9,507	-	7,606	9,507	-	(1,901)
Subtotal				(3,828)	17,244	15,617	-	(2,201)
Passed through the Montana Department of Public Health and Human Services:								
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	14-07-3-01-003-0	52,240	(14,965)	14,965	-	-	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	15-07-3-01-003-0	77,740	-	40,093	65,690	-	(25,597)
Subtotal				(14,965)	55,058	65,690	-	(25,597)
Immunization Grants	93.268	15-07-4-31-108-0	6,359	-	1,590	1,590	-	-
Immunization Grants	93.268	14-07-4-31-108-0	7,337	(1,391)	5,946	4,555	-	-
Immunization Grants	93.268	14-07-4-31-114-0	5,705	-	4,279	519	(3,760)	-
Immunization Grants	93.268	15-07-4-31-114-0	6,857	-	1,719	4,546	2,827	-
Subtotal				(1,391)	13,534	11,210	(933)	-
Public Health Emergency Preparedness	93.069	14-07-6-11-010-0	133,556	-	33,082	-	(33,082)	-
Public Health Emergency Preparedness	93.069	15-07-6-11-010-0	129,646	-	100,476	129,646	-	(29,170)
Subtotal				-	133,558	129,646	(33,082)	(29,170)
Family Planning Services	93.217	15-07-5-11-009-0	29,000	-	29,000	29,000	-	-
Subtotal				-	29,000	29,000	-	-
Total U.S. Department of Health and Human Services				(20,184)	248,394	251,163	(34,015)	(56,968)
<u>U.S. Department of the Interior:</u>								
Direct Program:								
Bankhead Jones Farm Tenant Act	15.999	N/A	10,184	-	10,184	10,184	-	-
Total U.S. Department of the Interior				-	10,184	10,184	-	-
<u>U.S. Department of Agriculture:</u>								
Passed through the Montana Department of Natural Resources and Conservation:								
Cooperative Forestry Assistance	10.664	VFA-15-140	10,000	-	10,000	10,000	-	-
Subtotal				-	10,000	10,000	-	-
Passed through Montana Department of Administration:								
Secure Payments for States and Counties Containing Federal Lands	10.665	N/A	52,282	-	52,282	52,282	-	-
Subtotal				-	52,282	52,282	-	-
Total U.S. Department of Agriculture				-	62,282	62,282	-	-
Total Federal Awards				\$ (398,499)	\$ 1,189,548	\$ 1,427,807	\$ (70,308)	\$ (707,066)

Note to Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is a summary of cash receipts and federal expenditures related to the County's federal award programs. This schedule is presented in accordance with grant terms and conditions, which are not on the accrual basis of accounting as contemplated by generally accepted accounting principles.

FERGUS COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR FEDERAL
AWARD FINDINGS AND QUESTIONED COSTS

2014-011. ALL MAJOR FEDERAL PROGRAMS

Criteria: The auditors were engaged to assist in the preparation of the government's financial statements and schedule of expenditures of federal awards (SEFA). The government ensures the quality of its financial statements and SEFA by engaging a qualified audit firm with expertise in governmental audits and by reading a preliminary draft of the financial statements.

Condition: We did not have specific controls in place to review the selection and application of accounting principles and resulting disclosures and presentations within the financial statements and SEFA.

Cause: We are a small organization with limited resources.

Effect: It is common within the governmental sector to rely the audit firm to prepare the financial statements and SEFA; however, an audit firm cannot be considered part of the government's internal control by professional standards currently in effect. Since some presentations and disclosures may be material to the financial statements and SEFA, this weakness in internal control would be classified as material.

Recommendation: The auditors recommended that we continue to read our draft financial statements and SEFA and ensure the quality of the document and the preparer.

Current Status: This finding is repeated in the schedule of findings and questioned costs.

Criteria: Segregation of duties refers to assigning tasks among personnel so that no one person handles substantially all aspects of a transaction.

Condition: In many financial areas, including federal award programs, the government lacks segregation of duties.

Cause: The extent to which the government can segregate duties is limited based on the number of personnel, their skill set and work load, and organizational structure.

Effect: The risk of errors or irregularities occurring and not being detected in a timely manner increases when a lack of segregation of duties exists.

Recommendation: There are inherent inefficiencies with full segregation of duties and inherent risks with the lack of segregation of duties. The cost versus benefits for both should be considered. The auditors recommended that we continue to evaluate our segregation of duties and when possible assign tasks to strengthen controls.

Current Status: This finding is repeated in the schedule of findings and questioned costs.

2014-012. DISASTER GRANTS – PUBLIC ASSISTANCE, CFDA No. 97.036, GRANT No. FEMA-1996-DR-MT AND FEMA-DR-4127-MT

Criteria: Per OMB Circular A-87, *COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS*, the total cost of Federal awards is comprised of the allowable direct costs of the program. Direct costs are those that can be identified specifically with a particular final cost objective.

Condition: We selected 6 projects out of the 23 completed FEMA approved Project Worksheets (PW's) for review, which constitutes approximately 26 percent of the total completed project worksheets and 75 percent of the total completed program dollars. Program expenditures were not separately identified in the general ledger for the PW's and specific PW's were not separately identified on employee day sheets. Additionally, because expenditures were not separately identified in the general ledger, we could determine if the federal and state disaster grant funds were recorded in the correct fund.

Questioned Costs: \$190,892

Cause: Unknown.

Effect: Non-compliance with program terms and conditions and OMB Circular A-87.

Recommendation: Grant program expenditures should be separately identified in the general ledger. By separately identifying expenditures in the general ledger, revenue can also be recorded correctly in each fund. Additionally, employee time should be separately identified on employee day sheets.

Current Status: This finding is repeated in the schedule of findings and questioned costs.

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

ERNEST J. OLNESS, CPA

2810 CENTRAL AVENUE, SUITE B
BILLINGS, MONTANA 59102
(406) 252-6230
FAX (406) 245-6922

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

To the Board of County Commissioners
Fergus County
Lewistown, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Fergus County, Montana (the government) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the government's basic financial statements, and have issued our report thereon dated February 18, 2016. The report included explanatory paragraphs to describe changes in accounting principles. The report on the governmental activities, the road fund and aggregate remaining fund information was qualified because we did observe year-end inventories and because the government's accounting records related to inventory do not permit adequate retroactive tests of inventory quantities. Also, the report on the road fund and aggregate remaining fund information was qualified because of inadequacies in the government's accounting records related to the classification of federal and state emergency disaster revenue (intergovernmental) between funds. Further, the report on governmental activities, the business-type activities, the airport fund (a major enterprise fund) and aggregate remaining fund information was qualified because management has not recorded the other post-employment benefit (OPEB) liability and related expense.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Findings 2015-001 through 2015-005)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (Findings 2015-006 through 2015-009)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-007 through 2015-012.

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

The Government's Response to Findings

The government did not respond to the findings and questioned costs identified in our audit as described in the accompanying schedule of findings and responses/questioned costs. Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

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.

O'Leary & Associates, PC

Billings, Montana
February 18, 2016

OLNESS & ASSOCIATES, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

BRENT D. OLNESS, CPA
CURT D. WYSS, CPA

ERNEST J. OLNESS, CPA

2810 CENTRAL AVENUE, SUITE B
BILLINGS, MONTANA 59102
(406) 252-6230
FAX (406) 245-6922

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of County Commissioners
Fergus County
Lewistown, Montana

Report on Compliance for Each Major Federal Program

We have audited Fergus County, Montana's (the government) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the government's major federal programs for the year ended June 30, 2015. The government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the government's compliance.

Basis for Qualified Opinions on the Airport Improvement Program and Disaster Grants-Public Assistance

As described in Findings 2015-014 through 2015-016 in the accompanying schedule of findings and questioned costs, the government did not comply with requirements regarding the following:

<u>Finding No.</u>	<u>CFDA No.</u>	<u>Program (or Cluster) Name</u>	<u>Compliance Requirement</u>
2015-014	97.036	Disaster Grants-Public Assistance	Allowable Costs/Cost Principles
2015-015	20.106	Airport Improvement Program	Cash Management
2015-016	20.106	Airport Improvement Program	Procurement

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

Qualified Opinion on the Airport Improvement Program and Disaster Grants-Public Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions paragraph, the government, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Airport Improvement Program and Disaster Grants-Public Assistance for the year ended June 30, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133 (CONTINUED)

The government did not respond to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

Report on Internal Control over Compliance

Management of the government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the government's internal control over compliance.

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

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-013 through 2015-016 to be material weaknesses.

The government did not respond to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Section 2-7-515, Montana Code Annotated, states that the government should respond to any findings in the audit report within 30 days after the receipt of the final audit report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Leary & Associates, PC

Billings, Montana
February 18, 2016

FERGUS COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS:

Type of auditor's report issued: qualified

Internal control over financial reporting:

- Material weakness(es) identified? √ yes no
- Significant deficiency(ies) identified? √ yes none reported
- Noncompliance material to the financial statements noted? √ yes no

FEDERAL AWARDS:

Internal control over major programs:

- Material weaknesses identified? √ yes no
- Significant deficiency(ies) identified? yes √ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? √ yes no

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
20.106	Airport improvement Program
97.036	Disaster Grants-public Assistance

Dollar threshold used to distinguish between type A and type B programs? \$300,000

Auditee qualified as low-risk auditee? yes √ no

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001. FINANCIAL STATEMENT PREPARATION

Criteria: We were engaged to assist in the preparation of the government's financial statements and schedule of expenditures of federal awards (SEFA). The government ensures the quality of its financial statements and SEFA by engaging a qualified audit firm with expertise in governmental audits and by reading a preliminary draft of the financial statements.

Condition: The government does not have specific controls in place to review the selection and application of accounting principles and resulting disclosures and presentations within the financial statements and SEFA.

Cause: The government is a small organization with limited resources.

Effect: It is common within the governmental sector to rely on the audit firm to prepare the financial statements and SEFA; however, an audit firm cannot be considered part of the government's internal control by professional standards currently in effect. Since some presentations and disclosures may be material to the financial statements and SEFA, this weakness in internal control would be classified as material.

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Recommendation: The government should continue to read its draft financial statements and SEFA and ensure the quality of the document and the preparer.

2015-002. OTHER POST EMPLOYMENT BENEFIT LIABILITY NOT RECORDED

Criteria: U.S. generally accepted accounting principles require the OPEB liability and related expense be recorded in the financial statements.

Condition: The government did not record the other post employment benefit (OPEB) liability and related expense (GASB Statement No. 45) in the financial statements.

Cause: The government did not engage an actuarial firm to assist in determining the OPEB liability and related expense as of and for the year ended June 30, 2015.

Effect: The governmental activities, business-type activities and proprietary funds' liabilities are understated, net position is overstated and expenses are understated.

Recommendation: The government should engage an actuarial firm to determine the OPEB liability and related expense.

2015-003. SEGREGATION OF DUTIES

Criteria: Segregation of duties refers to assigning tasks among personnel so that no one person handles substantially all aspects of a transaction.

Condition: In many financial areas, including federal award programs, the government lacks segregation of duties.

Cause: The extent to which the government can segregate duties is limited based on the number of personnel, their skill set and work load, and organizational structure.

Effect: The risk of errors or irregularities occurring and not being detected in a timely manner increases when a lack of segregation of duties exists.

Recommendation: There are inherent inefficiencies with full segregation of duties and inherent risks with the lack of segregation of duties. The cost versus benefits for both should be considered. The government should continue to evaluate its segregation of duties and when possible assign tasks to strengthen controls.

2015-004. JUSTICE OF THE PEACE TIME PAY ACCOUNTING

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

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

Cause: Unknown.

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

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

2015-005. COUNTY FAIR

Criteria: Effective internal control requires adopting and adhering to formal accounting policies and procedures for the overall operation of the fair and fairgrounds.

Condition: The fairgrounds department is in the process of developing formal accounting policies and procedures for the

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

overall operation of the fair and fairgrounds. However, these procedures have not been completed and fully implemented.

Cause: Unknown.

Effect: Internal controls are weakened.

Recommendation: We recommend fair administration complete the process of reviewing and updating its accounting policies and procedures for the overall operation of the fair, with special emphasis on control and accountability over cash collections.

2015-006. RECONCILE PAYROLL CLEARING FUND

Criteria: Reconciling the liability accounts in the payroll clearing fund with the amounts actually paid would strengthen internal controls and ensure the accuracy of amounts recorded in the general ledger.

Condition: The liability accounts in the payroll clearing fund were not reconciled.

Cause: Unknown.

Effect: Inaccurate financial information.

Recommendation: The liability accounts in the payroll clearing fund should be reconciled at the end of each month.

2015-007. MILL LEVY CALCULATION

Criteria: Section 15-10-420, MCA, establishes the laws for calculating mill levies and mill levy limitations for local governments.

Condition: The fiscal year 2015 road fund mill levy calculation under Section 15-10-420, MCA, was calculated incorrectly because line 3(a) - SB 96 on the mill levy determination worksheet was left blank. The worksheet is commonly used throughout Montana to assist in calculating the mill levy under 15-10-420, MCA.

Cause: Unknown.

Effect: The incorrect mills were levied during 2015.

Recommendation: We recommend procedures be developed to ensure mill levies are calculated correctly under Section 15-10-420, MCA.

2015-008. BOND RESOLUTION

Criteria: The series 2014 fairgrounds revenue bond covenants require the County to establish a revenue bond debt service account (section 4.02). This account is to be used to pay principal and interest on the bonds.

Additionally, the County is required to establish a revenue bond reserve account (section 4.03). As defined by the bond resolution, the reserve requirement is equal to the maximum annual principal and interest payable on the Series 2014 Revenue Bond (\$151,532).

Condition: The two accounts were not established by the County.

Cause: Unknown.

Effect: Noncompliance with the series 2014 fairgrounds revenue bond resolution.

Recommendation: The provisions of the series 2014 fairgrounds revenue bond resolution should be adhered to.

2015-009. COMPETITIVE BIDDING

Criteria: Section 7-5-2301, MCA, specifies a contract for any purchase in excess of \$80,000 may not be entered into by a county governing body without first publishing a notice calling for bids.

Condition: The County purchased repeater stations amounting to \$84,229 without going through the formal bid process.

Cause: Unknown

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Effect: Noncompliance with state procurement statutes.

Recommendation: A contract for any purchase in excess of \$80,000 should be formally advertised for bid in accordance with Section 7-5-2301, MCA.

2015-010. DISASTER GRANTS – PUBLIC ASSISTANCE, CFDA No. 97.036, GRANT No. FEMA-1996-DR-MT AND FEMA-DR-4127-MT

Criteria: According to OMB Circular A-87, *COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS*, the total cost of Federal awards is comprised of the allowable direct costs of the program. Direct costs are those that can be identified specifically with a particular final cost objective.

Condition: Program expenditures were not separately identified in the general ledger for the Project Worksheets (PW) and specific PW's were not separately identified on employee day sheets. Additionally, because expenditures were not separately identified in the general ledger, we could determine if the federal and state disaster grant funds were recorded in the correct fund.

Questioned Costs: None

Cause: Unknown.

Effect: Non-compliance with program terms and conditions and OMB Circular A-87.

Recommendation: Grant program expenditures should be separately identified in the general ledger. By separately identifying expenditures in the general ledger, revenue can also be recorded correctly in each fund. Additionally, employee time should be separately identified on employee day sheets.

2015-011. AIRPORT IMPROVEMENT PROGRAM, CFDA No. 20.106, GRANT No's. DOT-FA12NM-2017, DOT-FA14NM-2043, DOT-FA14NM-2046, and DOT-FA13NM-2049

Criteria: Per the OMB Circular A-133 compliance supplement and the OMB Circular A-102 Common Rule (§____.21), when awards provide for advance payments, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

Condition: Of the ten reimbursements received in fiscal year 2015 on the FAA AIP projects, six were not disbursed in a timely manner. The funds were held for disbursement from six to twenty days after receipt.

Questioned Costs: None

Cause: Ineffective communication between program administration, the county treasurer and county clerk and recorder's office.

Effect: Non-compliance with federal cash management requirements.

Recommendation: The County should develop procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

2015-012. AIRPORT IMPROVEMENT PROGRAM, CFDA No. 20.106, GRANT No. DOT-FA13NM-2049

Criteria: According to the FAA Airport Improvement Handbook (AIP) Order 5100.38D, by accepting an AIP grant, Sponsors are obligated to comply with Buy America preferences. In order to remain eligible under the Airport Improvement Program (AIP), Sponsor's must not permit any contractor or subcontractor to acquire any steel or manufactured product produced outside of the United States unless otherwise authorized by the FAA. Costs associated with equipment that is not in compliance with the Buy America provisions are ineligible for AIP participation. Further, FAA Buy American guidance and the Buy American Certifications included in the project documents require the Sponsor, through their consultant, to remain responsible for verifying the contractor's compliance by reviewing submittal documentation and monitoring actual installation.

Condition: The County did not obtain and review documentation from the contractors that demonstrated their compliance with the Buy American requirements

Questioned Costs: None

Cause: Unknown

FERGUS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Effect: Non-compliance with procurement requirements.

Recommendation: The County, through their consultant, should require contractors to submit the required Buy American documentation and implement procedures that will allow for verification of the contractor's compliance by reviewing the submitted documentation and monitoring actual installation.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-013. ALL MAJOR FEDERAL PROGRAMS

Findings 2015-001 and 2015-003 apply to these federal award programs.

U.S. DEPARTMENT OF HOMELAND SECURITY:

2015-014. DISASTER GRANTS – PUBLIC ASSISTANCE, CFDA No. 97.036, GRANT No. FEMA-1996-DR-MT AND FEMA-DR-4127-MT

Finding 2015-010 applies to this federal award program.

U.S. DEPARTMENT OF TRANSPORTATION:

2015-015. AIRPORT IMPROVEMENT PROGRAM, CFDA No. 20.106, GRANT No's. DOT-FA12NM-2017, DOT-FA14NM-2043, DOT-FA14NM-2046, and DOT-FA13NM-2049

Finding 2015-011 applies to this federal award program.

2015-016. AIRPORT IMPROVEMENT PROGRAM, CFDA No. 20.106, GRANT No. DOT-FA13NM-2049

Finding 2015-012 applies to this federal award program.