

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2021

AUDIT REPORT

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

Organization	1
Management Discussion and Analysis	2-6
Independent Auditor's Report	7-9
Financial Statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Changes in Net Position - Fiduciary Fund Types	16
Notes to Financial Statements	17-52
Required Supplementary Information	
Budgetary Comparison Schedule	53
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	54
Schedule of Changes in the Total OPEB Liability and Related Ratios	55
Schedule of Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
Notes to Required Pension Supplementary Information	58-63
Supplemental Information	
Schedule of Enrollment	64
Schedule of Revenues and Expenditures – Extracurricular Fund – All Fund Accounts	65-66
Single Audit Section	
Schedule of Expenditures of Federal Awards	67
Notes to the Schedule of Expenditures of Federal Awards	68

BIGFORK PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

TABLE OF CONTENTS - Continued

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	69-70
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance	71-72
Schedule of Findings and Questioned Costs	73-74
Report on Prior Audit Recommendations	75

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2021

BOARD OF TRUSTEES

Paul Sandry	Chairperson
Zack Anderson	Vice Chairperson
Dan Elwell	Trustee
Ben Woods	Trustee
Aaron Parish	Trustee
Jessica Martinz	Trustee
Julie Kreiman	Trustee

DISTRICT OFFICIALS

Matt Jensen	Superintendent
Lacey Porrovecchio	Business Manager/District Clerk
Jack Eggensperger	County Superintendent
Michael Dahlsen	Attorney

Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2021

This management's discussion and analysis provides an overview of the school's financial activities for the fiscal year ended June 30, 2021.

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 21 increased by \$967,448. The Net Position change was due in part to an increase in cash balance. There are also other non-financial factors that influence the District's fiscal health such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, changes in the District's tax base, the Covid-19 pandemic, etc. The change in total current assets for FY 21 was \$2,156,764. 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, 2021

Table 1 - Net Position

	Governmental Activities		
	FY21	FY20	Change Inc (Dec)
Current and other assets	\$ 7,984,231	\$ 5,827,467	\$ 2,156,764
Capital assets	20,619,148	20,983,679	(364,531)
Total assets	<u>\$ 28,603,379</u>	<u>\$ 26,811,146</u>	<u>\$ 1,792,233</u>
Long-term debt outstanding	\$ 23,456,591	\$ 22,778,975	\$ 677,616
Other liabilities	1,964,908	1,817,739	147,169
Total liabilities	<u>\$ 25,421,499</u>	<u>\$ 24,596,714</u>	<u>\$ 824,785</u>
Net investment in capital assets	\$ 8,399,148	\$ 7,743,679	\$ 655,469
Restricted	3,648,034	2,865,257	782,777
Unrestricted (deficit)	(8,865,302)	(8,394,504)	(470,798)
Total net position	<u>\$ 3,181,880</u>	<u>\$ 2,214,432</u>	<u>\$ 967,448</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 21 and FY 20. Some programs included here are instructional, support services, administration, student transportation, student activities and school food. Total revenues for the District, including program and general revenues, for FY 21 increased by \$2,043,180. The district received Governor's Coronavirus Relief Funds and Elementary and Secondary School Emergency Relief Funds in response to the Covid-19 pandemic. As a result, there was a significant increase in revenues, causing an increase from the prior year in net position of \$373,415. In FY 21 student activity funds were reclassified from Private Purpose Trust to Governmental per GASB 84. This \$226,672 restatement is reflected in the net position in Table 2.

	FY 20	FY 21	Variance
Expenses	\$ 11,730,700	\$ 13,400,465	\$ 1,669,765
Revenue	12,098,061	14,141,241	2,043,180
Changes in Net Position	<u>\$ 367,361</u>	<u>\$ 740,776</u>	<u>\$ 373,415</u>

Bigfork Public Schools
Flathead County, Montana
Management's Discussion & Analysis
June 30, 2021

Table 2 - Changes in Net Position

	Governmental Activities		
	<u>FY21</u>	<u>FY20</u>	<u>Change Inc (Dec)</u>
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 143,355	\$ 112,606	\$ 30,749
Operating grants and contributions	2,163,232	1,400,124	763,108
<i>General revenues (by major source):</i>			
Property taxes for general purposes	6,079,123	5,343,766	735,357
Grants and entitlements not restricted to specific programs	3,922,848	3,679,458	243,390
Investment earnings	19,612	51,622	(32,010)
Miscellaneous (other revenue)	67,700	152,579	(84,879)
State technology	6,061	2,412	3,649
State pension aid	636,642	477,972	158,670
County retirement	1,031,797	877,522	154,275
Student activities	70,871	-	70,871
Total revenues	<u>\$ 14,141,241</u>	<u>\$ 12,098,061</u>	<u>\$ 2,043,180</u>
Program expenses			
Instructional - regular	\$ 6,755,526	\$ 5,663,668	\$ 1,091,858
Instructional - special education	943,166	882,856	60,310
Instructional - vocational education	235,738	217,360	18,378
Supporting services - operations & maintenance	1,051,551	901,714	149,837
Supporting services - general	525,461	458,989	66,472
Supporting services - educational media services	351,322	340,699	10,623
Administration - general	308,855	297,304	11,551
Administration - school	578,239	530,020	48,219
Administration - business	248,903	224,342	24,561
Student transportation	707,514	647,632	59,882
Extracurricular	404,155	289,158	114,997
School food	349,696	317,196	32,500
Community services	1,000	-	1,000
Debt service expense - interest	390,320	412,526	(22,206)
Unallocated depreciation*	549,019	547,236	1,783
Total expenses	<u>\$ 13,400,465</u>	<u>\$ 11,730,700</u>	<u>\$ 1,669,765</u>
Increase (decrease) in net position	<u>\$ 740,776</u>	<u>\$ 367,361</u>	<u>\$ 373,415</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, 2021

The District's most significant funds in FY 21 include the General Funds, and the Elementary Interlocal Agreement Fund. The Elementary Interlocal Agreement Fund ended FY 21 with \$947,027 fund balance. The District transferred \$173,000 in FY 21 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 \$364,531 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 \$12,220,000 at the end of June 30, 2021. 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 \$1,020,000 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, 2021, the outstanding liability was \$8,440,498 which was an increase of \$1,306,417 from the previous fiscal year. This is the fourth year of the District reporting GASB 75 and the total OPEB liability. The total OPEB liability for FY 21 was \$2,229,327.

THE FUTURE OF THE DISTRICT

The fall enrollment report completed in October 2021 shows that our overall elementary enrollment increased by 24 students. K-6 enrollment increased by 18 students. Grade 7 & 8 enrollment increased by 6 students. Our high school enrollment had a significant increase with 26 students. The district, like many districts in Flathead County, saw an overall enrollment increase. The increase is due in part to students returning to public school from homeschool as the Covid-19 public health crisis wanes. Enrollment may continue to increase with the population growth of the county.

<u>ENROLLMENT</u>	<u>Fall 2021</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Elementary School (total)	606	582	594	569
K-6	454	436	463	437
7 & 8	152	146	131	132
High School	343	317	340	320

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, 2021

Special Education continues to be a major expenditure. The district employs a Special Education Director and in FY 21 continued to use SB 191 to levy funds to pay for a Life Skills teacher, to better meet the needs of the students and the district. The cost of providing the required educational programs still exceeds the state special education funding, the required local match, and Federal Part B funding that we receive. The result is a decrease in funding available for the general education program. The Elementary special education expenses exceeded funds available by \$190,693.26 and the High School special education expenses exceeded funds available by \$79,702.14.

<u>SPECIAL EDUCATION</u>		<u>Elementary School</u>		<u>High School</u>
State Allowable Cost	\$	129,582.94	\$	69,101.76
Required District Match		31,228.80		17,102.69
Federal Part B		121,028.00		56,827.00
Tuition Fund		172,710.79		15,554.00
TOTALS	\$	454,550.53	\$	158,585.45
District Expenses	\$	\$645,243.79	\$	\$238,287.59

In FY 21 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 \$189,982 and revenues were \$238,941. The Food Service Fund balance is on a downward trend. The district utilized Covid relief funds and general funds to offset costs to operate the Food Service Department. 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
600 Commerce
PO Box 188
Bigfork, Montana 59911

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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, 2021, 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 and Note 11 to the financial statements, in 2021, the District adopted new accounting guidance, GASB statement No. 84, *Fiduciary Activities*. The previously issued financial statements of the other governmental funds and private purpose trust funds were restated \$226,672 for this change. 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 53 through 57 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 expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S., *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

The accompanying schedule of revenues and expenditures for the extracurricular fund, the schedule of enrollment and schedule of expenditures of federal awards 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, the schedule of enrollment and schedule of expenditures of federal awards is 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 March 16, 2022, 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.

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

March 16, 2022

Bigfork Public Schools, Flathead County, Montana
Statement of Net Position
June 30, 2021

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	\$	5,005,309
Taxes and assessments receivable, net		173,171
Due from other governments		369,887
Total current assets	\$	5,548,367
Noncurrent assets		
Capital assets - land	\$	11,696
Capital assets - construction in progress		100,000
Capital assets - depreciable, net		20,507,452
Total noncurrent assets	\$	20,619,148
Total assets	\$	26,167,515
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	\$	1,789,677
Deferred outflows of resources - OPEB		646,187
Total deferred outflows of resources	\$	2,435,864
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	28,603,379
LIABILITIES		
Current liabilities		
Warrants payable	\$	252,383
Accounts payable		5,649
Accrued payables		7,439
Accrued payroll		237,701
Other payroll liabilities		92,625
Current portion of long-term capital liabilities		1,050,000
Current portion of compensated absences payable		191,627
Total current liabilities	\$	1,837,424
Noncurrent liabilities		
OPEB liability	\$	2,229,327
Noncurrent portion of long-term capital liabilities		11,170,000
Noncurrent portion of compensated absences		375,139
Net pension liability		8,440,498
Total noncurrent liabilities	\$	22,214,964
Total liabilities	\$	24,052,388
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - OPEB	\$	68,915
Deferred inflows of resources - pensions		130,363
Deferred inflows of resources - bond premium		1,169,833
Total deferred inflows of resources	\$	1,369,111
NET POSITION		
Net investment in capital assets	\$	8,399,148
Restricted for capital projects		399,486
Restricted for debt service		67,457
Restricted for special projects		3,181,091
Unrestricted		(8,865,302)
Total net position	\$	3,181,880
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	28,603,379

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Functions/Programs				
Primary government:				
Governmental activities:				
Instructional - regular	\$ 6,755,526	\$ 21,950	\$ 1,131,002	\$ (5,602,574)
Instructional - special education	943,166	-	376,336	(566,830)
Instructional - vocational education	235,738	-	26,846	(208,892)
Supporting services - operations & maintenance	1,051,551	600	145,431	(905,520)
Supporting services - general	525,461	-	4,923	(520,538)
Supporting services - educational media services	351,322	-	-	(351,322)
Administration - general	308,855	-	4,425	(304,430)
Administration - school	578,239	-	19,526	(558,713)
Administration - business	248,903	-	195	(248,708)
Student transportation	707,514	-	153,112	(554,402)
Extracurricular	404,155	-	87,957	(316,198)
School food	349,696	120,805	213,479	(15,412)
Community services	1,000	-	-	(1,000)
Debt service expense - interest	390,320	-	-	(390,320)
Unallocated depreciation*	549,019	-	-	(549,019)
Total governmental activities	\$ 13,400,465	\$ 143,355	\$ 2,163,232	\$ (11,093,878)
General Revenues:				
Property taxes for general purposes			\$	\$ 6,079,123
Grants and entitlements not restricted to specific programs				3,922,848
Investment earnings				19,612
Miscellaneous (other revenue)				67,700
State technology				6,061
State pension aid				636,642
County retirement				1,031,797
Student activities				70,871
Total general revenues, special items and transfers			\$	\$ 11,834,654
Change in net position			\$	\$ 740,776
Net position - beginning			\$	\$ 2,214,432
Restatements				226,672
Net position - beginning - restated			\$	\$ 2,441,104
			\$	\$ 3,181,880

* 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, 2021

	General	Elementary Interlocal Agreement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,655,921	\$ 947,027	\$ 2,402,361	\$ 5,005,309
Taxes and assessments receivable, net	94,445	-	78,726	173,171
Due from other governments	55,141	-	314,746	369,887
TOTAL ASSETS	\$ 1,805,507	\$ 947,027	\$ 2,795,833	\$ 5,548,367
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 252,383	\$ -	\$ -	\$ 252,383
Accounts payable	-	-	5,649	5,649
Accrued payables	-	-	7,439	7,439
Accrued payroll	155,963	-	81,738	237,701
Other payroll liabilities	92,625	-	-	92,625
Total liabilities	\$ 500,971	\$ -	\$ 94,826	\$ 595,797
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - taxes	\$ 94,445	\$ -	\$ 78,726	\$ 173,171
Total deferred inflows of resources	\$ 94,445	\$ -	\$ 78,726	\$ 173,171
FUND BALANCES				
Restricted	\$ -	\$ 947,027	\$ 2,622,281	\$ 3,569,308
Assigned	179,623	-	-	179,623
Unassigned fund balance	1,030,468	-	-	1,030,468
Total fund balance	\$ 1,210,091	\$ 947,027	\$ 2,622,281	\$ 4,779,399
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,805,507	\$ 947,027	\$ 2,795,833	\$ 5,548,367

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, 2021

Total fund balances - governmental funds	\$	4,779,399
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,619,148
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.		173,171
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(15,016,093)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(8,440,498)
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.		1,789,677
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.		(130,363)
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.		646,187
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.		(68,915)
Unamortized bond premium is reported as a deferred inflow on the Statement of Net Position and is not reported in the funds.		(1,169,833)
Total net position - governmental activities	\$	<u><u>3,181,880</u></u>

See accompanying Notes to the Financial Statements

Bigfork Public Schools, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Elementary Interlocal Agreement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local revenue	\$ 3,368,423	\$ 9,502	\$ 3,077,402	\$ 6,455,327
County revenue	-	-	1,100,846	1,100,846
State revenue	4,779,369	-	352,674	5,132,043
Federal revenue	-	-	1,438,212	1,438,212
Total revenues	<u>\$ 8,147,792</u>	<u>\$ 9,502</u>	<u>\$ 5,969,134</u>	<u>\$ 14,126,428</u>
EXPENDITURES				
Instructional - regular	\$ 4,335,887	\$ 105,201	\$ 1,478,780	\$ 5,919,868
Instructional - special education	326,510	-	616,656	943,166
Instructional - vocational education	184,592	-	51,146	235,738
Supporting services - operations & maintenance	775,941	-	260,706	1,036,647
Supporting services - general	455,920	-	69,541	525,461
Supporting services - educational media services	318,814	-	32,508	351,322
Administration - general	256,699	-	52,156	308,855
Administration - school	459,851	-	117,747	577,598
Administration - business	206,036	-	42,867	248,903
Student transportation	27,801	-	616,551	644,352
Extracurricular	220,833	-	178,709	399,542
School food	44,000	-	301,697	345,697
Community services	-	-	1,000	1,000
Debt service expense - principal	-	-	1,020,000	1,020,000
Debt service expense - interest	-	-	468,309	468,309
Capital outlay	129,300	-	146,400	275,700
Total expenditures	<u>\$ 7,742,184</u>	<u>\$ 105,201</u>	<u>\$ 5,454,773</u>	<u>\$ 13,302,158</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 405,608</u>	<u>\$ (95,699)</u>	<u>\$ 514,361</u>	<u>\$ 824,270</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of general capital asset disposition	\$ 125	\$ -	\$ 2,499	\$ 2,624
Transfers in	-	173,000	-	173,000
Transfers out	(135,000)	-	(38,000)	(173,000)
Total other financing sources (uses)	<u>\$ (134,875)</u>	<u>\$ 173,000</u>	<u>\$ (35,501)</u>	<u>\$ 2,624</u>
Net Change in Fund Balance	<u>\$ 270,733</u>	<u>\$ 77,301</u>	<u>\$ 478,860</u>	<u>\$ 826,894</u>
Fund balances - beginning	\$ 939,358	\$ 869,726	\$ 1,916,749	\$ 3,725,833
Restatements	-	-	226,672	226,672
Fund balances - beginning, restated	<u>\$ 939,358</u>	<u>\$ 869,726</u>	<u>\$ 2,143,421</u>	<u>\$ 3,952,505</u>
Fund balance - ending	<u>\$ 1,210,091</u>	<u>\$ 947,027</u>	<u>\$ 2,622,281</u>	<u>\$ 4,779,399</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, 2021

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

Net change in fund balances - total governmental funds	\$	826,894
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		275,700
- Depreciation expense		(640,231)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
- Long-term receivables (deferred inflows)		12,189
The change in compensated absences is shown as an expense in the Statement of Activities		(81,325)
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		1,020,000
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:		
- Termination benefits		48,000
- Post-employment benefits other than retirement liability		(257,647)
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		(540,793)
Amortization of the bond premium is shows as a reduction of interest expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance		77,989
Change in net position - Statement of Activities	\$	<u>740,776</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, 2021

		Private Purpose Trust Funds
Net Position - Beginning of the year	\$	226,672
Restatements		(226,672)
Net Position - Beginning of the year - Restated	\$	-

See accompanying Notes to the Financial Statements

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

GASB No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, is effective for years beginning after July 15, 2018. The objective of this Statement is to improve the information disclosed below related to the debt of the District, that includes direct borrowings and direct placements. For the purposes of disclosures in the following notes to the financial statements, debt is now defined as a liability that arises from contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date of the contractual obligations. This excludes leases, except for contracts reported as a financed purchased of an asset, or accounts payable. In addition, the Statement requires that the District disclose summarized information about unused lines of credit, assets pledged as collateral, and terms specified in debt agreements that are significant. The District has implemented this pronouncement for the current fiscal year and it is related in the debt footnotes below if applicable.

GASB No. 84 *Fiduciary Activities* is effective for years beginning after December 15, 2020. The Statement establishes accounting and financial reporting standards for fiduciary activities though defining specific criteria on the types of fiduciary activities that includes fiduciary component units and fiduciary activities. The criteria specifically defined in the statement determine the reporting of the fiduciary activities that include pension trust funds, private purpose trust funds, investment trust funds, and custodial funds (previously reported as agency funds). At Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position required for all of the fiduciary activities previously mentioned above. The District has implemented this pronouncement in the current fiscal year.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Financial Reporting Entity

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

Primary Government

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

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

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

Measurement Focus and Basis of Accounting

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

Fund Financial Statements:

Basis of Presentation

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

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

Measurement Focus and Basis of Accounting

Governmental Funds:

Modified Accrual

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

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

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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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, 2021 consisted of time deposits, the State Short-Term Investment Pool (STIP), 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, 2021.

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash in banks:	
Demand deposits	\$ 224,298
Assets held in County Pool	4,781,011
Total	<u>\$ 5,005,309</u>

Deposits

The District's deposit balance at year end was \$224,298 and the bank balance was \$229,231. The bank balance was fully insured by FDIC.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2021, the government's bank balance was exposed to custodial credit risk as follows:

	June 30, 2021 <u>Balance</u>
<u>Depository Account</u>	
Insured	\$ 229,231
Total deposits and investments	<u>\$ 229,231</u>

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 3. RECEIVABLES

Tax Receivables

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

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

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

NOTE 4. INVENTORIES

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

NOTE 5. CAPITAL ASSETS

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

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

Governmental activities:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 11,696	\$ -	\$ -	\$ 11,696
Construction in progress	-	100,000	-	100,000
Total capital assets not being depreciated	<u>\$ 11,696</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 111,696</u>
Other capital assets:				
Buildings	\$ 25,749,671	\$ -	\$ -	\$ 25,749,671
Improvements other than buildings	27,440	-	-	27,440
Machinery and equipment	2,800,730	175,700	(63,000)	2,913,430
Total other capital assets at historical cost	<u>\$ 28,577,841</u>	<u>\$ 175,700</u>	<u>\$ (63,000)</u>	<u>\$ 28,690,541</u>
Less: accumulated depreciation	(7,605,858)	(640,231)	63,000	(8,183,089)
Total	<u><u>\$ 20,983,679</u></u>	<u><u>\$ (364,531)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,619,148</u></u>

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

Governmental Activities:

Instructional – regular	\$ 3,893
Supporting services – operations and maintenance	14,904
Administration – school	641
Student transportation	63,162
School food	3,999
Extracurricular	4,613
Unallocated	549,019
Total governmental activities depreciation expense	<u><u>\$ 640,231</u></u>

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. The bond premiums are capitalized and amortized over the bond term and reported as deferred inflow of resources.

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2021, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 13,240,000	\$ -	\$ (1,020,000)	\$ 12,220,000	\$ 1,050,000
Compensated absences	485,441	81,325	-	566,766	191,627
Retirement liability	48,000	-	(48,000)	-	-
Total	<u><u>\$ 13,773,441</u></u>	<u><u>\$ 81,325</u></u>	<u><u>\$ (1,068,000)</u></u>	<u><u>\$ 12,786,766</u></u>	<u><u>\$ 1,241,627</u></u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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, 2021, 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, 2021</u>
EL GO Refunding Bond Series 2015	10/20/15	2.10%	8 yrs	7/1/23	\$ 3,485,000	Varies	\$ 945,000
HS GO School Building Bonds, Series 2015	12/10/15	2.00-4.00%	20 yrs	7/1/36	9,075,000	Varies	7,285,000
HS GO School Building Bonds, Series 2016	6/2/16	3.00-4.00%	20 yrs	7/1/36	<u>4,925,000</u>	Varies	<u>3,990,000</u>
					<u>\$ 17,485,000</u>		<u>\$ 12,220,000</u>

Reported in the governmental activities.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 12,220,000</u>	<u>\$ 3,896,125</u>

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Compensated Absences

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

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

Bond Premium Amortization

As of June 30, 2021, the District recognized deferred inflows of resources for bond premiums totaling \$1,169,833. The premium relates to the issuance of the High School General Obligation Bonds Series 2015 and 2016. The premiums amortize over the life of bonds that equals 20 years. The total amount amortized during fiscal year 2021 was \$77,989.

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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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 \$2,229,327 at June 30, 2021, 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, and applying roll forward to the measurement for June 30, 2021 reporting.

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2020 alternative measurement method was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement (based on historical data)	60.64
Discount rate (average anticipated rate)	2.27%
Average salary increase (Consumer Price Index)	2.50%
Participation rate	40%

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

<u>Plan Year</u>	<u>Medical</u>	<u>% Increase</u>
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%

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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%

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.

Changes in the Total OPEB Liability

Balance at 6/30/2020	\$ <u>1,871,453</u>
Changes for the year:	
Service Cost	\$ 163,207
Interest	51,477
Differences in experience	-
Change in assumptions	149,305
Benefit payments	<u>(6,115)</u>
Net Changes	\$ <u>357,874</u>
Balance at 6/30/2020	\$ <u><u>2,229,327</u></u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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 (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB Liability	\$ 1,807,068	\$ 2,229,327	\$ 2,781,121

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	\$ 2,931,798	\$ 2,229,327	\$ 1,714,757

**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, 2021, the District recognized an OPEB expense of \$357,874.

At June 30, 2021, 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	\$ -	68,915
Changes in actuarial assumptions	646,187	-
Total	\$ <u>646,187</u>	\$ <u>68,915</u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2022	\$ 49,078
2023	\$ 49,078
2024	\$ 49,078
2025	\$ 49,078
Thereafter	\$ 380,960

NOTE 8. NET PENSION LIABILITY (NPL)

As of June 30, 2021, the District reported the following balances as its proportionate share of PERS and TRS pension amounts:

District's Proportionate Share Associated With:

	PERS	TRS	Pension Totals
Net Pension Liability	\$ 1,180,508	\$ 7,259,990	\$ 8,440,498
Deferred outflows of resources*	\$ 293,370	\$ 1,496,307	\$ 1,789,677
Deferred inflows of resources	\$ 109,926	\$ 20,437	\$ 130,363
Pension expense	\$ 210,061	\$ 1,536,706	\$ 1,746,767

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$90,347, and \$491,579, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2021.

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

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

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

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

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

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

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

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

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

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

3. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
4. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a statutory appropriation from its General Fund of \$33,951,150.

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 employer's and the state of Montana's NPL for June 30, 2021, and 2020 reporting periods, are displayed below. The District proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of \$1,180,508 and the District's proportionate share was 0.044747 percent.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 1,180,508	\$ 993,748	0.044747%	0.047541%	-0.002794%
State of Montana Proportionate Share associated with Employer	415,582	359,404	0.015752%	0.017194%	-0.001442%
Total	<u>\$ 1,596,090</u>	<u>\$ 1,353,152</u>	<u>0.060499%</u>	<u>0.064735%</u>	<u>-0.004236%</u>

Changes in actuarial assumptions and methods:

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

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in benefit terms:

There were 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 NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense:

At June 30, 2021, the District recognized a Pension Expense of \$142,096 for its proportionate share of the pension expense. The District also recognized grant revenue of \$67,965 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 6/30/21	Pension Expense as of 6/30/20
Employer Proportionate Share	\$ 142,096	\$ 84,423
State of Montana Proportionate Share associated with the Employer	67,965	24,400
Total	<u>\$ 210,061</u>	<u>\$ 108,823</u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

Recognition of Beginning Deferred Outflow

At June 30, 2021, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2020 contributions of \$78,372.

Recognition of Deferred Inflows and Outflows:

At June 30, 2021, 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	\$ 19,056	\$ 33,752
Actual vs. Expected Investment Earnings	102,221	-
Changes in Assumptions	81,744	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	76,174
Employer contributions subsequent to the measurement date - FY21*	90,349	-
Total	<u>\$ 293,370</u>	<u>\$ 109,926</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, 2021.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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	\$	(14,516)
2022	\$	46,358
2023	\$	35,717
2024	\$	25,539
Thereafter	\$	-

Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2020 actuarial valuation, and was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.34%
- Admin Expense as % of Payroll 0.30%
- General Wage Growth* 3.50%
- *includes Inflation at 2.40%
- Merit Increases 0% to 4.8%
- Postretirement Benefit Increase Below:

Guaranteed Annual Benefit Adjustment (GABA)

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

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

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a reported dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published by the Survey of Capital Market Assumptions, 2020 Edition by Horizon Actuarial Services, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2020 OASDI Trustees Report by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, are summarized in the table below.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash Equivalents	2.00%	0.11%
Domestic Equity	30.00%	6.19%
Foreign Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	<u>5.00%</u>	3.97%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the TPL was 7.34%. 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 2123. 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 (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
\$ 1,624,899	\$ 1,180,508	\$ 807,222

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

PERS Disclosure for the defined contribution plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2020, 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 329 employers that have participants in the PERS-DCRP totaled \$775,195.

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>.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

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)

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

- 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.

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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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

School District and Other Employers

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

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, 2021 and June 30, 2020 (reporting dates).

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 7,259,990	\$ 6,140,333	0.3227%	0.3184%	0.0043%
State of Montana Proportionate Share associated with Employer	4,292,033	3,718,478	0.1908%	0.1928%	-0.0020%
Total	<u>\$ 11,552,023</u>	<u>\$ 9,858,811</u>	<u>0.5135%</u>	<u>0.5112%</u>	<u>0.0023%</u>

At June 30, 2021, the District recorded a liability of \$7,259,990 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2021, the District's proportion was 0.3227 percent.

Changes in actuarial assumptions and methods:

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

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

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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

Pension Expense:

At June 30, 2021, the District recognized a Pension Expense of \$1,536,706 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$568,677 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 6/30/21
Employer Proportionate Share	\$	968,029
State of Montana Proportionate Share associated with the Employer		568,677
Total	\$	<u>1,536,706</u>

Recognition of Beginning Deferred Outflow

At June 30, 2021, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2020 contributions of \$435,027.

Recognition of Deferred Inflows and Outflows:

At June 30, 2021, 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	\$ 70,378	\$ -
Actual vs. Expected Investment Earnings	508,594	-
Changes in Assumptions	380,239	8,349
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	45,517	12,088
Employer contributions subsequent to the measurement date - FY21*	491,579	-
Total	<u>\$ 1,496,307</u>	<u>\$ 20,437</u>

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

*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, 2022.

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	
2022	\$	328,608
2023	\$	286,766
2024	\$	241,274
2025	\$	127,643
2026	\$	-
Thereafter	\$	-

Actuarial Assumptions

The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date of July 1, 2020. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2020 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 7.34%
- Price Inflation 2.40%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years
- Mortality among disabled members
 - RP 2000 Disabled Mortality Table for, set back three years for males and set forward two years for females, with mortality improvements projected by Scale BB to 2022.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

*Total Wage Increases include 3.25% general wage increase.

Discount Rate

TRS

The discount rate used to measure the total pension liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

<u>Asset Class</u>	Target Asset <u>Allocation</u>	Long-Term Expected Portfolio Real <u>Rate of Return*</u>
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Cash	<u>2.00%</u>	0.11%
Total	<u>100.00%</u>	

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

The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.94%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2020 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

Sensitivity Analysis

1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
\$ 9,666,459	\$ 7,259,990	\$ 5,246,583

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 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

NOTE 9. 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.

NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

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

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.

BIGFORK PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

Restricted Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Elementary Interlocal Agreement	\$ 947,027	Operations and maintenance
All other aggregate	422,828	Student transportation
	256,760	Bus replacement
	97,769	Student food services
	296,624	Employer costs of benefits
	821,367	Third party grant restrictions
	15,370	Adult education
	68,846	Student instructional services
	12,426	Operations and maintenance
	15,548	Future vacation and sick leave payments
	466,973	Future technology upgrades
	8,208	Debt service
	<u>139,562</u>	Future construction costs
Total	<u>\$ 3,569,308</u>	

Assigned Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Assignment</u>
General	<u>\$ 179,623</u>	Encumbrances

NOTE 11. RESTATEMENTS

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

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Elementary Miscellaneous Programs	\$ 44,536	Reclassification of student activities fund from fiduciary to governmental per GASB 84 implementation.
High School Miscellaneous Programs	182,136	Reclassification of student activities fund from fiduciary to governmental per GASB 84 implementation.
Elementary Student Activities	(44,536)	Reclassification of student activities fund from fiduciary to governmental per GASB 84 implementation.
High School Activities	<u>(181,136)</u>	Reclassification of student activities fund from fiduciary to governmental per GASB 84 implementation.
Total	<u>\$ _____</u>	

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2021, the District had a few student participating in the Interlocal. The total paid during the fiscal year was \$19,092.

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.

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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.

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 16. 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 also received roughly \$40 million from the ESSER Funds. The District has been awarded \$185,676 of this funding, and has spent \$167,597 in fiscal year 2021 with the remaining related services portion equal to \$18,079 not being spent.

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. In April 2021, the State 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 for the District equal \$656,637. Of these funds \$180,857 was spent in fiscal year 2021, and through the end of December 2021 spent \$95,672. The awarded ESSER III funds for the District equal to \$1,416,585, and had received \$60,720 in cash requests through December 2021. The ESSER II funds are to be expended by September 30, 2023, and the ESSER III to be expended by September 30, 2024.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Bigfork Public Schools, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	\$ 3,357,189	\$ 3,357,189	\$ 3,367,335	\$ 10,146
State revenue	4,037,141	4,037,141	4,037,141	-
Amounts available for appropriation	<u>\$ 7,394,330</u>	<u>\$ 7,394,330</u>	<u>\$ 7,404,476</u>	<u>\$ 10,146</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 4,044,899	\$ 3,811,746	\$ 3,734,873	\$ 76,873
Instructional - special education	336,944	324,521	324,521	-
Instructional - vocational education	211,490	205,761	184,816	20,945
Supporting services - operations & maintenance	680,857	773,084	771,525	1,559
Supporting services - general	419,715	464,027	461,796	2,231
Supporting services - educational media services	304,777	320,874	320,874	-
Administration - general	309,538	259,169	259,169	-
Administration - school	473,878	469,945	463,755	6,190
Administration - business	204,354	200,980	200,980	-
Student transportation	71,308	26,008	27,801	(1,793)
Extracurricular	285,270	229,915	229,915	-
School food	22,000	44,000	44,000	-
Capital outlay	29,300	129,300	137,107	(7,807)
Total charges to appropriations	<u>\$ 7,394,330</u>	<u>\$ 7,259,330</u>	<u>\$ 7,161,132</u>	<u>\$ 98,198</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (135,000)	\$ (135,000)	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ (135,000)</u>	<u>\$ -</u>
Net change in fund balance			<u>\$ 108,344</u>	
Fund balance - beginning of the year			\$ 650,279	
Fund balance - end of the year			<u>\$ 758,623</u>	

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

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

Sources/Inflows of resources	<u>General</u>
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,404,476
Combined funds (GASBS 54 and GASB 85) revenues	743,316
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds.	<u>\$ 8,147,792</u>
schedule	\$ 7,161,132
Combined funds (GASBS 54 and GASB 85) expenditures	636,642
- Encumbrances reported at the beginning of the year	124,033
- Encumbrances reported at the end of the year	<u>(179,623)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,742,184</u>

Note B

The Elementary Interlocal Agreement Fund is a major special revenue fund for which a legally adopted budget is not required.

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Changes in the Entity's Total OPEB Liability
and Related Ratios
For the Year Ended June 30, 2021

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

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

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021

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

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

Bigfork Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2021

	<u>PERS 2021</u>	<u>PERS 2020</u>	<u>PERS 2019</u>	<u>PERS 2018</u>	<u>PERS 2017</u>	<u>PERS 2016</u>	<u>PERS 2015</u>
Contractually required contributions	\$ 90,347	\$ 65,778	\$ 67,465	\$ 64,161	\$ 59,957	\$ 56,043	\$ 64,324
Contributions in relation to the contractually required contributions	\$ 90,347	\$ 65,778	\$ 67,465	\$ 64,161	\$ 59,957	\$ 56,997	\$ 64,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,062,906	\$ 774,904	\$ 809,932	\$ 784,748	\$ 742,451	\$ 693,114	\$ 807,064
Contributions as a percentage of covered payroll	8.50%	8.49%	8.33%	8.18%	8.08%	8.22%	7.97%
	<u>TRS 2021</u>	<u>TRS 2020</u>	<u>TRS 2019</u>	<u>TRS 2018</u>	<u>TRS 2017</u>	<u>TRS 2016</u>	<u>TRS 2015</u>
Contractually required contributions	\$ 491,579	\$ 435,027	\$ 400,975	\$ 398,087	\$ 385,879	\$ 372,696	\$ 348,498
Contributions in relation to the contractually required contributions	\$ 491,579	\$ 435,027	\$ 400,975	\$ 398,087	\$ 385,879	\$ 372,696	\$ 348,498
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,138,734	\$ 4,442,366	\$ 4,322,677	\$ 4,408,385	\$ 4,141,737	\$ 4,337,012	\$ 3,900,154
Contributions as a percentage of covered payroll	9.57%	9.79%	9.28%	9.03%	9.32%	8.59%	8.94%

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

Teachers' Retirement System of Montana (TRS)

Changes of Benefit Terms:

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

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

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

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

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

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

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

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

- Annual State contribution equal to 425 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

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

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

- Mortality among disabled members was updated to the following:

For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.

For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	26 years
Asset valuation method	4-year smoothed market
Inflation	3.25%
Salary increase	4.00% – 8.51%, including inflation for Non-University members and 5.00% for University Members
Investment rate of return	7.75%, net of pension plan investment expense, and including inflation

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

2013 Legislative Changes

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

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

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

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

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

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

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

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

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

2015 Legislative Changes

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

Second Retirement Benefit - for PERS

- Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.
- For members who retire on or after January 1, 2016, return to PERS-covered employment, and accumulate five or more years of service credit before retiring again:
 - Member receives same retirement benefit as prior to return to service;
 - Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

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

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

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

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

Bigfork Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2021

The following addition to the actuarial assumptions was adopted in 2014, based upon implementation of GASB Statement 68:

Admin Expense as % of Payroll	0.27%
-------------------------------	-------

The following changes were adopted in 2013 based on the 2013 Economic Experience Study:

General Wage Growth	4.00%
Includes inflation at	3.00%
Investment rate of return	7.75%, net of pension plan investment expense and including inflation

The following actuarial assumptions are from the June 2010 Experience Study:

General Wage Growth	4.25%
Includes inflation at	3.00%
Merit increase	0% to 7.3%
Investment rate of return	8.00%, net of pension plan investment expense, and including inflation
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open

SUPPLEMENTAL INFORMATION

Bigfork Public Schools
Flathead County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2021

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	70	70	0
Grades 1-6	367	367	0
Grades 7-8	146	146	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	72	72	0
Grades 1-6	362	362	0
Grades 7-8	140	140	0

Part Time Students:

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

Students Grades 9 – 12:

Full-Time Students:

Fall Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	318	318	0
19-year olds included	1	1	0
Job Corps	0	0	0
Youth challenge	0	0	0
Spring Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	310	310	0
19-year olds included	1	1	0
Job Corps	0	0	0
Youth challenge	0	0	0
Early Graduates	0	0	0

Part Time Students:

Fall Enrollment - HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				Difference
	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Grade									
Grades 9 - 12	0	2	0	0	0	2	0	0	0
Spring Enrollment-HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				Difference
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Grades 9 - 12	0	2	0	0	0	2	0	0	0

Bigfork Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2021

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
AFS	\$ 1,591	\$ -	\$ -	\$ -	\$ 1,591
Alpine Club	517	-	-	-	517
Annual	(310)	3,745	13	-	3,422
Art Club	2,543	2,200	499	-	4,244
Athletics	37,688	21,620	29,518	-	29,790
Auto Shop	30	-	8	-	22
Band	724	645	546	-	823
Band Fundraising	2,153	-	3	-	2,150
Bio Club	179	-	-	-	179
Book Club	1,788	-	98	-	1,690
Boys Basketball	1,379	4,607	5,984	-	2
Capitains Club	274	-	-	-	274
Cheerleaders	756	-	1	-	755
Choir	1,106	-	1	-	1,105
Prom	1,652	2,710	1,413	-	2,949
Class of 2020	737	171	-	-	908
Close Up	127	-	-	-	127
Computer Club	386	-	-	-	386
Concessions	120	-	-	-	120
HS Europe	580	-	-	-	580
FCCLA	56	-	-	-	56
Football Donations	7,311	2,190	3,055	-	6,446
General Activities	1,299	507	507	-	1,299
Girls Basketball	7,718	1,181	2,343	-	6,556
Hiawatha Trail	733	-	-	-	733
HOSA	453	120	120	-	453
HS Pepsi #1	2,095	-	-	-	2,095
Indoor Track	1,595	-	210	-	1,385
Lit Magazine	783	1,506	-	-	2,289
National Honor Society	148	-	87	-	61
Needy Kids Account	2,931	3,389	180	-	6,140
Newspaper	2,404	2,028	1,837	-	2,595
Pepsi #1F-SB	2,287	-	-	-	2,287
Pepsi #2-SC	(2)	-	-	-	(2)
SADD	102	-	-	-	102
Scholarships	3,684	-	-	-	3,684
Science Club	2,374	-	-	-	2,374
Special Olympics	1,935	1,145	905	-	2,175
Speech	3,290	-	-	-	3,290
Stand	75	-	-	-	75
Student Council	2,869	-	1,355	-	1,514
Tennis Club	1,353	480	504	-	1,329
Tennis Courts	25	-	-	-	25
Tournament	64,181	2,404	11,337	-	55,248
Volleyball	11,075	3,163	2,293	-	11,945
Wood Shop Club	1,271	-	-	-	1,271
Young Deomocrates	60	-	-	-	60
Conversion Account	1,121	-	-	-	1,121
Basketball Camp Donations	4,890	-	-	-	4,890
Class of 2021	-	290	153	-	137
Total	<u>\$ 182,136</u>	<u>\$ 54,101</u>	<u>\$ 62,970</u>	<u>\$ -</u>	<u>\$ 173,267</u>

Bigfork Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2021

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Ending Balance
Art Fund	\$ 1,024	\$ -	\$ -	\$ 1,024
Athletics	5,799	7,000	4,037	8,762
Bank (py Band)	1,110	-	70	1,040
Banking (py Bank fees)	175	-	-	175
Eighth Grade	62	-	-	62
Enrichment	606	-	-	606
Fifth Grade	53	296	16	333
First Grade	1	-	-	1
Fourth Grade	7,859	-	-	7,859
General	5,925	416	-	6,341
Grade School	13	-	-	13
Library	1,766	15	-	1,781
Middle School Choir	154	-	-	154
Music Boosters	525	-	-	525
National History Day	4,050	-	-	4,050
National Junior Honor	547	-	-	547
Needy Kids	5,815	2,267	856	7,226
Partners Club	372	-	-	372
Ravenwood	1,084	-	-	1,084
Science	17	-	-	17
Second Grade	68	-	-	68
Seventh Grade	143	-	-	143
Sixth Grade	1,626	-	595	1,031
Student Activities - Other	6	-	-	6
Student Council	1,209	133	58	1,284
Student Store	188	-	-	188
Technology	84	-	-	84
Third Grade	1,159	-	-	1,159
Trish Shults - FOBS	250	-	-	250
Yearbook	2,361	1,966	-	4,327
Conversion	479	150	150	479
Total	\$ 44,530	\$ 12,243	\$ 5,782	\$ 50,991

SINGLE AUDIT SECTION

Bigfork Public Schools, Flathead County, Montana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Cluster Title/Federal Grantor/Pass-through Grantor /Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Federal Expenditures</u>
Child Nutrition Cluster			
<u>United States Department of Agriculture</u>			
<i>Passed through Montana Office of Public Instruction</i>			
School Breakfast Program	10.553	N/A	\$ 29,241
National School Lunch Program	10.555	N/A	24,199
National School Lunch Program	10.555	N/A	88,714
Total United States Department of Agriculture			<u>\$ 142,154</u>
Total Child Nutrition Cluster			<u>\$ 142,154</u>
Special Education Cluster			
<u>Department of Education</u>			
<i>Passed through Montana Office of Public Instruction</i>			
Special Education Grants to States	84.027	015-0330-77-2021	\$ 173,171
Special Education Preschool Grants	84.173	015-0330-79-2021	4,684
Total Department of Education			<u>\$ 177,855</u>
Total Special Education Cluster			<u>\$ 177,855</u>
Other Programs			
<u>Department of Education</u>			
<i>Passed through Montana Office of Public Instruction</i>			
Title I Grants to Local Educational Agencies	84.010	015-0330-31-2020	\$ 8,494
Title I Grants to Local Educational Agencies	84.010	015-0330-31-2021	218,517
Career and Technical Education - Basic Grants to States	84.048	015-0331-81-2021	18,469
Student Support and Academic Enrichment Program	84.424	015-0330-52-2021	12,500
Education Stabilization Fund	84.425	015-0330-91-2020	167,573
Education Stabilization Fund	84.425	015-0330-92-2021	182,602
<i>Direct</i>			
Rural Education	84.358	N/A	21,507
Rural Education	84.358	N/A	23,807
Total Department of Education			<u>\$ 653,469</u>
<u>Department of the Treasury</u>			
<i>Passed through Montana Office of the Governor</i>			
Coronavirus Relief Fund	21.019	N/A	\$ 1,142
Coronavirus Relief Fund	21.109	N/A	1,142
Coronavirus Relief Fund	21.109	N/A	290,331
Coronavirus Relief Fund	21.109	N/A	140,634
Total Department of the Treasury			<u>\$ 433,249</u>
Total Other Programs			<u>\$ 1,086,718</u>
Total Federal Financial Assistance			<u>\$ 1,406,727</u>

The accompanying notes are an integral part of this schedule

BIGFORK PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2021

Basis of Presentation and Significant Accounting Policies

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

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

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

Value of Federal Awards Expended in the form of Noncash Assistance

- *Food Commodities value equals the fair value at the time of the receipt, \$24,199.*

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

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

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bigfork Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bigfork Public School’s basic financial statements and have issued our report thereon dated March 16, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

March 16, 2022

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited Bigfork Public Schools, Flathead County, Montana's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Bigfork Public School's major federal programs for the Year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bigfork Public Schools, Flathead County, Montana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S., *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bigfork Public Schools, Flathead County, Montana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Bigfork Public Schools, Flathead County, Montana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

March 16, 2022

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

Fiscal Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
21.019	Coronavirus Relief Fund

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

There were no financial statement findings reported

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.

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

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

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

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

The prior audit report contained one recommendation. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
2020-001 Enrollment	Implemented

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

March 16, 2022