

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2021

AUDIT REPORT

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

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2021

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FLATHEAD COUNTY, MONTANA

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COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2021

BOARD OF TRUSTEES

Jill Rocksund
Dean Chisholm
Barbara Riley
Keri Hill
Gail Pauley
Wayne Jacobsmeyer
Larry Wilson
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 Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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, 2021. 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 \$400,838 to \$16,585,675 or 2.48%. This budget authority is statutorily defined by the State primarily dependent on student enrollment. The annual number belonging (enrollment) used for budget purposes increased 33 or 1.51%. The increase was coupled by an increase to the funding (1.83%) 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 \$165,892. 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.

State and Local Funding – The combined General Fund budget authority increased \$400,838. State tax revenues continued a positive trend in 2021. State Revenue increased \$454,433 which resulted in a decrease to the levy for the local community (SD6 local taxing jurisdiction). The state guaranteed tax base aid was statutorily increased in 2019 in an effort to mitigate the Natural Resource Development Payment and the State School Block Grants eliminated in FY 2018.

Technology Investment – The District continues to make an investment in the resources necessary for our students to be successful in the 21st century. The District continues to build the infrastructure and acquire devices towards the goal of a device in every student's hand. The District recently achieved this goal with approximately one device per every student. The District purchased an additional 681 Chromebooks in FY 2021 in an effort to replace/maintain the hardware available to students. District continued to upgrade the wireless access points and network switches 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 2022. 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, 2021, construction in progress expense totaled \$13,150,098.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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.

Property Tax Collections – The District had a negligible protested property tax receivable balance as of June 30, 2021. The District levied \$10,252,165 in local property taxes and collected \$10,322,385 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 2021.

Federal Funding – Federal revenues of \$4,565,656 increased \$2,313,136 or 98.71% as compared to FY 2020. USDA School Nutrition Program revenue increased approximately \$736,000 as a result of participating in the Summer Food Service Program as well as increased participation as a result of 100% free meals – federal COVID relief legislature. The District received approximately \$1,500,000 more of federal ESSER funding in 2021 as compared to 2020.

Governmental Funds Revenue	2018	2019		2020		2021	
State	12,289,004	12,489,691	1.63%	13,262,929	6.19%	14,207,903	7.13%
Federal	2,051,027	2,176,249	6.10%	2,297,619	3.50%	4,565,656	98.71%
Local/Other	11,072,445	11,868,547	7.20%	12,492,042	5.25%	13,372,649	7.22%
Total	25,412,476	26,534,487	4.41%	28,052,590	5.72%	32,146,208	14.67%

Net Position – The change in net position is important because it tells the reader if the financial position of the District as a whole has improved or diminished. The change to net position was an increase of \$450,420. The District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,126,833 at the end of the fiscal year 2021. 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 increased which decreased net position by \$3,992,513 in FY 2021. Net change to deferred inflow/outflow of resources related to pension increased net position by \$1,931,037.
- 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 \$6,186,860. Net change to deferred inflow/outflow of resources related to OPEB decreased net position by \$852,771.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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 \$11,418,500. This decrease is primarily the result of \$12,328,770 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 \$48,335,689 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.

Capital Outlay – Total capital outlay expenditures were \$12,828,460 during 2021 as compared to \$1,983,939 during 2020. The District replaced three buses. Construction activity commenced on the K-8 Facility Bond Project with \$13,150,098 of construction in progress as of June 30, 2021. The District also made some improvements to the High School facility including additional lights in the parking lot.

Operating Reserves – The Elementary District's General Fund operating reserve for the fiscal year ended June 30, 2021 was \$787,060, which represents 7.19% 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, 2021 was \$437,489, which represents 7.63% 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, 2021 either exceed or meet the reserve limit established by state statute with the exception of the Elementary District Transportation Budget where reserves are 18.33% as compared to the limit of 20%. Reserves were less than the limit as a result of unexpectedly adding a route in FY21.

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 District's governmental activities are presented.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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.

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.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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 permanent private purpose trusts for student scholarship endowments.

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 \$8,126,833 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.

Condensed Statement of Net Position

	Governmental Activities					
	FY 2019	FY 2020				
Current and other assets	\$ 9,180,157	\$ 44,390,620	\$ 33,939,514	\$ (10,451,106)		(23.54)
Capital assets	12,601,797	13,745,722	25,649,456	11,903,734		86.59
Total Assets	\$ 21,781,954	\$ 58,136,342	\$ 59,588,970	\$ 1,452,628		2.50
Deferred outflows of resources	\$ 5,933,181	\$ 3,731,320	\$ 5,820,218	\$ 2,088,898		55.98
Other liabilities	945,616	842,986	869,718	26,732		3.17
Long-term liabilities	31,501,984	69,151,212	61,178,377	(7,972,835)		10.44
Total liabilities	\$ 32,447,600	\$ 69,994,198	\$ 62,048,095	\$ (7,946,103)		(11.35)
Deferred inflows of resources	\$ 1,299,287	\$ 422,822	\$ 11,487,926	\$ 11,065,104		
Net Position						
Invested in capital assets, net of related debt	\$ 11,716,766	\$ (23,348,907)	\$ 13,458,049	\$ 36,806,956		
Non expendable	173,106	175,487	-	(175,487)		
Restricted	4,878,224	39,318,733	26,750,807	(12,567,926)		(32.27)
Unrestricted	(22,799,848)	(24,694,671)	(48,335,689)	(23,641,018)		(95.73)
Total net position	\$ (6,031,752)	\$ (8,549,358)	\$ (8,126,833)	\$ 422,525		4.94

Changes in Net Position – Net position increased by \$422,525 or 4.94% during the year ended June 30, 2021.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

The following table shows the changes in net position for the fiscal year 2019-2021. 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 \$32,127,031, which increased \$4,071,779 or 14.51% from the prior year. The total revenues were more than expenses by \$450,420.

Columbia Falls School District's Changes in Net Position

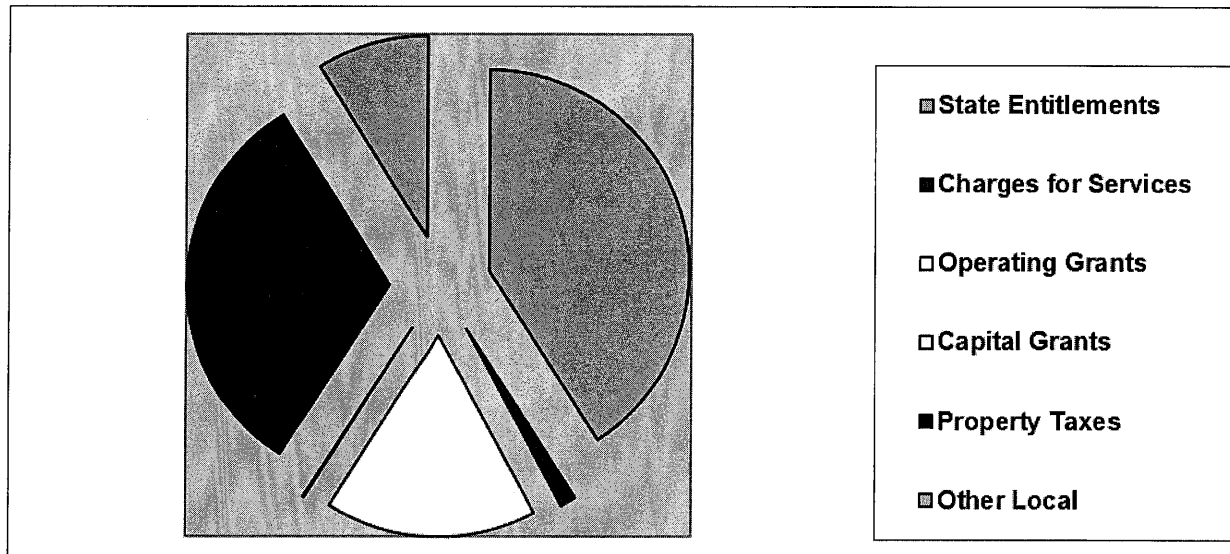
	Governmental Activities				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues					
Program revenues:					
Charges for services:					
Student breakfast/lunch	\$ 257,460	\$ 196,651	\$ 29,592	\$ (167,059)	(84.95)
Building use fees	57,303	22,120	16,120	(6,000)	(27.12)
Drivers' education classes	27,300	24,525	27,675	3,150	12.84
Adult education classes	2,200	-	-	-	-
Youth Recreation Program	11,897	11,655	-	(11,655)	
School Based Health Clinic					
Lease	25,000	25,000	18,750	(6,250)	(25.00)
Miscellaneous	6,850	3,889	5,296	1,407	36.17
Operating grants and contributions:					
Federal Grants:					
Title I	912,318	871,139	905,931	34,792	3.99
IDEA	556,032	521,287	553,500	32,213	6.18
USDA School Food	595,004	777,016	1,510,736	733,720	94.42
Carl Perkins	48,326	51,779	61,254	9,475	18.30
Pre-Employment Transition Services	57,805	45,800	32,550	(13,250)	(28.93)
CARES Act ESSER	-	27,924	1,492,338	1,464,414	
State special education	715,768	681,107	688,644	7,537	1.10
State Medicaid programs	806,305	676,925	637,099	(39,826)	(5.88)
State/County transp.	283,766	306,009	308,649	2,640	.86
Indian education for all	47,089	47,939	49,550	1,611	3.36
Extracurricular donations	395,904	354,111	187,606	(166,505)	(47.02)
Montana Digital Acad.	77,572	66,491	86,263	19,772	29.74
State vocational education	19,232	18,551	17,766	(785)	(4.23)
State drivers' education	13,593	11,178	12,112	934	8.36
State gifted and Talented	3,045	2,269	10,650	8,381	369.37
Scholarship endowments	5,340	3,914	5,877	1,963	50.15
FVCC-Running Start	37,707	35,078	40,165	5,087	14.50
Student Emergency Fund	18,308	21,017	8,521	(12,496)	(59.45)
College and Career Pathways					
Intervention	-	34,341	33,434	(907)	(2.64)
Other	67,985	75,227	17,239	(57,988)	(77.08)

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

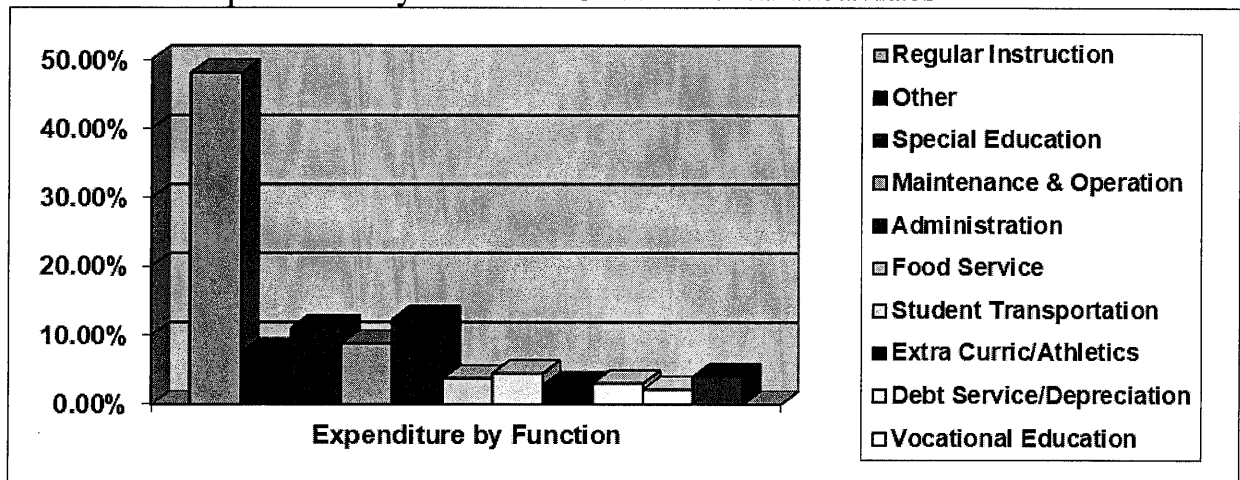
General revenues:					
Property taxes	8,518,350	8,849,298	10,322,385	1,473,087	16.64
State Revenue/ Entitlements	10,672,135	11,568,622	12,405,033	836,411	7.22
<i>Investment Earnings</i>	154,450	331,943	97,199	(234,744)	(70.71)
<i>County Retirement</i>	2,145,482	2,287,062	2,342,140	55,078	2.41
<i>Miscellaneous</i>	71,108	105,385	202,957	97,572	92.59
Total Revenues	<u>26,619,629</u>	<u>28,055,252</u>	<u>32,127,031</u>	<u>4,071,779</u>	<u>14.51</u>
Program expenses					
Regular programs	\$ 12,394,521	\$ 14,761,846	\$ 15,333,999	\$ 572,153	3.87
Special programs	3,318,848	3,470,662	2,359,788	(1,110,874)	(32.00)
Vocational programs	492,466	519,207	497,263	(21,944)	(4.27)
Adult education programs	2,470	-	-	-	
Supporting services:					
Students	1,386,718	1,363,300	1,761,209	397,909	29.19
Improvement of instruction services	396,214	302,628	440,703	138,075	45.62
Educational media services	787,092	909,795	1,415,388	505,593	55.58
General Administration	447,349	465,354	471,174	5,820	1.25
School Administration	1,132,165	1,301,874	1,163,811	(138,063)	(10.60)
Business Services	455,624	470,713	503,466	32,753	6.99
Operations and maintenance	2,779,240	2,627,453	2,603,325	(24,128)	(9.19)
School food	1,020,296	1,018,343	1,351,799	333,456	32.74
Extracurricular	1,118,434	988,410	843,564	(144,846)	(14.65)
Community Service	30,032	16,456	8,101	(8,355)	(50.77)
Student transportation	1,214,529	1,218,567	1,463,176	244,609	20.07
Debt service expense	4,017	748,281	1,064,855	316,574	42.30
Unallocated depreciation	356,394	350,817	350,621	(196)	(0.06)
<i>Special Assessments</i>	36,900	39,152	38,601	(551)	(1.41)
<i>Enterprise Services</i>	-	-	5,768	5,768	100
Total expenses	\$ <u>27,373,309</u>	\$ <u>30,572,858</u>	\$ <u>31,676,611</u>	\$ <u>1,103,753</u>	<u>3.77</u>
Increase (decrease) in net position	\$ <u>(753,680)</u>	\$ <u>(2,517,606)</u>	\$ <u>450,420</u>	\$ <u>2,968,026</u>	

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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, 2021, was \$32,127,031. The total cost of all programs and services was \$31,676,611, which generated an increase in net position of \$450,420.

Expenditures Supported with General Revenues (from taxes and other sources for general school use)	\$24,919,294	79.00%
Expenditures Supported with Program Revenues	\$6,757,317	21.00%
Total Expenditures Related to Governmental Activities	\$31,676,611	100%

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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 \$11,390,605 during the year ended June 30, 2021 to \$29,573,245.

General Fund - The *General Fund* is the primary operating fund of the District. The General Fund's ending fund balances decreased 96,756. The change to the specific General Fund defined by state statute was a decrease of \$121,250. In accordance to generally accepted accounting principles, the District classifies the Flexibility and Multi-district Agreement Fund as General Fund based on the nature of their use. The District has accumulated funds (\$107,598) in the flexibility account and plans to use for deferred maintenance projects. 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 did not fluctuate as the resources spent were covered by a transfer from the Bus Depreciation Funds.

Capital Assets and Debt Administration

As of June 30, 2021, the District had invested \$41,257,705 in capital assets including land, buildings, construction in progress, and machinery and equipment. This represents a net increase of \$12,313,901 prior to depreciation.

The District acquired:

- Replaced three route buses that were originally purchased in 2011 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.
- Installed additional parking lot lights at the High School.
- Completed construction of the new Multi-Use Sport Fields as part of the K-8 Facility Bond Project.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

- Continued renovations to Ruder Elementary and commenced 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 December 2021 and the new Glacier Gateway Elementary is expected to be completed in the Fall 2022.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2021:

Land	\$ 409,252
Buildings	8,168,762
Improvements other than buildings	1,333,958
Machinery and equipment	2,117,351
Leases	470,033
Construction in Progress	<u>13,150,098</u>
Total	<u>\$ 25,649,456</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, \$30,945,000 was outstanding as of June 30, 2021. 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, 2021 is \$126,981,280. Therefore, the current unused legal debt capacity is \$96,036,280.

A summary of the District's outstanding long-term debt for the year ended June 30, 2021 is presented below:

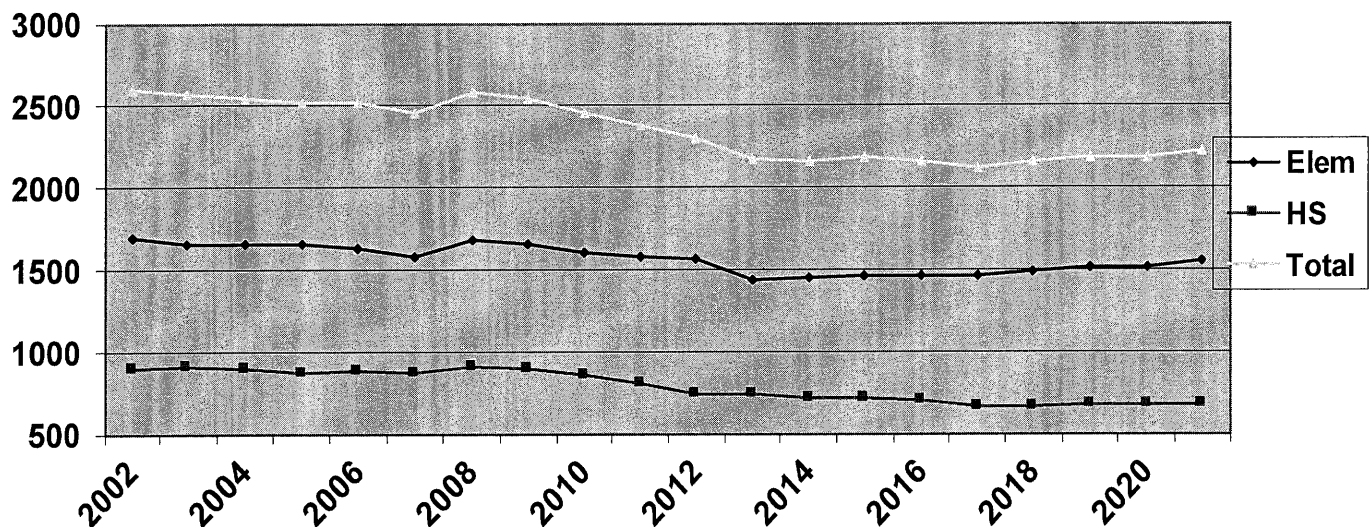
General obligation bonds	\$30,945,000
Post Employment Health Insurance-OPEB	6,331,526
Net Pension Liability-PERS	3,463,709
Net Pension Liability-TRS	19,568,547
Capital Lease-HS Energy performance	371,145
Capital Lease-Copier	22,554
Compensated absences	<u>475,896</u>
Total	<u>\$61,178,377</u>

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

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. The Elementary District General Obligation bonds issued to construct the Junior High School matured in June 2020. The District had a successful bond referendum in October 2019 allowing the District to issue up to \$37 million in General Obligation Bonds to replace one of the two Elementary Buildings and renovate the other. This investment from the community will allow the District to forego any deferred maintenance on the existing aging buildings and allow for future growth in enrollment. 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.)

Student Enrollment History

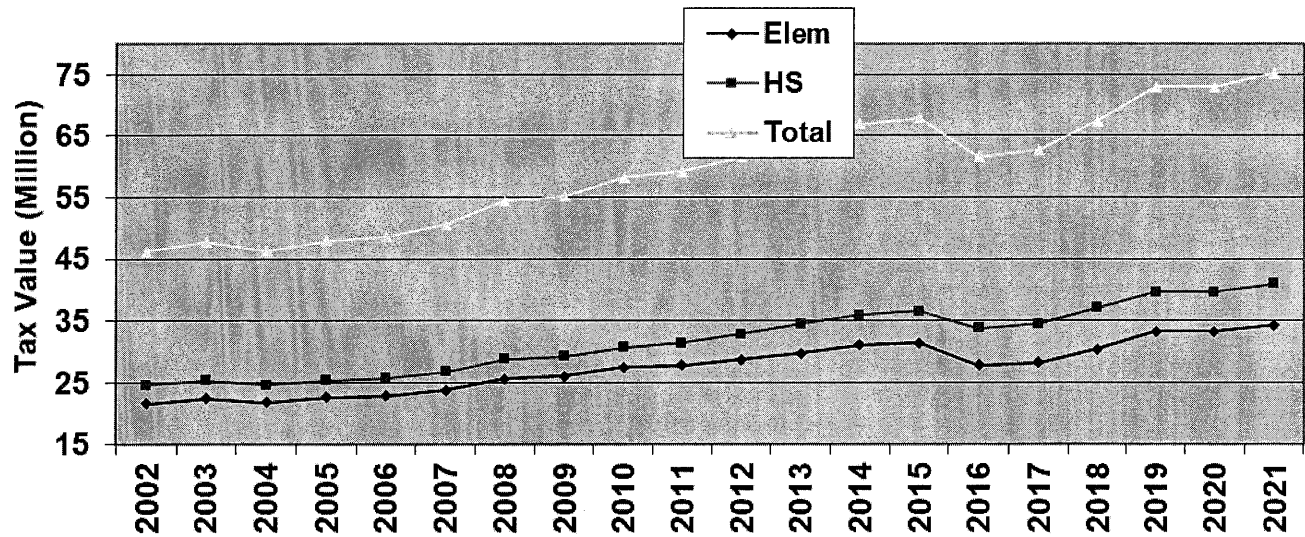


ANB for Budgeted Fiscal Year

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.

Columbia Falls Public Schools
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2021

Taxable Valuation History



Budgeted Fiscal Year

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbia Falls Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Columbia Falls Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedules of proportionate share of the net pension liability, and schedules of contributions on pages 2 through 13, and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues and expenditures for the extracurricular fund and the schedule of enrollment are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S., *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

The accompanying schedule of revenues and expenditures for the extracurricular fund, the schedule of enrollment and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures for the extracurricular fund, the schedule of enrollment and schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The Other Information section relating to the bonds, taxable market valuation and taxable valuation, District enrollment, tax collections and major tax payers and tax value history have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and compliance.

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

March 28, 2022

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Net Position
June 30, 2021

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 33,393,672
Taxes and assessments receivable, net	416,033
Due from other governments	112,737
Inventories	17,072
Total current assets	\$ <u>33,939,514</u>
Noncurrent assets	
Capital assets - land	\$ 409,252
Capital assets - construction in progress	13,150,098
Capital assets - depreciable, net	12,090,106
Total noncurrent assets	\$ <u>25,649,456</u>
Total assets	\$ <u>59,588,970</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 4,809,586
Deferred outflows of resources - OPEB	1,010,632
Total deferred outflows of resources	\$ <u>5,820,218</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>65,409,188</u>
LIABILITIES	
Current liabilities	
Warrants payable	\$ 310,038
Accounts payable	175,422
Accrued payroll	376,140
Current portion of long-term capital liabilities	1,119,130
Current portion of compensated absences payable	250,195
Unearned grant revenue	8,118
Total current liabilities	\$ <u>2,239,043</u>
Noncurrent liabilities	
Noncurrent portion of long-term liabilities - OPEB	\$ 6,331,526
Noncurrent portion of long-term liabilities	19,147,292
Noncurrent portion of long-term capital liabilities	11,072,277
Noncurrent portion of compensated absences	225,701
Net pension liability	23,032,256
Total noncurrent liabilities	\$ <u>59,809,052</u>
Total liabilities	\$ <u>62,048,095</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - bond premium	\$ 4,429,535
Deferred inflows of resources - pensions	491,858
Deferred inflows of resources - OPEB	6,566,533
Total deferred inflows of resources	\$ <u>11,487,926</u>
NET POSITION	
Net investment in capital assets	\$ 13,458,049
Restricted by donors for specific purposes	207,818
Restricted for capital projects	23,728,795
Restricted for debt service	169,487
Restricted for special projects	2,644,707
Unrestricted	(48,335,689)
Total net position	\$ <u>(8,126,833)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>65,409,188</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Instructional - regular	\$ 15,333,999	\$ 27,675	\$ 1,842,499	\$ (13,463,825)
Instructional - special education	2,359,788	-	1,360,424	(999,364)
Instructional - vocational education	497,263	40,166	76,674	(380,423)
Supporting services - operations & maintenance	2,603,325	-	299,011	(2,304,314)
Supporting services - general	2,201,912	-	819,840	(1,382,072)
Supporting services - educational media services	1,415,388	-	222,753	(1,192,635)
Administration - general	471,174	-	-	(471,174)
Administration - school	1,163,811	-	22,792	(1,141,019)
Administration - business	503,466	-	8,900	(494,566)
Student transportation	1,463,176	-	308,649	(1,154,527)
Extracurricular	843,564	-	187,606	(655,958)
School food	1,351,799	29,592	1,510,736	188,529
Community services	8,101	-	-	(8,101)
Debt service expense - interest	1,064,855	-	-	(1,064,855)
Unallocated depreciation*	350,621	-	-	(350,621)
Enterprise Services	5,768	-	-	(5,768)
Special Assessments	38,601	-	-	(38,601)
Total governmental activities	\$ 31,676,611	\$ 97,433	\$ 6,659,884	\$ (24,919,294)
General Revenues:				
Property taxes for general purposes				\$ 10,322,385
Grants and entitlements not restricted to specific programs				12,405,033
Investment earnings				97,199
Miscellaneous (other revenue)				202,957
County retirement				2,342,140
Total general revenues, special items and transfers				\$ 25,369,714
Change in net position				\$ 450,420
Net position - beginning				\$ (8,549,358)
Restatements				(27,895)
Net position - beginning - restated				\$ (8,577,253)
Net position - end				\$ (8,126,833)

* 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 No. 6, Flathead County, Montana
Balance Sheet
Governmental Funds
June 30, 2021

	General	Elementary Miscellaneous Programs	Elementary Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current assets:					
Cash and investments	\$ 3,347,277	\$ 487,535	\$ 23,023,434	\$ 3,276,787	\$ 30,135,033
Taxes and assessments receivable, net	206,664	-	-	209,369	416,033
Due from other governments	-	32,990	-	79,747	112,737
Inventories	17,072	-	-	-	17,072
TOTAL ASSETS	\$ 3,571,013	\$ 520,525	\$ 23,023,434	\$ 3,565,903	\$ 30,680,875
LIABILITIES					
Current liabilities:					
Warrants payable	\$ 310,038	\$ -	\$ -	\$ -	\$ 310,038
Accrued payroll	230,322	29,592	-	113,527	373,441
Unearned grant revenue	-	-	-	8,118	8,118
Total liabilities	\$ 540,360	\$ 29,592	\$ -	\$ 121,645	\$ 691,597
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - taxes	\$ 206,664	\$ -	\$ -	\$ 209,369	\$ 416,033
Total deferred inflows of resources	\$ 206,664	\$ -	\$ -	\$ 209,369	\$ 416,033
FUND BALANCES					
Nonspendable	\$ 17,072	\$ -	\$ -	\$ -	\$ 17,072
Restricted	-	490,933	23,023,434	3,234,889	26,749,256
Assigned	105,230	-	-	-	105,230
Unassigned fund balance	2,701,687	-	-	-	2,701,687
Total fund balance	\$ 2,823,989	\$ 490,933	\$ 23,023,434	\$ 3,234,889	\$ 29,573,245
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,571,013	\$ 520,525	\$ 23,023,434	\$ 3,565,903	\$ 30,680,875

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2021

Total fund balances - governmental funds	\$ 29,573,245
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,649,456
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.	416,033
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	3,080,518
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(38,146,121)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(23,032,256)
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.	4,809,586
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.	(491,858)
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.	1,010,632
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.	(6,566,533)
Unamortized bond premiums are deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.	(4,429,535)
Total net position - governmental activities	\$ <u>(8,126,833)</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Elementary Miscellaneous Programs	Elementary Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenue	\$ 5,259,282	\$ 39,860	\$ 70,155	\$ 5,508,460	\$ 10,877,757
County revenue	-	-	-	2,494,892	2,494,892
State revenue	13,105,373	651,749	-	450,781	14,207,903
Federal revenue	-	3,007,232	-	1,558,424	4,565,656
Total revenues	<u>\$ 18,364,655</u>	<u>\$ 3,698,841</u>	<u>\$ 70,155</u>	<u>\$ 10,012,557</u>	<u>\$ 32,146,208</u>
EXPENDITURES					
Instructional - regular	\$ 10,342,670	\$ 1,758,858	\$ -	\$ 1,311,825	\$ 13,413,353
Instructional - special education	1,122,339	571,592	-	771,439	2,465,370
Instructional - vocational education	368,686	-	-	147,774	516,460
Supporting services - operations & maintenance	2,206,077	203,082	-	172,569	2,581,728
Supporting services - general	1,243,138	728,447	-	306,986	2,278,571
Supporting services - educational media services	849,394	203,714	-	407,350	1,460,458
Administration - general	416,706	373	-	63,693	480,772
Administration - school	936,870	23,742	-	258,980	1,219,592
Administration - business	424,572	8,900	-	72,619	506,091
Student transportation	79,589	3,144	-	1,095,877	1,178,610
Extracurricular	549,946	-	-	255,771	805,717
School food	12,581	49,018	-	1,318,112	1,379,711
Community services	-	-	-	8,101	8,101
Debt service expense - principal	28,156	-	-	1,055,000	1,083,156
Debt service expense - interest	14,494	-	-	1,293,600	1,308,094
Capital outlay	57,193	-	12,328,770	442,497	12,828,460
Enterprise Services	-	-	-	5,768	5,768
Special Assessments	-	-	-	38,601	38,601
Total expenditures	<u>\$ 18,652,411</u>	<u>\$ 3,550,870</u>	<u>\$ 12,328,770</u>	<u>\$ 9,026,562</u>	<u>\$ 43,558,613</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (287,756)</u>	<u>\$ 147,971</u>	<u>\$ (12,258,615)</u>	<u>\$ 985,995</u>	<u>\$ (11,412,405)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of general capital asset disposition	\$ -	\$ -	\$ -	\$ 21,800	\$ 21,800
Transfers in	191,000	-	-	4,537	195,537
Transfers out	-	-	-	(195,537)	(195,537)
Total other financing sources (uses)	<u>\$ 191,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,200)</u>	<u>\$ 21,800</u>
Net Change in Fund Balance	<u>\$ (96,756)</u>	<u>\$ 147,971</u>	<u>\$ (12,258,615)</u>	<u>\$ 816,795</u>	<u>\$ (11,390,605)</u>
Fund balances - beginning	\$ 2,948,640	\$ 342,962	\$ 35,282,049	\$ 2,418,094	\$ 40,991,745
Restatements	(27,895)	-	-	-	(27,895)
Fund balances - beginning, restated	<u>\$ 2,920,745</u>	<u>\$ 342,962</u>	<u>\$ 35,282,049</u>	<u>\$ 2,418,094</u>	<u>\$ 40,963,850</u>
Fund balance - ending	<u>\$ 2,823,989</u>	<u>\$ 490,933</u>	<u>\$ 23,023,434</u>	<u>\$ 3,234,889</u>	<u>\$ 29,573,245</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Reconciliation of the Statement of Revenues, Expenditures.
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	(11,390,605)
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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		12,828,460
- Depreciation expense		(851,982)

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:

- Loss on the sale of capital assets		(72,744)
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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)		(19,177)
--	--	----------

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

22,559

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		1,083,156
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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		(221,812)
--	--	-----------

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.

959,838

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

(2,130,512)

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

243,239

Change in net position - Statement of Activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">450,420</div>
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See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Net Position
Proprietary Funds
June 30, 2021

	Governmental Activities <hr/> Internal Service Funds <hr/>
ASSETS	
Current assets:	
Cash and investments	\$ 3,258,639
TOTAL ASSETS	\$ 3,258,639
 LIABILITIES	
Current liabilities:	
Accrued payroll	\$ 2,699
IBNR liability	175,422
Total liabilities	\$ 178,121
 NET POSITION	
Restricted for health insurance benefits	\$ 3,080,518
Total net position	\$ 3,080,518
TOTAL LIABILITIES AND NET POSITION	\$ 3,258,639

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Internal Service Funds
OPERATING REVENUES	
District health insurance contribution	\$ 2,891,703
Employee health insurance contribution	466,975
Retiree health insurance contribution	355,510
Voluntary vision insurance contribution	38,436
Voluntary dental insurance contribution	129,780
Total operating revenues	<u>\$ 3,882,404</u>
OPERATING EXPENSES	
Administration services	\$ 39,175
Health insurance claims	2,743,326
Health promotion supplies	9,906
Purchased professional and technical services	140,857
Total operating expenses	<u>\$ 2,933,264</u>
Operating income (loss)	<u>\$ 949,140</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	\$ 10,698
Total non-operating revenues (expenses)	<u>\$ 10,698</u>
Change in net position	<u>\$ 959,838</u>
Net Position - Beginning of the year	\$ 2,120,680
Net Position - End of the year	<u><u>\$ 3,080,518</u></u>

See accompanying Notes to the Financial Statements

**Columbia Falls Public School
Combined Statement of Cash Flows
All Proprietary Fund Types
Fiscal Year Ended June 30, 2021**

	Govermental Activities Internal Service Fund
Cash flows from operating activities:	
Cash received from providing services	\$ 3,882,404
Cash payments to suppliers	(9,906)
Cash payments for professional services	(140,857)
Cash payments to employees	(3,080,562)
Net cash provided (used) by operating activities	<u>\$ 651,079</u>
Cash flows from investing activities:	
Interest on investments	\$ 10,698
Net cash provided (used) by investing activities	<u>\$ 10,698</u>
Net increase (decrease) in cash and cash equivalents	\$ 661,777
Cash and cash equivalents at beginning	<u>2,596,862</u>
Cash and cash equivalents at end	<u><u>\$ 3,258,639</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 949,140
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Accounts payable - IBNR	(298,102)
Accrued wages	41
Net cash provided (used) by operating activities	<u><u>\$ 651,079</u></u>

See accompanying notes to the financial statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and short-term investments	\$ <u>167,123</u>
TOTAL ASSETS	\$ <u><u>167,123</u></u>
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ <u>167,123</u>
TOTAL NET POSITION	\$ <u><u>167,123</u></u>

See accompanying Notes to the Financial Statements

Columbia Falls School District No. 6, Flathead County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Contributions:	
Contributions from private sources	\$ 3,177
Interest and change in fair value of investments	5,165
Total additions	<u>\$ 8,342</u>
DEDUCTIONS	
Student scholarships	\$ 1,280
Total deductions	<u>\$ 1,280</u>
Change in net position	<u>\$ 7,062</u>
Net Position - Beginning of the year	<u>\$ 160,061</u>
Net Position - End of the year	<u><u>\$ 167,123</u></u>

See accompanying Notes to the Financial Statements

COLUMBIA FALLS PUBLIC SCHOOL
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements

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

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

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.

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Primary Government

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

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

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. 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 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.

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Measurement Focus and Basis of Accounting

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

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.

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Measurement Focus and Basis of Accounting

Governmental Funds:

Modified Accrual

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

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

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

Major Funds:

The District reports the following major governmental funds:

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

Elementary 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.

COLUMBIA FALLS PUBLIC SCHOOL
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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.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District's cash, except for the Student Extracurricular Fund (an expendable trust) is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County's investment portfolio as of June 30, 2021, consisted of 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 T, Kalispell, Montana 59901. Fair value approximates carrying value for investments as of June 30, 2021.

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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 held at the County	\$ 33,277,032
Petty Cash	200
Cash in banks:	
Demand deposits	101,685
Certificates of deposit	181,878
Total	<u>\$ 33,560,795</u>

Deposits

The District's deposit balance at year end was \$283,563 and the bank balance was \$292,317, which was fully insured by FDIC as of June 30, 2021.

NOTE 3. RECEIVABLES

Tax Receivables

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

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

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

NOTE 4. INVENTORIES

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

NOTE 5. CAPITAL ASSETS

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

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

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

Governmental activities:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 409,252	\$ -	\$ -	\$ 409,252
Construction in progress	858,733	12,291,365	-	13,150,098
Total capital assets not being depreciated	<u>\$ 1,267,985</u>	<u>\$ 12,291,365</u>	<u>\$ -</u>	<u>\$ 13,559,350</u>
Other capital assets:				
Buildings	\$ 19,199,154	\$ 6,000	\$ -	\$ 19,205,154
Improvements other than buildings	2,660,516	38,573	(64,042)	2,635,047
Machinery and equipment	5,286,729	492,522	(450,517)	5,328,734
Leases	529,420	-	-	529,420
Total other capital assets at historical cost	<u>\$ 27,675,819</u>	<u>\$ 537,095</u>	<u>\$ (514,559)</u>	<u>\$ 27,698,355</u>
Less: accumulated depreciation	<u>(15,198,082)</u>	<u>(851,982)</u>	<u>441,815</u>	<u>(15,608,249)</u>
Total	<u><u>\$ 13,745,722</u></u>	<u><u>\$ 11,976,478</u></u>	<u><u>\$ (72,744)</u></u>	<u><u>\$ 25,649,456</u></u>

COLUMBIA FALLS PUBLIC SCHOOL
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Governmental capital assets depreciation expense was charged to functions as follows:

Governmental Activities:	
Instructional – regular	\$ 43,389
Supporting services – operations and maintenance	98,384
Supporting services – general	128
Supporting services – educational media services	2,922
Administration – school	1,809
Administration – business	16,572
Student transportation	289,828
School food	10,482
Extracurricular	37,847
Unallocated	<u>350,621</u>
Total governmental activities depreciation expense	\$ <u>851,982</u>

NOTE 6. LONG TERM DEBT OBLIGATIONS

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

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

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

Governmental Activities:

	Balance <u>July 1, 2020</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 32,000,000	\$ (1,055,000)	\$ 30,945,000	\$ 1,090,000
Compensated absences	498,455	(22,559)	475,896	250,195
Capital leases	<u>421,855</u>	<u>(28,156)</u>	<u>393,699</u>	<u>29,130</u>
Total	\$ <u>32,920,310</u>	\$ <u>(1,105,715)</u>	\$ <u>31,814,595</u>	\$ <u>1,369,325</u>

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

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General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2021, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2021</u>
K-8 Facility Bonds - Series 2019	12/30/19	2.00-5.00%	20 yrs.	7/1/40	\$ <u>32,000,000</u>	Varies	\$ <u>30,945,000</u>
Reported in the governmental activities.							

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,090,000	\$ 1,260,600
2023	1,140,000	1,206,100
2024	1,200,000	1,149,100
2025	1,245,000	1,104,100
2026	1,305,000	1,041,850
2027	1,355,000	991,600
2028	1,425,000	923,850
2029	1,495,000	852,600
2030	1,555,000	792,700
2031	1,635,000	714,950
2032	1,680,000	665,900
2033	1,730,000	615,500
2034	1,785,000	563,600
2035	1,855,000	492,200
2036	1,930,000	418,000
2037	2,005,000	340,800
2038	2,085,000	260,600
2039	2,170,000	177,200
2040	2,260,000	90,400
Total	\$ <u>30,945,000</u>	\$ <u>13,661,650</u>

Bond Premium

As of June 30, 2021, the District recognized deferred inflows of resources for bond premiums totaling \$4,429,535. The premium is related to the issuance of the 2019 Elementary General Obligation Bonds Services 2019 totaling \$32,000,000. The premiums are amortized over the life of the bonds that equal 20 years. The total amount amortized during fiscal year 2021 was \$486,477.

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Capital Leases

The District has entered into several leases which meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee when all terms of the lease agreements are met. Capital lease obligations outstanding as of June 30, 2021, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2021</u>
Energy Improvement Measures	7/15/19		15 yrs	6/15/34	\$ 415,157		\$ 371,145
Sharp MXM1205 Copy Machine	2/6/20		5 yrs	3/1/25	28,998		22,554
Total					<u>\$ 444,155</u>		<u>\$ 393,699</u>

Reported in the governmental activities.

Annual requirement to amortize debt:

<u>For Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 29,130	\$ 13,518
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	35,407	985
Total	<u>\$ 393,699</u>	<u>\$ 99,713</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.

COLUMBIA FALLS PUBLIC SCHOOL
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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	<u>243</u>

Total OPEB Liability

The District's total OPEB liability of \$6,331,526 at June 30, 2021, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2021.

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)	2.27%
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.

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.

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.

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.

COLUMBIA FALLS PUBLIC SCHOOL
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The turnover rates were determined from the periodic experience studies of the Montana public retirement systems for the covered groups as documented in the GASB 68 actuarial valuations.

Changes in the Total OPEB Liability

Balance at 6/30/2020	\$ <u>12,518,160</u>
Changes for the year:	
Service Cost	\$ 509,753
Interest	327,477
Differences in experience	(6,652,383)
Change in assumptions	(202,086)
Benefit payments	<u>(169,395)</u>
Net Changes	\$ <u>(6,186,634)</u>
Balance at 6/30/2021	\$ <u>6,331,526</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	Discount Rate	1% Increase
	<u>(1.27%)</u>	<u>(2.27%)</u>	<u>(3.27%)</u>
Total OPEB Liability \$	7,448,646	\$ 6,331,526	\$ 5,441,220

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 \$	5,335,598	\$ 6,331,526	\$ 7,612,858

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

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

For the year ended June 30, 2021, the District recognized an OPEB expense of \$221,812.

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At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Differences between expected and actual economic experience	\$ 696,212	\$ 6,050,027
Changes in actuarial assumptions	314,420	516,506
Total	<u>\$ 1,010,632</u>	<u>\$ 6,566,533</u>

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

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2022	\$ (312,110)
2023	\$ (357,342)
2024	\$ (297,774)
2025	\$ (312,089)
2026	\$ (334,649)
Thereafter	<u>\$ (1,702,245)</u>

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NOTE 8. NET PENSION LIABILITY (NPL)

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

District's Proportionate Share Associated With:

	PERS		TRS		Pension Totals
Net Pension Liability	\$ 3,463,709	\$	19,568,547	\$	23,032,256
Deferred outflows of resources*	\$ 788,683	\$	4,020,903	\$	4,809,586
Deferred inflows of resources	\$ 345,920	\$	145,938	\$	491,858
Pension expense	\$ 1,052,413	\$	4,120,606	\$	5,173,019

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$192,997, and \$1,162,809, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2021.

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

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).

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Plan Descriptions

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

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

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

Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

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

- a. A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
- b. No service credit for second employment;
- c. Start the same benefit amount the month following termination; and
- d. Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.

2) Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:

- a. A recalculated retirement benefit based on provisions in effect after the initial retirement; and
- b. GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.

3) Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:

- a. The same retirement as prior to the return to service;
- b. A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
- c. GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting

- 5 years of membership service

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.

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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

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.

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

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

1. Rates are specified by state law and are a percentage of the member's compensation.
 - a. Contributions are deducted from each member's salary and remitted by participating employers;
 - b. The State legislature has the authority to establish and amend contribution rates to the plan.
2. Member contributions to the system:
 - a. Plan members are required to contribute 7.90% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.
 - b. The 7.90% member contributions is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
3. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

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- c. The portion of the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
- 4. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a statutory appropriation from its General Fund of \$33,951,150.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards and Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2021, and 2020 reporting dates, 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 \$3,463,709 and the District's proportionate share was 0.131290 percent.

		Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate Share	\$	3,463,709	\$ 2,871,597	0.131290%	0.137377%	-0.006087%
State of Montana Proportionate Share associated with Employer		1,200,948	1,026,023	0.045521%	0.049085%	-0.003564%
Total	\$	<u>4,664,657</u>	<u>3,897,620</u>	<u>0.176811%</u>	<u>0.186462%</u>	<u>-0.009651%</u>

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Changes in actuarial assumptions and methods:

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

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2020, the District recognized a Pension Expense of \$856,008 for its proportionate share of the pension expense. The District also recognized grant revenue of \$196,405 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/21	Pension Expense as of 6/30/20
Employer Proportionate Share	\$ 856,008	\$ 789,370
State of Montana Proportionate Share associated with the Employer	196,405	69,656
Total	\$ <u>1,052,413</u>	\$ <u>859,026</u>

Recognition of Beginning Deferred Outflow

At June 30, 2021, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2020 contributions of \$235,868.

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Recognition of Deferred Inflows and Outflows:

At June 30, 2021, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 55,911	\$ 99,033
Actual vs. Expected Investment Earnings	299,926	-
Changes in Assumptions	239,849	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	246,887
Employer contributions subsequent to the measurement date - FY21*	192,997	-
Total	\$ <u>788,683</u>	\$ <u>345,920</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
2021	\$ (79,887)
2022	\$ 149,924
2023	\$ 104,797
2024	\$ 74,933
Thereafter	\$ -

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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, 2020 actuarial valuation, and was determined using the following actuarial assumptions.

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

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

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

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

<u>1.0% Decrease</u>	<u>Current</u>	<u>1.0% Increase</u>
<u>(6.34%)</u>	<u>Discount Rate</u>	<u>(8.34%)</u>
\$ <u>4,767,590</u>	\$ <u>3,463,709</u>	\$ <u>2,368,458</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 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

PERS Disclosure for the defined contribution plan

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.

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

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

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

At the plan level for the measurement period ended June 30, 2020, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$775,195.

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

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>.

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Plan Descriptions

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

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

Summary of Benefits

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

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

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

Contributions

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

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

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

School District and Other Employers

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

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

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2020 and June 30, 2021 (reporting dates).

		Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
Employer Proportionate Share	\$	19,568,547	\$ 16,168,146	0.8699%	0.8385%	0.0314%
State of Montana Proportionate Share associated with Employer		11,571,428	9,789,101	0.5144%	0.5077%	0.0067%
Total	\$	<u>31,139,975</u>	<u>\$ 25,957,247</u>	<u>1.3843%</u>	<u>1.3462%</u>	<u>0.0381%</u>

At June 30, 2021, the District recorded a liability of \$19,568,547 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2021, the District's proportion was 0.8699 percent.

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Changes in actuarial assumptions and methods:

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

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2021, the District recognized a Pension Expense of \$4,120,606 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$1,533,168 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/21
Employer Proportionate Share	\$ 2,587,438
State of Montana Proportionate Share associated with the Employer	1,533,168
Total	\$ <u>4,120,606</u>

Recognition of Beginning Deferred Outflow

At June 30, 2021, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2020 contributions of \$1,102,626.

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Recognition of Deferred Inflows and Outflows:

At June 30, 2021, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 189,696	\$ -
Actual vs. Expected Investment Earnings	1,370,862	-
Changes in Assumptions	1,024,893	22,505
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	272,643	123,433
Employer contributions subsequent to the measurement date - FY21*	1,162,809	-
Total	<u>\$ 4,020,903</u>	<u>\$ 145,938</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:

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	\$ 858,280
2023	\$ 819,059
2024	\$ 690,771
2025	\$ 344,048
2026	\$ -
Thereafter	\$ -

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Actuarial Assumptions

The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date of July 1, 2020. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases* 3.25% - 7.76% for Non-University Members and 4.25%
for University Members
- Investment Return 7.34%
- Price Inflation 2.40%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years
- Mortality among disabled members
 - RP 2000 Disabled Mortality Table for, set back three years for males and set forward two years for females, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase.

Discount Rate

TRS

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

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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%	6.19%
International Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Cash	<u>2.00%</u>	0.11%
Total	<u>100.00%</u>	

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

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

Sensitivity Analysis

1.0% Decrease (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
\$ 26,054,934	\$ 19,568,547	\$ 14,141,619

TRS

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2021:

<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	\$ 142,000
Operating - Multidistrict expenditures	Elementary Interlocal – Nonmajor Governmental	High School Bus Depreciation – Nonmajor Governmental	49,000
Indirect Cost Allocation	High School Miscellaneous Programs – Nonmajor Governmental	High School Miscellaneous Programs – Nonmajor Governmental	<u>4,537</u>
			<u>\$ 195,537</u>

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>17,072</u>	Inventory

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Restricted Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Elementary Miscellaneous Programs	\$ 490,933	Third party grantor restrictions
Elementary Building	23,023,434	Future construction costs
All other aggregate	244,583	Student transportation
	31,672	Bus replacement
	268,707	Food services
	707,406	Employer costs of benefits
	215,180	Third party grant restrictions
	24,044	Adult education
	156,754	Student instructional services
	9,766	Operations and maintenance
	30,117	Vacation and sick leave payments
	444,601	Technology upgrades and maintenance
	38,950	Debt service
	645,835	Future capital costs
	207,818	Permanent endowment
	209,456	Extracurricular activities
Total	<u>\$26,749,256</u>	

Assigned Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Assignment</u>
General	\$ <u>105,230</u>	Encumbrances

NOTE 11. RESTATEMENTS

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

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
General Fund	\$ <u>(27,895)</u>	Prior year overstated cash - the County credited the District too much for property taxes. This was corrected in December 2020.

NOTE 12. 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.

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

For the fiscal year ended June 30, 2021, the taxable valuation of the applicable machinery, equipment, and improvements was as follows:

\$14,335,368 market value. Property Tax Levy \$503,751. Adjusted Tax Levy \$468,540
The taxes were reduced by \$35,211. Columbia Falls School District Six portion of this reduction totaled \$22,056.

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 2021 were 287.45. 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 13. 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 SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 14. RISK MANAGEMENT

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

Insurance Policies:

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

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 SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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, 2020	\$ 434,375
Claims incurred	2,229,909
Claims paid	<u>(2,488,962)</u>
Claims payable, June 30, 2021	\$ <u>175,322</u>

NOTE 15. SUBSEQUENT EVENTS

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

The State of Montana also received roughly \$40 million from the ESSER Funds. The District has been awarded \$582,873 of this funding, and has spent \$538,690 in fiscal year 2021. The District also incurred and spent \$44,183 in fiscal year 2022

For ESSER II and III the State of Montana received \$170 million and \$382 million in funding to be distributed to schools across the state. In April 2021, the State determined the distributions of these funds for ESSER II based on Title I funding, and have projections for ESSER III. The allocated ESSER II funds for the District equal \$2,317,906. The awarded ESSER III funds for the District equal to \$5,117,603. The ESSER II funds are to be expended by September 30, 2023, and the ESSER III to be expended by September 30, 2024.

The District spent \$59,203 in ESSER II Funds during the fiscal year 2021. As of March 2022, the District had received and spent \$1,800,110 in ESSER II, and \$75,911 in ESSER III costs.

COLUMBIA FALLS PUBLIC SCHOOL
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

The District, like all Districts in the United States is still dealing with the effects of the COVID-19 virus. Possible operational changes or even shutdowns may still occur. Additionally, the financial effect to the District are equally as uncertain.

- 2) In September 2021, the District issued the remaining \$5,072,000 in bonds authorized for the Glacier Gateway School, remodel and expansion of the Ruder Elementary School, and improvements of the safety and security of the junior high.

The Elementary School construction continued into fiscal year 2022. The District had a fiscal year 2022 construction budget of \$25,298,900 of which they had spent \$12,015,960 on the projects subsequent to year end.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Columbia Falls School District No. 6, Flathead County, Montana
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2021

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	\$ 5,209,875	\$ 5,209,875	\$ 5,253,392	\$ 43,517
State revenue	11,375,800	11,375,800	11,375,800	-
Amounts available for appropriation	\$ 16,585,675	\$ 16,585,675	\$ 16,629,192	\$ 43,517
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 8,431,642	\$ 8,431,642	\$ 8,453,514	\$ (21,872)
Instructional - special education	1,036,109	1,036,109	1,122,339	(86,230)
Instructional - vocational education	372,681	372,681	368,686	3,995
Instructional - adult education	122,367	122,367	-	122,367
Supporting services - operations & maintenance	2,197,325	2,197,325	2,154,578	42,747
Supporting services - general	1,217,544	1,217,544	1,213,083	4,461
Supporting services - educational media services	700,935	700,935	751,397	(50,462)
Administration - general	351,321	351,321	416,706	(65,385)
Administration - school	1,025,437	1,025,437	937,140	88,297
Administration - business	435,938	435,938	410,548	25,390
Student transportation	106,788	106,788	79,589	27,199
Extracurricular	543,883	543,883	549,425	(5,542)
School food	7,500	7,500	12,581	(5,081)
Debt service expense - principal	21,891	21,891	28,156	(6,265)
Debt service expense - interest	14,314	14,314	14,494	(180)
Capital outlay	-	-	57,193	(57,193)
Total charges to appropriations	\$ 16,585,675	\$ 16,585,675	\$ 16,569,429	\$ 16,246
Net change in fund balance			\$ 59,763	
Fund balance - beginning of the year			\$ 1,209,753	
Restatements			(27,895)	
Fund balance - beginning of the year - restated			\$ 1,181,858	
Fund balance - end of the year			\$ 1,241,621	

Columbia Falls School District No. 6, 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

	<u>General</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 16,629,192
Combined funds (GASBS 54) revenues	<u>1,735,463</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-	
governmental funds.	\$ 18,364,655
schedule	\$ 16,569,429
Combined funds (GASBS 54) expenditures	1,929,864
- Encumbrances reported at the beginning of the year	258,349
- Encumbrances reported at the end of the year	<u>(105,231)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	
- governmental funds	\$ <u>18,652,411</u>

Note B

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

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

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

	<u>PERS 2021</u>	<u>PERS 2020</u>	<u>PERS 2019</u>	<u>PERS 2018</u>	<u>PERS 2017</u>	<u>PERS 2016</u>	<u>PERS 2015</u>
Employer's proportion of the net pension liability	0.131290%	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	\$ 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	\$ 1,200,948	\$ 1,026,023	\$ 1,067,333	\$ 168,469	\$ 38,519	\$ 31,587	\$ 27,104
Total	\$ 4,664,657	\$ 3,897,620	\$ 3,956,572	\$ 3,622,545	\$ 862,710	\$ 703,802	\$ 606,919
Employer's covered payroll	\$ 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	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	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

	<u>TRS 2021</u>	<u>TRS 2020</u>	<u>TRS 2019</u>	<u>TRS 2018</u>	<u>TRS 2017</u>	<u>TRS 2016</u>	<u>TRS 2015</u>
Employer's proportion of the net pension liability	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	\$ 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	\$ 11,571,428	\$ 9,789,101	\$ 9,647,047	\$ 9,066,377	\$ 9,924,670	\$ 9,100,568	\$ 8,415,301
Total	\$ 31,139,975	\$ 25,957,247	\$ 25,173,595	\$ 23,349,340	\$ 25,154,611	\$ 22,685,043	\$ 20,699,077
Employer's covered payroll	\$ 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	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	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

	PERS	PERS	PERS	PERS	PERS	PERS	PERS
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 192,997	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037	\$ 47,190
Contributions in relation to the contractually required contributions	\$ 192,997	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037	\$ 47,191
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 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	8.50%	8.49%	8.33%	8.18%	8.10%	8.18%	8.13%

	TRS	TRS	TRS	TRS	TRS	TRS	TRS
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 11,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147	\$ 917,469
Contributions in relation to the contractually required contributions	\$ 1,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147	\$ 917,469
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 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	9.34%	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, 2021

Teachers' Retirement System of Montana (TRS)

Changes of Benefit Terms:

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

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

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

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

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

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

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, 2021

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

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

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

Changes in actuarial assumptions and other inputs:

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

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

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, 2021

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

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

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

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

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

- Mortality among disabled members was updated to the following:

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

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

Method and assumptions used in calculations of actuarially determined contributions:

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

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, 2021

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.
- 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,

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, 2021

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

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

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

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

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

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

Admin Expense as % of Payroll	0.27%
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The following changes were adopted in 2013 based on the 2013 Economic Experience Study:

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

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, 2021

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

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

SUPPLEMENTAL INFORMATION

**Columbia Falls Public School
Flathead County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2021**

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	151	151	0
Grades 1-6	925	925	0
Grades 7-8	355	355	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	156	156	0
Grades 1-6	963	963	0
Grades 7-8	355	355	0

Part Time Students:

Fall Enrollment-EI District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	11	0	0	0	11	0	0
1-6	0	0	2	0	0	0	2	0	0
7-8	0	0	0	1	0	0	0	1	0
Spring Enrollment-EI District	Per MAEFAIRS Reports Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	11	0	0	0	11	0	0
1-6	0	0	2	2	0	0	2	2	0
7-8	0	0	0	1	0	0	0	1	0

Students Grades 9 – 12:

Full-Time Students:

Fall Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	645	645	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	620	620	0
19-year olds included	0	0	0
Job Corps	0	0	0
Youth challenge	1	1	0
Early Graduates	0	0	0

Part Time Students:

Fall Enrollment - HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
Grades 9 - 12	0	0	0	0	0	0	0	0	0
Spring Enrollment-HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
Grades 9 - 12	0	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, 2021

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
District Recycling	\$ 6,351	\$ 1,520	\$ 305	\$ -	\$ 7,566
HS Band Instrument Rental	387	1,004	384	-	1,007
HS Activity Fees	11,372	18,761	28,775	-	1,358
HS Special Education	2,155	2,394	1,602	816	3,763
HS Annual	5,133	11,650	9,098	-	7,685
HS Art Club	980	36	-	-	1,016
HS Gay Straight Alliance	138	93	-	-	231
HS Close Up	345	-	-	-	345
HS Peer Allies/Common Ground	49	-	-	-	49
HS Chorus	8,336	4,000	3,913	-	8,423
HS Columbians	21,980	7,624	4,595	-	25,009
HS Conservation Crew	380	1,408	697	-	1,091
HS Drama	4,959	4,166	4,370	-	4,755
HS. Comm. Prom	200	-	-	-	200
HS FCCLA (FHA)	1,103	-	342	-	761
HS Forensics	3,314	-	705	-	2,609
HS Gate Receipts	6,828	22,181	13,026	-	15,983
HS Sonifers	3,388	230	227	(64)	3,327
HS Wildcat Warehouse	987	-	-	-	987
Speech/Debate Tournament	3,963	-	15	-	3,948
HS Smith's Earn & Learn Prog.	1,736	6,579	8,105	(816)	(606)
HS La Cuisine	166	1,135	1,247	64	118
HS FCS Preschool	450	-	-	-	450
HS Honor Society	66	-	-	-	66
HS Key Club	1,822	590	1,072	-	1,340
HS Athletic Fund Raising	4,324	3,808	6,178	-	1,954
HS Library	131	-	-	-	131
HS OEA/Bus Prof of America	551	-	-	-	551
HS Metal Shop	4,069	4,714	2,231	-	6,552
HS Wood Shop	4,759	1,710	1,495	-	4,974
HS Spanish Club	72	-	27	-	45
HS Student Council	4,498	2,228	3,806	-	2,920
HS Class of 2022	721	900	974	-	647
HS Class of 2021	8	1,150	1,330	-	(172)
HS Class of 2023	-	933	-	-	933
HS Concessions	3,368	-	-	-	3,368
HS Faculty Community Service	1,904	1,109	370	-	2,643
HS Tournaments	1,195	2,200	2,417	-	978
HS MIAAA Treasury	243	-	-	-	243
NW "A" Conference	523	-	57	-	466
HS Pop Fund	4,780	1,228	962	-	5,046
HS Advanced Science	42	-	-	-	42
HS District 1 Music Festival	159	-	-	-	159
HOSA	1,852	1,680	2,403	-	1,129
HS Athletic Director	497	10	303	-	204

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

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
HS Athletic Medicine	852	1,120	320	-	1,652
HS Cheerleaders	1,048	1,736	1,833	-	951
HS Football	17,110	11,140	21,810	-	6,440
HS Girls Soccer	998	4,028	3,713	-	1,313
HS Boys Soccer	4,728	4,612	8,791	-	549
HS Cross Country	1,952	1,605	2,290	-	1,267
HS Girls Basketball	975	-	-	-	975
HS Wrestling	3,788	-	210	-	3,578
HS Boys Basketball	719	1,457	1,200	-	976
HS Volleyball	8,335	2,192	5,157	-	5,370
HS Girls Track	13	-	-	-	13
HS Boys Track	1,047	8,137	9,117	-	67
HS Golf	1,348	-	492	-	856
HS Girls Tennis	1,873	-	216	-	1,657
HS Girls Softball	3,162	584	15	-	3,731
HS Boys Tennis	1,110	-	-	-	1,110
HS Swim Team Cooperative	998	19,346	19,735	-	609
JH Activity	343	4,761	5,762	-	(658)
JH Shop	197	-	-	-	197
JH Pop	12,465	-	3,284	-	9,181
JH CF Choral Fest.	175	-	-	-	175
JH Yearbook	(1,126)	2,072	-	-	946
JH Student Council	2,355	5,564	1,080	-	6,839
JH Builders Club	2,394	-	-	-	2,394
JH Band	856	666	1,848	-	(326)
JH Wrestling	72	-	-	-	72
JH Student Store	(287)	126	-	-	(161)
Giving Closet	451	1,000	386	-	1,065
GG Spec. Olympics	8,911	-	-	-	8,911
GG Student Council	2,213	-	-	-	2,213
GG Elem. General	9,408	2,640	3,659	-	8,389
GG Elem. Library	1,175	64	161	-	1,078
GG Bike Safety	1,294	-	-	-	1,294
GG Wildkat Youth BB	253	-	96	-	157
Ruder Pop Fund	582	128	480	-	230
Ruder Activity	3,876	6,640	3,648	-	6,868
Ruder Physical Education	582	-	-	-	582
Ruder Casual for a Cause	294	1,039	1,250	-	83
Ruder Fifth Grade	1,056	-	-	-	1,056
Admin. Pop Fund	2,321	1,947	825	-	3,443
Transportation Pop Fund	23	-	-	-	23
Total	\$ 220,223	\$ 187,645	\$ 198,409	\$ -	\$ 209,459

OTHER INFORMATION

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

General Obligation Bonds Outstanding

Description	Origination Date	Interest Rate	Term of Bond	Final Maturity Date	Amount Issued	Annual Payment	Balance July 1, 2020	New Borrowing	Principal Reductions	Interest Payment	Balance June 30, 2021
General Obligation Bonds:											
K-8 Facility Bonds - Series 2019	12/30/19	2.00-5.00%	20 yrs.	7/1/40	\$ 32,000,000	varies	\$ 32,000,000	\$ -	\$ (1,055,000)	\$ (1,292,800)	\$ 30,945,000
							Subtotal	\$ 32,000,000	\$ (1,055,000)	\$ (1,292,800)	\$ 30,945,000

Estimated District Population – 16,367

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 and is expected to be completed by December of 2022.

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

**Available Bonding Capacity
As of July 1, 2021**

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 follows:

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, 2021 \$ (30,945,000)

Available Bonding Capacity 7/1/2021 \$ 29,931,000

HIGH SCHOOL District

Taxable Value \$ 46,340,009

Tax Value per Mill	\$	46,340	Tax Value /1000	
FY 22 ANB		668	ANB used for budget	
Mill Value per ANB	\$	69.37		

State Facility Guaranteed Mill Value per ANB \$ 98.96

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 follows:

Bonding Capacity

State Facility Guaranteed Mill Value per ANB	\$	98.96		
Times 1,000		1,000	\$	98,960
Times ANB		668	\$	66,105,280

BONDING CAPACITY \$ 66,105,280

Less Outstanding General Obligation Debt June 30, 2021 \$ -

Available Bonding Capacity 7/1/2021 \$ 66,105,280

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Tax Levy – Mills

Taxing Entity	2017/18	2018/19	2019/20	2020/21
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	106.40	102.91	104.12
Flathead County	67.88	67.88	62.22	68.63
Flathead County Bond	0.00	1.88	1.88	1.88
Flathead Valley Community College ¹	16.17	16.17	15.00	14.49
FVCC Permissive Medical	4.16	4.16	6.46	6.04
Columbia Falls Elementary District	197.35	197.35	188.13	225.49
Columbia Falls High School District	68.39	68.39	65.59	61.96
County Road	24.48	24.48	23.31	23.02
County Board of Health	4.90	4.90	5.99	5.99
County Weed	2.13	2.13	1.84	1.28
County Health Insurance	12.53	12.53	13.43	12.76
County Sheriff	42.60	42.60	42.75	38.70
County Mosquito	.95	.95	.93	.91
County Planning	1.66	1.66	1.40	2.05
Permissive SRS Levy	.76	.70	.69	.70
County Library	6.81	6.81	6.39	6.26
Total	587.08	604.99	584.92	620.28
City of Columbia Falls	209.008	209.008	190.014	192.584
City of Columbia Falls Medical	17.962	17.962	22.831	29.59
Columbia Falls Cemetery	2.64	2.64	2.54	2.57
Columbia Falls Rural Fire District	17.56	17.53	17.19	17.34

Columbia Falls Elementary

Fiscal Year	Market Value	Taxable Value (Excluding tax increment district values, if any)
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
2014/15	\$1,256,477,807	\$31,315,988

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Elementary District		TAX LEVY HISTORY										Total	
General		Transportation	Bus Reserve	Tuition	Technology	Building Reserve	Debt Service						
2006	\$ 2,459,678	1.51%	\$ 173,053	-14.05%	\$ 68,592	51.76%	\$ 68,540	37.77%	\$ -	\$ -	-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%	\$ -	\$ -	-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%	\$ -	\$ -	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%	\$ -	\$ -	-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%	\$ -	\$ -	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%	\$ -	\$ -	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%	\$ -	\$ -	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%	\$ -	\$ -	-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%	\$ -	\$ -	-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%	\$ -	\$ -	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%	\$ -	\$ -	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%	\$ -	\$ -	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	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%	\$ 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	\$ 95,896	-1.78%	\$ 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	\$ 98,093	2.29%	\$ 7,714,848	23.27%

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Elementary District ANB

E1 M1	FY 2012 FY 2012		FY 2013 FY 2013		FY 2014 FY 2014		FY 2015 FY 2015		FY 2016 FY 2016	
	3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.	
	1,561	1,580	1,431	1,522	1,452	1,482	1,465	1,449	1,457	1,459
	1,167	1,197	1,082	1,143	1,098	1,116	1,132	1,104	1,132	1,121
E1 M1	393	383	349	379	354	366	333	345	325	338
	1,560	1,580	1,431	1,522	1,452	1,482	1,465	1,449	1,457	1,459
	FY 2017 FY 2017		FY 2018 FY 2018		FY 2019 FY 2019		FY 2020 FY 2020		FY 2021 FY 2021	
	3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.	
E1 M1	1,456	1,460	1,491	1,468	1,509	1,485	1,508	1,503	1,546	1,521
	1,118	1,128	1,156	1,135	1,168	1,147	1,172	1,165	1,205	1,182
	338	332	335	333	341	338	336	337	341	339
	1,456	1,460	1,491	1,468	1,509	1,485	1,508	1,503	1,546	1,521

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Elementary General Fund

TAX COLLECTIONS

FY 2014	
Taxes Levied	3,245,045
Tax Revenue	3,234,123
Tax Revenue NOT Collected	<u>(10,922)</u>
Reserves FYE	692,280
% of Subsequent Budget	7.12%

FY 2018	
Taxes Levied	3,476,208
Tax Revenue	3,476,536
EXCESS Tax Revenue Collected	<u>328</u>
Reserves FYE	751,442
% of Subsequent Budget	7.12%

FY 2015	
Taxes Levied	3,206,984
Tax Revenue	3,388,110
EXCESS Tax Revenue Collected	<u>181,126</u>
Reserves FYE	796,641
% of Subsequent Budget	8.02%

FY 2019	
Taxes Levied	3,286,623
Tax Revenue	3,284,696
Tax Revenue NOT Collected	<u>(1,927)</u>
Reserves FYE	756,570
% of Subsequent Budget	7.17%

FY 2016	
Taxes Levied	3,184,525
Tax Revenue	3,204,858
EXCESS Tax Revenue Collected	<u>20,333</u>
Reserves FYE	800,081
% of Subsequent Budget	7.90%

FY 2020	
Taxes Levied	3,306,331
Tax Revenue	3,325,547
EXCESS Tax Revenue Collected	<u>19,216</u>
Reserves FYE	777,042
% of Subsequent Budget	7.11%

FY 2017	
Taxes Levied	3,156,692
Tax Revenue	3,130,792
Tax Revenue NOT Collected	<u>(25,900)</u>
Reserves FYE	777,290
% of Subsequent Budget	7.53%

FY 2021	
Taxes Levied	3,308,499
Tax Revenue	3,347,207
EXCESS Tax Revenue Collected	<u>38,708</u>
Reserves FYE	787,060
% of Subsequent Budget	7.19%

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Elementary General Fund

UNCOLLECTED TAX DETAIL

FY 2014

Uncollected/Delinquent Taxes Receivable FYE	189,558
Protested Taxes Receivable FYE	<u>227,841</u>
TOTAL	417,399

FY 2018

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

FY 2015

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

FY 2019

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

FY 2016

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

FY 2020

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

FY 2017

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

FY 2021

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

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

Major Taxpayers

	Taxable Value 1995/1996	Taxable Value 2020/2021		
Columbia Falls Aluminum Company	\$ 4,114,004	\$ 95,921	\$ (4,018,083)	-97.67%
Weyerhaeuser Lumber	\$ 3,367,443	\$ 1,890,259	\$ (1,477,184)	-43.87%
Pacific Lumber	\$ 561,904	\$ -	\$ (561,904)	
CenturyTel/Qwest/Lumen	\$ 514,948	\$ 169,607	\$ (345,341)	-67.06%
F.H. Stoltz	\$ 501,300	\$ 744,995	\$ 243,695	48.61%
Burlington Northern	\$ 363,148	\$ 689,534	\$ 326,386	89.88%
Northwest Energy	\$ 300,190	\$ 751,045	\$ 450,855	150.19%
Skywest Air/Delta	\$ 176,051	\$ 228,993	\$ 52,942	30.07%
Charter/Bresnan/AT&T	\$ -	\$ 307,212	\$ 307,212	
Verizon	\$ -	\$ 202,177	\$ 202,177	
Meadow Lake	\$ -	\$ 438,767	\$ 438,767	
Horizon Air	\$ 142,538	\$ 74,287	\$ (68,251)	-47.88%
Xanterra Parks and Resorts	\$ -	\$ 308,502	\$ 308,502	
Flathead Electric	\$ 98,214	\$ 1,245,074	\$ 1,146,860	1167.72%
	<u>\$ 10,139,740</u>	<u>\$ 6,747,172</u>	<u>\$ (2,993,367)</u>	
Total Tax Value Elementary District	\$ 23,328,956	\$ 39,164,541		
Top 10 encompass of the total	43.46%	17.23%		
Elementary District Mills Levied		204.61		
Elementary District Property Tax Levy		\$ 6,258,717		

Columbia Falls Public Schools, Flathead County, Montana
Other Information
For the Year Ended June 30, 2021

TAX VALUE HISTORY

	2015/2016	2016/2017	2017/18	2018/19	2019/20	2020/21	
Weyerhaeuser Lumber	\$ 2,240,353	3.79% \$ 2,197,749	-1.90% \$ 1,902,998	-13.41% \$ 1,825,045	-4.10% \$ 1,802,718	-1.22% \$ 1,890,259	4.86%
Flathead Electric	\$ 1,135,713	6.11% \$ 1,275,355	12.30% \$ 1,222,617	-4.14% \$ 1,232,741	0.83% \$ 1,260,024	2.21% \$ 1,245,074	-1.19%
Northwest Energy	\$ 635,964	14.94% \$ 700,187	10.10% \$ 722,010	3.12% \$ 743,460	2.97% \$ 769,442	3.49% \$ 751,045	-2.39%
F.H. Stoltz	\$ 591,147	-4.07% \$ 603,395	2.07% \$ 652,218	8.09% \$ 703,560	7.87% \$ 731,170	3.92% \$ 744,995	1.89%
Burlington Northern	\$ 826,909	71.00% \$ 672,891	-18.63% \$ 603,717	-10.28% \$ 587,172	-2.74% \$ 683,186	16.35% \$ 689,534	0.93%
Meadow Lake	\$ 452,669	15.54% \$ 402,323	-11.12% \$ 403,340	0.25% \$ 393,662	-2.40% \$ 392,059	-0.41% \$ 438,767	11.91%
Xanterra Parks and Resorts	\$ 90,880	\$ 281,645	209.91% \$ 285,347	1.31% \$ 290,858	1.93% \$ 292,820	0.67% \$ 308,502	5.36%
Charter/Bresnan/AT&T	\$ 328,545	20.59% \$ 243,917	-25.76% \$ 188,616	-22.67% \$ 199,345	5.69% \$ 176,434	-11.49% \$ 307,212	74.12%
Skywest Air/Delta	\$ 217,414	\$ 120,201	-44.71% \$ 149,619	24.47% \$ 183,351	22.55% \$ 239,378	30.56% \$ 228,993	-4.34%
Verizon	\$ 166,754	1.52% \$ 181,305	8.73% \$ 192,671	6.27% \$ 190,335	-1.21% \$ 186,307	-2.12% \$ 202,177	8.52%
	<u>6,832,702</u>	<u>19.65% 6,692,205</u>	<u>-2.06% 6,191,444</u>	<u>-7.48% 6,349,529</u>	<u>2.55% 6,533,538</u>	<u>2.90% 6,806,558</u>	<u>4.18%</u>
Total Tax Value Elementary District	25,661,383	-17.33% 30,325,288	18.17% \$ 30,163,790	-0.53% \$ 33,268,696	10.29% \$ 34,211,757	2.83% \$ 39,164,541	14.48%
Top 10 encompass of the total	26.63%	22.07%	20.53%	19.09%	19.10%	17.38%	
Elementary District Mills Levied	165.67	188.13	197.35	188.13	225.49	204.61	
Elementary District Property Tax Levy	\$ 4,884,543	55,988 \$ 5,563,316	678,773 \$ 5,952,901	389,585 \$ 6,258,716	305,815 \$ 7,714,848	1,456,132 \$ 8,013,981	299,133

SINGLE AUDIT SECTION

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

<i>Cluster Title/Federal Grantor/Pass-through Grantor /Program</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor Number</i>	<i>Federal Expenditures</i>
Child Nutrition Cluster			
<u>United States Department of Agriculture</u>			
<i>Passed through Montana Office of Public Instruction</i>			
National School Lunch Program	10.555	N/A	\$ 52,599
Summer Food Service Program for Children	10.559	N/A	1,361,154
Total United States Department of Agriculture			\$ 1,413,753
Total Child Nutrition Cluster			\$ 1,413,753
Special Education Cluster (IDEA)			
<u>Department of Education</u>			
<i>Passed through Montana Office of Public Instruction</i>			
Special Education Grants to States	84.027	15-0312-77-21-ALLO	\$ 536,244
Special Education Preschool Grants	84.173	15-0312-79-21	17,256
Total Department of Education			\$ 553,500
Total Special Education Cluster (IDEA)			\$ 553,500
Other Programs			
<u>Department of Education</u>			
<i>Passed through Montana Office of Public Instruction</i>			
Title I Grants to Local Educational Agencies	84.010	15-0312-32-21	\$ 905,931
Career and Technical Education - Basic Grants to States	84.048	015-0313-81-21BG	61,254
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	21-01-175-0039-0	32,550
Education for Homeless Children and Youth	84.196	015-0313-57-2020	3,865
Education for Homeless Children and Youth	84.196	015-312-57-2021	15,301
Education Stabilization Fund	84.425	015-0312-91-2020	510,766
Education Stabilization Fund	84.425	015-0312-91-2020	31,706
Education Stabilization Fund	84.425	015-0312-92-2021	27,497
Total Department of Education			\$ 1,588,870
<u>Department of the Treasury</u>			
<i>Passed through Montana Governors Office</i>			
Coronavirus Relief Fund	21.019	N/A	\$ 927,531
Coronavirus Relief Fund	21.019	N/A	35,000
Total Department of the Treasury			\$ 962,531
<u>United States Department of Agriculture</u>			
<i>Passed through Montana Office of Public Instruction</i>			
Child and Adult Care Food Program	10.558	N/A	\$ 6,468
Fresh Fruit and Vegetable Program	10.582	N/A	93,132
Total United States Department of Agriculture			\$ 99,600
Total Other Programs			\$ 2,651,001
Total Federal Financial Assistance			\$ 4,618,254

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, 2021

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 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, \$52,599.*

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

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

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

To the Board of Trustees
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, 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, 2021, and the related notes to the financial statements, which collectively comprise the Columbia Falls Public School’s basic financial statements and have issued our report thereon dated March 28, 2022.

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) to determine the 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 School’s internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

March 28, 2022

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

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

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

March 28, 2022

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Fund
84.425D	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund)

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

There were no financial statement findings reported.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.