

AUDIT PUBLICATION STATEMENT

The audit of the activities of the City of Hardin has been conducted by Denning, Downey & Associates, PC of Kalispell, MT. The audit covered the fiscal year ended June 30, 2024. Section 2-7-521, MCA, requires that the attached Audit Publication Statement be published by a newspaper of general circulation.

Summary of Significant Findings

The audit report for City of Hardin and its component unit Two Rivers Authority for the fiscal year ended June 30, 2024 contains an Independent Auditor's Report on the City's basic financial statement. The report issued for the fiscal year ended June 30, 2024 contains a disclaimer of opinion for the component unit, Two Rivers Authority and an unmodified opinion for the City of Hardin.

The audit report also contains other auditor's reports. Following is a listing of the reports and a summary of the findings included in each. This is only a summary and is not intended to be used as an audit report.

1. 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 – This report contains the following current year findings:

City of Hardin

- 1 – The City is **not in compliance** with GASB #73 related to the Fire Department Relief Association (FDRA) Defined Benefit Retirement Plan.
- 2 – The City has deposits of \$1,601,677 as of June 30, 2024 that **are not** collateralized or insured, exposing the City to risk of loss.
- 3 – The City is **not in compliance** with the revenue bond agreement concerning the TIFD bond and interest payments.

Two Rivers Authority

- 1 – Two Rivers Authority has only one asset, a regional detention center. TRA is required to be audited as a discretely presented component unit of the City of Hardin. TRA failed to provide any financial information for audit. Additionally, TRA has the following additional conditions: (1) TRA has failed to make required bond principal and interest payments (2) TRA has insufficient management representation in the operating activities (3) TRA has insufficient supporting documentation (4) TRA lacks segregation of duties.
- 2 – Two Rivers Authority is **not in compliance** with Montana Wage and Hour laws concerning payment of employees. Payroll continues to accrue rather than being paid.

2. Report on Prior Audit Report Recommendations – This report summarizes the findings from the prior audit report and the status of those findings.

City of Hardin

- 1 – The City is **not in compliance** with GASB #73 related to the Fire Department Relief Association (FDRA) Defined Benefit Retirement Plan.
- 2 – The City has deposits of \$1,657,863 as of June 30, 2023 that **are not** collateralized or insured, exposing the City to risk of loss.
- 3 – The City is **not in compliance** with the revenue bond agreement concerning the TIFD bond and interest payments.
- 4 – The City taxes receivable **as recalculated did not agree** with the balances reported at the County.

Two Rivers Authority

- 1 – Two Rivers Authority has only one asset, a regional detention center. TRA is required to be audited as a discretely presented component unit of the City of Hardin. TRA **failed to provide** any financial information for audit. Additionally, TRA has the following additional conditions: (1) TRA has failed to make required bond principal and interest payments (2) TRA has insufficient management representation in the operating activities (3) TRA has insufficient supporting documentation (4) TRA lacks segregation of duties.
- 2 – Two Rivers Authority is **not in compliance** with Montana Wage and Hour laws concerning payment of employees. Payroll continues to accrue rather than being paid.

Public Inspection of Audit Report

The complete audit report is on file in its entirety and is open to public inspection at the City of Hardin's administrative office.

Sincerely,



Andrew Lehr
Finance Officer /City Clerk
City of Hardin