

Denning, Downey & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

January 8, 2020

Board of Trustees
Matt Jensen – Superintendent
Lacey Porrovecchio – Business Manager

Bigfork Public Schools
PO Box 188
Bigfork, MT 59911

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Public School for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 7, 2019. 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, the Bigfork Public School changed accounting policies related to reporting of the clearing funds that were combined with General Fund as they are not determined to be agency funds per statement of Governmental Accounting Standards (GASB Statement) No. 34, Basic Financial Statements and MD&A for State and Local Governments. 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 were the OPEB liability and Net Pension Liability. These are determined by actuarial valuations performed by skilled actuaries.

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:

During our audit procedures, we noted that the new high school building that was capitalized during fiscal year was over depreciated by \$311,629 due to the useful life being 25 years versus 50 years. The District updated its depreciation schedules and useful life for this change, and the financial statements were adjusted.

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 January 8, 2020.

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 Public School'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 not 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 Public School'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 Budgetary Comparison Schedule and Budget-to-GAAP Reconciliation, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing

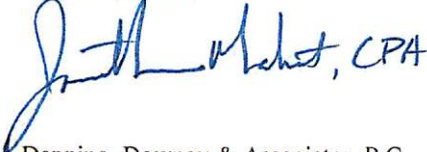
the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide an assurance on the RSI.

We were engaged to report on Schedule of Enrollment, Schedule of Revenue and Expenditures – Extracurricular Fund – All Fund Accounts, , which accompany the financial statements but are no 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 om 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 or 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 Board 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,

A handwritten signature in blue ink, appearing to read "Joseph H. Mehot, CPA". The signature is written in a cursive style with a large initial "J".

Denning, Downey & Associates, P.C.