

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2022

**AUDIT REPORT**

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

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2022

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FLATHEAD COUNTY, MONTANA

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COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

**ORGANIZATION**

Fiscal Year Ended June 30, 2022

**BOARD OF TRUSTEES**

Jill Rocksund  
Dean Chisholm  
Barbara Riley  
Keri Hill  
Casey Heupel  
Wayne Jacobsmeyer  
Justin Cheff  
Heather Mumby

Chairperson  
Vice Chairperson  
Trustee  
Trustee  
Trustee  
Trustee  
Trustee  
Trustee

**DISTRICT OFFICIALS**

Dustin Zuffelato  
Dave Wick  
Jack Eggensperger

Business Manager  
District Superintendent  
County Superintendent

**Columbia Falls School District No. 6**  
**Management Discussion and Analysis Report (MD&A)**  
**For the Fiscal Year Ended June 30, 2022**

The Columbia Falls Public School District No. 6 (the District) offers the readers of the District's financial statements this discussion and analysis to introduce the basic financial statements and provide an analytical overview of the financial activities of the District for the fiscal year ended June 30, 2022. Certain comparative information between the current year and the three previous fiscal years is also presented in this discussion and analysis.

**Financial Highlights**

**General Fund Operating Budget** – The General Fund operating budget limit increased \$84,712 to \$16,670,387 or .51%. This budget authority is statutorily defined by the State primarily dependent on student enrollment. The annual number belonging (enrollment) used for budget purposes decreased 28 or 1.26%. The decrease was coupled by an increase to the funding (1.50%) contained in the statutory funding formula approved during the 2021 legislative session. The operational costs increased more than the additional funding. This resulted in a general fund combined (ELEM and HS) deficit of \$432,015. The operational budget deficit was balanced by the savings associated with an early retirement incentive. Six (6) certified teachers took advantage of this incentive at the end of the 2019/20 school year. Additionally, three (3) FTE were moved to federal ESSER funds and the District reduced 2.67 FTE paras.

**State and Local Funding** – The combined general fund budget authority increased \$84,712. State tax revenues plummeted from the general fund in 2022. State Revenue decreased \$1,025,818 as a result of decrease to enrollment from the coronavirus.

**Technology Investment** – The District continues to make an investment in the resources necessary for our students to be successful in the 21<sup>st</sup> century. The District has reached the goal of a device in every student's hand. The District started a project to replace/upgrade all of the wireless access points during FY 2022 in an effort to provide the bandwidth necessary to operate all of these mobile devices.

**Building Facility Replacement/Upgrades**

The only outstanding General Obligation Bonds as of July 1, 2019 were related to the construction of the Junior High School. \$11,950,000 was issued in 2000. These bonds matured in June 2020. The District proposed new bonds to expand and replace the other two Elementary District buildings. The timing of the old bonds maturing and the issuance of new bonds mitigated some of the impact to taxpayers as the annual debt service associated with the old bonds (\$900,000) was replaced with new debt service of approximately \$2,500,000 resulting in a net annual increase of approximately \$1,500,000. The taxpayers within the Elementary District taxing jurisdiction approved the issuance of \$37,072,000 of General Obligation Bonds to replace the Glacier Gateway Elementary School, remodel and expand the Ruder Elementary School, and improve the safety and security of the Junior High School. Construction of these facilities is planned to endure through the Fall of 2023. The District issued \$32,000,000 of general obligation bonds in December 2019. The remaining \$5,072,000 were issued in December 2021. As of June 30, 2022, construction in progress expense totaled \$32,074,723. The District is very appreciative of the local support of this K-8 Facility Project to upgrade everything from HVAC air ventilation, lighting, security, more classroom space, and central food service kitchen to truly provide students and teachers with a workspace to support the highest level of academic achievement.

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Upon the completion of these projects to upgrade the K-8 facilities, the District has turned their attention to the High School. The District plans to use the entire \$4million appropriation of the ESSER III Base Grant to upgrade the HVAC or replace the windows to provide fresh air, ventilation, and a cooler learning environment at the High School.

**Property Tax Collections** – The District had a negligible protested property tax receivable balance as of June 30, 2022. During FY 2022, the District levied \$10,608,532 in local property taxes and collected \$10,750,188 representing more tax revenue than levied during FY 2021. The collection of substantially all the property taxes has provided ample operating reserves at fiscal year-end 2022.

**Federal Funding** – Federal revenues of \$5,747,699 increased \$1,182,043 or 25% as compared to FY 2021. The District spent \$1,052,810 more related to the ESSER coronavirus funding in FY 2022 as compared to FY 2021.

Governmental Funds Revenue	2019	2020		2021		2022	
State	12,489,691	13,262,929	6.19%	14,207,903	7.13%	13,182,085	(7.22%)
Federal	2,176,249	2,297,619	3.50%	4,565,656	98.71%	5,747,699	25.88%
Local/Other	11,868,547	12,492,042	5.25%	13,372,649	7.22%	14,048,005	5.05%
Total	26,534,487	28,052,590	5.72%	32,146,208	14.67%	32,977,789	2.58%

**Net Position** – The change in net position is important because it tells the reader if the financial position of the school district as a whole has improved or diminished. The change to net position was an increase of \$3,620,428. The District’s liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,506,405 at the end of the fiscal year 2022. The primary factors contributing to this negative net position are as follows:

- As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net pension liability decreased which increased net position by \$6,072,167 in FY 2022. Net change to deferred inflow/outflow of resources related to pension decreased net position by \$6,121,473. Net effect was minimal.
- As of July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The postemployment benefit liability decreased \$1,373,730. Net change to deferred inflow/outflow of resources related to OPEB decreased net position by \$891,077.

The financial position when utilizing the modified accrual basis of accounting as noted in the fund income statement depicts a decrease to fund balance of \$11,229,318. This decrease is primarily the result of \$17,674,265 in capital outlay expenses associated with the K-8 Facility Bond Project. Modified accrual basis does not account for the corresponding asset associated with these expenses. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements is represented by a negative \$27,959,790 at the end of the fiscal year. The negative balance is a result of depicting the restricted balances as well as the net capital asset balances with the remaining amount, in this case a negative, shown as unrestricted.

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**For the Fiscal Year Ended June 30, 2022**

**Capital Outlay** – Total capital outlay expenditures were \$19,393,802 during 2022 as compared to \$12,828,460 during 2021. The District replaced two buses. Construction activity continued on the K-8 Facility Bond Project with \$32,074,723 of construction in progress as of June 30, 2022.

**Operating Reserves** – The Elementary District’s General Fund operating reserve for the fiscal year ended June 30, 2022 was \$786,755, which represents 6.76% of the ensuing years adopted budget. The operating reserves for the Elementary General Fund were consistent as compared to the prior year. The High School District’s General Fund operating reserve for the fiscal year ended June 30, 2022 was \$437,878, which represents 7.34% of the ensuing years adopted budget. This level of operating reserves is reasonable and within the 10% maximum allowed by state law. The operating reserves of all other budgeted funds for the fiscal year ended June 30, 2022 either exceed or meet the reserve limit established by state statute with the exception of the Transportation Budgets where reserves are approximately 18% as compared to the limit of 20%. Reserves were less than the limit as a result of higher than expected operating costs during FY22.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets, liabilities, and deferred in-flows/out-flows of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In the Statement of Net Position and the Statement of Activities, the School District’s governmental activities are presented. These activities include most of the District’s programs and services including instruction, support services, administration, operations and maintenance, student transportation, food services and certain extracurricular activities.

**Fund financial statements** - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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**Governmental funds** - Most of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund*, the *Elementary Building Fund*, and the *Elementary Miscellaneous Programs Fund*, which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds** - The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for services provided to all the other funds of the District: *Employee Benefits Self-Insurance Fund*. The internal service fund has been included within governmental activities in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements.

**Fiduciary fund** - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. The District's fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses the fiduciary funds to account for extracurricular student activities, and student scholarship endowments.

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**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. Required supplementary information further explains and supports the financial statements by including a comparison of the District’s budget data for the year.

**Government-wide Financial Analysis**

As stated earlier, net position may serve as a useful indicator of a district’s financial position. In the case of the District, assets and deferred outflows of resources are less than liabilities and deferred inflows of resources by \$4,506,405 at the close of the most recent fiscal year.

The restricted portion of the District’s net position reflects resources that are subject to external restrictions.

<b>Table 1 - Net Position</b>
-------------------------------

	<b>Governmental Activities</b>		
	<b>FY22</b>	<b>FY21</b>	<b>Change Inc (Dec)</b>
Current and other assets	\$ 28,576,687	\$ 39,759,732	\$ (11,183,045)
Capital assets	44,094,105	25,649,456	18,444,649
Total assets	\$ 72,670,792	\$ 65,409,188	\$ 7,261,604
Long-term debt outstanding	\$ 52,542,631	\$ 54,846,851	\$ (2,304,220)
Other liabilities	24,634,566	18,689,170	5,945,396
Total liabilities	\$ 77,177,197	\$ 73,536,021	\$ 3,641,176
Net investment in capital assets	\$ 4,332,911	\$ 13,458,049	\$ (9,125,138)
Restricted	19,120,474	26,750,807	(7,630,333)
Unrestricted (deficit)	(27,959,790)	(48,335,689)	20,375,899
Total net position	\$ (4,506,405)	\$ (8,126,833)	\$ 3,620,428

**Changes in Net Position** – Net position increased by \$3,620,428 or 44.54% during the year ended June 30, 2022.

The following table shows the changes in net position for the fiscal year 2020-2022. The District relies on state funding and federal funding for 58% and local property taxes for 42% of its governmental activities. The District had total revenues of \$33,548,422, which increased \$1,421,391 or 4.42% from the prior year. The total revenues were more than expenses by \$3,285,582.

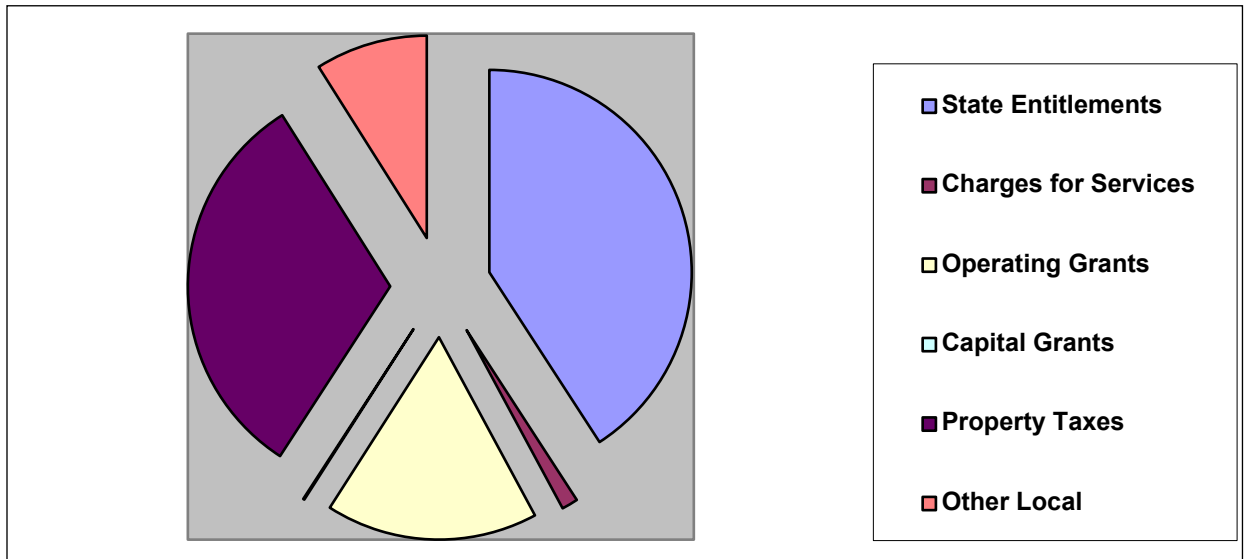
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**For the Fiscal Year Ended June 30, 2022**

**Table 2 - Changes in Net Position**

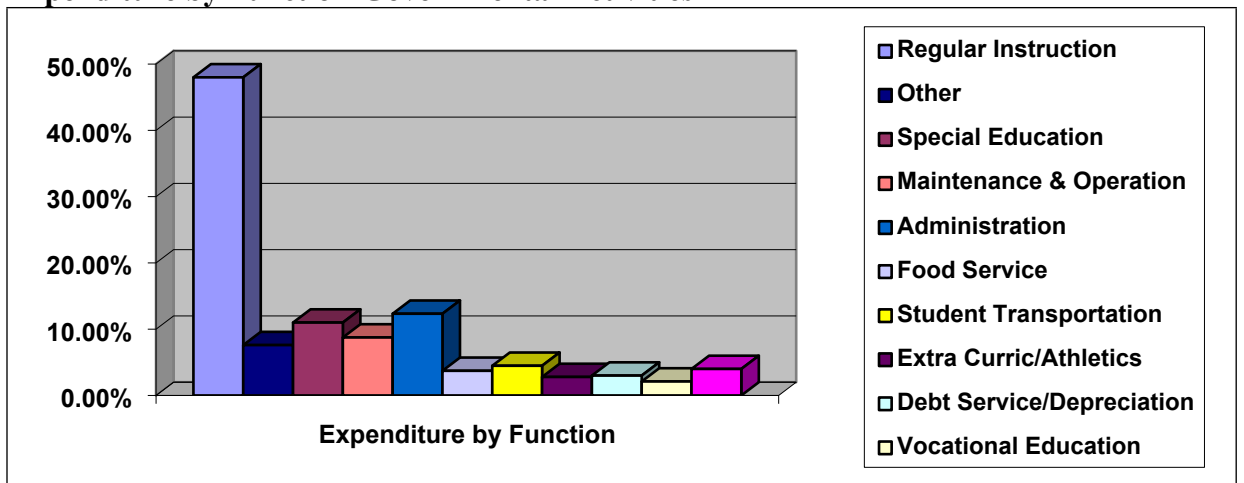
	<b>Governmental Activities</b>		
	<u>FY22</u>	<u>FY21</u>	<u>Change Inc (Dec)</u>
<b>Revenues</b>			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 267,567	\$ 97,433	\$ 170,134
Operating grants and contributions	8,115,243	6,659,884	1,455,359
Capital grants and contributions	50,295	-	50,295
<i>General revenues (by major source):</i>			
Property taxes for general purposes	10,750,188	10,322,385	427,803
Grants and entitlements not restricted to specific programs	10,855,190	12,405,033	(1,549,843)
Investment earnings	73,776	97,199	(23,423)
Miscellaneous (other revenue)	98,776	202,957	(104,181)
Student activities	-	-	-
State pension aid	1,012,837	-	1,012,837
County retirement	2,324,550	2,342,140	(17,590)
Total revenues	<u>\$ 33,548,422</u>	<u>\$ 32,127,031</u>	<u>\$ 1,421,391</u>
<b>Program expenses</b>			
Instructional - regular	\$ 12,819,291	\$ 15,333,999	\$ (2,514,708)
Instructional - special education	1,986,776	2,359,788	(373,012)
Instructional - vocational education	515,455	497,263	18,192
Supporting services - operations & maintenance	2,849,435	2,603,325	246,110
Supporting services - general	2,105,088	2,201,912	(96,824)
Supporting services - educational media services	1,507,917	1,415,388	92,529
Administration - general	502,254	471,174	31,080
Administration - school	1,406,657	1,163,811	242,846
Administration - business	545,530	503,466	42,064
Student transportation	1,515,968	1,463,176	52,792
Extracurricular	989,275	843,564	145,711
School food	1,387,121	1,351,799	35,322
Community services	28,228	8,101	20,127
Debt service expense - interest	1,189,168	1,064,855	124,313
Unallocated depreciation*	350,773	350,621	152
Enterprise Services	76,003	5,768	70,235
Special Assessments	37,481	38,601	(1,120)
Total expenses	<u>\$ 29,812,420</u>	<u>\$ 31,676,611</u>	<u>\$ (1,864,191)</u>
Excess (deficiency) before special items and transfers	\$ 3,736,002	\$ 450,420	\$ 3,285,582
Gain (loss) on sale of capital assets	(115,574)	-	(115,574)
<b>Increase (decrease) in net position</b>	<u>\$ 3,620,428</u>	<u>\$ 450,420</u>	<u>\$ 3,170,008</u>

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Management Discussion and Analysis Report (MD&A)  
For the Fiscal Year Ended June 30, 2022**

**Revenue by Source-Governmental Activities**



**Expenditure by Function-Governmental Activities**



**Net (Expenses) Revenues**

The District's total revenues for the fiscal year ended June 30, 2022, was \$33,548,422. The total cost of all programs and services was \$29,812,420, which generated an increase in net assets of \$3,736,002.

Expenditures Supported with General Revenues (from taxes and other sources for general school use)	\$25,338,784	85.00%
Expenditures Supported with Program Revenues	\$ 4,473,636	15.00%
<b>Total Expenditures Related to Governmental Activities</b>	<b>\$29,812,420</b>	<b>100%</b>

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**Financial Analysis of the District's Funds**

**Governmental funds** - The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Montana law, there are specific fund balance reserve limitations. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, fund balances must not exceed specific reserve limitations. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must not exceed specific limitations to prevent a District from accumulating excess funds. Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Total fund balances in the governmental funds decreased \$11,229,318 during the year ended June 30, 2022 to \$18,343,927.

**General Fund** - The *General Fund* is the primary operating fund of the District. The General Fund's ending fund balances decreased 262,979. The change to the specific general fund defined by state statute was a decrease of \$3,675. In accordance to generally accepted accounting principles, the District classifies the flexibility and multi-district agreement fund as general funds based on the nature of their use. The District has accumulated funds (\$13,781) in the flexibility account and plans to use for Information Technology. The High School and Elementary Districts maintain a multi-district agreement in which they can accumulate funds for use in times when one district has more financial resources than another. The fund balance in this fund decreased \$241,024 to acquire curriculum material.

**Capital Assets and Debt Administration**

As of June 30, 2022, the District had invested \$44,094,105 in capital assets including land, buildings, construction in progress, and machinery and equipment. This represents a net increase of \$18,444,649.

The District acquired:

- Replaced two route buses that were originally purchased in 2012 and 2013. The District replaces two or three buses per year to ensure all buses in the fleet of thirty buses are less than fifteen years old.
- Purchased a Kubota Lawn Mower/Tractor for the new multi-use sports field developed in 2021.
- Upgraded the electrical infrastructure in the High School.
- Upgraded the cameras in the High School.
- Continued renovations to Ruder Elementary and construction of the new Glacier Gateway Elementary, both projects part of the \$37 million K-8 Facility Bond Project. Renovations for Ruder are expected to be completed in August 2022 and the new Glacier Gateway Elementary is expected to be completed in the December 2022.

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The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2022:

Land	\$ 409,252
Buildings	7,820,736
Improvements other than buildings	1,244,557
Machinery and equipment	2,544,837
Construction in Progress	<u>32,074,723</u>
Total	<u>\$44,094,105</u>

**Debt Administration** –The District issued General Obligation bonds in 2000 to finance the Junior High School. These bonds matured and were completely paid in FY 2020. In an effort to upgrade and mitigate deferred maintenance of the Elementary School buildings as well as maintain a consistent debt service fund levy, the District taxpayers successfully voted in the issuance of \$37 million of general obligation bonds. The District issued \$32 million in December 2019, \$29,855,000 was outstanding as of June 30, 2022. The District issued \$5 million in December 2021, \$4,636,269 was outstanding as of June 30, 2022. Pursuant to Montana law, the maximum amount for which the district may become indebted is the corresponding facility guaranteed mill value per elementary ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times the high school ANB of the district. The District’s bonding capacity as of June 30, 2022 is \$126,981,280. Therefore, the current unused legal debt capacity is 92,221,280.

A summary of the District’s outstanding long-term debt for the year ended June 30, 2022 is presented below:

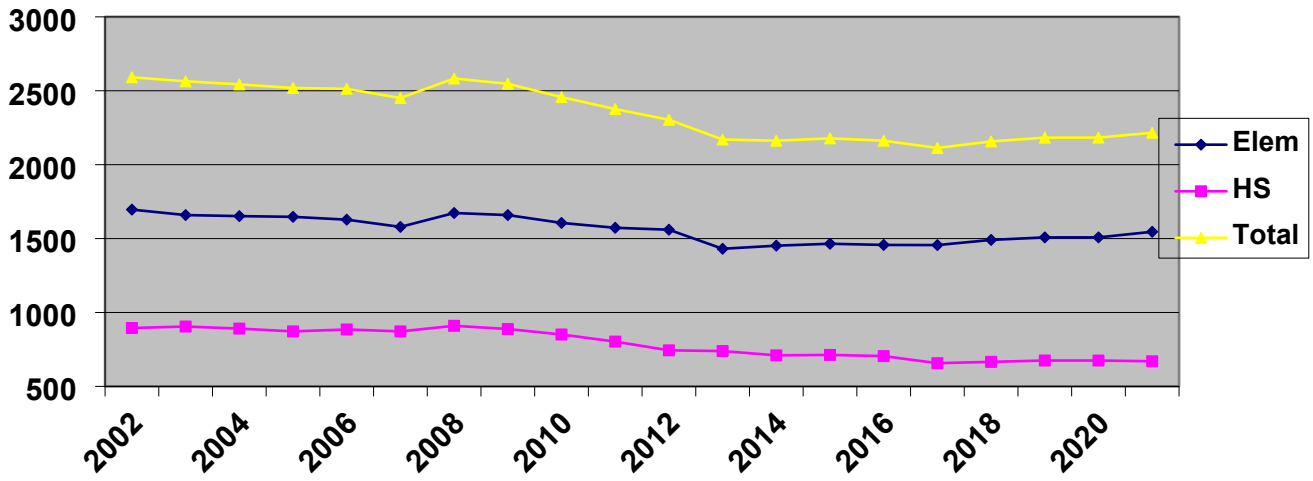
General obligation bonds	\$ 34,760,000
Unamortized bond Premium	4,636,269
Post Employment Health Insurance-OPEB	4,957,796
Net Pension Liability-PERS	2,485,717
Net Pension Liability-TRS	14,474,372
Contracted Debt-HS Energy performance	348,815
Contracted Debt-Copier	16,110
Compensated absences	<u>475,272</u>
Total	<u>\$ 62,136,696</u>

**Economic Factors and the District’s Future**

Student enrollment peaked during the 1998 school year. Enrollment was on a decline until 2013. During this fifteen-year time span the Elementary District enrollment dropped 279 students or 16% while the High School District enrollment dropped 230 students or 24%. The enrollment decline was exacerbated from 2009-2013 during the great recession. Enrollment has stabilized since 2014 in the K-8 Elementary District. This has provided great relief to the general operating budget. Enrollment dropped from 2,116 in 2020 to 2,094 in 2021 as a result of the COVID pandemic. Enrollment rebounded in 2022 to an all-time high that has not been achieved since 2011 (2,224.)

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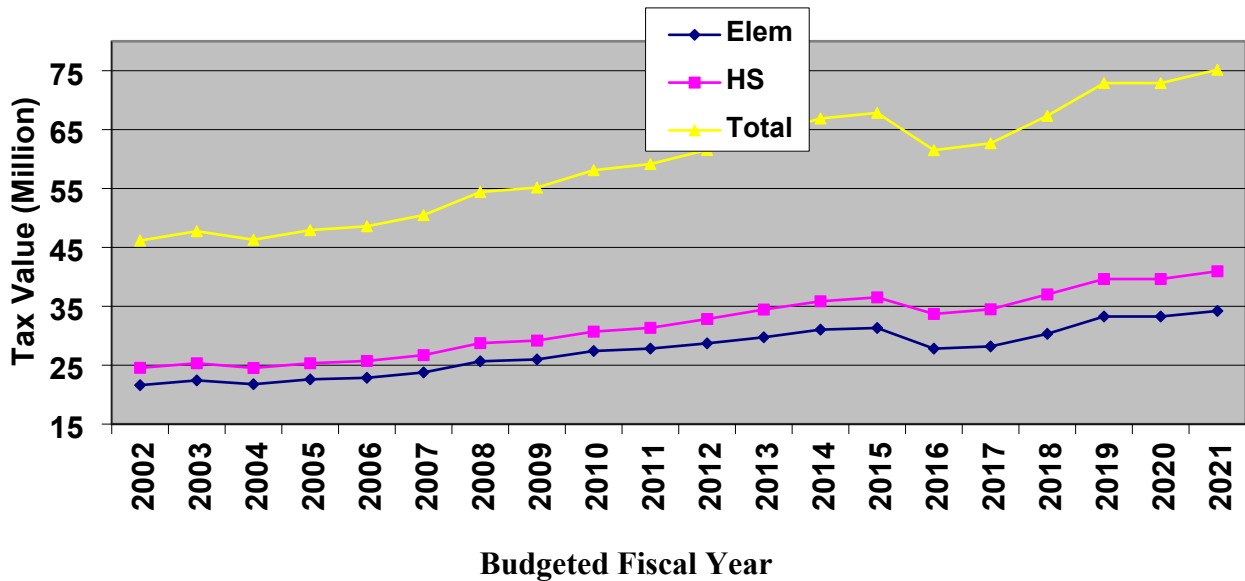
**Student Enrollment History**



**ANB for Budgeted Fiscal Year**

The District does not obtain additional funds from an increase in taxable valuation. The District’s budget is based solely on the number of students and the funding per student provided by the State. However, the taxable valuation of the District impacts local taxpayers and specifically the share of the cost that each taxpayer is burdened to fund the District. The taxable valuation was on a steady increase (37%) over the past eight years until 2015. The Montana Department of Revenue completed an appraisal of all property in 2015. The values were updated in 2015 illustrating approximately a 10% reduction. The reduction to tax value necessitated an increase to the number of mills levied to achieve the same tax revenue. Tax values have rebounded and are projected to show a steady increase. The tax values have steadily rebounded since 2015.

**Taxable Valuation History**



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**For the Fiscal Year Ended June 30, 2022**

**Contact for Additional Information**

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Business Administrator, Columbia Falls School District, PO Box 1259, Columbia Falls, MT 59912.

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

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

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**INDEPENDENT AUDITOR’S REPORT**

To the Board of Trustees  
Columbia Falls Public Schools  
Flathead County  
Columbia Falls, Montana

**Opinions**

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

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

**Basis for Opinions**

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

**Change in Accounting Principle**

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

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in the entity's total OPEB liability and related ratios, schedules of proportionate share of the net pension liability and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report March 29, 2023, on our consideration of the Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and compliance.

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

March 29, 2023

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Net Position**  
**June 30, 2022**

		<b>Governmental Activities</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$	23,002,873
Taxes and assessments receivable, net		487,314
Accounts receivable - net		45,383
Due from other governments		292,267
Inventories		17,221
Total current assets	\$	23,845,058
Noncurrent assets		
Capital assets - land	\$	409,252
Capital assets - construction in progress		32,074,723
Capital assets - depreciable, net		11,610,130
Total noncurrent assets	\$	44,094,105
Total assets	\$	67,939,163
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pensions	\$	3,872,522
Deferred outflows of resources - OPEB		859,107
Total deferred outflows of resources	\$	4,731,629
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>72,670,792</b>
<b>LIABILITIES</b>		
Current liabilities		
Warrants payable	\$	1,354,225
Accounts payable		369,378
Accrued payroll		334,546
Current portion of long-term capital liabilities		1,394,978
Current portion of compensated absences payable		250,583
Current portion of bond premium liability		268,238
Total current liabilities	\$	3,971,948
Noncurrent liabilities		
Noncurrent portion of bond premium liability	\$	4,368,031
Other post employment benefits		4,957,796
Noncurrent portion of long-term capital liabilities		33,729,947
Noncurrent portion of compensated absences		207,034
Net pension liability		16,960,089
Total noncurrent liabilities	\$	60,222,897
Total liabilities	\$	64,194,845
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pensions	\$	5,676,267
Deferred inflows of resources - OPEB		7,306,085
Total deferred inflows of resources	\$	12,982,352
<b>NET POSITION</b>		
Net investment in capital assets	\$	4,332,911
Restricted by donors for specific purposes		203,395
Restricted for capital projects		11,812,152
Restricted for debt service		334,328
Restricted for special projects		3,690,081
Restricted for health insurance benefits		3,080,518
Unrestricted		(27,959,790)
Total net position	\$	(4,506,405)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$</b>	<b>72,670,792</b>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>
<u>Primary government:</u>	<u>Primary Government</u>				<u>Primary Government</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Governmental activities:					
Instructional - regular	\$ 12,819,291	\$ 52,387	\$ 3,587,680	\$ -	\$ (9,179,224)
Instructional - special education	1,986,776	-	1,587,056	-	(399,720)
Instructional - vocational education	515,455	1,007	68,206	-	(446,242)
Supporting services - operations & maintenance	2,849,435	62,126	100,722	-	(2,686,587)
Supporting services - general	2,105,088	8,379	547,882	-	(1,548,827)
Supporting services - educational media services	1,507,917	6,751	58,042	-	(1,443,124)
Administration - general	502,254	165	-	-	(502,089)
Administration - school	1,406,657	-	-	-	(1,406,657)
Administration - business	545,530	-	35,220	-	(510,310)
Student transportation	1,515,968	7,000	283,017	-	(1,225,951)
Extracurricular	989,275	-	339,041	50,295	(599,939)
School food	1,387,121	118,738	1,500,127	-	231,744
Community services	28,228	11,014	8,250	-	(8,964)
Debt service expense - interest	1,189,168	-	-	-	(1,189,168)
Unallocated depreciation*	350,773	-	-	-	(350,773)
Enterprise Services	76,003	-	-	-	(76,003)
Special Assessments	37,481	-	-	-	(37,481)
Total governmental activities	\$ 29,812,420	\$ 267,567	\$ 8,115,243	\$ 50,295	\$ (21,379,315)
		General Revenues:			
		Property taxes for general purposes		\$ 10,750,188	
		Grants and entitlements not restricted to specific programs		10,855,190	
		Investment earnings		73,776	
		Miscellaneous (other revenue)		98,776	
		State pension aid		1,012,837	
		County retirement		2,324,550	
		Gain (loss) on sale of capital assets		(115,574)	
		Total general revenues, special items and transfers		\$ 24,999,743	
		Change in net position		\$ 3,620,428	
		Net position - beginning		\$ (8,126,833)	
		Net position - end		\$ (4,506,405)	

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

**Columbia Falls School District, Flathead County, Montana**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>General</u>	<u>Elementary Miscellaneous Programs Fund</u>	<u>Elementary Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 4,094,647	\$ 428,039	\$ 10,867,719	\$ 4,333,077	\$ 19,723,482
Taxes and assessments receivable, net	230,275	-	-	257,039	487,314
Due from other governments	-	260,419	-	31,848	292,267
Inventories	17,221	-	-	-	17,221
<b>TOTAL ASSETS</b>	<b>\$ 4,342,143</b>	<b>\$ 688,458</b>	<b>\$ 10,867,719</b>	<b>\$ 4,621,964</b>	<b>\$ 20,520,284</b>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable	\$ 1,354,225	\$ -	\$ -	\$ -	\$ 1,354,225
Accounts payable	-	-	-	272	272
Accrued payroll	196,633	48,420	252	89,241	334,546
Total liabilities	<b>\$ 1,550,858</b>	<b>\$ 48,420</b>	<b>\$ 252</b>	<b>\$ 89,513</b>	<b>\$ 1,689,043</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources- taxes	\$ 230,275	\$ -	\$ -	\$ 257,039	\$ 487,314
Total deferred inflows of resources	<b>\$ 230,275</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 257,039</b>	<b>\$ 487,314</b>
<b>FUND BALANCES</b>					
Nonspendable	\$ 17,221	\$ -	\$ -	\$ -	\$ 17,221
Restricted	-	640,038	10,867,467	4,210,297	15,717,802
Assigned	101,323	-	-	65,115	166,438
Unassigned fund balance	2,442,466	-	-	-	2,442,466
Total fund balance	<b>\$ 2,561,010</b>	<b>\$ 640,038</b>	<b>\$ 10,867,467</b>	<b>\$ 4,275,412</b>	<b>\$ 18,343,927</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,342,143</b>	<b>\$ 688,458</b>	<b>\$ 10,867,719</b>	<b>\$ 4,621,964</b>	<b>\$ 20,520,284</b>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2022**

<b>Total fund balances - governmental funds</b>	\$ 18,343,927
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,094,105
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.	487,314
An internal service fund is used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets	2,955,668
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(45,176,607)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(16,960,089)
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.	3,872,522
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.	(5,676,267)
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.	859,107
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.	(7,306,085)
<b>Total net position - governmental activities</b>	<b>\$ <u>(4,506,405)</u></b>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	<u>General</u>	<u>Elementary Miscellaneous Programs Fund</u>	<u>Elementary Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local revenue	\$ 5,269,543	\$ 106,154	\$ 54,934	\$ 6,151,316	\$ 11,581,947
County revenue	-	-	-	2,466,058	2,466,058
State revenue	11,997,498	701,504	-	483,083	13,182,085
Federal revenue	-	4,173,759	-	1,573,940	5,747,699
Total revenues	<u>\$ 17,267,041</u>	<u>\$ 4,981,417</u>	<u>\$ 54,934</u>	<u>\$ 10,674,397</u>	<u>\$ 32,977,789</u>
<b>EXPENDITURES</b>					
Instructional - regular	\$ 9,173,754	\$ 2,146,040	\$ -	\$ 1,380,702	\$ 12,700,496
Instructional - special education	1,117,476	84,720	-	784,580	1,986,776
Instructional - vocational education	390,495	-	-	124,960	515,455
Supporting services - operations & maintenance	2,283,265	235,551	-	228,826	2,747,642
Supporting services - general	1,116,219	750,706	-	233,208	2,100,133
Supporting services - educational media services	798,328	252,213	-	451,724	1,502,265
Administration - general	434,272	1,344	-	65,960	501,576
Administration - school	1,081,707	40,620	-	279,488	1,401,815
Administration - business	439,247	12,070	-	77,248	528,565
Student transportation	110,409	5,237	-	1,127,364	1,243,010
Extracurricular	585,090	-	-	365,604	950,694
School food	-	-	-	1,375,109	1,375,109
Community services	-	18,249	-	9,979	28,228
Debt service expense - principal	28,774	-	-	1,257,000	1,285,774
Debt service expense - interest	13,878	-	83,608	1,359,920	1,457,406
Capital outlay	81,968	1,285,562	17,674,265	352,007	19,393,802
Enterprise Services	-	-	-	6,552	6,552
Special Assessments	-	-	-	37,481	37,481
Total expenditures	<u>\$ 17,654,882</u>	<u>\$ 4,832,312</u>	<u>\$ 17,757,873</u>	<u>\$ 9,517,712</u>	<u>\$ 49,762,779</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (387,841)</u>	<u>\$ 149,105</u>	<u>\$ (17,702,939)</u>	<u>\$ 1,156,685</u>	<u>\$ (16,784,990)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of general long term debt	\$ -	\$ -	\$ 5,546,972	\$ -	\$ 5,546,972
Proceeds from the sale of general capital asset disposition	-	-	-	8,700	8,700
Transfers in	124,862	-	-	-	124,862
Transfers out	-	-	-	(124,862)	(124,862)
Total other financing sources (uses)	<u>\$ 124,862</u>	<u>\$ -</u>	<u>\$ 5,546,972</u>	<u>\$ (116,162)</u>	<u>\$ 5,555,672</u>
Net Change in Fund Balance	<u>\$ (262,979)</u>	<u>\$ 149,105</u>	<u>\$ (12,155,967)</u>	<u>\$ 1,040,523</u>	<u>\$ (11,229,318)</u>
Fund balances - beginning	\$ 2,823,989	\$ 490,933	\$ 23,023,434	\$ 3,234,889	\$ 29,573,245
Fund balance - ending	<u>\$ 2,561,010</u>	<u>\$ 640,038</u>	<u>\$ 10,867,467</u>	<u>\$ 4,275,412</u>	<u>\$ 18,343,927</u>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

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

**Net change in fund balances - total governmental funds** \$ (11,229,318)

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	19,393,802
- Depreciation expense	(824,879)

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

- Proceeds from the sale of capital assets	(8,700)
- Gain on the sale of capital assets	(115,574)

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)	71,281
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The change in compensated absences is shown as an expense in the Statement of Activities

18,279

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	1,285,774
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Long term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:

- Proceeds from the sale of long-term debt	(5,546,972)
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Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	482,653
--	---------

Internal service funds are used by management to share the costs of certain activities, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the Government-Wide Statement of Activities net of the amounts allocated to business-type activities and depreciation expense.

(124,850)

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

(548,658)

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

499,352

The amortization of bond premium is shown as an expense on the Statement of Activities and is not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

268,238

**Change in net position - Statement of Activities** **\$ 3,620,428**

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

		<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$	3,279,391
Stop loss insurance claim receivable		45,383
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,324,774</b>
<b>LIABILITIES</b>		
Current liabilities:		
Incurred claims not yet reported	\$	369,106
Total liabilities	\$	369,106
<b>NET POSITION</b>		
Unrestricted	\$	2,955,668
Total net position	\$	2,955,668
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b>3,324,774</b>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Health insurance premiums	\$ 3,959,231
Total operating revenues	\$ 3,959,231
<b>OPERATING EXPENSES</b>	
Personal services	\$ 39,787
Employee benefits	3,854,971
Supplies	8,212
Purchased professional and technical services	189,063
Other purchased services	2,000
Total operating expenses	\$ 4,094,033
Operating income (loss)	\$ (134,802)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest revenue	9,952
Total non-operating revenues (expenses)	\$ 9,952
Change in net position	\$ (124,850)
Net Position - Beginning of the year	\$ 3,080,518
Net Position - End of the year	\$ 2,955,668

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**Fiscal Year Ended June 30, 2022**

		<u>Governmental Activities</u>
		<u>Internal Service Fund</u>
<b>Cash flows from operating activities:</b>		
Cash received for health insurance benefits	\$	3,913,848
Cash payments for health promotion program		(8,212)
Cash payments for professional services		(3,852,350)
Cash payments to administration services		(42,486)
Net cash provided (used) by operating activities	\$	<u>10,800</u>
<b>Cash flows from investing activities:</b>		
Interest on investments		9,952
Net cash provided (used) by investing activities	\$	<u>9,952</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$	20,752
<b>Cash and cash equivalents at beginning</b>		<u>3,258,639</u>
<b>Cash and cash equivalents at end</b>	\$	<u><u>3,279,391</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$	(134,802)
Changes in assets and liabilities:		
Accounts receivables		(45,383)
IBNR liability		193,684
Payroll payable		(2,699)
Net cash provided (used) by operating activities	\$	<u><u>10,800</u></u>

See accompanying notes to the financial statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

		<u><b>Custodial Funds</b></u>
<b>ASSETS</b>		
Cash and short-term investments	\$	<u>156,001</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>156,001</u></b>
 <b>NET POSITION</b>		
Restricted for:		
Individuals, organizations, and other governments	\$	<u>156,001</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>156,001</u></b>

See accompanying Notes to the Financial Statements

**Columbia Falls School District, Flathead County, Montana**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2022**

		<u><b>Custodial Funds</b></u>
<b>ADDITIONS</b>		
Contributions:		
Contributions from private sources	\$	2,122
Interest and change in fair value of investments		<u>(1,494)</u>
Total additions	\$	<u>628</u>
 <b>DEDUCTIONS</b>		
Other expenditures	\$	<u>11,750</u>
Total deductions	\$	<u>11,750</u>
Change in net position	\$	<u>(11,122)</u>
Net Position - Beginning of the year	\$	<u>167,123</u>
Net Position - End of the year	\$	<u><u>156,001</u></u>

See accompanying Notes to the Financial Statements

COLUMBIA FALLS PUBLIC SCHOOLS  
FLATHEAD COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**New Accounting Pronouncements**

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

**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.

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FLATHEAD COUNTY, MONTANA  
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**Basis of Presentation, Measurement Focus and Basis of Accounting**

**Government-wide Financial Statements:**

*Basis of Presentation*

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

The Statement of Net Position presents the financial condition of the governmental and business-type activities for the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The 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. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not 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.

COLUMBIA FALLS PUBLIC SCHOOLS  
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**Fund Financial Statements:**

*Basis of Presentation*

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

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

*Measurement Focus and Basis of Accounting*

***Governmental Funds:***

Modified Accrual

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

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

COLUMBIA FALLS PUBLIC SCHOOLS  
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Property taxes, charges for current services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

*Major Funds:*

The District reports the following major governmental funds:

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

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

*Elementary Building Fund* – The Building Fund is authorized by Section 20-9-508, MCA. It is used primarily to account for the proceeds of bonds sold for the purposes provided in Section 20-9-403, MCA. The fund is also used to account for insurance proceeds for damaged property as provided in 20-6-608, MCA, or the sale or rental of property as provided by 20-6-604 and 607, MCA.

***Internal Service Funds:***

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies for the government on a cost-reimbursement basis. The District maintains one internal service fund relating to self-insurance fund activity.

***Fiduciary Funds:***

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

*Custodial Funds* – To report fiduciary activities that are not required to be reported in any of the other fiduciary categories in which the resources held by the District in a custodial capacity. This fund primarily consist reporting of resources held by the District as an agent for individuals, private organizations, other local governmental entities.

COLUMBIA FALLS PUBLIC SCHOOLS  
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**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Cash Composition**

The District’s cash, except for the Student Extracurricular Fund, Endowment Funds, Ruder Education Foundation Funds, and Self-Insurance Fund accounts is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County’s investment portfolio as of June 30, 2022, consisted of certificates of deposits, U.S. government securities, and the State Short-Term Investment Pool (STIP).

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, 935 1st Ave W. Suite I, Kalispell, Montana 59901. Fair value approximates carrying value for investments as of June 30, 2022.

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

For purposes of the Statement of Cash Flows, cash equivalents include all cash and investments.

		<u>Primary Government</u>
<u>Cash on hand and deposits:</u>		
Cash on hand	\$	22,839,409
Petty Cash		200
Cash in banks:		
Demand deposits		149,736
Certificates of deposit		169,529
Total	\$	<u>23,158,874</u>

**Deposits**

The District’s deposit balance at year end was \$319,265 and the bank balance was \$363,802, which was fully insured by FDIC as of June 30, 2022.

COLUMBIA FALLS PUBLIC SCHOOLS  
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June 30, 2022

**NOTE 3. RECEIVABLES**

**Tax Receivables**

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

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

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

**NOTE 4. INVENTORIES AND PREPAIDS**

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	30 – 60 years
Improvements	30 – 60 years
Equipment	5 – 60 years
Infrastructure	50 – 65 years

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

Governmental activities:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 409,252	\$ -	\$ -	\$ 409,252
Construction in progress	13,150,098	18,924,625	-	32,074,723
Total capital assets not being depreciated	<u>\$ 13,559,350</u>	<u>\$ 18,924,625</u>	<u>\$ -</u>	<u>\$ 32,483,975</u>
Other capital assets:				
Buildings	\$ 19,205,154	\$ -	\$ (52,256)	\$ 19,152,898
Improvements other than buildings	2,635,047	97,920	(196,435)	2,536,532
Machinery and equipment	5,858,154	371,257	(286,614)	5,942,797
Total other capital assets at historical cost	\$ 27,698,355	\$ 469,177	\$ (535,305)	\$ 27,632,227
Less: accumulated depreciation	(15,608,249)	(824,879)	411,031	(16,022,097)
Total	<u>\$ 25,649,456</u>	<u>\$ 18,568,923</u>	<u>\$ (124,274)</u>	<u>\$ 44,094,105</u>

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

Governmental Activities:

Instructional – regular	\$ 36,634
Supporting services – operations and maintenance	97,250
Supporting services – general	128
Supporting services – educational media services	2,922
Administration – school	1,809
Administration – business	15,900
Student transportation	271,163
Extracurricular	38,440
School food	9,860
Unallocated	350,773
Total governmental activities depreciation expense	<u>\$ 824,879</u>

**NOTE 6. LONG TERM DEBT OBLIGATIONS**

In the governmental-wide, proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs are expensed at the date of sale. Bond discounts or premiums are capitalized and amortized over the life of the debt.

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

Governmental Activities:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 30,945,000	\$ 5,072,000	\$ (1,257,000)	\$ 34,760,000	\$ 1,365,000
Bond premiums	4,429,535	474,972	(268,238)	4,636,269	268,238
Contracted debt	393,699	-	(28,774)	364,925	29,978
Compensated absences	475,896	-	(18,279)	457,617	250,583
Total	<u>\$ 36,244,130</u>	<u>\$ 5,546,972</u>	<u>\$ (1,572,291)</u>	<u>\$ 40,218,811</u>	<u>\$ 1,913,799</u>

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

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

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2022</u>
K-8 Facility Bonds - Series 2019	12/30/19	Varies	20yrs	7/1/40	\$32,000,000	Varies	\$ 29,855,000
K-8 Facility Bonds - Series 2021	9/30/21	Varies	20yrs	7/1/40	<u>5,072,000</u>	Varies	<u>4,905,000</u>
					<u>\$37,072,000</u>		<u>\$ 34,760,000</u>

Reported in the governmental activities.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,365,000	\$ 1,334,100
2024	1,430,000	1,272,600
2025	1,480,000	1,223,000
2026	1,540,000	1,156,050
2027	1,595,000	1,101,100
2028	1,670,000	1,028,550
2029	1,745,000	952,400
2030	1,810,000	887,500
2031	1,895,000	804,650
2032	1,950,000	747,800
2033	2,005,000	689,300
2034	2,070,000	629,150
2035	2,150,000	549,200
2036	2,235,000	466,150
2037	2,315,000	379,800
2038	2,405,000	290,300
2039	2,500,000	197,300
2040	<u>2,600,000</u>	<u>100,600</u>
Total	<u>\$ 34,760,000</u>	<u>\$ 13,809,550</u>

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**Bond Premium**

As of June 30, 2022, the District recognized deferred inflows of resources for bond premiums totaling \$4,636,269. The premium is related to the issuance of the 2019 Elementary General Obligation Bonds Services 2019 totaling \$32,000,000 and the 2021 Elementary General Obligation Bonds Services 2021 totaling \$5,072,000. The premiums are amortized over the life of the bonds that equal 20 years. The total amount amortized during fiscal year 2022 was \$268,238.

**Contracted Debt**

Contracted debts outstanding as of June 30, 2022, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2022</u>
Energy Improvement Measures	7/15/19	Varies	15yrs	6/15/34	\$ 415,157	Varies	\$ 348,815
Sharp MXM1205 Copier	2/6/20	Varies	5yrs	3/1/25	<u>28,998</u>	Varies	<u>16,110</u>
					<u>\$ 444,155</u>		<u>\$ 364,925</u>

Reported in the governmental activities.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 29,978	\$ 12,672
2024	30,840	11,810
2025	28,563	10,864
2026	26,270	9,934
2027	27,252	8,954
2028	28,258	7,948
2029	29,335	6,871
2030	30,420	5,785
2031	31,556	4,650
2032	32,730	3,476
2033	33,960	2,246
2034	<u>35,763</u>	<u>985</u>
Total	<u>\$ 364,925</u>	<u>\$ 86,195</u>

**Compensated Absences**

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

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

**NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN**

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

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

*Employees covered by benefit terms.* At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	38
Active employees	205
Total employees	243

Total OPEB Liability

The District's total OPEB liability of \$4,957,796 at June 30, 2022, and was determined by actuarial valuation using the actuarial entry age normal funding method with a measurement date of June 30, 2021 then applying roll forward procedures to June 30, 2022.

*Actuarial assumptions and other input.* The total OPEB liability in the June 30, 2021, 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)	60.82
Discount rate (average anticipated rate)	4.02%
Average salary increase (Consumer Price Index)	2.50%

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

<u>Year</u>	<u>Medical</u>	<u>Prescription Drugs</u>
2021	7.5%	7.5%
2022	7.0%	7.0%
2023	6.5%	6.5%
2024	6.0%	6.0%
2025	5.9%	5.9%
2026	5.7%	5.7%
2027	5.6%	5.6%
2028	5.5%	5.5%
2029	5.3%	5.3%
2030-2046	5.2%	5.2%
2047	5.1%	5.1%
2048-2049	5.0%	5.0%
2050-2052	4.9%	4.9%
2053-2056	4.8%	4.8%
2057-2061	4.7%	4.7%
2062-2068	4.6%	4.6%
2069	4.5%	4.5%
2070	4.4%	4.4%
2071	4.3%	4.3%
2072-2073	4.2%	4.2%
2074	4.1%	4.1%
2075-2076	4.0%	4.0%
2077	3.9%	3.9%
2078+	3.8%	3.8%

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

Participation Rate

- 40.0% of future retirees are assumed to elect medical coverage.
- 95.0% of the future retirees who elect medical, dental or vision coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.

Mortality - Healthy

For PERS, mortality is assumed to follow the RP 2000 Healthy Combined Mortality Table projected to 2015 using Scale AA with no collar adjustment for males and females.

For TRS, mortality is assumed to follow the RP 2000 Healthy Combined Mortality Table projected to 2022 using Scale BB, set back two years for both males and females.

Mortality - Disabled

For PERS, disabled mortality is assumed to follow the RP 2000 Disabled Mortality Table with no projections and no collar adjustment for males and females.

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For TRS, disabled mortality is assumed to follow the RP 2000 Disabled Mortality Table projected to 2022 using Scale BB, set back three years for males and set forward two years for females.

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 6/30/2021	\$ <u>6,331,525</u>
Changes for the year:	
Service Cost	\$ 358,325
Interest	149,155
Change in assumptions	(1,641,595)
Benefit payments	<u>(239,614)</u>
Net Changes	\$ <u>(1,373,729)</u>
Balance at 6/30/2022	\$ <u>4,957,796</u>

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

	1% Decrease (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB Liability	\$ 5,713,468	\$ 4,957,796	\$ 4,343,936

*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	\$ 4,168,977	\$ 4,957,796	\$ 5,967,773

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

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

For the year ended June 30, 2022, the District recognized an OPEB expense of \$(1,373,730).

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

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Differences between expected and actual economic experience	\$ -	-
Changes in actuarial assumptions	859,107	7,306,085
<b>Total</b>	<b>\$ 859,107</b>	<b>\$ 7,306,085</b>

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
2023	\$ (591,734)
2024	\$ (523,172)
2025	\$ (530,097)
2026	\$ (545,151)
2027	\$ (566,971)
Thereafter	\$ (3,689,853)

**NOTE 8. NET PENSION LIABILITY (NPL)**

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

District's Proportionate Share Associated With:	PERS	TRS	Pension Totals
Net Pension Liability	\$ 2,485,717	\$ 14,474,372	\$ 16,960,089
Deferred outflows of resources*	\$ 663,029	\$ 3,209,493	\$ 3,872,522
Deferred inflows of resources	\$ 1,024,984	\$ 4,651,283	\$ 5,676,267
Pension expense	\$ 277,595	\$ 2,198,062	\$ 2,475,657

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\*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$221,030, and \$1,170,887, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2022.

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

**Public Employee's Retirement System – Defined Benefit Retirement Plan**

**Summary of Significant Accounting Policies**

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

**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).

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

**Summary of Benefits**

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

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

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

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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.

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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.

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

1. Member contributions to the system of 7.9% are 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.
2. 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 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.

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3. Non-Employer Contributions:

a. Special Funding

- i. The state contributed 0.1% of members' compensation on behalf of local government entities.
- ii. The state contributed 0.37% of members' compensation on behalf of school district entities.
- iii. The state contributed a Statutory Appropriation from the General Fund of \$34,290,660.

**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, 2022, was determined by taking the results of the June 30, 2021, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards and Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2022, and 2021 (reporting periods), are displayed below. The District proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of \$2,485,717 and the District's proportionate share was 0.137088 percent.

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 2,485,717	\$ 3,463,709	0.137088%	0.131290%	0.005798%
State of Montana Proportionate Share associated with Employer	808,748	1,200,948	0.044603%	0.045521%	-0.000918%
<b>Total</b>	<b>\$ 3,294,465</b>	<b>\$ 4,664,657</b>	<b>0.181691%</b>	<b>0.176811%</b>	<b>0.004880%</b>

*Changes in actuarial assumptions and methods:*

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

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

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*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, 2022, the District recognized a Pension Expense of \$69,351 for its proportionate share of the pension expense. The District also recognized grant revenue of \$208,244 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/22	Pension Expense as of 6/30/21
Employer Proportionate Share	\$ 69,351	\$ 856,008
State of Montana Proportionate Share associated with the Employer	208,244	196,405
Total	\$ 277,595	\$ 1,052,413

*Recognition of Beginning Deferred Outflow*

At June 30, 2022, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2021 contributions of \$192,997.

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*Recognition of Deferred Inflows and Outflows:*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 26,527	\$ 17,994
Actual vs. Expected Investment Earnings	-	1,006,990
Changes in Assumptions	368,181	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	47,291	-
Employer contributions subsequent to the measurement date - FY22	221,030	-
Total	<u>\$ 663,029</u>	<u>\$ 1,024,984</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, 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	\$ 15,287
2023	\$ (33,603)
2024	\$ (243,214)
2025	\$ (321,456)
2026	\$ -
<u>Thereafter</u>	<u>\$ -</u>

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**Actuarial Assumptions**

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

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

**Guaranteed Annual Benefit Adjustment (GABA)**

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

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

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a reported dated May 5, 2017, and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the *2021 OASDI Trustees Report* used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table on the top of the next page.

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

**Discount Rate**

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

1.0% Decrease	Current	1.0% Increase
<u>(6.06%)</u>	<u>Discount Rate</u>	<u>(8.06%)</u>
\$ <u>3,945,689</u>	\$ <u>2,485,717</u>	\$ <u>1,261,140</u>

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

**PERS Disclosure for the defined contribution plan**

Columbia Falls 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.

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

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

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 340 employers that have participants in the PERS-DCRP totaled \$1,103,889.

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

### **Teachers Retirement System**

#### **Summary of Significant Accounting Policies**

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

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

#### **Plan Descriptions**

Teachers' Retirement System (TRS or the System) is a mandatory-participation multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

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The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at [trs.mt.gov](http://trs.mt.gov).

**Summary of Benefits**

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

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

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

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**Contributions**

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

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

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 &amp; employer</u>
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%
July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.3 1%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.5 1%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.8 1%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

COLUMBIA FALLS PUBLIC SCHOOLS  
 FLATHEAD COUNTY, MONTANA  
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**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 14,474,372	\$ 19,568,547	0.87380%	0.8699%	0.0039%
State of Montana Proportionate Share associated with Employer	8,258,776	11,571,428	0.4986%	0.5144%	-0.0158%
<b>Total</b>	<b>\$ 22,733,148</b>	<b>\$ 31,139,975</b>	<b>1.3724%</b>	<b>1.3843%</b>	<b>-0.0119%</b>

At June 30, 2022, the District recorded a liability of \$14,474,372 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2022, the District's proportion was 0.87380 percent.

*Changes in actuarial assumptions and methods:*

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

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

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*Changes in benefit terms:*

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

*Changes in proportionate share:*

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

*Pension Expense:*

At June 30, 2022, the District recognized a Pension Expense of \$2,198,062 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$804,593 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/22
Employer Proportionate Share	\$ 1,393,469
State of Montana Proportionate Share associated with the Employer	804,593
Total	\$ <u>2,198,062</u>

*Recognition of Beginning Deferred Outflow*

At June 30, 2022, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2021 contributions of \$1,162,809.

COLUMBIA FALLS PUBLIC SCHOOLS  
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*Recognition of Deferred Inflows and Outflows:*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 227,326	\$ -
Actual vs. Expected Investment Earnings	-	4,573,696
Changes in Assumptions	1,648,132	7,434
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	163,148	70,153
Employer contributions subsequent to the measurement date - FY22	1,170,887	-
Total	<u>\$ 3,209,493</u>	<u>\$ 4,651,283</u>

\*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

<u>For the Measurement Year ended June 30:</u>	<u>Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense</u>
2023	\$ (94,424)
2024	\$ (223,114)
2025	\$ (843,799)
2026	\$ (1,451,341)
2027	\$ -
Thereafter	<u>\$ -</u>

COLUMBIA FALLS PUBLIC SCHOOLS  
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**Actuarial Assumptions**

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

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

\*Total Wage Increases include 3.25% general wage increase.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

COLUMBIA FALLS PUBLIC SCHOOLS  
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**Target Allocations**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Domestic Equity	30.00%	6.90%
International Equity	17.00%	7.14%
Private Equity	15.00%	9.13%
Natural Resources	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	<u>3.00%</u>	-0.33%
Total	<u>100.00%</u>	

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

The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

**Sensitivity Analysis**

1.0% Decrease (6.06%)	Current Discount Rate	1.0% Increase (8.06%)
\$ 21,506,097	\$ 14,474,372	\$ 8,606,510

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

**NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfund Transfers**

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

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Operating - Multidistrict expenditures	Elementary Interlocal – Nonmajor Governmental	Elementary Bus Depreciation – Nonmajor Governmental	\$ <u>124,862</u>

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**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:

Non-spendable – Resources not in spendable form, such as inventory, or those legally required to be maintained intact, such as principle portion of permanent funds.

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.

**Nonspendable Fund Balance**

<u>Fund</u>	<u>Amount</u>	<u>Reason Nonspendable</u>
General	\$ <u>17,221</u>	Inventory

**Restricted Fund Balance**

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Elementary Misc. Programs	\$ 640,038	Third party grantor restrictions
Elementary Building	10,867,467	Future construction costs
All other aggregate	173,392	Debt Service
	235,629	Pupil Transportation
	575,285	Food services
	212,508	Student instructional services
	718,939	Employer costs of benefits
	497,614	Third party grantor restrictions
	16,743	Operations and maintenance
	30,167	Vacation and sick leave payouts
	605,697	Technology upgrades and maintenance
	24,075	Adult Education
	35,172	Bus replacement
	881,681	Future construction costs
	<u>203,395</u>	Permanent Endowment
Total	<u>\$15,717,802</u>	

COLUMBIA FALLS PUBLIC SCHOOLS  
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**Assigned Fund Balance**

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Assignment</u>
General	\$ 101,323	Encumbrances
All other aggregate	65,115	Technology upgrades and maintenance
Total	<u>\$ 166,438</u>	

**NOTE 11. TAX ABATEMENTS**

The State of Montana offers a tax abatement program for new or expanding industry. This program has resulted in a reduction of tax value for the Columbia Falls School District.

Effective January 1, 2014, the Board of Commissioners of Flathead County approved the application for tax benefits filed by FH Stoltze Land and Lumber Company. The additional \$20,779,300 of new biomass steam boiler and co-generation facility will be taxed at 50% of its taxable value in the first five years and in each year thereafter, the percentage will be increased by 10% until the full taxable value is attained in the tenth year.

For the fiscal year ended June 30, 2022, the taxable valuation of the applicable machinery, equipment, and improvements was as follows:

\$12,857,031 market value. Property Tax Levy \$440,368. Adjusted Tax Levy \$459,448 The taxes were reduced by \$19,079. Columbia Falls School District Six portion of this reduction totaled \$10,174.

Effective April 22, 2020, the Board of Commissioners of Flathead County approved the application for tax benefits filed by Cfalls LLC. The reduction for the remodeling, reconstruction or expansion of the Gunsight Saloon estimated cost of \$200,000 will be taxed at 50% of its taxable value in the first five years and in each year thereafter, the percentage will be increased by 10% until the full taxable value is attained in the tenth year. For the fiscal year ended June 30, 2022, the taxable valuation of the applicable machinery, equipment, and improvements was as follows:

\$200,000 market value. Property Tax Levy \$9,819. Adjusted Tax Levy \$10,810 The taxes were reduced by \$990. Columbia Falls School District Six portion of this reduction totaled \$300.

Effective March 31, 2021, the Board of Commissioners of Flathead County approved the application for tax benefits filed by Cedar Palace LLC. The reduction for the remodeling, reconstruction or expansion of existing commercial buildings estimated cost of \$3,428,303 will be taxed at 50% of its taxable value in the first five years and in each year thereafter, the percentage will be increased by 10% until the full taxable value is attained in the tenth year.

COLUMBIA FALLS PUBLIC SCHOOLS  
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June 30, 2022

For the fiscal year ended June 30, 2022, the taxable valuation of the applicable machinery, equipment, and improvements was as follows:

\$2,221,940 market value. Property Tax Levy \$41,786. Adjusted Tax Levy \$63,648  
The taxes were reduced by \$21,862. Columbia Falls School District Six portion of this reduction totaled \$8,738.

These agreements were drafted in accordance to state statute 15-24-1402 in which designated qualifying improvements or modernized processes are taxed at 50% of their value for the first five years after construction. Each year thereafter, the percentage is increased by equal percentages until the full taxable value is attained in the 10th year.

The School District levied mills based on this lower taxable valuation after taking into account the tax abatement. The total mills levied in FY 2022 were 293.13. The tax abatements resulted in an increase of mills but did not result in a loss of tax revenue as mills necessary to generate the revenue to fully fund the budget are based on the lower (adjusted) tax valuations.

**NOTE 12. JOINT VENTURES**

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

The District entered into an interlocal agreement with West Glacier School District. The agreement allows the districts to combine transportation services in each of the cooperating districts.

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. Each District is charged a fee for each student participating in the program.

An Interlocal agreement between the City of Columbia Falls, Flathead County and the Columbia Falls School District is in place for the City to provide one School Resource Officer assigned to concentrate the majority of his or her time with the administration, faculty and students of the High School. The School Resource Officer will also provide services to the other schools included in the Columbia Falls School District

COLUMBIA FALLS PUBLIC SCHOOLS  
FLATHEAD COUNTY, MONTANA  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 13. RISK MANAGEMENT**

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

Insurance Policies:

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

Insurance Pools:

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

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

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

COLUMBIA FALLS PUBLIC SCHOOLS  
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Self Insurance

The District provides medical insurance coverage for its employees via a self-funded health and welfare benefit plan administered by Employee Benefit Management Services, LLC (EBMS). The self-funded plan is reinsured with a major insurance company to limit the liability of the plan for catastrophic individual or group claims. It provides medical, prescription drugs, and some certain mental health items and is operated as an Internal Service Fund. The District shares the cost of employee and dependent coverage with the covered employees. Rates are determined in consultation with Companion Life, based on past claim experience plus administrative fees. The rates include a premium for commercial "stop-loss" policy for when claims, in total, exceeds \$120,000 in covered charges during the year. A reconciliation of claims payable follows:

Claims payable, June 30, 2021	\$ 175,322
Claims incurred	2,960,410
Claims paid	<u>2,766,626</u>
Claims payable, June 30, 2022	\$ <u>369,106</u>

**NOTE 14. SUBSEQUENT EVENTS**

The District continued to utilize its ESSER funding that was awarded as a result of COVID-19 relief bills passed by Congress. The ESSER I Funding equal to \$582,873 had been spent in full at the end of fiscal year 2022. The allocated ESSER II funds for the District equal \$2,317,906 and \$5,117,603 in ESSER III funds. Through the end of the fiscal year 2022 the District had spent \$2,229,625 in ESSER II and \$228,439 in ESSER III. In the subsequent periods through the March 2023, the District incurred an additional \$81,248 and \$992,331 in ESSER II and ESSER III costs. The costs on ESSER II are mostly made up of payroll and technology purchases. ESSER III is planned to be used for payroll and boiler improvements. The ESSER II funds are to be expended by September 30, 2023, and the ESSER III to be expended by September 30, 2024.

The Elementary School construction on the Glacier Gateway School and remodel and expansion of Ruder Elementary School continued into fiscal year 2023. The District spent an additional \$7,746,732 through February 2023 on the projects. This brings the total costs to \$38,743,524 and a completion percentage of 92.28%. The project is fully funds by the bond sale and premiums equal to \$37,072,000 and \$5,339,746.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Columbia Falls School District, Flathead County, Montana**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	<b>General</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>AMOUNTS (BUDGETARY BASIS) See Note A</b>	<b>WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS):</b>				
Local revenue	\$ 5,164,493	\$ 5,164,493	\$ 5,182,597	\$ 18,104
State revenue	11,505,894	11,505,894	11,484,013	(21,881)
Amounts available for appropriation	<u>\$ 16,670,387</u>	<u>\$ 16,670,387</u>	<u>\$ 16,666,610</u>	<u>\$ (3,777)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Instructional - regular	\$ 8,720,404	\$ 8,684,199	\$ 8,427,066	\$ 257,133
Instructional - special education	1,062,171	1,062,171	1,089,923	(27,752)
Instructional - vocational education	380,180	380,180	390,495	(10,315)
Supporting services - operations & maintenance	2,262,829	2,262,829	2,292,667	(29,838)
Supporting services - general	1,025,196	1,025,196	1,081,135	(55,939)
Supporting services - educational media services	686,174	686,174	707,384	(21,210)
Administration - general	360,441	360,441	420,162	(59,721)
Administration - school	1,039,648	1,039,648	1,082,046	(42,398)
Administration - business	456,165	456,165	441,920	14,245
Student transportation	106,336	106,336	90,487	15,849
Extracurricular	563,343	563,343	574,705	(11,362)
School food	7,500	7,500	-	7,500
Debt service expense - principal	-	-	28,774	(28,774)
Debt service expense - interest	-	-	13,878	(13,878)
Capital outlay	-	-	25,737	(25,737)
Total charges to appropriations	<u>\$ 16,670,387</u>	<u>\$ 16,634,182</u>	<u>\$ 16,666,379</u>	<u>\$ (32,197)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of general capital asset disposition	\$ (36,205)	\$ (36,205)	\$ -	\$ 36,205
Total other financing sources (uses)	<u>\$ (36,205)</u>	<u>\$ (36,205)</u>	<u>\$ -</u>	<u>\$ 36,205</u>
Net change in fund balance			<u>\$ 231</u>	
Fund balance - beginning of the year			<u>\$ 1,241,621</u>	
Fund balance - end of the year			<u>\$ 1,241,852</u>	

**Columbia Falls School District, 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**

	<b>General</b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 16,666,610
Combined funds (GASBS 54) revenues	600,431
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 17,267,041
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,666,379
Combined funds (GASBS 54) expenditures	984,595
- Encumbrances reported at the beginning of the year	105,231
- Encumbrances reported at the end of the year	(101,323)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 17,654,882

**Note B**

**The Elementary Miscellaneous Programs Fund and the Elementary Building Fund are non budgeted funds.**

**Columbia Falls Public Schools, Flathead County, Montana**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF CHANGES IN THE**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For Fiscal Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service Cost	\$ 358,325	\$ 509,527	\$ 570,515	\$ 403,732	\$ 440,288
Interest	149,155	327,477	419,389	346,727	377,653
Differences in experience	-	(6,652,383)	226	-	-
Change in assumptions and inputs	(1,641,595)	(202,086)	(8,367)	1,465,208	(186,693)
Benefit payments	(239,614)	(169,395)	(163,118)	(222,290)	(243,072)
Net change in total OPEB liability	(1,373,729)	(6,186,860)	818,645	1,993,377	388,176
Total OPEB Liability - beginning	6,331,526	12,518,386	11,699,741	9,706,364	9,318,188
Restatement	-	-	-	-	-
Total OPEB Liability - ending	<u>\$ 4,957,797</u>	<u>\$ 6,331,526</u>	<u>\$ 12,518,386</u>	<u>\$ 11,699,741</u>	<u>\$ 9,706,364</u>
Covered-employee payroll	\$ 10,672,598	\$ 10,286,842	\$ 11,297,535	\$ 10,899,190	\$ 10,318,464
 Total OPEB liability as a percentage of covered -employee payroll	 46.45%	 61.55%	 110.81%	 107.35%	 94.07%

*\*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.*

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

	<b>PERS 2022</b>	<b>PERS 2021</b>	<b>PERS 2020</b>	<b>PERS 2019</b>	<b>PERS 2018</b>	<b>PERS 2017</b>	<b>PERS 2016</b>	<b>PERS 2015</b>
Employer's proportion of the net pension liability	0.137088%	0.131290%	0.137377%	0.138430%	0.177348%	0.048387%	0.048088%	0.046534%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 2,485,717	\$ 3,463,709	\$ 2,871,597	\$ 2,889,239	\$ 2,454,075	\$ 824,191	\$ 672,215	\$ 579,814
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 808,748	\$ 1,200,948	\$ 1,026,023	\$ 1,067,333	\$ 168,469	\$ 38,519	\$ 31,587	\$ 27,104
Total	<u>\$ 3,294,465</u>	<u>\$ 4,664,657</u>	<u>\$ 3,897,620</u>	<u>\$ 3,956,572</u>	<u>\$ 3,622,545</u>	<u>\$ 862,710</u>	<u>\$ 703,802</u>	<u>\$ 606,919</u>
Employer's covered payroll	\$ 2,498,246	\$ 2,273,816	\$ 2,340,521	\$ 2,356,635	\$ 2,273,323	\$ 599,148	\$ 580,237	\$ 546,697
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	99.50%	152.33%	122.69%	122.60%	151.94%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

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	<b>TRS 2022</b>	<b>TRS 2021</b>	<b>TRS 2020</b>	<b>TRS 2019</b>	<b>TRS 2018</b>	<b>TRS 2017</b>	<b>TRS 2016</b>	<b>TRS 2015</b>
Employer's proportion of the net pension liability	0.8738%	0.8699%	0.8385%	0.8365%	0.8471%	0.8337%	0.8268%	0.7982%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 14,474,372	\$ 19,568,547	\$ 16,168,146	\$ 15,526,548	\$ 14,282,963	\$ 15,229,941	\$ 13,584,475	\$ 12,283,776
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 8,258,776	\$ 11,571,428	\$ 9,789,101	\$ 9,647,047	\$ 9,066,377	\$ 9,924,670	\$ 9,100,568	\$ 8,415,301
Total	<u>\$ 22,733,148</u>	<u>\$ 31,139,975</u>	<u>\$ 25,957,247</u>	<u>\$ 25,173,595</u>	<u>\$ 23,349,340</u>	<u>\$ 25,154,611</u>	<u>\$ 22,685,043</u>	<u>\$ 20,699,077</u>
Employer's covered payroll	\$ 12,444,987	\$ 11,973,965	\$ 11,382,058	\$ 11,173,317	\$ 11,173,119	\$ 10,821,377	\$ 10,552,892	\$ 10,066,509
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	116.31%	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

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

	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>	<b>PERS</b>
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 221,030	\$ 192,997	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037	\$ 47,190
Contributions in relation to the contractually required contributions	\$ 221,030	\$ 192,997	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037	\$ 47,191
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,570,116	\$ 2,270,553	\$ 2,273,816	\$ 2,340,521	\$ 2,356,635	\$ 2,273,323	\$ 599,148	\$ 580,237
Contributions as a percentage of covered payroll	8.60%	8.50%	8.49%	8.33%	8.18%	8.10%	8.18%	8.13%

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	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>	<b>TRS</b>
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 1,170,887	\$ 1,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147	\$ 917,469
Contributions in relation to the contractually required contributions	\$ 1,170,887	\$ 1,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147	\$ 917,469
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,362,546	\$ 12,444,987	\$ 11,973,965	\$ 11,382,058	\$ 11,173,317	\$ 11,173,119	\$ 10,821,377	\$ 10,552,892
Contributions as a percentage of covered payroll	9.47%	9.34%	9.21%	9.07%	8.93%	8.84%	8.78%	8.69%

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

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

**Public Employees' Retirement System of Montana (PERS)**

**Changes of Benefit Terms**

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

**2013 Legislative Changes**

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

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

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

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

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

**Guaranteed Annual Benefit Adjustment (GABA) - for PERS**

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

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

**2015 Legislative Changes**

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

**Second Retirement Benefit - for PERS**

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

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

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

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

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

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

**2017 Legislative Changes**

**Working Retiree Limitations – for PERS**

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

**Refunds**

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

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

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

**Lump-sum payouts**

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

**Disabled PERS Defined Contribution (DC) Members**

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

**Changes in Actuarial Assumptions and Methods**

Method and assumptions used in calculations of actuarially determined contributions

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

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

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

**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.

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

The 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.
- *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.

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

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

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

**Changes in actuarial assumptions and other inputs:**

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%

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

- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
  - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
  - The tables include margins for mortality improvement which is expected to occur in the future.
- Mortality among disabled members was updated to the following:
  - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
  - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

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

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

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

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

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

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

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

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

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

- Mortality among disabled members was updated to the following:

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

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

**Method and assumptions used in calculations of actuarially determined contributions:**

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

# **SUPPLEMENTAL INFORMATION**

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

**Students Grade K – 8**

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	189	189	0
Grades 1-6	1,002	1,002	0
Grades 7-8	359	359	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	199	199	0
Grades 1-6	1,013	1,013	0
Grades 7-8	354	354	0

Part Time Students:

Fall Enrollment-EI 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	
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	6	0	0	0	6	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	1	0	0	0	1	0	0
Spring Enrollment-EI District	Per MAEFAIRS 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	9	0	0	0	9	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	671	671	0
19-year olds included	0	0	0
Job Corps	0	0	0
Youth challenge	0	0	0
Spring Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	656	656	0
19-year olds included	0	0	0
Job Corps	0	0	0
Youth challenge	0	0	0
Early Graduates	1	1	0
Other	2	2	0

Part Time Students:

Fall 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	0	0	0	0	0	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	0	0	0	0	0	0	0	0

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

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
District Recycling	\$ 7,566	\$ 38	\$ 266	\$ -	\$ 7,338
HS Band Instrument Rental	1,007	1,210	784	-	1,433
HS Activity Fees	1,358	26,147	23,236	(2,000)	2,269
HS Special Education	3,763	2,777	893	-	5,647
HS Annual	7,685	12,270	6,556	130	13,529
HS Art Club	1,016	140	256	-	900
HS Gay Straight Alliance	231	-	-	-	231
HS Close Up	345	-	-	-	345
HS Peer Allies/Common Ground	49	-	-	-	49
HS Chorus	8,423	3,876	6,043	-	6,256
HS Columbians	25,009	9,869	17,593	-	17,285
HS Conservation Crew	1,091	1,018	515	-	1,594
HS Drama	4,755	6,064	5,249	-	5,570
HS. Comm. Prom	200	-	-	-	200
HS FCCLA (FHA)	761	269	264	-	766
HS Forensics	2,609	16,168	16,875	-	1,902
HS Gate Receipts	15,983	43,236	32,144	-	27,075
HS Sonifers	3,327	500	330	(100)	3,397
HS Wildcate Warehouse	987	-	-	-	987
Speech/Debate Tournament	3,948	745	300	-	4,393
HS Smith's Earn & Learn Prog.	(606)	4,964	6,375	2,000	(17)
HS La Cuisine	118	1,430	928	100	720
HS FCS Preschool	450	-	-	-	450
HS Honor Society	66	409	450	-	25
HS Key Club	1,340	-	-	-	1,340
HS Athletic Fund Raising	1,954	16,002	4,146	-	13,810
HS Library	131	-	-	(130)	1
HS OEA/Bus Prof of America	551	-	-	-	551
HS Metal Shop	6,552	3,955	1,884	-	8,623
HS Wood Shop	4,974	1,690	4,915	-	1,749
HS Spanish Club	45	-	-	-	45
HS Student Council	2,920	3,517	2,937	-	3,500
HS Class of 2022	647	-	-	(172)	475
HS Class of 2021	(172)	-	-	172	-
HS Class of 2023	933	3,336	2,627	-	1,642
HS Class of 2024	-	1,175	743	-	432
HS Concessions	3,368	-	-	-	3,368
HS Faculty Community Service	2,643	1,556	869	-	3,330
HS Tournaments	978	-	-	-	978
HS MIAAA Treasury	243	-	-	-	243
NW "A" Conference	466	183	183	-	466
HS Pop Fund	5,046	1,922	5,997	-	971
HS Advanced Science	42	-	-	-	42
HS District 1 Music Festival	159	-	-	-	159
HOSA	1,129	90	1,049	-	170
HS Athletic Director	204	-	102	-	102
HS Athletic Medicine	1,652	1,750	1,069	-	2,333
HS Cheerleaders	951	7,111	4,230	-	3,832

Columbia Falls Public Schools  
Flathead County, Montana  
EXTRACURRICULAR FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS**

Fiscal Year Ended June 30, 2022 - Continued

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
HS Football	6,440	23,840	22,727	-	7,553
HS Girls Soccer	1,313	21,336	23,281	-	(632)
HS Boys Soccer	549	21,758	23,419	-	(1,112)
HS Cross Country	1,267	3,519	2,533	-	2,253
HS Girls Basketball	975	-	-	-	975
HS Wrestling	3,578	-	259	-	3,319
HS Boys Basketball	976	2,000	2,024	-	952
HS Volleyball	5,370	6,110	6,048	-	5,432
HS Girls Track	13	-	-	-	13
HS Boys Track	67	8,683	8,704	-	46
HS Golf	856	-	-	-	856
HS Girls Tennis	1,657	-	961	-	696
HS Girls Softball	3,731	2,314	5,843	-	202
HS Boys Tennis	1,110	-	210	-	900
HS Swim Team Cooperative	609	24,197	24,089	-	717
HS Baseball	-	16,440	250	-	16,190
JH Activity	(658)	3,856	4,384	1,500	314
JH Shop	197	-	-	-	197
JH Pop	9,181	-	1,796	(1,500)	5,885
JH CF Choral Fest.	175	-	-	-	175
JH Yearbook	946	5,859	3,748	-	3,057
JH Student Council	6,839	5,268	1,991	-	10,116
JH Builders Club	2,394	-	-	-	2,394
JH Band	(326)	1,837	1,468	-	43
JH Wrestling	72	-	-	-	72
JH Student Store	(161)	-	-	-	(161)
Giving Closet	1,065	-	-	-	1,065
GG Spec. Olympics	8,911	350	-	-	9,261
GG Student Council	2,213	-	-	-	2,213
GG Elem. General	8,389	4,581	4,708	-	8,262
GG Elem. Library	1,078	45	-	-	1,123
GG Bike Safety	1,294	-	-	-	1,294
GG Wildkat Youth BB	157	-	-	-	157
Ruder Pop Fund	230	1,067	674	-	623
Ruder Activity	6,868	7,940	4,486	-	10,322
Ruder Physical Education	582	-	-	-	582
Ruder Casual for a Cause	83	855	750	-	188
Ruder Fifth Grade	1,056	2,641	2,783	-	914
Admin. Pop Fund	3,443	1,129	718	-	3,854
Transportation Pop Fund	23	-	-	-	23
<b>Total</b>	<b>\$ 209,459</b>	<b>\$ 339,042</b>	<b>\$ 297,662</b>	<b>\$ -</b>	<b>\$ 250,839</b>

## **OTHER INFORMATION**

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Description	Origination Date	Interest Rate	Term of Bond	Final Maturity Date	Amount Issued	Annual Payment	Balance July 1, 2021	New Borrowing	Principal Reductions	Interest Payment	Balance June 30, 2022
<b>General Obligation Bonds:</b>											
K-8 Facility Bonds - Series 2019	12/30/19	2.00-5.00%	20 yrs.	7/1/40	\$ 32,000,000	varies	\$ 30,945,000	\$ -	\$ (1,090,000)	\$ (1,260,600)	\$ 29,855,000
K-8 Facility Bonds - Series 2021	9/30/21	2.00-3.00%	20 yrs.	7/1/40	\$ 5,072,000	varies	\$ -	\$ 5,072,000	\$ (167,000)	\$ (98,870)	\$ 4,905,000
							Subtotal	\$ 30,945,000	\$ (1,257,000)	\$ (1,359,470)	\$ 34,760,000

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Estimated District Population - 16,967

The electors of the District authorized the issuance of up to \$37,072,000 in principal amount of general obligation bonds in one or more series (the "Bond Authorization") at a mail ballot election duly called, noticed and held on October 8, 2019. The District issued \$32,000,000 on December 17, 2019 and had \$5,072,000 of Bond Authorization remaining. The District issued these remaining bonds authorized in December 2021. The net total funding realized by the District from both of these issuances to fund the K- 8 Facility Bond Project was \$41,531,715. \$37,072,000 par amount, \$5,339,746 bond premium, and \$880,031 issuance expenses.

The proceeds of the Bonds will be used for the purpose of paying (i) the costs of designing, constructing, remodeling, equipping, and furnishing improvements to the District facilities to accommodate growth, upgrade learning environments, and address safety concerns, to include: (a) at Glacier Gateway Elementary School, constructing a new elementary school and associated improvements on land the District owns to the northwest of the existing Glacier Gateway Elementary School, demolishing a classroom wing of the existing school to improve traffic flow, reconditioning the existing gym(s) and multi-purpose use areas, and securing and stabilizing classroom and unused spaces at the existing school; (b) at Ruder Elementary School, constructing new classrooms, commons areas and support spaces, upgrading existing classrooms, repairing or replacing mechanical and electrical systems, adding fire suppression improvements, and making site improvements for safer traffic flow; (c) at Columbia Falls Junior High School, constructing a new security entrance and related improvements; constructing new playing fields and parking improvements on property owned by the District located between Ruder Elementary School and Columbia Falls Junior High School; related improvements and costs (collectively, the "Project"); and (ii) the costs associated with the sale and issuance of the Bonds, including paying the interest payment due July 1, 2020.

Construction on the Project commenced in March of 2020. The Ruder Elementary improvements and expansion, multi-use fields, and Junior High improvements were largely completed prior to the start of the 2022/23 school year (August 2022). The Glacier Gateway Elementary building project was significantly completed in December 2022, whereas students were transitioned to the new building in January 2023. Final site work and demolishment will occur until Fall 2023.

Columbia Falls Public Schools, Flathead County, Montana  
 Other Information  
 June 30, 2022

**Available Bonding Capacity  
 As of July 1, 2022**

**Elementary District**

Taxable Value \$ 39,164,541

Tax Value per Mill	\$	39,165		Tax Value /1000
FY 22 ANB		1,520		ANB used for budget
Mill Value per ANB	\$	25.77		

State Facility Guaranteed Mill Value per ANB \$ 40.05

As the District Mill value per ANB is less than the State FGMV, the District qualifies for Debt Service Guaranteed Tax Base Aid and thus the bonding capacity is as follow

**Bonding Capacity**

State Facility Guaranteed Mill Value per ANB	\$	40.05		
Times 1,000		1,000	\$	40,050
Times ANB		1,520	\$	60,876,000

BONDING CAPACITY \$ 60,876,000

Less Outstanding General Obligation Debt June 30, 2022 \$ (34,760,000)

**Available Bonding Capacity 7/1/2022** **\$ 26,116,000**

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Tax Levy – Mills

Taxing Entity	2018/19	2019/20	2020/21	2021/22
University Millage	6.0	6.0	6.0	6.0
Statewide School Equalization	40.0	40.0	40.0	40.0
Countywide School	106.40	102.91	104.12	101.01
Flathead County	67.88	62.22	68.63	63.01
Flathead County Bond	1.88	1.88	1.88	1.88
Flathead Valley Community College <sup>1</sup>	16.17	15.00	14.49	13.23
FVCC Permissive Medical	4.16	6.46	6.04	5.11
Columbia Falls Elementary District	197.35	188.13	225.49	204.61
Columbia Falls High School District	68.39	65.59	61.96	55.99
County Road	24.48	23.31	23.02	21.69
County Board of Health	4.90	5.99	5.99	4.99
County Weed	2.13	1.84	1.28	1.27
County Health Insurance	12.53	13.43	12.76	12.88
County Sheriff	42.60	42.75	38.70	30.00
County Mosquito	.95	.93	.91	.91
County Planning	1.66	1.40	2.05	1.27
Permissive SRS Levy	.70	.69	.70	.64
County Library	6.81	6.39	6.26	5.66
<b>Total</b>	<b>604.99</b>	<b>584.92</b>	<b>620.28</b>	<b>570.15</b>
City of Columbia Falls	209.008	190.014	192.584	166.43
City of Columbia Falls Medical	17.962	22.831	29.59	25.31
Columbia Falls Cemetery	2.64	2.54	2.57	2.37
Columbia Falls Rural Fire District	17.53	17.19	17.34	16.70

Columbia Falls Elementary

Fiscal Year	Market Value	Taxable Value (excluding tax increment district values, if any)
2021/22	\$2,613,459,494	\$39,164,541
2020/21	\$2,235,722,848	\$34,211,757
2019/20	\$2,176,909,066	\$33,268,696
2018/19	\$1,943,606,886	\$30,163,790
2017/18	\$1,927,816,119	\$30,325,288
2016/17	\$1,752,166,139	\$28,196,457
2015/16	\$1,728,545,423	\$27,807,582

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Elementary District TAX LEVY HISTORY

	General		Transportation		Bus Reserve		Tuition		Technology		Building Reserve		Debt Service		Total	
2006	\$ 2,459,678	1.51%	\$ 173,053	-14.05%	\$ 68,592	51.76%	\$ 68,540	37.77%	\$ -	\$ -	\$ -	\$ 750,878	-6.95%	\$ 3,520,741	-0.16%	
2007	\$ 2,742,769	11.51%	\$ 257,230	48.64%	\$ 62,266	-9.22%	\$ 62,314	-9.08%	\$ -	\$ -	\$ -	\$ 686,045	-8.63%	\$ 3,810,624	8.23%	
2008	\$ 2,976,271	8.51%	\$ 255,251	-0.77%	\$ 131,288	110.85%	\$ 123,673	98.47%	\$ -	\$ -	\$ -	\$ 764,370	11.42%	\$ 4,250,853	11.55%	
2009	\$ 3,049,787	2.47%	\$ 292,498	14.59%	\$ 226,000	72.14%	\$ 170,192	37.61%	\$ -	\$ -	\$ -	\$ 730,434	-4.44%	\$ 4,468,911	5.13%	
2010	\$ 3,095,660	1.50%	\$ 388,678	32.88%	\$ 233,855	3.48%	\$ 141,000	-17.15%	\$ -	\$ -	\$ -	\$ 753,288	3.13%	\$ 4,612,481	3.21%	
2011	\$ 3,113,208	0.57%	\$ 277,088	-28.71%	\$ 177,860	-23.94%	\$ 171,953	21.95%	\$ -	\$ -	\$ -	\$ 804,337	6.78%	\$ 4,544,446	-1.48%	
2012	\$ 3,078,506	-1.11%	\$ 318,695	15.02%	\$ 259,290	45.78%	\$ 224,799	30.73%	\$ -	\$ -	\$ -	\$ 824,489	2.51%	\$ 4,705,779	3.55%	
2013	\$ 3,166,881	2.87%	\$ 290,325	-8.90%	\$ 185,801	-28.34%	\$ 265,864	18.27%	\$ -	\$ -	\$ -	\$ 757,678	-8.10%	\$ 4,666,549	-0.83%	
2014	\$ 3,245,045	2.47%	\$ 359,820	23.94%	\$ 409,531	120.41%	\$ 151,024	-43.20%	\$ -	\$ -	\$ -	\$ 663,134	-12.48%	\$ 4,828,554	3.47%	
2015	\$ 3,206,984	-1.17%	\$ 318,943	-11.36%	\$ 367,852	-10.18%	\$ 134,159	-11.17%	\$ -	\$ -	\$ -	\$ 719,094	8.44%	\$ 4,747,032	-1.69%	
2016	\$ 3,184,525	-0.70%	\$ 342,579	7.41%	\$ 359,320	-2.32%	\$ 243,444	81.46%	\$ -	\$ -	\$ -	\$ 754,675	4.95%	\$ 4,884,543	2.90%	
2017	\$ 3,156,692	-0.87%	\$ 344,999	0.71%	\$ 359,320	0.00%	\$ 253,205	4.01%	\$ -	\$ -	\$ -	\$ 843,701	11.80%	\$ 4,957,917	1.50%	
2018	\$ 3,476,208	10.12%	\$ 427,835	24.01%	\$ 359,320	0.00%	\$ 218,025	-13.89%	\$ -	\$ 161,000	\$ -	\$ 920,929	9.15%	\$ 5,563,317	12.21%	
2019	\$ 3,286,623	-5.45%	\$ 496,150	15.97%	\$ 359,320	0.00%	\$ 259,521	19.03%	\$ 482,621	\$ 164,100	1.93%	\$ 904,566	-1.78%	\$ 5,952,901	7.00%	
2020	\$ 3,306,331	0.60%	\$ 538,260	8.49%	\$ 359,319	0.00%	\$ 538,347	107.44%	\$ 532,299	10.29%	\$ 95,896	-41.56%	\$ 888,265	-1.80%	\$ 6,258,717	5.14%
2021	\$ 3,308,499	0.07%	\$ 551,804	2.52%	\$ 359,319	0.00%	\$ 461,079	-14.35%	\$ 547,388	2.83%	\$ 98,093	2.29%	\$ 2,388,666	168.91%	\$ 7,714,848	23.27%
2022	\$ 3,286,441	-0.67%	\$ 588,745	6.69%	\$ 301,072	-16.21%	\$ 454,349	-1.46%	\$ 626,633	14.48%	\$ 98,605	0.52%	\$ 5,355,845	124.22%	\$ 10,711,690	38.85%

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

**Elementary District ANB**

	FY 2013	FY 2013	FY 2014	FY 2014	FY 2015	FY 2015	FY 2016	FY 2016	FY 2017	FY 2017
	3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.	
	1,431	<b>1,522</b>	1,452	<b>1,482</b>	<b>1,465</b>	1,449	1,457	<b>1,459</b>	1,456	<b>1,460</b>
E1	1,082	1,143	1,098	1,116	1,132	1,104	1,132	1,121	1,118	1,128
M1	349	379	354	366	333	345	325	338	338	332
	<b>1,431</b>	<b>1,522</b>	<b>1,452</b>	<b>1,482</b>	<b>1,465</b>	<b>1,449</b>	<b>1,457</b>	<b>1,459</b>	<b>1,456</b>	<b>1,460</b>

	FY 2018	FY 2018	FY 2019	FY 2019	FY 2020	FY 2020	FY 2021	FY 2021	FY 2022	FY 2022
	3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.	
	<b>1,491</b>	1,468	<b>1,509</b>	1,485	<b>1,508</b>	1,503	<b>1,546</b>	1,521	1,503	<b>1,520</b>
E1	1,156	1,135	1,168	1,147	1,172	1,165	1,205	1,182	1,134	1,171
M1	335	333	341	338	336	337	341	339	369	349
	<b>1,491</b>	<b>1,468</b>	<b>1,509</b>	<b>1,485</b>	<b>1,508</b>	<b>1,503</b>	<b>1,546</b>	<b>1,521</b>	<b>1,503</b>	<b>1,520</b>

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Elementary General Fund		TAX COLLECTIONS	
<b>FY 2015</b>		<b>FY 2019</b>	
Taxes Levied	3,206,984	Taxes Levied	3,286,623
Tax Revenue	3,388,110	Tax Revenue	3,284,696
EXCESS Tax Revenue Collected	<u>181,126</u>	Tax Revenue NOT Collected	<u>(1,927)</u>
Reserves FYE	796,641	Reserves FYE	756,570
% of Subsequent Budget	8.02%	% of Subsequent Budget	7.17%
<b>FY 2016</b>		<b>FY 2020</b>	
Taxes Levied	3,184,525	Taxes Levied	3,306,331
Tax Revenue	3,204,858	Tax Revenue	3,325,547
EXCESS Tax Revenue Collected	<u>20,333</u>	EXCESS Tax Revenue Collected	<u>19,216</u>
Reserves FYE	800,081	Reserves FYE	777,042
% of Subsequent Budget	7.90%	% of Subsequent Budget	7.11%
<b>FY 2017</b>		<b>FY 2021</b>	
Taxes Levied	3,156,692	Taxes Levied	3,308,499
Tax Revenue	3,130,792	Tax Revenue	3,347,207
Tax Revenue NOT Collected	<u>(25,900)</u>	EXCESS Tax Revenue Collected	<u>38,708</u>
Reserves FYE	777,290	Reserves FYE	787,060
% of Subsequent Budget	7.53%	% of Subsequent Budget	7.19%
<b>FY 2018</b>		<b>FY 2022</b>	
Taxes Levied	3,476,208	Taxes Levied	3,286,441
Tax Revenue	3,476,536	Tax Revenue	3,289,938
EXCESS Tax Revenue Collected	<u>328</u>	EXCESS Tax Revenue Collected	<u>3,497</u>
Reserves FYE	751,442	Reserves FYE	786,785
% of Subsequent Budget	7.12%	% of Subsequent Budget	6.76%

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

Elementary General Fund

UNCOLLECTED TAX DETAIL

FY 2015

Uncollected/Delinquent Taxes Receivable FYE	146,037
Protested Taxes Receivable FYE	<u>51,525</u>
TOTAL	<u>197,562</u>

FY 2019

Uncollected/Delinquent Taxes Receivable FYE	176,435
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	<u>176,435</u>

FY 2016

Uncollected/Delinquent Taxes Receivable FYE	155,679
Protested Taxes Receivable FYE	<u>644</u>
TOTAL	<u>156,323</u>

FY 2020

Uncollected/Delinquent Taxes Receivable FYE	167,498
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	<u>167,498</u>

FY 2017

Uncollected/Delinquent Taxes Receivable FYE	182,636
Protested Taxes Receivable FYE	<u>2,414</u>
TOTAL	<u>185,050</u>

FY 2021

Uncollected/Delinquent Taxes Receivable FYE	135,317
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	<u>135,317</u>

FY 2018

Uncollected/Delinquent Taxes Receivable FYE	178,421
Protested Taxes Receivable FYE	<u>37</u>
TOTAL	<u>178,458</u>

FY 2022

Uncollected/Delinquent Taxes Receivable FYE	151,000
Protested Taxes Receivable FYE	<u>8</u>
TOTAL	<u>151,008</u>

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

	Taxable Value 1995/1996		Taxable Value 2021/2022		
Columbia Falls Aluminum Company	\$ 4,114,004		\$ 92,312	\$ (4,021,692)	-97.76%
Weyerhaeuser Lumber	\$ 3,367,443	<b>1</b>	\$ 1,977,930	\$ (1,389,513)	-41.26%
Pacific Lumber	\$ 561,904		\$ -	\$ (561,904)	
CenturyTel/Qwest/Lumen	\$ 514,948		\$ 131,111	\$ (383,837)	-74.54%
F.H. Stoltz	\$ 501,300	<b>3</b>	\$ 919,437	\$ 418,137	83.41%
Burlington Northern	\$ 363,148	<b>5</b>	\$ 620,510	\$ 257,362	70.87%
Northwest Energy	\$ 300,190	<b>4</b>	\$ 642,823	\$ 342,633	114.14%
Skywest Air/Delta	\$ 176,051	<b>7</b>	\$ 363,488	\$ 187,437	106.47%
Charter/Bresnan/AT&T	\$ -	<b>10</b>	\$ 252,186	\$ 252,186	
Highline Housing Partners LLC	\$ -	<b>9</b>	\$ 253,386	\$ 253,386	
Meadow Lake	\$ -	<b>6</b>	\$ 437,000	\$ 437,000	
Horizon Air	\$ 142,538		\$ 118,302	\$ (24,236)	-17.00%
Xanterra Parks and Resorts	\$ -	<b>8</b>	\$ 305,627	\$ 305,627	
Flathead Electric	\$ 98,214	<b>2</b>	\$ 1,300,046	\$ 1,201,832	1223.69%
	<b>\$ 10,139,740</b>		<b>\$ 7,072,433</b>	<b>\$ (2,725,582)</b>	
Total Tax Value Elementary District	\$ 23,328,956		\$ 39,164,541		
Top 10 encompass of the total	43.46%		18.06%		
Elementary District Mills Levied				198.17	
Elementary District Property Tax Levy			\$ 6,258,717		

Columbia Falls Public Schools, Flathead County, Montana  
Other Information  
June 30, 2022

TAX VALUE HISTORY

	2016/2017		2017/18		2018/19		2019/20		2020/21		2021/22	
Weyerhaeuser Lumber	\$ 2,197,749	1.81%	\$ 1,902,998	-13.41%	\$ 1,825,045	-4.10%	\$ 1,802,718	-1.22%	\$ 1,890,259	4.86%	\$ 1,977,930	4.64%
Flathead Electric	\$ 1,275,355	19.16%	\$ 1,222,617	-4.14%	\$ 1,232,741	0.83%	\$ 1,260,024	2.21%	\$ 1,245,074	-1.19%	\$ 1,201,832	-3.47%
F.H. Stoltz	\$ 603,395	-2.08%	\$ 652,218	8.09%	\$ 703,560	7.87%	\$ 731,170	3.92%	\$ 744,995	1.89%	\$ 919,437	23.42%
Northwest Energy	\$ 700,187	26.54%	\$ 722,010	3.12%	\$ 743,460	2.97%	\$ 769,442	3.49%	\$ 751,045	-2.39%	\$ 642,823	-14.41%
Burlington Northern	\$ 672,891	39.15%	\$ 603,717	-10.28%	\$ 587,172	-2.74%	\$ 683,186	16.35%	\$ 689,534	0.93%	\$ 620,510	-10.01%
Meadow Lake	\$ 402,323	2.69%	\$ 403,340	0.25%	\$ 393,662	-2.40%	\$ 392,059	-0.41%	\$ 438,767	11.91%	\$ 437,000	-0.40%
Skywest Air/Delta	\$ 120,201		\$ 149,619	24.47%	\$ 183,351	22.55%	\$ 239,378	30.56%	\$ 228,993	-4.34%	\$ 363,488	58.73%
Xanterra Parks and Resorts	\$ 281,645		\$ 285,347	1.31%	\$ 290,858	1.93%	\$ 292,820	0.67%	\$ 308,502	5.36%	\$ 305,627	-0.93%
Highline Housing Partners LLC	\$ 6,554		\$ 6,554	0.00%	\$ 14,253	117.47%	\$ 86,565	507.35%	\$ 253,924	193.33%	\$ 253,386	-0.21%
Charter/Bresnan/AT&T	\$ 243,917	-10.47%	\$ 188,616	-22.67%	\$ 199,345	5.69%	\$ 176,434	-11.49%	\$ 307,212	74.12%	\$ 252,186	-17.91%
	6,692,205	20.66%	6,191,444	-7.48%	6,173,447	-0.29%	6,433,796	4.22%	6,858,305	6.60%	6,974,219	1.69%
Total Tax Value Elementary District	30,325,288	-2.31%	\$ 30,163,790	-0.53%	\$ 33,268,696	10.29%	\$ 34,211,757	2.83%	\$ 39,164,541	14.48%	\$ 40,532,071	3.49%
Top 10 encompass of the total	22.07%		20.53%		18.56%		18.81%		17.51%		17.21%	
Elementary District Mills Levied	188.13		197.35		188.13		225.49		204.61		198.17	
Elementary District Property Tax Levy	\$ 5,563,316	734,761	\$ 5,952,901	389,585	\$ 6,258,716	305,815	\$ 7,714,848	1,456,132	\$ 8,013,981	299,133	\$ 8,032,204	18,223

# **SINGLE AUDIT SECTION**

**Columbia Falls Public Schools  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<u>Cluster Title/Federal Grantor/Pass-through Grantor /Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Federal Expenditures</u>
<b>Child Nutrition Cluster</b>			
<b><u>United States Department of Agriculture</u></b>			
<i>Passed through Montana Office of Public Instruction</i>			
School Breakfast Program (SBP)	10.553	N/A	\$ 310,269
National School Lunch Program (NSLP)	10.555	N/A	1,060,322
National School Lunch Program (NSLP)	10.555	213MT701H1703 COVID-19	2,239
National School Lunch Program (NSLP)	10.555	223MT901N8903	39,469
Summer Food Service Program for Children (Summer Food Service Program) (SFSP)	10.559	N/A	80,889
Fresh Fruit and Vegetable Program (FFVP)	10.582	N/A	69,682
<b>Total United States Department of Agriculture</b>			<u>\$ 1,562,870</u>
<b>Total Child Nutrition Cluster</b>			<u>\$ 1,562,870</u>
<b>Special Education Cluster (IDEA)</b>			
<b><u>Department of Education</u></b>			
<i>Passed through Montana Office of Public Instruction</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	015-0312-77-2022	\$ 532,326
Special Education - Grants to States (IDEA, Part B)	84.027	015-0312-70-2022 84.027X	3,481
Special Education - Preschool Grants (IDEA Preschool)	84.173	015-0312-79-2022	17,211
<b>Total Department of Education</b>			<u>\$ 553,018</u>
<b>Total Special Education Cluster (IDEA)</b>			<u>\$ 553,018</u>
<b>Other Programs</b>			
<b><u>Department of Education</u></b>			
<i>Passed through Montana Office of Public Instruction</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	015-0312-31-2022	\$ 995,241
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	015-0313-81-2022	50,246
Education for Homeless Children and Youth	84.196	015-0312-57-2022	11,620
Education Stabilization Fund (ESF)	84.425	015-0312-93-2021 84.425U	261,822
Education Stabilization Fund (ESF)	84.425	015-0312-92-2021 84.425D	2,245,716
Education Stabilization Fund (ESF)	84.425	015-0312-91-2020 84.425D	12,477
Education Stabilization Fund (ESF)	84.425	015-0312-97-2021 84.425W	16,814
<i>Passed through Montana Department of Public Health and Human Services</i>			
Rehabilitation Services--Vocational Rehabilitation Grants to States	84.126	21-01-175-0039-0	20,400
<b>Total Department of Education</b>			<u>\$ 3,614,336</u>
<b><u>Department of Health and Human Services</u></b>			
<i>Passed through Montana Department of Public Health and Human Services</i>			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	\$ 45,000
<b>Total Department of Health and Human Services</b>			<u>\$ 45,000</u>
<b>Total Other Programs</b>			<u>\$ 3,659,336</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 5,775,224</u>

The accompanying notes are an integral part of this schedule

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Fiscal Year Ended June 30, 2022

*Basis of Presentation and Significant Accounting Policies*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Columbia Falls 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 Columbia Falls Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Columbia Falls Public Schools. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in preparation of the basic financial statements.

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

The Columbia Falls 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, \$56,937.*

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

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

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**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  
Columbia Falls Public Schools  
Flathead County  
Columbia Falls, 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, business-type activities, each major fund, and the aggregate remaining fund information of Columbia Falls Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Columbia Falls Public Schools’ basic financial statements and have issued our report thereon dated March 29, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Columbia Falls Public Schools, Flathead County, Montana’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia Falls Public Schools, Flathead County, Montana’s internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Falls Public Schools’ 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 Columbia Falls Public Schools'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 29, 2023

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

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

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**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  
Columbia Falls Public Schools  
Flathead County  
Columbia Falls, Montana

**Report on Compliance for each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Other Matters**

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

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

March 29, 2023

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	Yes

**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.