



To the Board of County Commissioners  
Lewis and Clark County, Montana  
Helena, Montana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lewis and Clark County (the County) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in note 1 to the financial statements. As described in note 1 to the financial statements, the County changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. The effect of the accounting change as of the beginning of the year is reported in Note 8 to the financial statements.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements was:

Management's estimates of the landfill post closure costs payable is based on engineering estimates on the remaining lives of the land fill and estimated post closure costs; the valuation of the incurred but unpaid claims in the insurance fund, which is calculated from a lag report with claims incurred during 2023; the valuation of the depreciation expense, which is based on management's estimate of useful lives of fixed assets; the liability of compensated absences, and the liability for the other post-employment benefits and accounting for pensions. We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of investments on fair value and leveling in note 3
- The disclosure of long-term debt in note 9
- The disclosure of employee benefit plans in note 14

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached Attachment A summarizes a material misstatement detected as a result of audit procedures that was corrected by management:

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 20, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis and Schedules of Other Postemployment Benefit Plans and Pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Upcoming Changes in Accounting Standards**

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

**Restriction on Use**

This information is intended solely for the information and use of the Board of County Commissioners and management of Lewis and Clark County, Montana and is not intended to be, and should not be, used by anyone other than these specified parties.

KCoe Jam, LLP

December 20, 2023  
Billings, Montana

**Lewis and Clark County, Montana**

ATTACHMENT A – SCHEDULE OF CORRECTED MISSTATEMENTS

June 30, 2023

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<u>No.</u>	<u>Description and Adjustmnet</u>	<u>Debit</u>	<u>Credit</u>
1	<i>To account for State of MT on-behalf revenue through MPERA in accordance with GASB 85.</i>		
	Pension Expense	\$ 368,704	
	On-Behalf Revenue		\$ 368,704

## **Lewis and Clark County, Montana**

### **ATTACHMENT B – UPCOMING CHANGES IN ACCOUNTING STANDARDS**

June 30, 2023

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#### ***GASB Pronouncements Effective for the Fiscal Year Ending June 30, 2024:***

- ***GASB Statement No. 100: Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62***
  - Objective: To enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

#### ***GASB Pronouncements Effective for the Fiscal Year Ending June 30, 2025:***

- ***GASB Statement No. 101: Compensated Absences***
  - Objective: To better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.