

Denning, Downey & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1957 Kalispell, MT 59903-1957

(406) 756-6879 • FAX (406) 257-7879 • E-Mail dda@ddaudit.com

Robert K. Denning, CPA, CGFM, CFF, CITP

March 22, 2023

Bigfork Public School Trustees
Lacey Porrovecchio, Business Manger

Bigfork Public School,
P.O. Box 188
Bigfork, MT 59911

We have audited the financials statements of the governmental activities, major fund, and the aggregate remaining fund information of Bigfork Public School for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 January 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bigfork Public School are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Bigfork Public School changed accounting policies related to the reporting of the fiduciary funds by adopting statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases, in fiscal year 2022. We noted no transactions entered into by Bigfork Public School 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(s) affecting the Government Wide's financial statements the OPEB liability and Net Pension liability.

Management's estimate of the OPEB Liability is based on requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and the Net Pension Liability based on requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is determined by professional actuaries. We evaluated the key factors and assumptions used to develop the OPEB and Net Pension Liabilities in determining that it is reasonable in relation to the financial statements as a whole.

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. The attached schedule summarizes uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

There were several transactions that were not properly classified as capital outlay. The misstatements included \$15,580 in General Funds, \$54,208 in Elementary Miscellaneous Programs, \$8,697 in High School Miscellaneous Programs, and \$23,975 in the Other Governmental Funds.

As a result of the implementation of GASB 87 – Leases, there was a lease receivable identified in relation to the land lease with Verizon for cellular tower. The calculated lease receivable and deferred inflows of resources equaled \$280,318 and \$150,941 in the Elementary and High School Miscellaneous Program Funds.

Lastly, there was an identified unrecorded due from other government related to the IDEA B program due to a delay in the Office of Public Instruction not releasing the funds timely. The due from other governments adjusted for this equaled \$34,412 and \$18,006 in the Elementary and High School Miscellaneous Program Funds.

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 auditor's 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 March 22, 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 Bigfork's financial statements or a determination of the type of auditor's 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 Bigfork'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 the Budgetary Comparison Schedule, Budget-to-GAAP Reconciliation, Management's Discussion and Analysis (MD&A), Schedule of Changes in the Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplement 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 an assurance on the RSI.

We were engaged to report on Schedule of Enrollment, Schedule of Revenue and Expenditures – Extracurricular Fund – All Fund Accounts, 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.

Restrictions on Use

This information is intended solely for the information and use of Trustees and management of Bigfork Public School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Jonathan Mahrt, CPA

Denning, Downey & Associates, P.C.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2022

AUDIT REPORT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

Organization	1
Management Discussion and Analysis	2-6
Independent Auditor’s Report	7-10
Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	11
Statement of Activities	12
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17-52
Required Supplementary Information	
Budgetary Comparison Schedule	53
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	54
Schedule of Changes in the Total OPEB Liability and Related Ratios	55
Schedule of Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
Notes to Required Pension Supplementary Information	58-64
Supplemental Information	
Schedule of Enrollment	65
Schedule of Revenues and Expenditures – Extracurricular Fund – All Fund Accounts	66-67
Single Audit Section	
Schedule of Expenditures of Federal Awards	68
Notes to the Schedule of Expenditures of Federal Awards	69

BIGFORK PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

TABLE OF CONTENTS - Continued

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	70-71
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance	72-74
Schedule of Findings and Questioned Costs	75-76

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2022

BOARD OF TRUSTEES

Paul Sandry
Christina Relyea
Zack Anderson
Dan Elwell
Ben Woods
Julie Kreiman
Jessica Martinz

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Lacey Porrovecchio
Tom Stack
Jack Eggensperger

Business Manager/Clerk
Superintendent
County Superintendent

Bigfork Public Schools
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

This management’s discussion and analysis provides an overview of the school’s financial activities for the fiscal year ended June 30, 2022.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information for certain District funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District’s finances (they include capital assets and long term liabilities).

Fund financial statements present a short-term view of the District’s activities. They include only current assets expected to be collected and liabilities expected to be paid in the very near future. Generally accepted accounting principles require that only major funds are disclosed in these financial statements.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

This report includes district-wide statements that focus on operations of the district as a whole. These statements measure inputs and outflows using an economic resources measurement focus and using the accrual bases of accounting. This is similar to the basis of accounting used by most private-sector companies. Activities that are fiduciary in nature are not included in these statements.

The statement of Net Position comparison below, shows the “assets” (what is owned by the District), “liabilities” (what is owed by the district) and the “Net Position” (the resources that would remain if all obligations were settled) of the District. The change in Net Position over time is one indicator of whether the District’s financial health is improving or deteriorating. The District’s Net Position for FY 22 increased by \$1,535,852. The Net Position change was due in part to an increase in cash balance. There are also other non financial factors that influence the District’s fiscal health such as changes in enrollment, changes in the State’s funding of educational costs, changes in the economy, changes in the District’s tax base, the Covid-19 pandemic, etc. The change in total current assets for FY 22 was \$1,569,852. This increase was due to the Districts commitment to maximize fund reserves and increase the Interlocal Agreement Fund balance.

Bigfork Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Table 1 - Net Position

	Governmental Activities		
	<u>FY22</u>	<u>FY21</u>	<u>Change Inc (Dec)</u>
Current and other assets	\$ 9,554,083	\$ 7,984,231	\$ 1,569,852
Capital assets	20,405,000	20,619,148	(214,148)
Total assets	<u>\$ 29,959,083</u>	<u>\$ 28,603,379</u>	<u>\$ 1,355,704</u>
Long-term debt outstanding	\$ 20,015,512	\$ 23,357,589	\$ (3,342,077)
Other liabilities	5,225,839	2,063,910	3,161,929
Total liabilities	<u>\$ 25,241,351</u>	<u>\$ 25,421,499</u>	<u>\$ (180,148)</u>
Net investment in capital assets	\$ 8,143,156	\$ 8,399,148	\$ (255,992)
Restricted	4,426,330	3,648,034	778,296
Unrestricted (deficit)	(7,851,754)	(8,865,302)	1,013,548
Total net position	<u><u>\$ 4,717,732</u></u>	<u><u>\$ 3,181,880</u></u>	<u><u>\$ 1,535,852</u></u>

The statement of activities comparison below, shows the amounts of program-specific and general school district expenditures and the revenues used to support the school district's various functions in FY 22 and FY 21. Some programs included here are instructional, support services, administration, student transportation, student activities and school food. Total revenues for the District, including program and general revenues, for FY 22 increased by \$176,400. The district continued to receive Elementary and Secondary School Emergency Relief Funds in response to the Covid-19 pandemic. The district also had a significant increase in enrollment. House Bill 632 from the 2021 Legislative session addressed enrollment increases, resulting in additional funding. This increase in revenues contributed to an increase in net position of \$1,572,220.

	<u>FY 21</u>	<u>FY 22</u>	<u>Variance</u>
Expenses	\$ 12,774,705	\$ 13,400,465	\$ (625,760)
Revenue	14,346,925	14,141,241	176,400
Changes in Net Position	<u><u>\$ 1,572,220</u></u>	<u><u>\$ 740,776</u></u>	<u><u>\$ 831,444</u></u>

Bigfork Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Table 2 - Changes in Net Position

	Governmental Activities		
	<u>FY22</u>	<u>FY21</u>	<u>Change Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 31,507	\$ 143,355	\$ (111,848)
Operating grants and contributions	2,504,929	2,163,232	341,697
Capital grants and contributions	60,000	-	60,000
<i>General revenues (by major source):</i>			
Property taxes for general purposes	5,852,305	6,079,123	(226,818)
Grants and entitlements not restricted to specific programs	4,039,386	3,922,848	116,538
Investment earnings	18,300	19,612	(1,312)
Miscellaneous (other revenue)	94,427	67,700	26,727
Student activities	175,184	70,871	104,313
State flexibility	107,521	-	107,521
State technology	4,492	6,061	(1,569)
State pension aid	410,771	636,642	(225,871)
County retirement	1,018,819	1,031,797	(12,978)
Total revenues	<u>\$ 14,317,641</u>	<u>\$ 14,141,241</u>	<u>\$ 176,400</u>
Program expenses			
Instructional - regular	\$ 5,886,542	\$ 6,755,526	\$ (868,984)
Instructional - special education	871,450	943,166	(71,716)
Instructional - vocational education	230,105	235,738	(5,633)
Supporting services - operations & maintenance	1,057,966	1,051,551	6,415
Supporting services - general	579,904	525,461	54,443
Supporting services - educational media services	269,427	351,322	(81,895)
Administration - general	270,890	308,855	(37,965)
Administration - school	637,212	578,239	58,973
Administration - business	265,468	248,903	16,565
Student transportation	786,024	707,514	78,510
Extracurricular	543,178	404,155	139,023
School food	449,250	349,696	99,554
Community services	1,000	1,000	-
Debt service expense - interest	367,372	390,320	(22,948)
Unallocated depreciation*	558,917	549,019	9,898
Total expenses	<u>\$ 12,774,705</u>	<u>\$ 13,400,465</u>	<u>\$ (625,760)</u>
Excess (deficiency) before special items and transfers	\$ 1,542,936	\$ 740,776	\$ 802,160
Gain (loss) on sale of capital assets	29,284	-	29,284
Increase (decrease) in net position	<u>\$ 1,572,220</u>	<u>\$ 740,776</u>	<u>\$ 831,444</u>

Bigfork Public Schools
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2022

FUND FINANCIAL STATEMENTS - THE DISTRICT'S MOST SIGNIFICANT FUNDS

Government funds provide a short-term view of the district's operations. They are reported using an accounting method which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

The District's most significant funds in FY 22 include the General Funds, Elementary Miscellaneous Programs, High School Miscellaneous Programs and the Elementary Interlocal Agreement Fund. The Elementary Interlocal Agreement Fund ended FY 22 with \$1,297,147 fund balance. The District transferred \$456,620 in FY 22 to the Elementary Interlocal Agreement Fund from the General Funds. Insignificant changes occurred in remaining major funds. Possible future expenditures for the Elementary Interlocal Agreement Fund include building maintenance projects, land acquisition, professional development and vehicle purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District's capitalization policy sets the capitalization amount at \$5000. The district's capital assets include land, buildings, buses and other vehicles, and other major equipment. Net capital assets for the District have decreased by \$214,148 due to recognition of depreciation for capitalization of the High School Building that was completed in fiscal year 2019.

Both the elementary and high school districts have outstanding general obligation bonds totaling \$11,170,000 at the end of June 30, 2022. An interest payment is made in December and an interest and principal payment is made in June from the Debt Service Fund for each district that reduced the debt \$1,050,000 during the fiscal year. The final elementary payment will be in June 2023 and the final high school payment will be in June 2036.

The District continues to report its portion of the net pension liability under GASB 68. As of the end of June 30, 2022, the outstanding liability was \$6,853,962 which was a decrease of \$1,586,536 from the previous fiscal year. The total OPEB liability for FY 22 was \$1,562,297.

THE FUTURE OF THE DISTRICT

The fall enrollment report completed in October 2022 shows that our overall elementary enrollment had a slight increase. K-6 enrollment increased by 8 students. Grade 7 & 8 enrollment decreased by 3 students. Our high school enrollment had a larger increase with 10 students. The District, like many districts in Flathead County, continues to see growth.

<u>ENROLLMENT</u>	<u>Fall 2022</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Elementary School (total)	611	606	582	594
K-6	462	454	436	463
7 & 8	149	152	146	131
High School	353	343	317	340

In the elementary, a few grade levels are at or near maximum levels based on state accreditation standards and we have had to turn away some out of district students. The District continues to monitor enrollment and has entered into discussions regarding facilities, expansion and land acquisition.

Bigfork Public Schools
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2022

Special Education continues to be a major expenditure. The District employs a Special Education Director and in FY 22 continued to use SB 191 to levy funds to pay for a Life Skills teacher, to better meet the needs of the students and the district. The cost of providing the required educational programs still exceeds the state special education funding, the required local match, and Federal Part B funding that we receive. The result is a decrease in funding available for the general education program. The Elementary special education expenses exceeded funds available by \$215,194 and the High School special education expenses exceeded funds available by \$59,212.

SPECIAL EDUCATION	Elementary School	High School
State Allowable Cost	\$ 133,944	\$ 67,586
Required District Match	41,371	22,303
Federal Part B	132,373	62,794
Tuition Fund	89,545	8,859
TOTALS	\$ 397,233	\$ 161,542
District Expenses	\$ 612,427	\$ 220,754

In FY 22 the Food Service Department served breakfast and lunch in the elementary/middle school building and the high school building. Expenditures in the Food Service Fund were \$449,250 and revenues were \$549,671. In response to the Covid-19 pandemic, the Food Service Department operated under the Seamless Summer Option, allowing all students to participate in free meals. The Seamless Summer Option boosted Federal revenues. After observing increased food prices and experiencing a labor shortage, the District increased all meal prices by \$0.50 for the 2022-23 school year. Expenditures and revenues will continue to be monitored. Staffing adjustments and/or meal prices may need to be adjusted in the future.

The District passed general fund levy elections in May 2020. The majority of the funds were used to improve staff salaries. Given increasing operational costs and fluctuating enrollment, sustainable funding will be necessary to maintain desired staff levels and programs and to continue the District’s desire to improve teacher salaries, maintain staff, and keep class sizes low.

For more information:

Bigfork School District
600 Commerce
PO Box 188
Bigfork, Montana 59911

Superintendent: Tom Stack, 406-837-7400, tstack@bigfork.k12.mt.us

Business Manager: Lacey Porrovecchio, 406-837-7400, lporrovecchio@bigfork.k12.mt.us

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South – P.O. Box 1957 Kalispell, MT 59903-1957

INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees
Bigfork Public Schools
Flathead County
Bigfork, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bigfork School District, Flathead County, Montana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bigfork Public Schools, Flathead County, Montana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bigfork Public Schools, Flathead County, Montana, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, Bigfork Public Schools adopted new accounting guidance, GASB No. 87 Leases is effective for years beginning after December 15, 2019 (revised to year beginning after June 15, 2021 per GASB Statement No. 95). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bigfork Public Schools, Flathead County, Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bigfork Public Schools, Flathead County, Montana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report March 22, 2023, on our consideration of the Bigfork Public Schools, Flathead County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bigfork Public Schools, Flathead County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bigfork Public Schools, Flathead County, Montana's internal control over financial reporting and compliance.

Derring, Downey and Associates, CPAs, P.C.

March 22, 2023

Bigfork Public Schools, Flathead County, Montana
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 5,743,161
Taxes and assessments receivable, net	187,063
Lease receivable	431,259
Due from other governments	568,095
Total current assets	\$ 6,929,578
Noncurrent assets	
Capital assets - land	\$ 11,696
Capital assets - construction in progress	16,776
Capital assets - depreciable, net	20,376,528
Total noncurrent assets	\$ 20,405,000
Total assets	\$ 27,334,578
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 2,034,206
Deferred outflows of resources - OPEB	590,299
Total deferred outflows of resources	\$ 2,624,505
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 29,959,083
LIABILITIES	
Current liabilities	
Warrants payable	\$ 251,014
Accrued payroll	185,409
Other payroll liabilities	94,819
Current portion of long-term capital liabilities	1,075,000
Current portion of compensated absences payable	143,511
Current portion of bond premiums	77,989
Total current liabilities	\$ 1,827,742
Noncurrent liabilities	
Other post employment benefits	\$ 1,562,297
Noncurrent portion of long-term capital liabilities	10,095,000
Noncurrent portion of compensated absences	334,434
Net pension liability	6,853,962
Noncurrent portion of bond premiums	1,013,855
Total noncurrent liabilities	\$ 19,859,548
Total liabilities	\$ 21,687,290
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - leases	\$ 431,259
Deferred inflows of resources - pensions	2,253,397
Deferred inflows of resources - OPEB	869,405
Total deferred inflows of resources	\$ 3,554,061
NET POSITION	
Net investment in capital assets	\$ 8,143,156
Restricted for capital projects	455,293
Restricted for debt service	63,497
Restricted for special projects	3,907,540
Unrestricted	(7,851,754)
Total net position	\$ 4,717,732
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 29,959,083

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position Primary Government</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
Instructional - regular	\$ 5,886,542	\$ 10,450	\$ 1,039,804	\$ -	\$ (4,836,288)
Instructional - special education	871,450	-	721,175	-	(150,275)
Instructional - vocational education	230,105	-	-	-	(230,105)
Supporting services - operations & maintenance	1,057,966	-	78,189	-	(979,777)
Supporting services - general	579,904	-	-	-	(579,904)
Supporting services - educational media services	269,427	-	-	-	(269,427)
Administration - general	270,890	-	879	-	(270,011)
Administration - school	637,212	-	839	-	(636,373)
Administration - business	265,468	-	2,677	-	(262,791)
Student transportation	786,024	-	69,692	-	(716,332)
Extracurricular	543,178	-	62,060	60,000	(421,118)
School food	449,250	21,057	528,614	-	100,421
Community services	1,000	-	1,000	-	-
Debt service expense - interest	367,372	-	-	-	(367,372)
Unallocated depreciation*	558,917	-	-	-	(558,917)
Total governmental activities	\$ 12,774,705	\$ 31,507	\$ 2,504,929	\$ 60,000	\$ (10,178,269)
General Revenues:					
				\$	
Property taxes for general purposes				\$	5,852,305
Grants and entitlements not restricted to specific programs					4,039,386
Investment earnings					18,300
Miscellaneous (other revenue)					94,427
Student activities					175,184
State flexibility					107,521
State technology					4,492
State pension aid					410,771
County retirement					1,018,819
Gain (loss) on sale of capital assets					29,284
Total general revenues, special items and transfers				\$	11,750,489
Change in net position				\$	1,572,220
Net position - beginning				\$	3,181,880
Restatements					(36,368)
Net position - beginning - restated				\$	3,145,512
Net position - end				\$	4,717,732

* This amount excludes the depreciation that is included in the direct expenses of the various programs
See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Elementary Miscellaneous Programs</u>	<u>Elementary Interlocal Agreement</u>	<u>High School Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Current assets:						
Cash and investments	\$ 1,859,225	\$ 46,845	\$ 1,297,147	\$ 322,458	\$ 2,217,486	\$ 5,743,161
Taxes and assessments receivable, net	100,120	-	-	-	86,943	187,063
Lease receivable	-	280,318	-	150,941	-	431,259
Due from other governments	54,245	330,520	-	121,650	61,680	568,095
TOTAL ASSETS	<u>\$ 2,013,590</u>	<u>\$ 657,683</u>	<u>\$ 1,297,147</u>	<u>\$ 595,049</u>	<u>\$ 2,366,109</u>	<u>\$ 6,929,578</u>
LIABILITIES						
Current liabilities:						
Warrants payable	\$ 251,014	\$ -	\$ -	\$ -	\$ -	\$ 251,014
Accrued payroll	127,010	7,278	-	-	51,121	185,409
Other payroll liabilities	94,819	-	-	-	-	94,819
Total liabilities	<u>\$ 472,843</u>	<u>\$ 7,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,121</u>	<u>\$ 531,242</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - taxes	\$ 100,120	\$ -	\$ -	\$ -	\$ 86,943	\$ 187,063
Deferred inflows of resources - leases	-	280,318	-	150,941	-	431,259
Total deferred inflows of resources	<u>\$ 100,120</u>	<u>\$ 280,318</u>	<u>\$ -</u>	<u>\$ 150,941</u>	<u>\$ 86,943</u>	<u>\$ 618,322</u>
FUND BALANCES						
Restricted	\$ -	\$ 370,087	1,297,147	444,108	\$ 2,228,809	\$ 4,340,151
Unassigned fund balance	1,440,627	-	-	-	(764)	1,439,863
Total fund balance	<u>\$ 1,440,627</u>	<u>\$ 370,087</u>	<u>\$ 1,297,147</u>	<u>\$ 444,108</u>	<u>\$ 2,228,045</u>	<u>\$ 5,780,014</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,013,590</u>	<u>\$ 657,683</u>	<u>\$ 1,297,147</u>	<u>\$ 595,049</u>	<u>\$ 2,366,109</u>	<u>\$ 6,929,578</u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2022

Total fund balances - governmental funds	\$	5,780,014
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,405,000
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		187,063
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(13,210,242)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(6,853,962)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.		2,034,206
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.		(2,253,397)
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred outflows of resources and are not payable in the current period, therefore are not reported in the funds.		590,299
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.		(869,405)
Unamortized bond premium is reported as a deferred inflow on the Statement of Net Position and is not reported in the funds.		(1,091,844)
Total net position - governmental activities	\$	<u><u>4,717,732</u></u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<u>General</u>	<u>Elementary Miscellaneous Programs</u>	<u>Elementary Interlocal Agreement</u>	<u>High School Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local revenue	\$ 3,176,164	\$ 59,616	\$ 3,132	\$ 340,597	\$ 2,743,452	\$ 6,322,961
County revenue	-	-	-	-	1,073,069	1,073,069
State revenue	4,489,373	31,787	-	416,748	84,427	5,022,335
Federal revenue	-	914,027	-	221,991	549,211	1,685,229
Total revenues	<u>\$ 7,665,537</u>	<u>\$ 1,005,430</u>	<u>\$ 3,132</u>	<u>\$ 979,336</u>	<u>\$ 4,450,159</u>	<u>\$ 14,103,594</u>
EXPENDITURES						
Instructional - regular	\$ 3,557,500	\$ 858,285	-	\$ 234,551	\$ 637,812	\$ 5,288,148
Instructional - special education	323,201	9,871	-	387,176	151,202	871,450
Instructional - vocational education	193,411	-	-	7,744	28,950	230,105
Supporting services - operations & maintenance	797,811	29,430	5,128	26,962	183,219	1,042,550
Supporting services - general	524,440	-	-	-	55,464	579,904
Supporting services - educational media services	245,128	-	-	-	24,299	269,427
Administration - general	209,412	571	-	308	60,599	270,890
Administration - school	528,998	839	-	335	106,399	636,571
Administration - business	218,755	1,740	-	937	44,036	265,468
Student transportation	73,026	8,528	-	12,476	605,967	699,997
Extracurricular	265,485	19,647	-	216,324	26,884	528,340
School food	-	379	-	518	444,354	445,251
Community services	-	-	-	1,000	-	1,000
Debt service expense - principal	-	-	-	-	1,050,000	1,050,000
Debt service expense - interest	-	-	-	-	445,361	445,361
Capital outlay	57,060	57,969	104,504	73,697	185,953	479,183
Total expenditures	<u>\$ 6,994,227</u>	<u>\$ 987,259</u>	<u>\$ 109,632</u>	<u>\$ 962,028</u>	<u>\$ 4,050,499</u>	<u>\$ 13,103,645</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 671,310</u>	<u>\$ 18,171</u>	<u>\$ (106,500)</u>	<u>\$ 17,308</u>	<u>\$ 399,660</u>	<u>\$ 999,949</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of general capital asset disposition	\$ -	\$ 563	-	\$ 9,000	\$ 27,471	\$ 37,034
Transfers in	-	-	456,620	-	-	456,620
Transfers out	(456,620)	-	-	-	-	(456,620)
Total other financing sources (uses)	<u>\$ (456,620)</u>	<u>\$ 563</u>	<u>\$ 456,620</u>	<u>\$ 9,000</u>	<u>\$ 27,471</u>	<u>\$ 37,034</u>
Net Change in Fund Balance	<u>\$ 214,690</u>	<u>\$ 18,734</u>	<u>\$ 350,120</u>	<u>\$ 26,308</u>	<u>\$ 427,131</u>	<u>\$ 1,036,983</u>
Fund balances - beginning	\$ 1,210,091	\$ 403,567	\$ 947,027	\$ 417,800	\$ 1,800,914	\$ 4,779,399
Restatements	15,846	(52,214)	-	-	-	(36,368)
Fund balances - beginning, restated	<u>\$ 1,225,937</u>	<u>\$ 351,353</u>	<u>\$ 947,027</u>	<u>\$ 417,800</u>	<u>\$ 1,800,914</u>	<u>\$ 4,743,031</u>
Fund balance - ending	<u>\$ 1,440,627</u>	<u>\$ 370,087</u>	<u>\$ 1,297,147</u>	<u>\$ 444,108</u>	<u>\$ 2,228,045</u>	<u>\$ 5,780,014</u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ 1,036,983

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	479,183
- Depreciation expense	(685,581)

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

- Proceeds from the sale of capital assets	(37,034)
- Gain on the sale of capital assets	29,284

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

- Long-term receivables (deferred inflows)	13,892
--	--------

The change in compensated absences is shown as an expense in the Statement of Activities

88,821

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

- Long-term debt principal payments	1,050,000
-------------------------------------	-----------

Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	(189,348)
--	-----------

Pension expense related to the net pension liability is shown as an expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

(492,124)

State aid revenue related to the net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

200,155

Amortization of the bond premium is shows as a reduction of interest expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

77,989

Change in net position - Statement of Activities	\$ 1,572,220
---	---------------------

See accompanying Notes to the Financial Statements

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements

GASB No. 87 Leases is effective for years beginning after December 15, 2019 (revised to year beginning after June 15, 2021 per GASB Statement No. 95). This Statement removed capital and operating lease classifications and now establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented this pronouncement in the current fiscal year.

Financial Reporting Entity

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

Primary Government

The District was established under Montana law to provide elementary and secondary educational services to residents of the District. The District actually consists of two legally separate districts. The Elementary District provides education from kindergarten through the eighth grade and the High School District provides education from grades nine through twelve. Based on the criteria for determining the reporting entity (separate legal entity and financial or fiscal dependency on other governments) the District is a primary government as defined by GASB Cod. Sec. 2100 and has no component units.

Separate accounting records must be maintained for each District because of differences in funding and legal requirements. However, both districts are managed as a single system by a central board of trustees, elected in district-wide elections, and by a central administration appointed by and responsible to the Board. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercises responsibility.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Fund Financial Statements:

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

Governmental Funds:

Modified Accrual

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

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Property taxes, charges for current services, 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 District.

Major Funds:

The District reports the following major governmental funds:

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

Elementary Miscellaneous Programs Fund – Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund.

Elementary Interlocal Agreement - The Elementary Interlocal Agreement Fund is authorized by Section 20-3-363, MCA. The fund accounts for the resources and uses of the District interlocal cooperative agreement in performing any services, activities, and undertakings of the Districts for operations and maintenance.

High School Miscellaneous Programs Fund – Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District's cash, except for the Student Extracurricular funds is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County's investment portfolio as of June 30, 2022, consisted of certificates of deposit, U.S. Government Securities, and the State Short-Term Investment Pool (STIP). The Flathead County Investment pool is unrated.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Flathead County deposits and investments is available from Flathead County Treasurer’s office, 800 South Main Street, Kalispell, Montana 59901. Fair value approximates carrying value for investments as of June 30, 2022.

Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions.

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash held in County Pool	\$ 5,508,909
Cash in banks:	
Demand deposits	<u>234,252</u>
Total	<u><u>\$ 5,743,161</u></u>

Deposits

The District’s deposit balance at year end was \$234,252 and the bank balance was \$239,164. The bank balance was fully insured by FDIC.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2022, the government’s bank balance was exposed to custodial credit risk as follows:

	June 30, 2022
<u>Depository Account</u>	<u>Balance</u>
Insured	\$ <u>239,164</u>
Total deposits and investments	<u><u>\$ 239,164</u></u>

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 3. RECEIVABLES

Tax Receivables

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

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

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

NOTE 4. INVENTORIES

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

NOTE 5. CAPITAL ASSETS

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

Buildings	20 – 50 years
Improvements	20 – 50 years
Equipment	5 – 20 years

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Governmental activities:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>June 30, 2022</u>
Capital assets not being depreciated:					
Land	\$ 11,696	\$ -	\$ -	\$ -	\$ 11,696
Construction in progress	100,000	93,676	-	(176,900)	16,776
Total capital assets not being depreciated	<u>\$ 111,696</u>	<u>\$ 93,676</u>	<u>\$ -</u>	<u>\$ (176,900)</u>	<u>\$ 28,472</u>
Other capital assets:					
Buildings	\$ 25,749,671	\$ 8,760	\$ -	\$ 176,900	\$ 25,935,331
Improvements other than buildings	27,440	-	-	-	27,440
Machinery and equipment	2,913,430	376,747	(163,751)	-	3,126,426
Total other capital assets at historical cost	\$ 28,690,541	\$ 385,507	\$ (163,751)	\$ 176,900	\$ 29,089,197
Less: accumulated depreciation	(8,183,089)	(685,581)	156,001	-	(8,712,669)
Total	<u>\$ 20,619,148</u>	<u>\$ (206,398)</u>	<u>\$ (7,750)</u>	<u>\$ -</u>	<u>\$ 20,405,000</u>

Governmental capital assets depreciation expense was charged to functions as follows:

Governmental Activities:

Instructional – regular	\$ 5,743
Supporting services – operations and maintenance	15,416
Administration – school	641
Student transportation	86,027
Extracurricular	14,838
School food	3,999
Unallocated	558,917
Total governmental activities depreciation expense	<u>\$ 685,581</u>

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, are expensed at the date of sale.

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

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2022, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance <u>July 1, 2021</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 12,220,000	\$ (1,050,000)	\$ 11,170,000	\$ 1,075,000
Bond premiums	1,169,833	(77,989)	1,091,844	77,989
Compensated absences	566,766	(88,821)	477,945	143,511
Total	<u>\$ 13,956,599</u>	<u>\$ (1,216,810)</u>	<u>\$ 12,739,789</u>	<u>\$ 1,296,500</u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2022, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2022</u>
EL GO Refunding Bond Series 2015	10/20/15	2.10%	8 yrs	7/1/23	\$ 3,485,000	Varies	\$ 480,000
HS GO School Building Bonds, Series 2015	12/10/15	2.00-4.00%	20 yrs	7/1/36	9,075,000	Varies	6,905,000
HS GO School Building Bonds, Series 2016	6/2/16	3.00-4.00%	20 yrs	7/1/36	<u>4,925,000</u>	Varies	<u>3,785,000</u>
					<u>\$ 17,485,000</u>		<u>\$ 11,170,000</u>

Reported in the governmental activities.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,075,000	\$ 421,480
2024	615,000	393,550
2025	635,000	375,100
2026	660,000	353,800
2027	680,000	327,400
2028	710,000	300,200
2029	735,000	271,800
2030	765,000	242,400
2031	800,000	211,800
2032	830,000	179,800
2033	860,000	146,600
2034	900,000	112,200
2035	935,000	76,200
2036	970,000	38,800
Total	<u>\$ 11,170,000</u>	<u>\$ 3,451,130</u>

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Compensated Absences

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. Non-teaching District employees earn vacation leave ranging from fifteen to twenty-four days per year depending on the employee's years of service. Vacation leave may be accumulated not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for non-teaching employees. Upon retirement or termination, employees are paid for 100% of unused vacation leave and 25% of unused sick leave. Upon termination, all payments are made at the employee's current rate of pay.

The liability associated with governmental fund-type employees is reported in the governmental-type activities.

Bond Premium Amortization

As of June 30, 2022, the District recognized deferred inflows of resources for bond premiums totaling \$1,091,844. The premium relates to the issuance of the High School General Obligation Bonds Series 2015 and 2016. The premiums amortize over the life of bonds that equals 20 years. The total amount amortized during fiscal year 2022 was \$77,989.

NOTE 7. LEASES

The District leases land to Gold Creek Cellular of Montana Limited Partnership for the installation and maintenance of a cellular tower providing services to the community. The lessee has non-exclusive rights to the area in the land lease agreement. The initial term of the agreement that began in January 2015 is 5 years, with automatic extensions for four additional 5 year terms. Total payments to be received in monthly installments equals \$22,800 to be adjusted at 2.5% per year. The total lease receivable and deferred inflows of resources recognized was \$431,259 at the end of the fiscal year. The District received payment of \$26,119 during the fiscal year ending June 30, 2022

NOTE 8. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan, as required by section 2-18-704, MCA, provides employees with at least 5 years of service and who are at least age 50, along with surviving spouses and dependents, to stay on the government's health care plan as long as they pay the same premium. This creates a defined benefit Other Post-Employment Benefits Plan (OPEB); since retirees are usually older than the average age of the plan participants, they receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the District. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs, and covers these when they come due. The above described OPEB plan does not provide a stand-alone financial report.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Benefits Provided. The government provides healthcare insurance benefits for retirees and their dependents upon reaching the age and service years defined in section 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums, but may pay the same premiums as the other members in the group health plan.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	1
Active employees	89
Total employees	90

Total OPEB Liability

The District's total OPEB liability of \$1,562,297 at June 30, 2022, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2022.

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2022 alternative measurement method was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement (based on historical data)	60.68
Discount rate (average anticipated rate)	4.02%
Average salary increase (Consumer Price Index)	3.25%
<u>Health care cost rate trend (Federal Office of the Actuary)</u>	

<u>Year</u>	<u>Medical</u>	<u>Prescription Drug</u>
2022	2.9%	2.9%
2023	7.0%	7.0%
2024	6.5%	6.5%
2025	6.0%	6.0%
2026	5.9%	5.9%
2027	5.7%	5.7%
2028	5.6%	5.6%
2029	5.5%	5.5%
2030	5.3%	5.3%
2031-2047	5.2%	5.2%
2048	5.1%	5.1%
2049-2050	5.0%	5.0%
2051-2053	4.9%	4.9%

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

2054-2056	4.8%	4.8%
2057-2062	4.7%	4.7%
2063-2069	4.6%	4.6%
2070	4.5%	4.5%
2071	4.4%	4.4%
2072	4.3%	4.3%
2073-2074	4.2%	4.2%
2075	4.1%	4.1%
2076-2077	4.0%	4.0%
2078	3.9%	3.9%
2079 +	3.8%	3.8%

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

Participation rate: 40% of future retirees are assumed to elect medical coverage. 70% of the future retirees who elect coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.

Marital Status at Retirement: Actual spouse information is used for current retirees. Future retired members who elect to participate in the plan are assumed to be married at a rate of 60% and males are assumed to be 3 years older than females.

Mortality – Healthy: For the Public Employees’ Retirement System, Mortality is assumed to follow the RP2000 Healthy Combined Mortality Table, set back one year for males, with mortality improvements projected to 2020 using Scale BB.

For the Montana Teachers Retirement System, Mortality is assumed to follow the RP 2000 Healthy Combined Mortality Table, set back two years for both males and females, with mortality improvements projected by Scale BB to 2022.

Mortality – Disabled: For the Public Employees’ Retirement System, Mortality is assumed to follow the RP2000 Healthy Combined Mortality Table with no projections.

For the Montana Teachers Retirement System, Mortality is assumed to follow the RP2000 Disabled Mortality Table, set back three-year for males and set forward two years for females, with mortality improvements projected by Scale BB to 2022.

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Changes in the Total OPEB Liability

Balance at 6/30/2021	\$ <u>2,229,327</u>
Changes for the year:	
Service Cost	\$ 155,660
Interest	54,058
Differences in experience	154,800
Change in assumptions	(1,024,377)
Benefit payments	<u>(7,171)</u>
Net Changes	\$ <u>(667,030)</u>
Balance at 6/30/2022	\$ <u><u>1,562,297</u></u>

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

	1% Decrease <u>(3.02%)</u>	Discount Rate <u>(4.02%)</u>	1% Increase <u>(5.02%)</u>
Total OPEB Liability	\$ 1,976,611	\$ 1,562,297	\$ 1,250,517

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

	1% Decrease	Healthcare Cost Trends*	1% Increase
Total OPEB Liability	\$ 1,207,247	\$ 1,562,297	\$ 2,050,767

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

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

For the year ended June 30, 2022, the District recognized an OPEB expense of \$(667,030).

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Differences between expected and actual economic experience	\$ 143,714	(236,172)
Changes in actuarial assumptions	446,385	(633,233)
Total	\$ 590,099	\$ (869,405)

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

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2022	\$ (23,258)
2023	\$ (23,258)
2024	\$ (23,258)
2025	\$ (23,258)
2026	\$ (23,258)
2027	\$ (23,258)
2028	\$ (23,258)
Thereafter	\$ (139,558)

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2022:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Multidistrict cooperative agreement transfer	Elementary Interlocal Agreement – Nonmajor Governmental	General Fund – Major Governmental	\$ <u>456,620</u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 10. NET PENSION LIABILITY (NPL)

As of June 30, 2022, the District reported the following balances as its proportionate share of PERS and TRS pension amounts:

District's Proportionate Share Associated With:

	<u>PERS</u>	<u>TRS</u>	<u>Pension Totals</u>
Net Pension Liability	\$ 877,331	\$ 5,976,631	\$ 6,853,962
Deferred outflows of resources*	\$ 253,749	\$ 1,780,457	\$ 2,034,206
Deferred inflows of resources	\$ 361,797	\$ 1,891,600	\$ 2,253,397
Pension expense	\$ 130,271	\$ 1,125,059	\$ 1,255,330

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$78,012, and \$489,215, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Total deferred inflows and outflows in the remainder of the note are as of the measurement date of June 30, 2022.

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

Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Plan Descriptions

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

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the defined contribution retirement plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the *defined contribution* and *defined benefit* retirement plans. For members that choose to join the PERS-DCRP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP. All new members from the universities also have third option to join the university system's Montana University System Retirement Program (MUS-RP).

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

Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

1) Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:

- a. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Vesting

- 5 years of membership service

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Contributions

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

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

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

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

Fiscal Year	Member		School Districts	
	Hired < 07/01/11	Hired > 07/01/11	Employer	State
2022	7.900%	7.900%	8.600%	0.370%
2021	7.900%	7.900%	8.500%	0.370%
2020	7.900%	7.900%	8.400%	0.370%
2019	7.900%	7.900%	8.300%	0.370%
2018	7.900%	7.900%	8.200%	0.370%
2017	7.900%	7.900%	8.100%	0.370%
2016	7.900%	7.900%	8.000%	0.370%
2015	7.900%	7.900%	7.900%	0.370%
2014	7.900%	7.900%	7.800%	0.370%
2012 – 2013	6.900%	7.900%	6.800%	0.370%
2010 – 2011	6.900%		6.800%	0.370%
2008 – 2009	6.900%		6.800%	0.235%
2000 - 2007	6.900%		6.800%	0.100%

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Rates are specified by state law and are a percentage of the member's compensation.
 - a. Contributions are deducted from each member's salary and remitted by participating employers;
 - b. The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
 - a. Plan members are required to contribute 7.90% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.
 - b. The 7.90% member contributions is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
3. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
4. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a statutory appropriation from its General Fund of \$34,290,660.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end can be utilized to determine the Plan’s TPL. The basis for the TPL as of June 30, 2021, was determined by taking the results of the June 30, 2020, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards and Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer’s and the state of Montana’s NPL for June 30, 2022, and 2021 (reporting periods), are displayed below. The District proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of \$877,331 and the District’s proportionate share was 0.048385 percent.

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 877,331	\$ 1,180,508	0.048385%	0.044747%	0.003638%
State of Montana Proportionate Share associated with Employer	290,120	415,582	0.016000%	0.015752%	0.000248%
Total	\$ 1,167,451	\$ 1,596,090	0.064385%	0.060499%	0.003886%

Changes in actuarial assumptions and methods:

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was lowered from 7.34% to 7.06%
2. The investment rate of return was lowered from 7.34% to 7.06%

Changes in benefit terms:

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Changes in proportionate share:

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

Pension Expense:

At June 30, 2022, the District recognized a Pension Expense of \$51,690 for its proportionate share of the pension expense. The District also recognized grant revenue of \$75,581 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

		Pension Expense as of 6/30/22		Pension Expense as of 6/30/21
Employer Proportionate Share	\$	51,690	\$	142,096
State of Montana Proportionate Share associated with the Employer		78,581		67,965
Total	\$	130,271	\$	210,061

Recognition of Beginning Deferred Outflow

At June 30, 2022, the District recognized a beginning deferred outflow of resources for the District’s fiscal year 2021 contributions of \$90,349.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Recognition of Deferred Inflows and Outflows:

At June 30, 2022, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 9,363	\$ 6,351
Actual vs. Expected Investment Earnings	-	355,446
Changes in Assumptions	129,949	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	36,425	-
Employer contributions subsequent to the measurement date - FY22*	78,012	-
Total	<u>\$ 253,749</u>	<u>\$ 361,797</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

	Recognition of Deferred Outflows and Deferred Inflows in Future	
For the Measurement Year ended June 30:	years as an increase or (decrease) to Pension Expense	
2022	\$	13,136
2023	\$	134
2024	\$	(85,842)
2025	\$	(113,458)
Thereafter	\$	-

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2021 actuarial valuation, and was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.06%
- Admin Expense as % of Payroll 0.28%
- General Wage Growth* 3.50%
*includes Inflation at 2.40%
- Merit Increases 0% to 4.8%
- Postretirement Benefit Increase Below:

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Member hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among Disabled members are based on RP 2000 Combined Mortality Tables with no projections.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a reported dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published by the Survey of Capital Market Assumptions, 2020 Edition by Horizon Actuarial Services, LLC, yielding a median real rate of return of 4.66%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2020 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table below.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

Discount Rate

The discount rate used to measure the TPL was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

1.0% Decrease	Current	1.0% Increase
<u>(6.06%)</u>	<u>Discount Rate</u>	<u>(8.06%)</u>
\$ 1,392,626	\$ 877,331	\$ 445,118

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

PERS Disclosure for the defined contribution plan

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 340 employers that have participants in the PERS-DCRP totaled \$1,013,889.

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

Teachers Retirement System

Summary of Significant Accounting Policies

The Teachers' Retirement System prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Plan Descriptions

Teachers' Retirement System (TRS or the System) 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 of the System 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.

Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - $1.85\% \times \text{AFC} \times \text{years of creditable service}$ - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than $1.6667 \times \text{AFC} \times \text{years of creditable service}$)

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

Contributions

The System receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The System also receives 0.11% of reportable compensation from the State's general fund for all TRS Employers including State Agency and University System Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

MCA 19-20-605 requires each employer to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

The tables below show the legislated contribution rates for TRS members, employers and the State.

School District and Other Employers

	<u>Members</u>	<u>Employers</u>	<u>General fund</u>	<u>Total employee & employer</u>
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%
July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.31%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.51%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.81%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

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

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2022 and June 30, 2021 (reporting dates).

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 5,976,631	\$ 7,259,990	0.3608%	0.3227%	0.0381%
State of Montana Proportionate Share associated with Employer	3,409,773	4,292,033	0.2058%	0.1908%	0.0150%
Total	\$ 9,386,404	\$ 11,552,023	0.5666%	0.5135%	0.0531%

At June 30, 2022, the District recorded a liability of \$5,976,631 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2022, the District's proportion was 0.3608 percent.

Changes in actuarial assumptions and methods:

Since the previous measurement date, the following changes to actuarial assumptions were made:

- The discount rate was lowered from 7.34% to 7.06%
- The investment rate of return assumption was lowered from 7.34% to 7.06%

Changes in benefit terms:

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Changes in proportionate share:

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

Pension Expense:

At June 30, 2022, the District recognized a Pension Expense of \$1,125,059 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$332,190 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/22
Employer Proportionate Share	\$ 792,869
State of Montana Proportionate Share associated with the Employer	332,190
Total	\$ 1,125,059

Recognition of Beginning Deferred Outflow

At June 30, 2021, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2022 contributions of \$491,579.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Recognition of Deferred Inflows and Outflows:

At June 30, 2022, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 93,866	\$ -
Actual vs. Expected Investment Earnings	-	1,888,531
Changes in Assumptions	680,532	3,069
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	516,844	-
Employer contributions subsequent to the measurement date - FY22*	489,215	-
Total	\$ 1,780,457	\$ 1,891,600

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense	
For the Measurement Year ended June 30:		
2023	\$	147,559
2024	\$	98,104
2025	\$	(246,747)
2026	\$	(599,275)
2027	\$	-
Thereafter	\$	-

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Actuarial Assumptions

The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases* 3.25% - 7.76% for Non-University Members and 4.25%
for University Members
- Investment Return 7.06%
- Price Inflation 2.40%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years
- Mortality among disabled members
 - RP 2000 Disabled Mortality Table for, set back three years for males and set forward two years for females, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase.

Discount Rate

TRS

The discount rate used to measure the total pension liability was 7.06%. 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 the System payable July 1st of each year. 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 2124. 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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Equity	15.00%	9.13%
Natural Resources	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	<u>3.00%</u>	(0.33) %
Total	<u>100.00%</u>	

* The assumed rate is comprised of a 2.50% inflation rate and a real long-term expected rate of return of 5.00%.

The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2020 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%.

Sensitivity Analysis

1.0% Decrease (6.06%)	Current Discount Rate	1.0% Increase (8.06%)
\$ <u>8,880,110</u>	\$ <u>5,976,631</u>	\$ <u>3,553,725</u>

TRS

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

NOTE 11. LOCAL RETIREMENT PLANS

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 12. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

Restricted - constraint is externally imposed by a third party, State Constitution, or enabling legislation.

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

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

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

Restricted Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Elementary Interlocal Agreement	\$ 1,297,147	Operations and maintenance
Elementary Miscellaneous Programs	370,087	Third party grantor restrictions
High School Miscellaneous Programs	444,108	
All other aggregate	383,857	Student transportation
	297,871	Bus replacement
	225,334	Student food services
	15,436	Adult education
	150,775	Student instructional services
	348,632	Employer cost of benefits
	17,554	Operations and maintenance
	15,600	Vacation and sick leave payments
	625,069	Technology upgrades and maintenance
	<u>148,681</u>	Future construction costs
Total	<u>\$ 4,340,151</u>	

NOTE 13. DEFICIT FUND BALANCES/NET POSITION

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>	<u>How Deficit will be eliminated</u>
Elementary Debt service	\$ 337	Negative cash balance	Future tax revenues
High School Debt Service	<u>427</u>	Negative cash balance	Future tax revenues
Total	<u>\$ 764</u>		

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

NOTE 14. RESTATEMENTS

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

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
		Restate prior year encumbrances
General	\$ (15,846)	needing to be closed
Elementary Miscellaneous Programs	52,214	Restate beginning Title I due from other government
Total	<u>\$ 36,368</u>	

NOTE 15. JOINT VENTURES

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

The District is a member of the Flathead Crossroads Interlocal Agreement which is a collaborative effort by the school districts of Flathead County to meet the needs of students who have severe emotional/behavioral needs. The Special Education Directors from the participating district will serve as the Advisory Board of the Interlocal. Evergreen School District, Flathead County, Montana is the host District. Each District electing to participate agrees to provide fiscal responsibility to the Host District which includes a participation fee based of \$200 for each participating student. Each District is charged a fee for each student participating in the program. For the fiscal year ended June 30, 2022, the District had a few student participating in the Interlocal. The total paid during the fiscal year was \$52,594.

The District entered into an Interlocal Agreement with Swan River School District and Swan Lake Salmon Elementary School District for the purpose of transporting students living in the two neighboring districts and attending Bigfork School District, at no cost.

District also established a Multidistrict Interlocal for the purpose of providing joint funding of operations and maintenance of both Elementary and High School districts. Bigfork Elementary District is designated as the prime agency and established a non-- budgeted interlocal cooperative fund for the purpose of financial administration of the Interlocal

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 16. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Flathead County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections received by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

NOTE 17. RISK MANAGEMENT

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

Insurance Policies:

Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employee torts, and professional liability. Employee medical insurance is provided for by a commercial carrier. And, given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

Insurance Pools:

The Montana Schools Group Insurance Authority (MSGIA) was created pursuant to the Interlocal Cooperation Act by execution of an Interlocal Agreement creating the MSGIA. The MSGIA is responsible for paying all workers' compensation claims of the member school districts. Each member of the MSGIA is jointly and severally liable for the full amount of any and all known or unknown claims of each member arising during the member's participation in the program. The MSGIA purchases workers' compensation reinsurance to provide statutory excess limits. The MSGIA contracts with Montana School Boards Association (MTSBA) to provide third party administrative services to the program. The MTSBA provides general program management, claim management, and risk management services to its program members.

The Montana School Unemployment Insurance Program (MSUIP) was created pursuant to the Interlocal Cooperation Act by execution of an Interlocal Agreement creating the MSUIP. The MSUIP is responsible for paying all unemployment insurance claims of the member school districts. Each member of the MSUIP is jointly and severally liable for the full amount of any and all known or unknown claims of each member arising during the member's participation in the program. The MSUIP contracts with Montana School Boards Association (MTSBA) to provide third party administrative services to the program. The MTSBA provides general program management and technical services to its program members.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Separate audited financial statements are available from Montana Schools Group Insurance Authority for MSGIA and MSUIP.

Group Health Insurance:

The Northwest Montana Public Schools Health Consortium was created pursuant to MCA 20-3-363, to create a multi-district or interlocal cooperative to allow the participants to cooperate in and jointly fund certain services, activities, and undertakings deemed beneficial by the participating Districts. The consortium is made up of Whitefish School District (WSD), and the Flathead Group (FG), which includes Bigfork School District, Cayuse Prairie School District, Eureka School District, Fair-Mont-Egan School District, Flathead Special Education Cooperative, Northwest Montana Educational Cooperative, Olney-Bissell School District, Somers/Lakeside School District, Smith Valley School District, Swan River School, and West Valley Schools. Mike Young has assumed responsibility of the financial administration of the cooperative arrangement, previous consultant/broker for the plan, and can be contacted at myoung@consultconsilium.com for further information. The participants have contracted with First Choice Administrators (FCHA) to provide third party administrative services group's respective plans.

The participants have agreed to form the consortium to jointly arrange for and purchase administrative services and stop loss insurance coverage for their respective health insurance plans. The consortium is not intended to provide for the joint payments of claims under the groups respective plans, and each group is responsible for all costs under its plan. In addition, the participants will be charged and be responsible for its own claims at renewal except those costs that exceed stop loss thresholds will be appropriated among all participants for purposes of renewal. The term of the agreement is for a three- year period beginning July 1, 2020.

The Flathead Group Northwest Montana Schools' Health Multidistrict Interlocal Consortium Participation Agreement was made and entered into July 1, 2020 by and between the respective governing bodies of the following Districts: Cayuse Prairie School District, Eureka School District, Fair-Mont-Egan School District, Northwest Montana Educational Cooperative, Olney-Bissell School District, Somers/Lakeside School District, Smith Valley School District, Swan River School, West Valley Schools. In addition, any additional school district and other entity eligible to participate by law which become party to this agreement.

The purpose of the consortium is to provide for joint purchasing of health, life, disability and AD & D coverage, administrative services therefore, stop loss coverage, and related benefits for the Districts, their respective Plans, and their eligible employees and dependents and operating the group health benefit plan.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2022

The Districts participating in the FG shall make monthly payments in accordance with their respective District's fee schedule. Such fee schedule states the fixed monthly premiums for which the participating district is obligated as approved by the board. The monthly premiums are determined by the Flathead Group Board for each participating District within the FG based on the plan option and coverage tier selected for each individual district. Districts joining the FG may be required by the board to make prorate reserve contributions commensurate with existing FG reserves previously established by participating Districts.

The Flathead Group Consortium Participating Agreement is intended to provide for the joint payment of claims under the Flathead Group Plans. The FG shall fund all claims under or made pursuant to its governing plan and will be charged for and shall be responsible for its own claim experience at renewal; except that, any claims costs in excess of its aggregate attachment point shall be apportioned among all consortium groups for purposes of renew.

NOTE 18. PENDING LITIGATION

The following is a list of litigation pending against the District and the amount of damages claimed by the Plaintiff. The County Attorney has made no evaluation as to the outcome of each case.

<u>Case</u>	<u>Damages Requested</u>	<u>Potential of Loss</u>
<i>Morrison v. Bigfork Public School District</i>	Unknown	Unknown

NOTE 19. SUBSEQUENT EVENTS

The District continued to utilize its ESSER funding that was awarded as a result of COVID-19 relief bills passed by Congress. The ESSER I Funding equal to \$185,676 had been spent in full at the end of fiscal year 2022. The allocated ESSER II funds for the District equal \$656,637 and \$1,416,585 in ESSER III funds. Through February 2023, the District had spent \$474,036 in ESSER II and \$523,215 in ESSER III. costs on ESSER II and ESSER III are mostly made up of payroll, learning materials, and technology upgrades. The ESSER II funds are to be expended by September 30, 2023, and the ESSER III to be expended by September 30, 2024.

The District was awarded a grant from the Montana Department of Environmental Quality for clean truck, bus and airport equipment grant equal to \$395,000 to purchase a new electric bus for student transportation. In January 2023, the District ordered the new bus at a quoted total cost of \$375,577.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Bigfork Public Schools, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	\$ 3,180,237	\$ 3,180,237	\$ 3,175,021	\$ (5,216)
State revenue	4,171,236	4,326,283	4,171,236	(155,047)
Amounts available for appropriation	\$ <u>7,351,473</u>	\$ <u>7,506,520</u>	\$ <u>7,346,257</u>	\$ <u>(160,263)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 3,360,106	\$ 3,360,106	\$ 3,283,620	\$ 76,486
Instructional - special education	323,180	323,180	323,181	(1)
Instructional - vocational education	193,187	193,187	193,187	-
Supporting services - operations & maintenance	811,208	811,208	811,207	1
Supporting services - general	518,565	518,565	518,564	1
Supporting services - educational media services	245,350	245,350	245,348	2
Administration - general	207,746	207,746	207,748	(2)
Administration - school	525,206	525,206	525,209	(3)
Administration - business	224,503	224,503	224,501	2
Student transportation	76,121	76,121	73,026	3,095
Extracurricular	277,508	277,508	260,624	16,884
Capital outlay	153,513	153,513	185,990	(32,477)
Total charges to appropriations	\$ <u>6,916,193</u>	\$ <u>6,916,193</u>	\$ <u>6,852,205</u>	\$ <u>63,988</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (456,620)	\$ (456,620)	\$ (456,620)	\$ -
Total other financing sources (uses)	\$ <u>(456,620)</u>	\$ <u>(456,620)</u>	\$ <u>(456,620)</u>	\$ <u>-</u>
Net change in fund balance			\$ <u>37,432</u>	
Fund balance - beginning of the year			\$ 758,623	
Restatements			<u>15,846</u>	
Fund balance - beginning of the year - restated			\$ <u>774,469</u>	
Fund balance - end of the year			\$ <u>811,901</u>	

Bigfork Public Schools, Flathead County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

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

	General
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,346,257
Combined funds (GASBS 54) & GASB 85 on behalf revenues	319,280
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds.	\$ 7,665,537
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,852,205
Combined funds (GASBS 54) & GASB 85 on behalf expenditures	279,459
- Encumbrances reported at the beginning of the year	179,623
- Encumbrances reported at the end of the year	(317,060)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 6,994,227

Note B

The Elementary Miscellaneous Programs, Elementary Interlocal Agreement and High School Miscellaneous Programs Funds are non budgeted funds.

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Changes in the Entity's Total OPEB Liability
and Related Ratios
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service Cost	\$ 155,660	\$ 163,207	\$ 65,432	\$ 64,351	\$ 65,632
Interest	54,058	51,477	46,663	39,129	43,494
Differences in experience	154,800	-	(268,836)	-	(37,301)
Change in assumptions and inputs	(1,024,377)	149,305	776,951	97,286	(52,044)
Benefit payments	<u>(7,171)</u>	<u>(6,115)</u>	<u>(16,565)</u>	<u>(19,020)</u>	<u>(25,095)</u>
Net change in total OPEB liability	(667,030)	357,874	603,645	181,746	(5,314)
Total OPEB Liability - beginning	2,229,327	1,871,453	1,267,808	1,086,062	575,245
Restatement	-	-	-	-	516,131
Total OPEB Liability - ending	<u>\$ 1,562,297</u>	<u>\$ 2,229,327</u>	<u>\$ 1,871,453</u>	<u>\$ 1,267,808</u>	<u>\$ 1,086,062</u>
Covered-employee payroll	\$ 4,920,788	\$ 4,043,871	\$ 4,043,871	\$ 4,057,362	\$ 3,910,710
Total OPEB liability as a percentage of covered -employee payroll	32%	55%	46%	31%	28%

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

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022

	<u>PERS</u> <u>2022</u>	<u>PERS</u> <u>2021</u>	<u>PERS</u> <u>2020</u>	<u>PERS</u> <u>2019</u>	<u>PERS</u> <u>2018</u>	<u>PERS</u> <u>2017</u>	<u>PERS</u> <u>2016</u>	<u>PERS</u> <u>2015</u>
Employer's proportion of the net pension liability	0.048385%	0.044747%	0.047541%	0.046061%	0.057744%	0.055975%	0.066887%	0.066702%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 877,331	\$ 1,180,508	\$ 993,748	\$ 961,365	\$ 1,124,634	\$ 953,451	\$ 934,997	\$ 831,113
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 290,120	\$ 415,582	\$ 359,404	\$ 358,738	\$ 55,904	\$ 44,560	\$ 43,935	\$ 38,852
Total	<u>\$ 1,167,451</u>	<u>\$ 1,596,090</u>	<u>\$ 1,353,152</u>	<u>\$ 1,320,103</u>	<u>\$ 1,180,538</u>	<u>\$ 998,011</u>	<u>\$ 978,932</u>	<u>\$ 869,965</u>
Employer's covered payroll	\$ 881,816	\$ 774,904	\$ 809,932	\$ 784,748	\$ 742,451	\$ 693,114	\$ 807,064	\$ 781,201
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	99.49%	152.34%	122.70%	122.51%	151.48%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%
	<u>TRS</u> <u>2022</u>	<u>TRS</u> <u>2021</u>	<u>TRS</u> <u>2020</u>	<u>TRS</u> <u>2019</u>	<u>TRS</u> <u>2018</u>	<u>TRS</u> <u>2017</u>	<u>TRS</u> <u>2016</u>	<u>TRS</u> <u>2015</u>
Employer's proportion of the net pension liability	0.3608%	0.3227%	0.3184%	0.3125%	0.3140%	0.3120%	0.3056%	0.2821%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 5,976,631	\$ 7,259,990	\$ 6,140,333	\$ 5,800,715	\$ 5,294,510	\$ 5,700,088	\$ 5,020,552	\$ 4,341,713
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 3,409,773	\$ 4,292,033	\$ 3,718,478	\$ 3,607,420	\$ 3,360,920	\$ 3,716,622	\$ 3,368,079	\$ 2,976,125
Total	<u>\$ 9,386,404</u>	<u>\$ 11,552,023</u>	<u>\$ 9,858,811</u>	<u>\$ 9,408,135</u>	<u>\$ 8,655,430</u>	<u>\$ 9,416,710</u>	<u>\$ 8,388,631</u>	<u>\$ 7,317,838</u>
Employer's covered payroll	\$ 5,138,734	\$ 4,442,366	\$ 4,322,677	\$ 4,408,385	\$ 4,141,737	\$ 4,337,012	\$ 3,900,154	\$ 3,558,012
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	116.31%	163.43%	142.05%	131.58%	127.83%	131.43%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2022

	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016	PERS 2015
Contractually required contributions	\$ 78,012	\$ 90,347	\$ 65,778	\$ 67,465	\$ 64,161	\$ 59,957	\$ 56,043	\$ 64,324
Contributions in relation to the contractually required contributions	\$ 78,012	\$ 90,347	\$ 65,778	\$ 67,465	\$ 64,161	\$ 59,957	\$ 56,997	\$ 64,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 907,116	\$ 1,062,906	\$ 774,904	\$ 809,932	\$ 784,748	\$ 742,451	\$ 693,114	\$ 807,064
Contributions as a percentage of covered payroll	8.60%	8.50%	8.49%	8.33%	8.18%	8.08%	8.22%	7.97%

	TRS 2022	TRS 2021	TRS 2020	TRS 2019	TRS 2018	TRS 2017	TRS 2016	TRS 2015
Contractually required contributions	\$ 489,215	\$ 491,579	\$ 435,027	\$ 400,975	\$ 398,087	\$ 385,879	\$ 372,696	\$ 348,498
Contributions in relation to the contractually required contributions	\$ 489,215	\$ 491,579	\$ 435,027	\$ 400,975	\$ 398,087	\$ 385,879	\$ 372,696	\$ 348,498
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,049,092	\$ 5,138,734	\$ 4,442,366	\$ 4,322,677	\$ 4,408,385	\$ 4,141,737	\$ 4,337,012	\$ 3,900,154
Contributions as a percentage of covered payroll	9.69%	9.57%	9.79%	9.28%	9.03%	9.32%	8.59%	8.94%

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

Teachers' Retirement System of Montana (TRS)

Changes of Benefit Terms:

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

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or, after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The GABA for Tier 1 members has also been modified as follows:

- If the most recent actuarial valuation of the System shows that the funded ratio is less than 90%, then the maximum increase that can be granted is 0.50%.
- If the funded ratio is at least 90% and the increase is not projected to cause the System's funded ratio to be less than 85%, an increase can be granted to that is greater than 0.50% but not more than 1.50%.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below:

- *Final Average Compensation:* Average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- *Service Retirement:* Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- *Early Retirement:* Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- *Professional Retirement Option:* If the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- Annual Contribution: 8.15% of member's earned compensation
- Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5%, if the following three conditions are met:
 - The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

- Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- Guaranteed Annual Benefit Adjustment (GABA):
If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded, and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

The following changes to the actuarial assumptions were adopted in 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
 - The tables include margins for mortality improvement which is expected to occur in the future.
- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three-year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members “to account for larger than average annual compensation increases observed in the years immediately preceding retirement” is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to “retain membership in the System” are covered by the \$500 death benefit after termination.

The following changes to the actuarial assumptions were adopted in 2014:

- 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.

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	29 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary Increase	3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members
Investment rate of return	7.50 percent. Net of pension plan investment expense, and including inflation

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

2013 Legislative Changes

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013

- All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

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

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

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

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

2015 Legislative Changes

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

Second Retirement Benefit - for PERS

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

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

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

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

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

2017 Legislative Changes

Working Retiree Limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts – Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2022

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011, have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2020 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Mortality (Disabled members)	Table, with no projections
Admin Expense as % of Payroll	0.28%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actuarial administrative expenses.

SUPPLEMENTAL INFORMATION

Bigfork Public Schools
Flathead County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2022

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	65	65	0
Grades 1-6	389	389	0
Grades 7-8	152	152	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	68	68	0
Grades 1-6	396	396	0
Grades 7-8	155	155	0

Part Time Students:

Fall Enrollment-EI District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	1	0	0	0	1	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0
Spring Enrollment-EI District	Per MAEFAIRS Reports Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	1	0	0	0	1	0	0	0
1-6	0	0	1	0	0	0	1	0	0
7-8	0	0	0	0	0	0	0	0	0

Students Grades 9 – 12:

Full-Time Students:

Fall Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	343	343	0
19-year olds included	1	1	0
Job Corps	0	0	0
Youth challenge	3	3	0
Spring Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	335	335	0
19-year olds included	1	1	0
Job Corps	0	0	0
Youth challenge	1	1	0
Early Graduates	3	3	0

Part Time Students:

Fall Enrollment - HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
Grades 9 - 12	0	1	0	0	1	0	0	0	0
Spring Enrollment-HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
Grades 9 - 12	0	1	0	0	0	1	0	0	0

Bigfork Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2022

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
AFS	\$ 1,591	\$ -	\$ -	\$ -	\$ 1,591
Alpine Club	517	-	-	-	517
Annual	3,422	3,175	3,147	-	3,450
Art Club	4,244	-	449	-	3,795
Athletics	29,790	37,976	30,009	-	37,757
Auto Shop	22	18	49	9	-
Band	823	712	589	-	946
Band Fundraising	2,150	37,203	38,567	-	786
Bio Club	179	-	-	-	179
Book Club	1,690	-	-	-	1,690
Boys Basketball	2	7,430	5,186	-	2,246
Captains Club	274	-	-	-	274
Cheerleaders	755	500	-	-	1,255
Choir	1,105	-	-	-	1,105
Prom	2,949	4,626	2,391	-	5,184
Class of 2020	908	-	-	(908)	-
Close Up	127	-	-	-	127
Computer Club	386	-	-	-	386
Concessions	120	-	-	-	120
HS Europe	580	-	-	-	580
FCCLA	56	-	-	-	56
Football Donations	6,446	8,145	12,703	-	1,888
General Activities	1,299	-	-	(143)	1,156
Girls Basketball	6,556	2,250	1,615	-	7,191
Hiawatha Trail	733	-	72	-	661
HOSA	453	-	-	-	453
HS Pepsi #1	2,095	-	-	-	2,095
Indoor Track	1,385	-	95	-	1,290
Lit Magazine	2,289	1,347	811	(200)	2,625
National Honor Society	61	-	195	134	-
Needy Kids Account	6,140	2,050	1,072	-	7,118
Newspaper	2,595	2,000	1,552	200	3,243
Pepsi #1F-SB	2,287	-	-	(2,288)	(1)
Pepsi #2-SC	(2)	-	-	-	(2)
SADD	102	-	-	-	102
Scholarships	3,684	-	-	-	3,684
Science Club	2,374	-	-	-	2,374
Special Olympics	2,175	200	867	-	1,508
Speech	3,290	-	110	-	3,180
Stand	75	-	-	-	75
Student Council	1,514	2,431	2,965	2,288	3,268
Tennis Club	1,329	640	752	-	1,217
Tennis Courts	25	-	-	-	25
Tournament	55,248	39,015	32,792	-	61,471
Volleyball	11,945	-	3,959	-	7,986
Wood Shop Club	1,271	-	-	-	1,271
Young Deomocrates	60	-	-	-	60
Conversion Account	1,121	-	-	-	1,121
Basketball Camp Donations	4,890	-	-	-	4,890
Class of 2021	137	-	321	184	-
Class of 2022	-	475	805	724	394
Clover Clearing Fund	-	4,472	4,471	-	1
Total	\$ 173,267	\$ 154,665	\$ 145,544	\$ -	\$ 182,388

Bigfork Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2022

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
Art Fund	\$ 1,024	\$ -	\$ -	\$ -	\$ 1,024
Athletics	8,762	4,648	7,139	-	6,271
Bank (py Band)	1,040	-	367	-	673
Banking (py Bank fees)	175	-	-	-	175
Eighth Grade	62	2,950	2,950	-	62
Enrichment	606	-	-	-	606
Fifth Grade	333	1,220	1,495	-	58
First Grade	1	-	-	-	1
Fourth Grade	7,859	-	-	-	7,859
General	6,341	2,953	2,275	-	7,019
Grade School	13	-	-	-	13
Library	1,781	67	7	-	1,841
Middle School Choir	154	-	-	-	154
Music Boosters	525	-	-	-	525
National History Day	4,050	-	-	-	4,050
National Junior Honor	547	-	-	-	547
Needy Kids	7,226	3,250	240	-	10,236
Partners Club	372	108	212	-	268
Ravenwood	1,084	-	-	-	1,084
Science	17	-	-	-	17
Second Grade	68	-	-	-	68
Seventh Grade	143	-	-	-	143
Sixth Grade	1,031	-	-	-	1,031
Student Activities - Other	6	-	-	-	6
Student Council	1,284	1,777	1,754	-	1,307
Student Store	188	-	69	-	119
Technology	84	-	-	-	84
Third Grade	1,159	1,886	1,600	-	1,445
Trish Shults - FOBS	250	-	-	-	250
Yearbook	4,327	1,662	1,540	-	4,449
Conversion	479	-	-	-	479
Total	\$ 50,991	\$ 20,521	\$ 19,648	\$ -	\$ 51,864

SINGLE AUDIT SECTION

Bigfork Public Schools, Flathead County, Montana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Cluster Title/Federal Grantor/Pass-through Grantor /Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Federal Expenditures</u>
Child Nutrition Cluster			
United States Department of Agriculture			
<i>Passed through Montana Office of Public Instruction</i>			
School Breakfast Program	10.553	NA	\$ 123,251
National School Lunch Program	10.555	NA	40,610
National School Lunch Program	10.555	NA	382,376
National School Lunch Program	10.555	NA	2,441
National School Lunch Program	10.555	NA	18,642
Total United States Department of Agriculture			\$ 567,320
Total Child Nutrition Cluster			\$ 567,320
Special Education Cluster			
Department of Education			
<i>Passed through Montana Office of Public Instruction</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	015-0330-77-2022	\$ 190,325
Special Education - Grants to States (IDEA, Part B)	84.027	015-0330-70-2022 ARP	1,136
Special Education - Preschool Grants (IDEA Preschool)	84.173	015-0330-79-2022	4,842
Total Department of Education			\$ 196,303
Total Special Education Cluster			\$ 196,303
Other Programs			
Department of Education			
<i>Passed through Montana Office of Public Instruction</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	015-330-31-2022	\$ 205,762
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	015-0330-31-2021	26,714
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	015-0331-81-2022	17,532
Student Support and Academic Enrichment Program	84.424	015-0330-52-2022	12,500
Education Stabilization Fund (ESF)	84.425	015-0330-93-2021	223,221
Education Stabilization Fund (ESF)	84.425	015-330-92-2021	238,573
Education Stabilization Fund (ESF)	84.425	015-0330-91-2020	5,150
Education Stabilization Fund (ESF)	84.425	84.425U High School HB 630	48,049
Education Stabilization Fund (ESF)	84.425	84.452U Elementary HB 630	130,614
<i>Direct</i>			
Rural Education	84.358	NA	46,870
Total Department of Education			\$ 954,985
United States Environmental Protection Agency			
<i>Passed through Montana Department of Environmental Quality</i>			
Diesel Emissions Reduction Act (DERA) State Grants	66.04	521027	\$ 22,500
Total United States Environmental Protection Agency			\$ 22,500
Total Other Programs			\$ 977,485
Total Federal Financial Assistance			\$ 1,741,108

The accompanying notes are an integral part of this schedule

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2022

Basis of Presentation and Significant Accounting Policies

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

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

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

Value of Federal Awards Expended in the form on Noncash Assistance

- *Food Commodities value equals the fair value at the time of receipt in the amount of \$40,610.*

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South – P.O. Box 1957 Kalispell, MT 59903-1957

**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 Trustees
Bigfork Public Schools
Flathead County
Bigfork, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bigfork Public School’s basic financial statements and have issued our report thereon dated March 22, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bigfork Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Denning, Downey and Associates, CPA's, P.C.

March 22, 2023

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

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

To the Board of Trustees
Bigfork Public Schools
Flathead County
Bigfork, Montana

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bigfork Public School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bigfork Public School's Major federal programs for the year ended June 30, 2022. Bigfork Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bigfork Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Bigfork Public School's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Bigfork Public School's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

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

Derring, Downey and Associates, CPA's, P.C.

March 22, 2023

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund (ESF)
84.027, 84.173	Special Education Cluster (IDEA)

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

There were no financial statement findings reported.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.