

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2020

AUDIT REPORT

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
 Fiscal Year Ended June 30, 2020

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BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2020

BOARD OF TRUSTEES

Paul Sandry
Zack Anderson
Dan Elwell
Christina Relyea
Aaron Parish
Jessica Martinz
Julie Kreiman

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Matthew Jensen
Lacey Porrovecchio
Jack Eggensperger
Michael Dahlem

District Superintendent
Business Manager
County Superintendent
Attorney

**Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2020**

This management's discussion and analysis provides an overview of the school's financial activities for the fiscal year ended June 30, 2020.

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 20 increased by \$367,361. The Net Position change was due in part to a decrease in total liabilities and 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 20 was \$688,485. This increase was due to the districts commitment to maximize fund reserves and increase the Interlocal Agreement Fund balance.

**Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2020**

Table 1 - Net Position

	Governmental Activities		
	<u>FY20</u>	<u>FY19</u>	<u>Change Inc (Dec)</u>
Current and other assets	\$ 5,827,467	\$ 5,138,982	\$ 688,485
Capital assets	20,983,679	21,457,395	(473,716)
Total assets	<u>\$ 26,811,146</u>	<u>\$ 26,596,377</u>	<u>\$ 214,769</u>
Long-term debt outstanding	\$ 22,778,975	\$ 22,748,853	\$ 30,122
Other liabilities	1,817,739	2,000,453	(182,714)
Total liabilities	<u>\$ 24,596,714</u>	<u>\$ 24,749,306</u>	<u>\$ (152,592)</u>
Net investment in capital assets	\$ 7,743,679	\$ 7,217,395	\$ 526,284
Restricted	2,865,257	2,522,726	342,531
Unrestricted (deficit)	(8,394,504)	(7,893,050)	(501,454)
Total net position	<u>\$ 2,214,432</u>	<u>\$ 1,847,071</u>	<u>\$ 367,361</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 20 and FY 19. Some programs included here are instructional, support services, administration, student transportation, and school food. Total revenues for the District, including program and general revenues, for FY 20 increased by \$340,987. Due to the recognition of OPEB and Pension expense in the current year, there was a significant increase in expenses, causing a decrease in net position of \$421,847.

	<u>FY 19</u>	<u>FY 20</u>	<u>Variance</u>
Expenses	\$10,967,866	\$11,730,700	\$ 762,834
Revenue	<u>11,757,074</u>	<u>12,098,61</u>	<u>340,987</u>
Changes in Net Position	<u>\$ 798,208</u>	<u>\$ 367,361</u>	<u>\$ (421,847)</u>

**Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2020**

Table 2 - Changes in Net Position

	Governmental Activities		Change Inc (Dec)
	<u>FY20</u>	<u>FY19</u>	
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 112,606	\$ 157,871	\$ (45,265)
Operating grants and contributions	1,400,124	1,351,049	49,075
Capital grants and contributions	-	20,700	(20,700)
<i>General revenues (by major source):</i>			
Property taxes for general purposes	5,343,766	5,582,390	(238,624)
Grants and entitlements not restricted to specific programs	3,679,458	3,417,147	262,311
Investment earnings	130,439	66,790	63,649
Miscellaneous (other revenue)	73,762	46,097	27,665
State technology	2,412	-	2,412
State pension aid	477,972	281,532	196,440
County retirement	877,522	833,498	44,024
Total revenues	<u>\$ 12,098,061</u>	<u>\$ 11,757,074</u>	<u>\$ 340,987</u>
Program expenses			
Instructional - regular	\$ 5,663,668	\$ 5,046,898	\$ 616,770
Instructional - special education	882,856	728,527	154,329
Instructional - vocational education	217,360	223,104	(5,744)
Supporting services - operations & maintenance	901,714	849,678	52,036
Supporting services - general	458,989	427,928	31,061
Supporting services - educational media services	340,699	304,268	36,431
Administration - general	297,304	315,443	(18,139)
Administration - school	530,020	479,750	50,270
Administration - business	224,342	208,663	15,679
Student transportation	647,632	764,478	(116,846)
Extracurricular	289,158	316,517	(27,359)
School food	317,196	317,503	(307)
Debt service expense - interest	412,526	434,437	(21,911)
Unallocated depreciation*	547,236	550,672	(3,436)
Total expenses	<u>\$ 11,730,700</u>	<u>\$ 10,967,866</u>	<u>\$ 762,834</u>
Increase (decrease) in net position	<u>\$ 367,361</u>	<u>\$ 789,208</u>	<u>\$ (421,847)</u>

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.

**Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2020**

The District's most significant funds in FY 20 include the General Funds, and the Elementary Interlocal Agreement Fund. The Elementary Interlocal Agreement Fund ended FY 20 with \$869,726 fund balance. The District transferred \$213,000 in FY 20 to the Elementary Interlocal Agreement Fund from the General Funds and the Transportation 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 \$473,716 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 \$13,240,000 at the end of June 30, 2020. 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 \$1,000,000 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, 2020, the outstanding liability was \$7,134,081 which was an increase of \$372,001 from the previous fiscal year. This is the third year of the District reporting GASB 75 and the total OPEB liability. The total OPEB liability for FY 20 was \$1,871,453.

THE FUTURE OF THE DISTRICT

The fall enrollment report completed in October 2020 shows that our overall elementary enrollment decreased by 12 students. K-6 enrollment decreased by 27 students. Grade 7 & 8 enrollment increased by 15 students. Our high school enrollment had a significant decrease with 23 students. Due to Covid-19, some families chose to homeschool. The district, like many districts in the state, saw an overall enrollment decrease. As the public health crisis wanes, the district anticipates enrollment to increase. Enrollment may continue to increase with the population growth of the Flathead Valley.

<u>ENROLLMENT</u>	<u>Fall 2020</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Elementary School (total)	582	594	569	574
K-6	436	463	437	440
7 & 8	146	131	132	134
High School	317	340	320	312

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.

**Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2020**

Special Education continues to be a major expenditure. The district employs a Special Education Director and in FY 20 used 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 \$83,956 and the High School special education expenses exceeded funds available by \$76,217.

<u>SPECIAL EDUCATION</u>	<u>Elementary School</u>	<u>High School</u>
State Allowable Cost	\$ 156,444.24	\$ 65,865.04
Required District Match	39,403.87	21,735.47
Federal Part B	118,721.00	56,478.00
Tuition Fund	<u>171,211.31</u>	<u>15,770.20</u>
TOTALS	<u>\$ 485,780.42</u>	<u>\$ 159,848.71</u>
District Expenses	<u>\$ 569,737.22</u>	<u>\$ 236,066.39</u>

In FY 20 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 \$294,530 and revenues were \$257,504. The Food Service Fund balance is on a downward trend. Expenditures and revenues will continue to be monitored. Staffing adjustments and/or meal prices may need to be adjusted.

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 and keep class sizes low.

For more information:

Bigfork School District
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PO Box 188
Bigfork, Montana 59911

Superintendent: Matthew Jensen, 406-837-7400, mattj@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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, 2020, and the respective changes in financial position and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2020, the District adopted new accounting guidance, GASB statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedules of proportionate share of the net pension liability, and schedules of contributions on pages 2 through 6, and 55 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the 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 and the schedule of enrollment are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bigfork Public Schools, Flathead County, Montana's internal control over financial reporting and compliance.

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

May 10, 2021

Bigfork Public Schools, Flathead County, Montana
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 3,818,734
Taxes and assessments receivable, net	160,982
Due from other governments	239,006
Total current assets	\$ 4,218,722
Noncurrent assets	
Capital assets - land	\$ 11,696
Capital assets - depreciable, net	20,971,983
Total noncurrent assets	\$ 20,983,679
Total assets	\$ 25,202,401
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 1,055,975
Deferred outflows of resources - OPEB	552,770
Total deferred outflows of resources	\$ 1,608,745
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,811,146
 LIABILITIES	
Current liabilities	
Warrants payable	\$ 53,668
Accounts payable	13,171
Accrued payroll	183,689
Other payroll liabilities	81,379
Current portion of retirement liability	48,000
Current portion of long-term capital liabilities	1,020,000
Current portion of compensated absences payable	158,027
Total current liabilities	\$ 1,557,934
Noncurrent liabilities	
Total OPEB liability	\$ 1,871,453
Noncurrent portion of long-term capital liabilities	12,220,000
Noncurrent portion of compensated absences	327,414
Net pension liability	7,134,081
Total noncurrent liabilities	\$ 21,552,948
Total liabilities	\$ 23,110,882
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	\$ 75,725
Deferred inflows of resources - pensions	162,285
Deferred inflows of resources - bond premium	1,247,822
Total deferred inflows of resources	\$ 1,485,832
 NET POSITION	
Net investment in capital assets	\$ 7,743,679
Restricted for capital projects	468,816
Restricted for debt service	59,713
Restricted for special projects	2,336,728
Unrestricted	(8,394,504)
Total net position	\$ 2,214,432
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 26,811,146

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
Instructional - regular	\$ 5,663,668	\$ 16,844	\$ 634,345	\$ (5,012,479)
Instructional - special education	882,856	-	402,085	(480,771)
Instructional - vocational education	217,360	-	23,038	(194,322)
Supporting services - operations & maintenance	901,714	350	17,158	(884,206)
Supporting services - general	458,989	-	-	(458,989)
Supporting services - educational media services	340,699	-	-	(340,699)
Administration - general	297,304	-	-	(297,304)
Administration - school	530,020	-	86	(529,934)
Administration - business	224,342	-	-	(224,342)
Student transportation	647,632	-	116,858	(530,774)
Extracurricular	289,158	-	50,705	(238,453)
School food	317,196	95,412	155,849	(65,935)
Debt service expense - interest	412,526	-	-	(412,526)
Unallocated depreciation*	547,236	-	-	(547,236)
Total governmental activities	\$ 11,730,700	\$ 112,606	\$ 1,400,124	\$ (10,217,970)
Total primary government	\$ 11,730,700	\$ 112,606	\$ 1,400,124	\$ (10,217,970)
General Revenues:				
Property taxes for general purposes				\$ 5,343,766
Grants and entitlements not restricted to specific programs				3,679,458
Investment earnings				130,439
Miscellaneous (other revenue)				73,762
State technology				2,412
State pension aid				477,972
County retirement				877,522
Total general revenues, special items and transfers				\$ 10,585,331
Change in net position				\$ 367,361
Net position - beginning				\$ 1,847,071
Net position - end				\$ 2,214,432

* 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, 2020

	<u>General</u>	<u>Elementary Interlocal Agreement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 1,145,988	\$ 869,726	\$ 1,803,020	\$ 3,818,734
Taxes and assessments receivable, net	82,200	-	78,782	160,982
Due from other governments	58,962	-	180,044	239,006
TOTAL ASSETS	<u>\$ 1,287,150</u>	<u>\$ 869,726</u>	<u>\$ 2,061,846</u>	<u>\$ 4,218,722</u>
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 53,668	\$ -	\$ -	\$ 53,668
Accounts payable	-	-	13,171	13,171
Accrued payroll	130,545	-	53,144	183,689
Other payroll liabilities	81,379	-	-	81,379
Total liabilities	<u>\$ 265,592</u>	<u>\$ -</u>	<u>\$ 66,315</u>	<u>\$ 331,907</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - taxes	\$ 82,200	\$ -	\$ 78,782	\$ 160,982
Total deferred inflows of resources	<u>\$ 82,200</u>	<u>\$ -</u>	<u>\$ 78,782</u>	<u>\$ 160,982</u>
FUND BALANCES				
Restricted	\$ -	\$ 869,726	\$ 1,917,856	\$ 2,787,582
Assigned	124,033	-	-	124,033
Unassigned fund balance	815,325	-	(1,107)	814,218
Total fund balance	<u>\$ 939,358</u>	<u>\$ 869,726</u>	<u>\$ 1,916,749</u>	<u>\$ 3,725,833</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,287,150</u>	<u>\$ 869,726</u>	<u>\$ 2,061,846</u>	<u>\$ 4,218,722</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, 2020

Total fund balances - governmental funds	\$ 3,725,833
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,983,679
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.	160,982
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(15,644,894)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(7,134,081)
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.	1,055,975
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.	(162,285)
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.	552,770
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.	(75,725)
Unamortized bond premiums is reported as a deferred inflow on the Statement of Net Position	(1,247,822)
Total net position - governmental activities	\$ <u>2,214,432</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, 2020

	<u>General</u>	<u>Elementary Interlocal Agreement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local revenue	\$ 2,751,031	\$ 11,630	\$ 2,908,399	\$ 5,671,060
County revenue	-	-	934,850	934,850
State revenue	4,388,267	-	327,539	4,715,806
Federal revenue	-	-	700,136	700,136
Total revenues	<u>\$ 7,139,298</u>	<u>\$ 11,630</u>	<u>\$ 4,870,924</u>	<u>\$ 12,021,852</u>
EXPENDITURES				
Instructional - regular	\$ 3,922,410	\$ 71,795	\$ 1,043,219	\$ 5,037,424
Instructional - special education	275,955	-	606,901	882,856
Instructional - vocational education	173,941	-	43,419	217,360
Supporting services - operations & maintenance	724,030	-	162,954	886,984
Supporting services - general	410,457	-	48,532	458,989
Supporting services - educational media services	309,009	-	31,690	340,699
Administration - general	234,645	18,000	44,659	297,304
Administration - school	441,071	-	88,308	529,379
Administration - business	187,150	-	37,192	224,342
Student transportation	35,373	-	555,439	590,812
Extracurricular	219,788	-	65,225	285,013
School food	-	-	313,197	313,197
Debt service expense - principal	-	-	1,000,000	1,000,000
Debt service expense - interest	-	-	490,515	490,515
Capital outlay	28,275	-	52,302	80,577
Total expenditures	<u>\$ 6,962,104</u>	<u>\$ 89,795</u>	<u>\$ 4,583,552</u>	<u>\$ 11,635,451</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 177,194</u>	<u>\$ (78,165)</u>	<u>\$ 287,372</u>	<u>\$ 386,401</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 213,000	\$ -	\$ 213,000
Transfers out	(135,000)	-	(78,000)	(213,000)
Total other financing sources (uses)	<u>\$ (135,000)</u>	<u>\$ 213,000</u>	<u>\$ (78,000)</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 42,194</u>	<u>\$ 134,835</u>	<u>\$ 209,372</u>	<u>\$ 386,401</u>
Fund balances - beginning	\$ 897,164	\$ 734,891	\$ 1,707,377	\$ 3,339,432
Fund balance - ending	<u>\$ 939,358</u>	<u>\$ 869,726</u>	<u>\$ 1,916,749</u>	<u>\$ 3,725,833</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, 2020

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

Net change in fund balances - total governmental funds	\$ 386,401
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	80,577
- Depreciation expense	(633,110)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
- Donated capital assets	78,817
- Long-term receivables (deferred inflows)	(2,608)
The change in compensated absences is shown as an expense in the Statement of Activities	(6,476)
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	1,000,000
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	(271,886)
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	(342,343)
Amortization of the bond premium is shown 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	\$ <u>367,361</u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2020

		<u>Private Purpose Trust Funds</u>
ASSETS		
Cash and short-term investments	\$	<u>226,672</u>
Total assets	\$	<u><u>226,672</u></u>
 NET POSITION		
Assets held in trust	\$	<u><u>226,672</u></u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Student activities	\$ 138,129
Total additions	<u>\$ 138,129</u>
 DEDUCTIONS	
Student activities	\$ 95,022
Total deductions	<u>\$ 95,022</u>
Change in net position	<u>\$ 43,107</u>
 Net Position - Beginning of the year	 \$ 183,565
 Net Position - End of the year	 \$ <u><u>226,672</u></u>

See accompanying Notes to the Financial Statements

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, is effective immediately as of May 2020. The statement was implemented in response to the COVID-19 pandemic providing temporary relief to governments in relation to other GASB statements that were to be effective for the fiscal year ending June 30, 2020. That statement postponed the effective dates of implementation for the following GASB Statements; GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 90, *Majority Equity Interests*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus 2020*, and Statement No. 93 *Replacement of Interbank Offered Rates*. In addition, any of the recent implementation guides issued were postponed.

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 units' board; the District is either able to impose its' will on the unit or a financial benefit or burden relationship exists. In addition, the Entity 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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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.

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 and its component units. 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 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 and 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, both governmental 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, 2020

Fund Financial Statements:

Basis of Presentation

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be 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 is collection within 60 days of the end of the current fiscal period with the exception of property taxes and other state grants that is upon receipt.

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

June 30, 2020

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.

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 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.

Fiduciary Funds:

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

Private-purpose Trust Funds – To report all other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments. For reporting, the District has determined to include the Student Extracurricular Activities Funds in this fund. These funds are explained in more detail below.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

Student Extracurricular Activities Fund – The Student Extracurricular Activities Fund is authorized by Section 20-9-504, MCA, to account for various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities. Separate fund accounts within the Extracurricular Fund are maintained to account for these various activities. Unlike other district funds, the money for these activities may be maintained in bank accounts outside the control of the County Treasurer. The fund is administered by school district administrators, faculty members, and student organizations under the guidelines and policies established by the Board of Trustees and in accordance with the “Student Activity Fund Accounting” guidelines. Required guidelines are available from the Montana Association of School Business Officials (MASBO) or from OPI.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District’s cash, except for the Student Extracurricular Fund (an expendable trust) 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, 2020, consisted of certificates of deposit, the State Unified Investment Program (STIP) and Federal Home Loan Mortgage Corporation and Freddie MAC investments. The Flathead County Investment pool is unrated.

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, MT 59901. Fair value approximates carrying value for investments as of June 30, 2020.

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash in banks:	
Demand deposits	\$ 226,672
Assets held in County pool	3,818,734
Total	<u>\$ 4,045,406</u>

Deposits

The District’s deposit balance at year end was \$226,672 and the bank balance was \$229,531.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

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, 2020, the government's bank balance was exposed to custodial credit risk as follows:

	June 30, 2020 <u>Balance</u>
<u>Depository Account</u>	
Insured	\$ 229,531
Total deposits and investments	\$ <u>229,531</u>

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 AND PREPAIDS

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

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

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

Governmental activities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets not being depreciated:			
Land	\$ 11,696	\$ -	\$ 11,696
Total capital assets not being depreciated	\$ 11,696	\$ -	\$ 11,696
Other capital assets:			
Buildings	\$ 25,740,151	\$ 9,520	\$ 25,749,671
Improvements other than buildings	27,440	-	27,440
Machinery and equipment	2,650,856	149,874	2,800,730
Total other capital assets at historical cost	\$ 28,418,447	\$ 159,394	\$ 28,577,841
Less: accumulated depreciation	\$ (6,972,748)	\$ (633,110)	\$ (7,605,858)
Total	\$ 21,457,395	\$ (473,716)	\$ 20,983,679

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

Governmental Activities:	
Instructional – regular	\$ 5,539
Supporting services – operations and maintenance	14,730
Administration – school	641
Student transportation	56,820
Extracurricular	4,145
School food	3,999
Unallocated	547,236
Total governmental activities depreciation expense	\$ 633,110

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs are expensed at the date of sale bond. The bond premiums, are capitalized and amortized over the bond term and reported as deferred inflow of resources.

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, 2020, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
General obligation bonds	\$ 14,240,000	\$ -	\$ (1,000,000)	\$ 13,240,000	\$ 1,020,000
Compensated absences	478,965	6,476	-	485,441	158,027
Retirement liability	-	48,000	-	48,000	48,000
Total	<u>\$ 14,718,965</u>	<u>\$ 54,476</u>	<u>\$ (1,000,000)</u>	<u>\$ 13,773,441</u>	<u>\$ 1,226,027</u>

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, 2020, 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, 2020</u>
EL GO Refunding Bond Series 2015	10/20/15	2.10%	8yrs	7/1/23	\$ 3,485,000	Varies	\$ 1,395,000
HS GO School Building Bonds, Series 2015	12/10/15	2.00- 4.00%	20yrs	7/1/36	9,075,000	Varies	7,655,000
HS GO School Building Bonds, Series 2016	6/2/16	3.00- 4.00%	20yrs	7/1/36	<u>4,925,000</u>	Varies	<u>4,190,000</u>
					<u>\$17,485,000</u>		<u>\$ 13,240,000</u>

Reported in the governmental activities.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,020,000	\$ 467,845
2022	1,050,000	444,995
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>\$ 13,240,000</u>	<u>\$ 4,363,970</u>

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 and 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.

Retirement Incentive

During the 2019-2020 school year, the District Trustees offered a retirement incentive to its certified staff as a one-time \$12,000 payment. The incentive was only applicable if four certified staff accepted the benefit. To be eligible the staff needed have no less than fourteen years of service with the District or be eligible for retirement with the Teachers Retirement System. Four certified staff accepted the offer, and the reported liability equaled \$48,000 at June 30, 2020.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7. 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.

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	2
Active employees	82
Total employees	84

Total OPEB Liability

The District's total OPEB liability of \$1,871,453 at June 30, 2020, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2020.

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2020 actuarial 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)	60.64
Discount rate (average anticipated rate)	2.53%
Average salary increase (TRS Annual Report)	2.50%
Participation rate	40%

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

Health care cost rate trend (Federal Office of the Actuary)

<u>Plan Year</u>	<u>Medical</u>	<u>Prescription Drug</u>
2020*	0.0%	0.0%
2021	7.0%	7.0%
2022	6.5%	6.5%
2023	6.0%	6.0%
2024	5.9%	5.9%
2025	5.7%	5.7%
2026	5.6%	5.6%
2027	5.5%	5.5%
2028	5.3%	5.3%
2029-2045	5.2%	5.2%
2046	5.1%	5.1%
2047-2048	5.0%	5.0%
2049-2051	4.9%	4.9%
2052-2055	4.8%	4.8%
2056-2060	4.7%	4.7%
2061-2067	4.6%	4.6%
2068	4.5%	4.5%
2069	4.4%	4.4%
2070	4.3%	4.3%
2071-2072	4.2%	4.2%
2073	4.1%	4.1%
2074-2075	4.0%	4.0%
2076	3.9%	3.9%
2077+	3.8%	3.8%

*Trends based on actual renewal rates

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

For TRS, healthy mortality is assumed to follow the 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 for males, set back two years for females, with mortality improvements projected by Scale BB to 2018.

For PERS, healthy mortality is assumed to follow the RP2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

For TRS, disabled mortality is assumed to follow the RP2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018.

For PERS, disabled mortality is assumed to follow the RP2000 Combined Mortality Table with no projections.

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, 2020

Changes in the Total OPEB Liability

Balance at 6/30/2019	\$ <u>1,267,808</u>
Changes for the year:	
Service Cost	\$ 65,432
Interest	46,663
Differences in experience	(268,836)
Change in assumptions	776,951
Benefit payments	<u>(16,565)</u>
Net Changes	\$ <u>603,645</u>
Balance at 6/30/2020	\$ <u>1,871,453</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 (1.53%)	Discount Rate (2.53%)	1% Increase (3.53%)
Total OPEB Liability \$	\$ 2,464,143	\$ 1,871,453	\$ 1,437,907

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 \$	\$ 1,382,940	\$ 1,871,453	\$ 2,569,295

**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, 2020, the District recognized an OPEB expense of \$603,645.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

At June 30, 2020, 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	\$ -	75,725
Changes in actuarial assumptions	552,770	-
Total	\$ 552,770	\$ 75,725

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
2021	\$ 37,963
2022	\$ 37,963
2023	\$ 37,963
2024	\$ 37,963
Thereafter	\$ 325,193

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2020:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Multidistrict cooperative agreement transfer	Elementary Interlocal Agreement – Major Governmental	General Fund – Major Governmental	\$135,000
Multidistrict cooperative agreement transfer	Elementary Interlocal Agreement – Major Governmental	Elementary Transportation – Non-major Governmental	45,000
Multidistrict cooperative agreement transfer	Elementary Interlocal Agreement – Major Governmental	High School Transportation – Non-major Governmental	33,000
			\$213,000

BIGFORK PUBLIC SCHOOLS
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NOTE 9. NET PENSION LIABILITY (NPL)

As of June 30, 2020, 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	\$ 993,748	\$ 6,140,333	\$ 7,134,081
Deferred outflows of resources*	\$ 179,730	\$ 876,245	\$ 1,055,975
Deferred inflows of resources	\$ 118,702	\$ 43,583	\$ 162,285
Pension expense	\$ 108,823	\$ 1,213,575	\$ 1,322,398

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$78,372, and \$435,027, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Total deferred inflows and outflows in the remainder of the note are as of the measurement date of June 30, 2019.

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 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).

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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:

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- a. A refund of member's contributions plus return interest (currently .77% effective July 1, 2017).
 - 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.

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 FLATHEAD COUNTY, MONTANA
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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		State & Universities	Local Government	State	School Districts	
	Hired < 07/01/11	Hired > 07/01/11	Employer	Employer	State	Employer	State
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012 – 2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010 – 2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008 – 2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000 - 2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

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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.
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 \$33,454,182.

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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, 2020, was determined by taking the results of the June 30, 2019, 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 District's and the state of Montana's NPL for June 30, 2020, and 2019, 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 \$993,748 and the District's proportionate share was 0.047541 percent.

	Net Pension Liability as of <u>6/30/2020</u>	Net Pension Liability as of <u>6/30/2019</u>	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
Employer Proportionate Share \$	993,748	\$ 961,365	0.047541%	0.046061%	0.001480%
State of Montana Proportionate Share associated with Employer	359,404	358,738	0.017194%	0.017188%	0.000006%
Total	<u>\$ 1,353,152</u>	<u>\$ 1,320,103</u>	<u>0.064735%</u>	<u>0.063249%</u>	<u>0.001486%</u>

Changes in actuarial assumptions and methods:

There were no changes in assumptions or other inputs that affected the measurement of the total pension liability.

Changes in benefit terms:

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

BIGFORK PUBLIC SCHOOLS
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Changes in proportionate share:

Between the measurement date of the collective NPL and the District's reporting date there were some changes in proportion that may have an effect on the District's proportionate share of the collective NPL.

Pension Expense:

At June 30, 2020, the District recognized a Pension Expense of \$84,423 for its proportionate share of the pension expense. The District also recognized grant revenue of \$3,256 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District. Additionally, the District recognized grant revenue of \$21,144 from the State Statutory Appropriation from the General Fund.

	Pension Expense as of 6/30/20	Pension Expense as of 6/30/19
Employer Proportionate Share	\$ 84,423	\$ 42,632
State of Montana Proportionate Share associated with the Employer	3,256	23,942
State of Montana Proportionate State Appropriation for the Employer	21,144	-
Total	\$ 108,823	\$ 66,574

Recognition of Beginning Deferred Outflow

At June 30, 2020, the District recognized a beginning deferred outflow of resources for the Districts fiscal year 2019 contributions of \$78,782.

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Recognition of Deferred Inflows and Outflows:

At June 30, 2020, 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	\$ 47,121	\$ 46,760
Actual vs. Expected Investment Earnings	12,049	-
Changes in Assumptions	42,188	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	71,942
Employer contributions subsequent to the measurement date - FY20*	78,372	-
Total	<u>\$ 179,730</u>	<u>\$ 118,702</u>

*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, 2020.

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

<u>For the Measurement Year ended June 30:</u>	<u>Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense</u>
2020	\$ 25,094
2021	\$ (57,735)
2022	\$ 4,482
2023	\$ 10,814
Thereafter	\$ -

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Actuarial Assumptions

The TPL used to calculate the NPL was determined by taking the results of the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.65%
- Admin Expense as % of Payroll 0.26%
- General Wage Growth* 3.50%
 *includes Inflation at 2.75%
- Merit Increases 0% to 6.3%
- 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, 2014
- 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. Several factors are considered in evaluating the long-term rate of return assumption. Including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflations) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, are summarized in the table below.

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<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash Equivalents	2.60%	4.00%
Domestic Equity	36.00%	4.55%
Foreign Equity	18.00%	6.35%
Fixed Income	23.40%	1.00%
Private Equity	12.00%	7.75%
Real Estate	<u>8.00%</u>	4.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the TPL was 7.65%. 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 2121. 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 (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
\$ 1,427,733	\$ 993,748	\$ 629,039

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 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.65%) or 1.00% higher (8.65%) than the current rate.

PERS Disclosure for the defined contribution plan

Flathead County 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.

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.

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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, 2018, 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 316 employers that have participants in the PERS-DCRP totaled \$746,144.

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>.

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.

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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 $1.6667 \times \text{AFC} \times \text{years of creditable service}$)

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.

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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.

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%	19.3 1%
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%	19.5 1%
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%	19.8 1%
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%

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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, 2020 and June 30, 2019 (reporting dates).

	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 6,140,333	\$ 5,800,715	0.31840%	0.3125%	0.0059%
State of Montana Proportionate Share associated with Employer	3,718,478	3,607,420	0.1928%	0.1944%	-0.0016%
Total	<u>\$ 9,858,811</u>	<u>\$ 9,408,135</u>	<u>0.5112%</u>	<u>0.5069%</u>	<u>0.0043%</u>

At June 30, 2020, the District recorded a liability of \$6,140,333 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 employer's contributions received by TRS during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2020, the District's proportion was 0.3184 percent.

Changes in actuarial assumptions and methods:

The following changes to the actuarial assumptions were made since measurement date:

- Assumed rate of inflations 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%

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- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years for males and females.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, set back three years for males and set forward two years for females, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

Changes in benefit terms:

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

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, 2020, the District recognized a Pension Expense of \$760,003 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$453,572 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 6/30/20
Employer Proportionate Share	\$ 760,003
State of Montana Proportionate Share associated with the Employer	453,572
Total	\$ 1,213,575

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Recognition of Beginning Deferred Outflow

At June 30, 2020, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2019 contributions of \$400,975.

Recognition of Deferred Inflows and Outflows:

At June 30, 2020, 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	\$ 40,644	\$ -
Actual vs. Expected Investment Earnings	306,602	13,767
Changes in Assumptions	59,522	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	34,450	29,816
Employer contributions subsequent to the measurement date - FY20*	435,027	-
Total	<u>\$ 876,245</u>	<u>\$ 43,583</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, 2020.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2021	\$ 249,405
2022	\$ 70,082
2023	\$ 28,865
2024	\$ 49,284
2025	\$ -
Thereafter	\$ -

Actuarial Assumptions

The Total Pension Liability as of June 30, 2019, is based on the results of an actuarial valuation date of July 1, 2019. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2019 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 7.50%
- Price Inflation 2.50%
- 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
 - RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years for both males and females
- 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.

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Discount Rate

TRS

The discount rate used to measure the total pension liability was 7.50%. 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 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 total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

<u>Asset Class</u>	Target Asset <u>Allocation</u>	Real Rate of Return <u>Arithmetic Basis</u>	Long-Term Expected Portfolio Real <u>Rate of Return*</u>
Domestic Equity	36.00%	6.68%	2.34%
International Equity	18.00%	6.98%	1.26%
Private Equity	10.00%	10.15%	1.02%
Natural Resources	3.00%	4.09%	0.12%
Core Real Estate	7.00%	5.38%	0.38%
TIPS	3.00%	1.78%	0.05%
Intermediate Duration Bonds	19.00%	2.15%	0.41%
High Yield Bonds	3.00%	4.36%	0.13%
Cash	<u>2.00%</u>	0.81%	<u>0.02%</u>
Total	<u>100.00%</u>		<u>5.73%</u>
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return		8.23%

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

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The assumed long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering through fiscal year 2126, is outlined in a report dated May 3, 2018. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation). Estimates of variability and correlations for each asset class, were developed by the System’s investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2017 Edition by Horizon Actuarial Service, LLC, yield a median real return of 5.07%. Our recommended assumption of 5.00% for the real return reflects granting each source some degree of credibility. Combined with the 2.50% inflation assumption, the resulting nominal return is 7.50%. Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2018, is summarized in the above table.

Sensitivity Analysis

1.0% Decrease (6.50%)	Current Discount Rate	1.0% Increase (8.50%)
\$ 8,398,424	\$ 6,140,333	\$ 4,248,421

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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

NOTE 10. 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.

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NOTE 11. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

Governmental Fund equity is classified as fund balance. The Bigfork Public Schools, 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.

Assigned – constraint is internally imposed by the body or official authorized to assign amounts for a specific purpose.

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	\$ 869,726	Restricted for special projects
All other aggregate	408	Debt Service
	240,356	Pupil Transportation
	48,804	Food services
	94,531	Student instructional services
	227,985	Employer costs of benefits
	491,056	Third party grantor restrictions
	11,774	Operations and maintenance
	15,481	Vacation and sick leave payouts
	307,453	Technology upgrades and maintenance
	14,509	Adult Education
	372,133	Bus replacement
	<u>93,366</u>	Future construction costs
Total	<u>\$ 2,787,582</u>	

Assigned Fund Balance

Other Significant Commitments

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Assignment</u>
General Fund	<u>\$ 124,033</u>	Encumbrances

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NOTE 12. 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, 2020, the District didn't have any student participate in the Interlocal.

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

NOTE 13. 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 made 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 14. 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.

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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.

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 to the group's respective plans.

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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 group's 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, 2017.

The Flathead Group Northwest Montana Schools' Health Multidistrict Interlocal Consortium Participation Agreement was made and entered into July 1, 2017 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.

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.

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NOTE 15. SUBSEQUENT EVENTS

In response to the COVID-19 pandemic, Congress passed the CARE Act, Coronavirus Aid, Relief, and Economic Security Act in March 2020. With the CARES Act there was several funding sources that were created to support state and local governments. These funding sources include the Coronavirus Relief Fund (CRF) and the Elementary and Secondary School Emergency Relief Fund (ESSER). In December 2020, Congress again passed further funding for the COVID-19 pandemic allocated through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), that included \$54 billion for ESSER II funding. Lastly, in March 2021 Congress passed the American Rescue Plan (ARP) that authorized another \$122 billion for ESSER III funding.

The State of Montana received \$1.25 billion from the Coronavirus Relief Fund, and allotted \$75 million of this to go to schools. The State of Montana distributed this based on the school districts ANB. The District was awarded \$449,736 from this funding to assist with covering the necessary expenditures incurred due to COVID-19. The District had not incurred any expenditures prior to the end of June 30, 2020, and spent the majority of funding equal to \$430,965 before the end of December 31, 2020 then returned the remaining \$18,771 to the State. The State of Montana also received roughly \$40 million from the ESSER Funds. The District has been awarded \$167,597 of this funding, and has spent \$155,370 of the funding subsequent to the end of the fiscal year through April 2021.

For ESSER II and III the State of Montana received \$170 million and \$382 million in funding to be distributed to schools across the state. As of April 2021, the State had determined the distributions of these funds for ESSER II based on Title I funding, and have projections for ESSER III. The allocated ESSER II funds expected for the District equal \$618,978 and the projected ESSER III funds for the District equal to \$1,473,167. The ESSER II funds are to be expended by September 30, 2023, and the ESSER III to be expended by September 30, 2024.