



Financial Statements
June 30, 2023

Great Falls School District 1 & A

Letter of Transmittal.....	I
Board of Trustees and Officials	VI
Independent Auditor's Report	VII
Management's Discussion and Analysis	XI
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund.....	7
Proprietary Funds	
Statement of Net Position - Proprietary Funds	8
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10
Notes to Financial Statements	11
Required Supplementary Information	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	55
Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	56
Schedule of Employer's Share of Net Pension Liability	57
Schedule of Employer's Contributions.....	58
Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.....	59
Combining and Individual Fund Schedules	
General Fund	
Combining Balance Sheet - General Fund	65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund	66
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	73

Nonmajor Proprietary Funds	
Combining Statement of Net Position Nonmajor Proprietary Funds	79
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Proprietary Funds.....	80
Combining Statement of Cash Flows Nonmajor Proprietary Funds	81
Other Supplementary Information	
Schedule of Revenues and Expenditures - All Fund Accounts - Extracurricular Fund	82
Schedule of Enrollment.....	83
Schedule of Expenditures of Federal Awards.....	84
Notes to Schedule of Expenditures of Federal Awards	85
Additional Reports	
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 <i>Government Auditing Standards</i>	86
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance.....	88
Schedule of Findings and Questioned Costs	91



Great Falls Public Schools

Director of Business Operations • 1100 4th Street South • P.O. Box 2429, Great Falls, MT 59403 • 406.268.6051 • Fax 406.268.6022 • www.gfps.k12.mt.us

Letter of Transmittal

The Great Falls Public School District, in its 135th year of operation, is the second largest school district in Montana and the third largest employer in Great Falls. Approximately two thousand residents are employed by the school district in a variety of capacities. This includes teachers for just over 10,000 students enrolled in 21 schools. Approximately 600 support staff provide adult supervision in special education, assist in classrooms, prepare, and serve meals, clean, and maintain two million square feet of buildings, repair boilers and plumbing, and maintain 295 acres of ground. Another 300, mostly part-time people, coach students in after school sports programs and approximately 225 people are employed on a regular basis as substitute teachers.

Great Falls, the seat for Cascade County operations, serves as a major hub for business for the central and northern part of the State. There are excellent medical, college and vocational technology education options for people in this area of the State as well. Because of the community size and number of businesses located here, there is a stable source of employment. More retired people are moving into the District to take advantage of the excellent health care system. Malmstrom Air Force Base and Montana Air National Guard also have a major impact on the vitality of the community. The following items have been identified as topics that have an impact on the general operations of the Great Falls Public School District.

FUNDING

Funding Assumptions

In preparing for the 2022-2023 budget, the District assumed the following:

- Rolling the 2021-2022 general educational program budget into 2022-2023 school year required an estimated additional \$2,049,000 in spending due to contractual obligations and projected increases in health insurance premiums as well as general operational costs.
- Inflationary increases to the State funding formula along with ANB calculations, resulted in additional state funding for the 2022-2023 school year of approximately \$2,059,368.
- Comparing the expected budget increase required to maintain the same programs and the additional revenue from the State, there was an anticipated \$10,368 surplus.

Federal Funding

All federal grants remained similar to past years. Title I, Title II and Title III as well as Title IV had a less than 0.5% increase in total. This brought an additional \$3,500 to our District to support all these programs.

Elementary and Secondary School Emergency Relief Fund and American Recovery and Reinvestment Act (ESSER/ARPA)

Great Falls Public Schools has used a variety of COVID funds over the course of the last three fiscal years. During 2022-2023, the District closed out the ESSER II grant. The \$7,870,167 was used in a variety of ways. The District used these funds to support English Language Arts curriculum purchase, the support for teachers and staff for COVID related responsibilities. The District also used these funds to support teaching positions in middle school, high school, elementary and homeless to provide better support for students who are struggling students in regarding learning loss and supporting students who need extra assistance. A summer school program was also funded from these funds over the last two years to provide a wide range of opportunities to support learning loss and grow student inquiry into other areas of learning. This K-12 summer school model has proved to do well and has allowed our students who participated to not have the significant summer slide that they did prior to this opportunity. For ESSER III, these allocated funds have been used to support classroom instruction across the District. We have implemented new intervention programs in English Language Arts and, a math task force to address learning deficits. The funds also help bolster our student mental health programs and allowed our therapeutic team to grow from three to seven members. The District continued to work to support staff across the board with incentives during the pandemic and these funds were used to support incentives in previous school years. Recruitment and Retention of high-quality staff and new staff will also continue to be a focus of American Rescue Plan (ARP) funds in the future. As the District moves forward to close out these funds by the fall of 2024, the District will continue to use ARPA funds to support fresh air circulation in targeted schools as well as a classroom expansion at Meadow Lark Elementary.

Individuals with Disabilities Education Act (IDEA)

As enrollment continues to grow in our Special Education programs across the District, our funding increased slightly. During the 2022-2023 school year, the District experienced a 96-student increase into these programs. This increased the Special Education budget by \$53,802. These funds continue to be targeted towards hiring of all staff, salary increases and program needs. The program funding increases are not keeping up with the high needs of our students and causing strain for staff and programing needs. When IDEA was passed, Congress promised to cover 40% of the costs of the program. Approximately 12% of the costs are currently being covered by the Federal government. This funding does not meet the needs of our students and programs.

Perkins and Career and Technical Education Programs

These grants all had a small increase of less than \$5,000 total. This slight increase is due to the continued work of our schools as they recruit students to these programs as support the school to work pipeline. Our Career and Technical Education programs are state recognized, and we are growing our offerings as funding allows.

Multi-District Agreements

The District continued its participation in two Multi-District Agreements. The technology-based agreement involved Belt Public Schools and the Vaughn Elementary School. The second agreement is between the elementary and high school districts. It provides an ongoing means to help with the fiscal imbalance that exists due to enrollment increases and decreases in each of the two districts.

Student Services Department

The Student Services Department manages the Federal Funding and Special Education programs for the District. Their goal is to provide a comprehensive core academic program to an increasing number of students. Funding is available through a local permissive Tuition Levy. Unfortunately, the number of staff needed to adequately support this department in the schools does not exist in the current job market.

Impact Aid Funds

Malmstrom Air Force Base is located within the school district boundaries. This qualifies the District to receive on average approximately \$800,000 annually in Federal Impact Aid Funding. To receive the funding, a required threshold of students connected to Federal property must be met. This includes connected children on military bases, low-rent housing properties, or other Federal properties and to a lesser extent, for children who have parents in the uniformed service or employed on eligible Federal properties who do not live on Federal property. The use of these funds is flexible except for funds that are required to be designated to Special Education. For the 2021-22 school year the District received \$631,618 in funding support. In the 2022-23 fiscal year, the District received \$683,956 in funding support from this program.

PRE-SCHOOL PROGRAM EARLY LEARNING FAMILY CENTER

The Skyline School serves as an excellent location for the District Transitional Kindergarten Program. This program does an excellent job of serving our youngest students.

The District also leases out space at Skyline. The rental income helps support the ongoing costs associated with heating and lighting this building which, in turn, helps support the quality educational programs for young children.

ENROLLMENT

Student enrollment has a significant impact on the District's General Fund budgets as it is a major component of the State funding formula. Student enrollment has been very stable since the 2008-09 school year. The lowest enrollment number was 10,109 students in the 2012-13 school year. In 2021-22, the District experienced the highest student attendance year with 10,554 students. The COVID pandemic had an impact on student enrollment by causing a decrease of 113 students. The enrollment of 10,441 students was a slight decrease of 113 students from the previous year's high of 10,554 students. It is very comparable to the 2021 enrollment of 10,431.

EDUCATIONAL PROGRAMMING INFORMATION

Staffing

Positions in special education, chemistry, counseling, student support (aides, substitute teachers, crossing guards, and para-educators), and food services are traditionally hard to fill. For the past few years, GFPS has not filled all elementary teaching positions at the start of the school year due to the shortage of high-quality applicants. In some cases, non-competitive salaries are a factor along with the shortage and high cost of housing in the community. The District continues to experience staffing shortages in all areas to the point where it is having an impact on the total operations of the District.

Benefits are a key factor in the recruitment and retention of staff. The GFPS Insurance Committee studies the trends and works to recommend a suitable health insurance plan at a price that employees and the District can afford. Insurance increased for the 2022-23 school year by 5%. The District is in its sixth year of operation as a self-insured fund.

Student Demographics

Just over seventy two percent (72.01%) of the students attending school in Great Falls are Caucasian. Native American students comprise 16.10% percent of the student body which makes Great Falls the third largest Montana District for Native American students. Multiracial and Hispanic students make up 6.24% of the student population and African Americans make up 3.85% of the student demographics. Asian and Pacific Islanders make up 1.8% of the student body. 11.83% of the students are classified as needing special education services and 5.20% are classified as Limited English Proficient. Malmstrom Air Force Base is in Great Falls with 11.36% of the students being associated with the military.

Poverty and Homeless Students

During the 2022-23 school year, just under 500 students met the definition of being Homeless. The number of homeless students has had a major impact on the transportation budget because the District is required to allow each homeless student to attend the school, they were enrolled in at the time they became homeless. Traditionally, Cascade County has the highest percentage of Free/Reduced Lunch eligibility students in the AA counties in Montana. Great Falls Public Schools has six schools participating in the Community Eligibility Program (CEP). This program allows all students who attend the school to participate in the school foods program at no cost for meals.

FACILITIES ACTION PLAN AND OTHER IMPROVEMENTS

Facilities Action Plan

The Great Falls School District has a reputation for the quality of the care for District facilities. The average age of buildings in the District is 56 years. Millions of dollars are needed to adequately repair heating and plumbing systems, circulate adequate fresh air, save energy on utility use, and bring schools in line with life safety requirements such as: security, alarm systems, and egress/lock systems.

In 2016, District voters approved \$45,907,033 for elementary and \$52,951,752 for high school bond projects. The elementary and high school bond projects have all been completed. American Recovery Plan Act (ARPA) funds were designated to replace windows and Heating, Ventilation, and Air Conditioning (HVAC) projects at Valley View, Loy, Sacajawea, and Riverview Elementary Schools. These projects have all been completed. Projects in process include the addition of four classrooms at Meadow Lark Elementary and a window replacement project at Sunnyside Elementary School. In the high school district, ARPA funds were used for a partial air handler replacement project at CM Russell High School.

Completed Facility Improvements

During the 2022-23 school year, many facility improvements included paving, mechanical system work, utilities upgrades, window replacement projects, parking lot asphalt, carpeting, sidewalk replacements, drain collection, playground updates and landscaping. The District also focused on safety issues including the installation of door entry and emergency alert systems.

Technology

The District's goal is to infuse the tools of modern business and research into the school setting by increasing student access to technology. The District receives \$225,000 in funding annually through a Technology Levy to improve the infrastructure in the District. The District will continue to address infrastructure and equipment issues throughout the District. Great Falls Public Schools receives the second lowest amount on a per pupil basis in the form of a Technology Levy when comparing all the AA and A Montana School Districts. Federal relief money was used to help provide computers and access points for students during remote learning.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD - (GASB)

The Governmental Accounting Standards Board is the source of generally accepted accounting principles used by state and local governments in the United States. Below is a brief description of the new standards the District is required to address.

GASB 54 - District Reserves

Policy 7515 implemented Governmental Accounting Standards Board (GASB) 54. This accounting standard requires districts to designate fund balances into specific categories of non-spendable, restricted, committed, assigned, and unassigned. This policy, which is required of all governmental units, helps the District provide a clearer picture of reserves and their purpose to local patrons.

GASB 84 - Financial Reporting of Fiduciary Funds

The Governmental Accounting Standards Board (GASB) 84 pertains to the accounting and financial reporting of fiduciary funds. The District determined that funds previously being reported as private-purpose trust fund met the criteria to be reported a special revenue fund. The beginning net position for the nonmajor governmental funds and the government-wide governmental activities has been restated to reflect the change from private-purpose trust funds to special revenue funds.

GASB 87 - Lease Reporting

The Governmental Accounting Standards Board (GASB) 87 pertains to the accounting and financial reporting of leases. This new requirement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees.

GASB 96 - Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) 96 pertains to accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period in an exchange or exchange-like transaction. The statement requires that the total subscription liability is determined for all subscriptions that the District utilizes.

CONTACT FOR ADDITIONAL INFORMATION

If you have questions about this report or need additional information, contact Brian Patrick, the Director of Business Operations for the Great Falls Public School District at 406-268-6050.

Name	Position
Board of Trustees	
Gordon Johnson	Chairperson
Kim Skornogoski	Vice Chairperson
Bill Bronson	Trustee
Mark Finnicum	Trustee
Marlee Sunchild	Trustee
Amie Thompson	Trustee
Paige Turoski	Trustee
Officials	
Tom Moore	District Superintendent of Schools
Diane Heikkila	County Superintendent of Schools
Joshua Racki	County Attorney
Brian Patrick	Director of Business Operations



Independent Auditor's Report

The School Board of
Great Falls School District 1 & A
Great Falls, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Great Falls School District 1 & A ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

Correction of Errors

As discussed in Note 17 to the financial statements, certain errors as of June 30, 2022, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the fund balance of the General, Miscellaneous Programs Elementary, and Other Governmental Funds, and the net position of the Internal Service Funds and governmental activities as of June 30, 2022, to correct the errors. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet-general fund; combining schedule of revenues, expenditures and changes in fund balances-general fund; combining balance sheet-nonmajor governmental funds; combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental fund; combining statement of net position-nonmajor proprietary funds; combining statement of revenues, expenses, and changes in fund net position-nonmajor proprietary funds; combining statement of cash flows-nonmajor proprietary funds; schedule of revenues and expenditures-all fund accounts-extracurricular fund; schedule of enrollment; and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, combining balance sheet-general fund; combining schedule of revenues, expenditures and changes in fund balances-general fund; combining balance sheet-nonmajor governmental funds; combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental fund; combining statement of net position-nonmajor proprietary funds; combining statement of revenues, expenses, and changes in net position-nonmajor proprietary funds; combining statement of cash flows-nonmajor proprietary funds; schedule of revenues and expenditures all fund accounts-extracurricular fund; schedule of enrollment; and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana
March 5, 2024

This section of the Great Falls School District 1 & A's ("the District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year include the following:

- *General Fund* – The overall revenues were \$81,280,045 while the overall expenditures were \$76,851,562. These, along with other financing uses of \$4,102,433, increased the fund balance by \$326,050.
- *Impact Aid Elementary Fund* – The overall revenues were \$589,832 while the overall expenditures were \$357,912. These increased the fund balance by \$231,920.
- *Miscellaneous Programs Elementary Fund* – The overall revenues were \$21,431,820 while the overall expenditures were \$21,169,108. These increased the fund balance by \$262,712.
- *Interlocal Agreement Elementary Fund* – The overall revenues were \$2,098,042 while the overall expenditures were \$2,211,885. These, along with other financing sources of \$3,413,933, increased the fund balance by \$3,300,090.

Overview of the Financial Statements

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statement the District's activities are shown in one category:

- *Governmental Activities* – All of the District's basic services are included here, such as regular and special education, transportation, administration, food service, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds—focusing on its most significant or “major” funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using revenues (e.g., federal grants).

The District has two types of funds:

- *Governmental Funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.
- *Internal Service Fund* – This is an accounting device used to allocate the costs of the District's print center operations and the financial activities for health plans maintained under 20-3-331, MCA, on a self-insurance basis. Because these predominately benefits the governmental function, they have been included within governmental activities in the government-wide financial statements.

Financial Analysis of the District as a Whole

Net Position

The District's combined net deficit was \$3,668,359 on June 30, 2023.

Statement of Net Position June 30, 2023 and 2022

	2023	2022 (as restated)
Assets		
Current assets	\$ 67,763,332	\$ 62,494,575
Capital assets	115,663,249	110,888,633
Total assets	183,426,581	173,383,208
Deferred Outflows of Resources	18,401,827	21,786,008
Liabilities		
Other liabilities	3,413,797	5,108,477
Long-term liabilities	188,870,502	176,411,872
Total liabilities	192,284,299	181,520,349
Deferred Inflows of Resources	13,212,468	28,457,448
Net Deficit		
Net investment in capital assets	33,514,354	24,836,918
Restricted for specific purposes	52,173,388	41,420,708
Unrestricted	(89,356,101)	(81,066,207)
Total net deficit	\$ (3,668,359)	\$ (14,808,581)

Great Falls School District 1 & A
Management's Discussion and Analysis
Year Ended June 30, 2023

Changes in Net Position – The District's total revenues were approximately \$156.2 million for the year ended June 30, 2023. Property taxes and state aid accounted for 60.4% of total revenue for the year. Another 9.8% came from program revenues.

The total cost of all programs and services was approximately \$145.0 million. The District's expenses are predominantly related to educating and caring for students. The purely administrative activities of the District accounted for just 47.8% of total costs.

The total revenues exceeded expenses, decreasing the net deficit by approximately \$11.1 million for fiscal year 2023.

Statement of Activities
Years Ended June 30, 2023 and 2022

	2023	2022 (as restated)
Revenues		
Program revenues		
Charges for service	\$ 14,542,256	\$ 2,712,024
Operating grants and contributions	805,850	31,637,390
General		
District levy	35,805,841	39,301,094
State sources	58,486,435	56,824,548
Federal sources	26,397,653	631,618
County retirement distribution	13,539,942	10,085,189
Miscellaneous revenues	6,572,369	1,645,319
Total revenues	<u>156,150,346</u>	<u>142,837,182</u>
Expenses		
Instruction	69,261,706	76,164,951
Support services	50,339,025	23,104,527
Non-education services	20,946,630	16,932,872
Operating and maintenance	301,861	14,670,365
Fiscal and other fixed cost programs	3,876,571	3,928,818
Total expenses	<u>145,010,124</u>	<u>134,801,533</u>
Change in Net Deficit	11,140,222	8,035,649
Net Deficit - Beginning	<u>(14,808,581)</u>	<u>(22,844,230)</u>
Net Deficit - Ending	<u><u>\$ (3,668,359)</u></u>	<u><u>\$ (14,808,581)</u></u>

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities, buildings and grounds, and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30,		Amount of	Percent
	2023	2022	Increase (Decrease)	Increase (Decrease)
Local Property Taxes	\$ 21,411,971	\$ 21,649,620	\$ (237,649)	-1.1%
Other Local Sources	111,365	60,497	50,868	84.1%
State Sources	59,733,545	57,613,493	2,120,052	3.7%
Miscellaneous	23,164	-	23,164	0.0%
Total general fund revenues	<u>\$ 81,280,045</u>	<u>\$ 79,323,610</u>	<u>\$ 1,956,435</u>	2.5%

Basic General Fund Budget revenue is determined by a state formula that has Basic Entitlement Rates for Elementary, Middle, and High Schools along with a Per Average Number Belonging component with rates set on a per pupil amount. It also includes Funding Components in categories of Data for Achievement, Indian Education for All, American Indian Student Achievement Gap funding, At Risk Student component, and a Quality Educator payment. These are funding on a per student basis and a certified staff member basis for the Quality Educator payment. The formula guarantees that all schools in the state will meet an established Base level. Any amounts above the Base level are required to be approved by local taxpayers.

Total General Fund revenue increased by \$1,956,435 or 2.5% from the previous year. This is attributed to a 3% inflationary increase on the State funding components that make up the General Fund Budget.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30,		Amount of	Percent
	2023	2022	Increase (Decrease)	Increase (Decrease)
Instruction	\$ 42,674,912	\$ 61,045,724	\$ (18,370,812)	-30.1%
Support services	30,627,650	7,131,409	23,496,241	329.5%
Non-education services	1,659,402	9,890,950	(8,231,548)	-83.2%
Debt service	847,752	712,576	135,176	19.0%
Capital outlay	1,041,846	130,376	911,470	699.1%
Total general fund expenditures	<u>\$ 76,851,562</u>	<u>\$ 78,911,035</u>	<u>\$ (2,059,473)</u>	-2.6%

Total General Fund expenditures decreased by \$2,059,473 or 2.6% from the previous year. Within this decrease there was variability in the categories to include a significant increase in support services and decreases in expenses related to Instruction and Non-educational services. The District experienced a significant increase in support services which are directly related to enhanced systems of support needed for students to re-acclimate into a regular school environment. Decreases in instruction were related to staffing changes and the inability to attract teachers for certain curricular areas. The decline can also be attributed to the difference between the salaries of teachers who retired compared the cost for new replacement teachers. Teacher salaries were also shifted to other funding sources that the General Fund Budget. There was a significant decrease in Non-educational services as these services were shifted from other available funds back to the General Fund Budget. Capital expenditures increased due to projects being completed with General Fund Budget funding rather than grant or other related funds.

General Fund Budgetary Highlights

The District's general fund results when compared to the final budget are:

- Actual revenues were \$3,432,795 more than budget.
- Actual expenditures were \$974,888 less than budget.

Capital Assets

By the end of fiscal year 2023, the District had invested approximately \$175.4 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audit-visual equipment, and school vehicles. Total depreciation/amortization expense for the year was \$6,099,281. Note 4 presents the detail of the District's capital assets.

Capital Assets Governmental Activities June 30, 2023 and 2022		
	2023	2022 (as restated)
Land and Improvements	\$ 1,467,381	\$ 1,477,431
Construction In Progress	2,465,792	4,959,575
Buildings and Improvements	160,422,491	149,192,687
Machinery and Equipment	9,982,350	8,939,664
Right-To-Use Subscription IT Assets	1,030,660	302,899
Accumulated Depreciation/Amortization	(59,705,425)	(53,983,623)
Total capital assets	\$ 115,663,249	\$ 110,888,633

Long-Term Liabilities

At year end the District had \$91,358,777 of long-term debt, excluding pension and OPEB liabilities. This consisted of bonded indebtedness of \$82,148,895 and compensated absences payable of \$9,209,882. Note 5 presents the detail of the District's long-term debt. The District has \$3,533,179 in liabilities for other postemployment benefits. See Note 6 for further information on OPEB obligations. The District has \$93,978,546 in net pension liability at June 30, 2023. See Note 7 for further information on pensions.

Factors Bearing on the District's Future

The declining enrollment trend will have an impact on the General Fund Operational Budgets for the District as many of the funding components are enrollment driven. The State inflationary increase of 3% is of great assistance in helping ends meet but does not keep up with the inflationary rate that the District is experiencing in all operational areas.

At the time these financial statements were prepared and audited, the District was aware of the following factors that could significantly affects its financial health in the future:

- Enrollment fluctuations can have a significant effect on the District's revenue. The District will continue to monitor enrollment closely and adjust budgets as necessary.
- The legislature meets once every two years. Laws passed in the 2023 Session will have an impact on future funding for the District. Laws enacted include changes to Tuition, the addition of Charter Schools, and Targeted Interventions to Support 3rd Grade literacy to highlight a few. Our District has been approved for a Charter School for the 2023-24 school year.

Options to increase revenue include voter-approved operational levies for the General Fund, Safety, and Technology, and Building Reserve levies that must be approved by voters. The District is dependent on the State of Montana school funding formula for its revenue authority. This formula relies heavily on student enrollment.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finance and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Operations, Great Falls School District 1 & A, Cascade County, 1100 4th Street South, Great Falls, MT 59403.

Great Falls School District 1 & A
Statement of Net Position
June 30, 2023

Assets	
Cash and investments	\$ 63,483,634
Receivables	
Taxes	970,877
Accounts	209
Due from other governmental units	371,684
Prepaid items	1,733,046
Inventories	1,203,882
	<u>67,763,332</u>
Capital assets	
Capital assets not being depreciated	
Land and improvements	1,467,381
Construction in progress	2,465,792
Capital assets, net of accumulated depreciation/amortization	
Buildings and improvements	107,375,291
Equipment	3,637,535
Right-to-use subscription IT assets	717,250
	<u>115,663,249</u>
Total capital assets	<u>183,426,581</u>
Total assets	
Deferred Outflows of Resources	
Other postemployment benefits	1,962,179
Pension plans	16,439,648
	<u>18,401,827</u>
Total deferred inflows of resources	
Liabilities	
Accounts payable	462,243
Salaries payable	442,843
Retainage payable	316,411
Claims incurred but not reported	2,192,300
Long-term liabilities	
Due within one year - other than pensions and other postemployment benefits	4,778,391
Due in more than one year - other than pensions and other postemployment benefits	86,580,386
Due in more than one year - other postemployment benefits	3,533,179
Due in more than one year - net pension liability	93,978,546
	<u>192,284,299</u>
Total liabilities	
Deferred Inflows of Resources	
Other postemployment benefits	4,779,415
Pension plans	8,433,053
	<u>13,212,468</u>
Total deferred inflows of resources	
Net Deficit	
Net investment in capital assets	33,514,354
Restricted for specific purposes	52,173,388
Unrestricted	(89,356,101)
	<u>\$ (3,668,359)</u>
Total net deficit	

The Notes to Financial Statements are an integral part of this statement

Great Falls School District 1 & A
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 69,261,706	\$ 137,915	\$ 805,850	\$ -	\$ (68,317,941)
Support services	50,339,025	-	-	-	(50,339,025)
Non-education services	20,946,630	13,354,844	-	-	(7,591,786)
Non-transfer	284,331	-	-	-	(284,331)
Operation and maintenance	301,861	-	-	-	(301,861)
Food services	-	1,049,497	-	-	1,049,497
Fiscal and other fixed cost programs	3,876,571	-	-	-	(3,876,571)
Total governmental activities	<u>\$ 145,010,124</u>	<u>\$ 14,542,256</u>	<u>\$ 805,850</u>	<u>\$ -</u>	<u>(129,662,018)</u>
General Revenues					
District levy					35,805,841
Aids and payments from state sources					58,486,435
Aids and payments from federal sources					26,397,653
Aids and payments from county sources					13,539,942
PERS and TRS support revenue					4,141,212
Unrestricted investment earnings					40,623
Gain on disposal of property and equipment					777,450
Miscellaneous revenues					<u>1,613,084</u>
Total general revenues					<u>140,802,240</u>
Change in Net Deficit					11,140,222
Net Deficit - Beginning, as Restated (Note 17)					<u>(14,808,581)</u>
Net Deficit - Ending					<u>\$ (3,668,359)</u>

Great Falls School District 1 & A
Balance Sheet - Governmental Funds
June 30, 2023

	General	Impact Aid Elementary	Miscellaneous Programs Elementary	Interlocal Agreement Elementary	Other Governmental Funds	Totals
Assets						
Cash and investments	\$ 8,934,511	\$ 10,130,701	\$ 342,614	\$ 10,210,912	\$ 30,743,649	\$ 60,362,387
Property taxes receivable	568,283	-	-	-	402,594	970,877
Accounts receivable	209	-	-	-	-	209
Due from other governmental units	-	-	299,934	-	71,750	371,684
Prepaid items	1,569,804	777	150,549	-	11,735	1,732,865
Inventories	1,038,055	-	-	-	165,827	1,203,882
Total assets	\$ 12,110,862	\$ 10,131,478	\$ 793,097	\$ 10,210,912	\$ 31,395,555	\$ 64,641,904
Liabilities						
Accounts payable	\$ 298,450	\$ -	\$ 161,879	\$ -	\$ -	\$ 460,329
Retainage payable	-	-	316,411	-	-	316,411
Salaries payable	321,951	-	18,553	-	99,588	440,092
Total liabilities	620,401	-	496,843	-	99,588	1,216,832
Deferred Inflows of Resources						
Unavailable revenue-property taxes	568,283	-	-	-	402,594	970,877
Fund Balance						
Nonspendable	2,607,859	777	150,549	-	177,562	2,936,747
Restricted	-	10,130,701	145,705	10,210,912	30,715,193	51,202,511
Committed	8,156,715	-	-	-	-	8,156,715
Assigned	157,604	-	-	-	618	158,222
Total fund balance	10,922,178	10,131,478	296,254	10,210,912	30,893,373	62,454,195
Total liabilities, deferred inflows of resources, and fund balance	\$ 12,110,862	\$ 10,131,478	\$ 793,097	\$ 10,210,912	\$ 31,395,555	\$ 64,641,904

Great Falls School District 1 & A
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	\$ 62,454,195
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported as assets in the governmental funds.	115,608,515
Property taxes receivable expected to be collected in the following year, but are not not available soon enough to pay for the current period's expenditures, and therefore, are reflected as unearned revenue in the governmental funds.	970,877
Internal service funds are used by the District to charge the costs of purchasing services to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	979,197
Deferred outflows and inflows of resources related to pension and other postemployment benefit plans are applicable to future periods and, therefore, are not reported in the funds.	5,189,359
Long-term liabilities, including bonds payable, compensated absences other post-employment benefits, and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(188,870,502)</u>
Total Net Deficit - Governmental Activities	<u>\$ (3,668,359)</u>

Great Falls School District 1 & A
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General	Impact Aid Elementary	Miscellaneous Programs Elementary	Interlocal Agreement Elementary	Other Governmental Funds	Totals
Revenues						
District property taxes	\$ 21,411,971	\$ -	\$ -	\$ -	\$ 15,518,128	\$ 36,930,099
Tuition and fees	72,601	-	-	-	1,124,963	1,197,564
Investment earnings (loss)	23,164	(22,340)	-	-	36,649	37,473
Other district revenue	38,764	13,867	964,229	-	4,388,739	5,405,599
County sources	-	-	-	2,078,042	11,461,900	13,539,942
State sources	59,733,545	-	136,967	20,000	2,130,519	62,021,031
Federal sources	-	598,305	20,330,624	-	5,468,724	26,397,653
Total revenues	81,280,045	589,832	21,431,820	2,098,042	40,129,622	145,529,361
Expenditures						
Current						
Instruction	42,674,912	180,219	10,941,110	3,023	13,593,077	67,392,341
Support services	30,627,650	177,693	3,349,696	2,017,527	8,993,219	45,165,785
Non-education services	1,659,402	-	30,611	-	7,594,819	9,284,832
Non-transfer	-	-	309,194	-	13,901	323,095
Fiscal and other fixed cost programs	-	-	-	-	1,600	1,600
Debt service						
Principal	689,460	-	-	-	3,890,000	4,579,460
Interest	158,292	-	-	-	3,716,676	3,874,968
Capital outlay	1,041,846	-	6,538,497	191,335	2,810,388	10,582,066
Total expenditures	76,851,562	357,912	21,169,108	2,211,885	40,613,680	141,204,147
Excess (Deficiency) of Revenues over (under) Expenditures	4,428,483	231,920	262,712	(113,843)	(484,058)	4,325,214
Other Financing Sources (Uses)						
Transfer in	-	-	-	3,413,933	688,500	4,102,433
Transfer out	(4,102,433)	-	-	-	-	(4,102,433)
Sale of property	-	-	-	-	870,651	870,651
Total other financing sources (uses)	(4,102,433)	-	-	3,413,933	1,559,151	870,651
Net Change in Fund Balance	326,050	231,920	262,712	3,300,090	1,075,093	5,195,865
Fund Balance, Beginning of Year, as Restated (Note 17)	10,596,128	9,899,558	33,542	6,910,822	29,818,280	57,258,330
Fund Balance, End of Year	\$ 10,922,178	\$ 10,131,478	\$ 296,254	\$ 10,210,912	\$ 30,893,373	\$ 62,454,195

Great Falls School District 1 & A
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 5,195,865

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital outlay	10,967,098
Depreciation/amortization expense	(6,087,526)

The net effect of the disposal of capital assets is to decrease net position.	(93,201)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,386,698)
--	-------------

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(249,815)
---	-----------

In the statement of activities, other postemployment benefit liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	391,440
---	---------

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as an expense.	(1,694,852)
---	-------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,579,457
--	-----------

Internal service funds are used by the District to charge the costs of the self-insured dental insurance pool. The net revenue of the internal service fund is reported in the governmental activities.	(481,546)
---	-----------

Change in Deficit of Governmental Activities	\$ 11,140,222
--	---------------

Great Falls School District 1 & A

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
District property taxes	\$ 21,569,516	\$ 21,569,516	\$ 21,411,971	\$ (157,545)
Tuition and fees	77,728	77,728	72,601	(5,127)
Investment earnings	1,057	1,057	23,164	22,107
Other district revenue	-	-	38,764	38,764
State sources	<u>56,198,949</u>	<u>56,198,949</u>	<u>59,733,545</u>	<u>3,534,596</u>
Total revenues	<u>77,847,250</u>	<u>77,847,250</u>	<u>81,280,045</u>	<u>3,432,795</u>
Expenditures				
Current				
Instruction	44,625,098	44,625,098	42,674,912	1,950,186
Support services	30,464,268	30,464,268	30,627,650	(163,382)
Non-education services	1,643,424	1,643,424	1,659,402	(15,978)
Debt Service				
Principal	695,460	695,460	689,460	6,000
Interest and fiscal charges	157,700	157,700	158,292	(592)
Capital outlay	<u>240,500</u>	<u>240,500</u>	<u>1,041,846</u>	<u>(801,346)</u>
Total expenditures	<u>77,826,450</u>	<u>77,826,450</u>	<u>76,851,562</u>	<u>974,888</u>
Excess of Revenues over Expenditures	20,800	20,800	4,428,483	4,407,683
Other Financing Uses				
Transfer out	<u>(20,800)</u>	<u>(20,800)</u>	<u>(4,102,433)</u>	<u>(4,081,633)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	326,050	<u>\$ 326,050</u>
Fund Balance, Beginning of Year, as Restated (Note 17)			<u>10,596,128</u>	
Fund Balance, End of Year			<u>\$ 10,922,178</u>	

Great Falls School District 1 & A
Statement of Net Position - Proprietary Funds
June 30, 2023

	Governmental Activities
	<u>Internal Service Funds</u>
Assets	
Cash and investments	\$ 3,121,247
Prepaid expenses	181
Capital assets, net of accumulated depreciation	<u>54,734</u>
Total assets	<u>3,176,162</u>
Liabilities	
Accounts payable	1,914
Accrued salaries and liabilities	2,751
Claims incurred but not reported	<u>2,192,300</u>
Total liabilities	<u>2,196,965</u>
Net Position	
Net investment in capital assets	54,734
Unrestricted	<u>924,463</u>
Total net position	<u><u>\$ 979,197</u></u>

Great Falls School District 1 & A
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Health insurance premiums	\$ 10,992,148
Charges for services	269,114
Other district revenue	4,588
Interest income	3,150
	<u>11,269,000</u>
Total operating revenues	<u>11,269,000</u>
Operating Expenses	
Health insurance payments	10,063,553
Personal services - salaries	117,897
Personal services - benefits	18,909
Stop-loss insurance	1,406,585
Other purchased services	41,739
Miscellaneous	90,108
Depreciation	11,755
	<u>11,750,546</u>
Total operating expenses	<u>11,750,546</u>
Operating Loss	(481,546)
Net Position, Beginning of Year, as Restated (Note 17)	<u>1,460,743</u>
Net Position, End of Year	<u>\$ 979,197</u>

Great Falls School District 1 & A
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities <u>Internal Service Funds</u>
Operating Activities	
Cash received from internal services	\$ 273,702
Cash received from health insurance	10,992,148
Cash paid to employees	(136,526)
Cash paid to suppliers for goods and services	<u>(10,228,952)</u>
Net cash from operating activities	<u>900,372</u>
Investing Activity	
Interest on investments	<u>3,150</u>
Net Change in Cash and Investments	903,522
Cash and Cash Equivalents, July 1	<u>2,217,725</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 3,121,247</u></u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
Operating income (loss)	\$ (481,546)
Interest income	(3,150)
Depreciation expense	11,755
(Increase) decrease in prepaid expenses	(181)
(Decrease) increase in accounts payable	1,914
(Decrease) increase in claims incurred but not reported	1,371,300
(Decrease) increase in accrued salaries	<u>280</u>
Net cash provided (used for) operating activities	<u><u>\$ 900,372</u></u>

Note 1 - Summary of Significant Accounting Policies

A. Organization

Great Falls School District 1 & A ("the District") was formed and operates pursuant to applicable Montana laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial burden or benefit with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

Cascade County provides substantial services to the District. Taxes are levied and collected by the county. A small portion of the District's cash is maintained and invested by the county treasurer. However, as management policies of the District are the sole responsibility of the school board, the District is not considered to be a component of the county. The county does not significantly influence the operations of the school system, therefore, the District is being treated as a separate and independent unit of the local government.

The District consists of two separate legal entities, Elementary and High School Districts. Accounting records for both districts must be maintained separately per state law because of differences in funding and tax base. However, both are managed by one central Board of Trustees, elected in a district-wide election, and by a central administration appointed by and responsible to the Board. Although the District legally consists of two separate statutory entities, it is managed and operated as a single system. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercise responsibility.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

Revenue Recognition - Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Montana Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Recording of Expenditures - Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, severance, postemployment benefits, and pensions are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is receipts from participants. Operating expenses for the internal service fund include payments for insurance claims and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

The existence of the various district funds has been established by the Montana Office of Public Instruction. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund - The general fund is used to account for all revenues and expenditures related to instruction, administration, and other activities, except those required to be accounted for in another fund.

Impact Aid Elementary Fund - The impact aid elementary fund is used to account for receipt and expenditures of Public Law 81-874 Impact Aid funds.

Miscellaneous Programs Elementary Fund - The miscellaneous programs elementary fund is used to account for federal and state grant reimbursement funds received by the District.

Interlocal Agreement Elementary Fund - The interlocal agreement elementary fund is used to account for (1) technology purchases to be made in conjunction with other participating school districts and (2) collaborative purchasing between the elementary and high school districts. Such a fund is established under the authority of Section 20-3-363, MCA.

Other Funds

Internal Service Funds - The internal service funds are used to account for the financing of goods and services provided by one department to other departments of the District, or to other governments, on a cost reimbursement basis. In the District's case, the internal service funds are used to charge the costs of health insurance, printing, postage, and other services to other individual funds.

E. Other Significant Accounting Policies**Budgeting**

Under state statutes, the General, Transportation, Bus Depreciation, Tuition, Adult Education, Retirement, Technology, Flexibility, Debt Service, and Building Reserve funds are considered budgeted funds, which means that a budget must be adopted in order to spend any money from the funds. The statutes define the Food Services, Compensated Absence, Traffic Education, Miscellaneous Programs, Lease Rental Agreement, Impact Aid (P. L. 874), Building, Endowment, Extracurricular, Miscellaneous Trust and Interlocal Agreement funds as nonbudgeted funds. A budget is not required to spend money from these funds.

A budget is adopted by the board of trustees each fiscal year for the General Fund and those other governmental fund types classified by state law as budgeted funds. A listing of these funds is included above under "Fund Accounting." All budgets are formulated in accordance with state law. The board of trustees must meet on or before August 25 to consider all budget information and must have that final budget adopted by the fourth Monday in August. Budget appropriations not expended or obligated lapse at the end of the fiscal year. The District's budget is prepared on the basis of accounting described above for the governmental fund financial statements. The legal level of control (the level on which expenditures may not legally exceed appropriations) is at the fund level.

The General Fund budget is based on the state's BASE aid, which is designed to equalize taxing effort throughout the state and bases the budgets primarily on enrollment. Budgets of other funds are based primarily on estimated expenditures and revenues. Budgeted fund expenditures are limited by state law to budgeted amounts, except that they can be increased for emergencies as defined by state law. Transfers may be made between expenditure objects and/or functions within the same fund.

Cash and Cash Equivalents

Cash balances for all district funds are pooled and invested to the extent available in various investment instruments as authorized by state statutes. Earnings from such investments are allocated to each of the funds based on the fund's average monthly cash and cash equivalents balance. Funds that incur a deficit balance in pooled cash and cash equivalents during the year are charged interest.

All cash and investments of the District funds, including the cash and investments of the extracurricular fund, are held by First Interstate Bank, the county treasurer, and the Big Sky Investment Pool managed by First Interstate Bank.

The District considers cash equivalents to be money market funds and other highly liquid investments with original maturities of three months or less.

Receivables

Amounts other than leases receivable are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be fully collected within one year are property taxes receivable.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

Property Taxes

The District is permitted by state statutes to levy taxes for various purposes. Property taxes are levied in August of each fiscal year, based on the assessed value as of the prior January 1. Taxes are normally billed in October and are payable 50% by November 30 and 50% by May 31. Property tax lien dates are December 1 and June 1. The taxes levied by the District for the year ended June 30, 2023, were properly established and were within the legal limits as approved by the voters. Property taxes are accounted for and collected by the county treasurer.

Property taxes are recorded as receivable when they are billed by the county treasurer. Amounts not collected by June 30, but expected to be received in the future, are reported as revenue in the government-wide financial statements when billed and as unearned revenue in the governmental fund financial statements.

Protested taxes are also recorded as receivable when the original assessment is billed by the county treasurer. Pursuant to MCA 15-1-402(5)(6), the District is entitled to request an advance of certain protested amounts before the protest is settled. If the amount settled upon is less than any previously received advances, the District is obligated to refund the county treasurer for any excess. The District will then be able to permissively levy this amount in the following fiscal year.

Uncollected property taxes are attached as an enforceable lien on the underlying property. After a period of three years, Cascade County, the collecting agent, may begin foreclosure proceedings and sell the property at auction. The District receives its share of the sale proceeds from Cascade County. No allowance for uncollectible property taxes is reflected in the basic financial statements as the District considers all property taxes receivable at June 30, 2023, to be fully collectible.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Federally funded assets maintain a threshold of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Land and improvements and construction in progress are not depreciated. Capital assets of the District have the following useful lives:

Buildings and improvements	30-50 years
Machinery and equipment	5-20 years

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method or the same method amortizing the debt. The amortization period varies from 3 to 4 years.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Liability for Compensated Absences

Compensated absences for vacation and sick leave are recorded as expenditures in the governmental funds when taken. Vacation leave, with certain limitations, may be payable to the employee on termination. Sick leave is accumulated for administrative, certified (teaching) and classified (non-teaching) employees at the rate of 12 working days for each year of service. Part-time employees are entitled to prorated benefits upon fulfillment of the qualifying period of time. Upon termination, classified employees are eligible for compensation at one-fourth of the accumulated sick leave amount.

Postemployment Benefits Other Than Pensions (OPEB)

Under the provisions of the various employee and union contracts, the District provides certain postemployment benefits other than pensions to eligible retirees. These OPEB obligations are funded on a pay-as-you-go basis. The total OPEB liability, deferred outflows/inflows of resources, and OPEB expense were actuarially determined in accordance with GASB Statement No. 75. Additional information can be found in Note 7.

Pensions

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.

Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (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 is generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB). Additional information can be found in Note 8.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The District has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District has four types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide statement of net position and the governmental funds balance sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The fourth item is deferred inflows related to leases where the District is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and unrestricted second.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The District’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- Restricted fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board. A committed fund balance cannot be a negative number.

Assigned fund balance amounts are comprised of unrestricted funds constrained by the school district’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: the Superintendent and the Director of Business Services. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board. An assigned fund balance cannot be a negative number.

- Unassigned fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned. It is the District's policy to strive to maintain the committed General Fund fund balance to 10% of the annual budget.

Interfund Transactions

During the course of its operations, the District has transactions between funds for Print Center activities and health insurance. These transactions are generally recorded as charges for services revenue and operations expenditures. These transactions are eliminated in the government-wide financial statements.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and potentially also a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard are included in Note 4. All District SBITA contracts were prepaid in full as of June 30, 2023 and there are no long-term liabilities at year-end.

Note 2 - Deposits and Investments

Deposits

Montana statutes authorize the District to invest in direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union located in the state and insured by the FDIC, FSLIC, or NCUA; in repurchase agreements or in the State Short-Term Investment Pool (STIP).

A portion of the cash and investments of the District are held by the county treasurer in the District's name. These funds are not invested in the County pool and are not generating any investment income for the District. The remaining portion of the District's cash and investments are held in checking accounts, certificates of deposit, and repurchase agreements managed by First Interstate Bank as part of the Big Sky Investment Pool, a unified investment program established and sponsored by the Montana School Boards Association (MTSBA) for participation by MTSBA member school districts under the auspices of a in compliance with MCA Title 7, Chapter 11 (the provisions governing interlocal cooperative agreements) and MCA Title 20, Chapter 9, Part 7 (educational cooperative agreements). The pool is not SEC-registered. Investments in the Big Sky Investment Pool consist of U.S. Government money market funds and U.S. Government Agency Securities. The District receives a pro-rata share of investment earnings from both the county-wide and Big Sky pool at each distribution date.

Concentration of Credit Risk - In accordance with applicable Montana Statutes, the District maintains deposits at depository banks authorized by the District's School Board, and all such depositories are members of the Federal Reserve System. The District maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2023, the carrying amount of the District's deposits was \$51,047,574 and the bank balance was \$71,566,959. At June 30, 2023, the District had \$71,316,929 in excess of FDIC-insured limits. Of that amount, \$47,350,000 was covered by collateral with securities held by the pledging financial institution, which is in excess of the 50% coverage as required by Montana Statutes.

The following is considered the most significant risk associated with deposits:

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District follows Montana State law as it pertains to the type of investments in the District portfolio.

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost. The District does not have a deposit policy for custodial credit risk.

Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Obligations of or guaranteed by the U.S. government do not require disclosure of credit quality. Investments within S.T.I.P., part of the county-wide investment pool, have credit risk as measured by major credit rating services.

This risk is that the issuer of a S.T.I.P. investment may default in making timely principal and interest payments. The Montana Board of Investment's policy requires that S.T.I.P. investments must have credit ratings as provided by at least two of the nationally recognized statistical rating organizations (NRSRO), to assist in the monitoring and management of credit risk. The U.S. Government guarantees the U.S. Government securities directly or indirectly. Obligations of the U.S. Government or obligations explicitly guaranteed are not considered to have credit risk and do not require disclosure of credit quality per GASB Statement No. 40.

Investments

The following are considered the most significant risks associated with investments:

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have a formal investment policy limiting the amount the District may invest in any one issuer. As there is minimal credit risk associated with investments issued or guaranteed by the United States Government, no disclosure of concentration of credit risk is required for these investments. The United States Government extended the explicit guarantee to certain government agencies such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (FHLMC-Freddie Mac). Given the explicit guarantee extension, STIP had no concentration of credit risk exposure to Fannie Mae and Freddie Mac.

The STIP investment policy adopted by the Montana Board of Investments limits concentration of credit risk exposure by limiting portfolio investment types to 3% in any issuer with the exception of United States Treasury and United States Agency securities as well as any repurchase agreements with a financial institution.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments at June 30, 2023, categorized by level, are summarized below:

	Cost	Fair Value (Level 2)
U.S. government agencies	\$ 12,706,072	\$ 11,709,789
U.S. treasuries	620,303	619,123
	<u>\$ 13,326,375</u>	<u>\$ 12,328,912</u>

The following table presents the District's deposit and investment balances at June 30, 2023:

Type	Fair Value	Investment Maturities (in Years)		
		N/A	< 1	1 - 5
County-wide Investment Pool	\$ 1,192,276	\$ -	\$ 1,192,276	\$ -
Checking Accounts	19,689,149	19,689,149	-	-
U.S. Government Money Market				
Market Funds	30,273,297	30,273,297	-	-
U.S. Government Agencies	11,709,789	-	3,178,809	8,530,980
U.S. Treasuries	619,123	-	619,123	-
	<u>\$ 63,483,634</u>	<u>\$ 30,273,297</u>	<u>\$ 3,797,932</u>	<u>\$ 8,530,980</u>

Note 3 - Due from Other Governmental Units

Amounts receivable from other governments as of June 30, 2023, include:

Fund	Federal
Major Funds	
Miscellaneous Programs	
Elementary	\$ 299,934
Non-major Funds	<u>71,750</u>
	<u>\$ 371,684</u>

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and improvements	\$ 1,477,431	\$ -	\$ 10,050	\$ 1,467,381
Construction in progress	4,959,575	1,073,125	3,566,908	2,465,792
Total capital assets, not being depreciated	<u>6,437,006</u>	<u>1,073,125</u>	<u>3,576,958</u>	<u>3,933,173</u>
Capital Assets Being Depreciated/Amortized				
Buildings and improvements	149,192,687	11,677,690	447,886	160,422,491
Machinery and equipment	8,939,664	1,055,430	12,744	9,982,350
Right-to-use subscription IT assets	302,899	727,761	-	1,030,660
Total capital assets being depreciated/amortized	<u>158,435,250</u>	<u>13,460,881</u>	<u>460,630</u>	<u>171,435,501</u>
Less Accumulated Depreciation/Amortization for				
Buildings and improvements	48,258,502	5,156,105	367,407	53,047,200
Machinery and equipment	5,725,121	629,766	10,072	6,344,815
Right-to-use subscription IT assets	-	313,410	-	313,410
Total accumulated depreciation/amortization	<u>53,983,623</u>	<u>6,099,281</u>	<u>377,479</u>	<u>59,705,425</u>
Net capital assets, depreciated/amortized	<u>104,451,627</u>	<u>7,361,600</u>	<u>83,151</u>	<u>111,730,076</u>
Total capital assets, net	<u>\$ 110,888,633</u>	<u>\$ 8,434,725</u>	<u>\$ 3,660,109</u>	<u>\$ 115,663,249</u>

Depreciation/amortization expense for the year ended June 30, 2023, was charged to the following functions/programs:

Instruction	\$ 522,767
Support services	5,086,114
Non-education services	88,217
Operation and maintenance	<u>402,183</u>
Total depreciation/amortization expense	<u>\$ 6,099,281</u>

Note 5 - Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonds Payable	\$ 86,728,352	\$ -	\$ 4,579,457	\$ 82,148,895	\$ 4,778,391
Compensated Absences Payable	8,960,067	745,039	495,224	9,209,882	-
	<u>\$ 95,688,419</u>	<u>\$ 745,039</u>	<u>\$ 5,074,681</u>	<u>\$ 91,358,777</u>	<u>\$ 4,778,391</u>

Bonds Payable

Following is a summary of bonds payable as of June 30, 2023:

Bond Description	Final Maturity	Interest Rate	Original Principal	Outstanding Balance
<u>Elementary</u>				
Qualified School Construction Bonds, 2011	2026	6.35%	\$ 6,510,000	\$ 1,470,018
General Obligation Bonds, Series 2017	2037	3 - 5%	34,675,000	27,645,000
General Obligation Bonds, Series 2018	2038	2 - 5%	11,235,000	9,280,000
<u>High School</u>				
Qualified School Construction Bonds, 2011	2026	6.35%	1,855,000	418,877
General Obligation Bonds, Series 2017	2037	3 - 5%	24,035,000	19,010,000
General Obligation Bonds, Series 2018	2038	2 - 5%	28,920,000	<u>24,325,000</u>
				<u>\$ 82,148,895</u>

On April 27, 2011, the District issued \$8,365,000 in Qualified School Construction Bonds, \$6,510,000 in the Elementary District and \$1,855,000 in the High School District, to provide financing for the installation and construction of certain energy efficiency improvements to be installed at all facilities within the District. The obligation of the District to make payments on the bonds shall be a limited general obligation payable from any legally available funds as provided under Section 20-9-471, MCA. Unlike general obligation bonds, the full faith and credit and taxing power of the District is not pledged for the repayment of the bonds. The bonds are payable only from money available in the general fund or any other legally available fund of the District, but the District cannot increase mill levies to pay debt service on the bonds. The District anticipates energy cost savings to be sufficient to service the bond debt.

As the bonds are issued as Qualified School Construction Bonds under Section 54F of the Internal Revenue Code of 1986 (the Code), the bonds are classified as "specified tax credit bonds" within the meaning of Section 6431(f)(3) of the Code. This results in the District being entitled to a credit provided in Section 6431(f). As such, the District's effective interest rate due on the outstanding principal owed on the bonds is reduced from 6.35% per annum to 1.09% per annum.

The Balanced Budget and Emergency Deficit Control Act, passed by Congress in 2013, reduced the amount the Federal Government offsets the annual amount due on the bonds. The initial reduction was 8.7% in 2013. The percentage has been adjusted annually and now will remain at a 5.7% reduction per year, through when the bonds will be paid off in 2026.

On February 21, 2017, the District issued \$58,710,000 in general obligation bonds, \$34,675,000 in the Elementary District and \$24,035,000 in the High School District, to be used for building, altering, repairing, buying, furnishing, equipping, purchasing lands for, and/or obtaining a water supply for a school, teacherage, dormitory, gymnasium, or other building. Payments are to be made from the debt service funds of both the Elementary and High School Districts.

On March 29, 2018, the District issued \$40,155,000 in general obligation bonds, \$11,235,000 in the Elementary District and \$28,920,000 in the High School District, to be used for building, altering, repairing, buying, furnishing, equipping, purchasing lands for, and/or other building. Payments are to be made from the debt service funds of both the Elementary and High School Districts.

Remaining principal and interest payments on bonds payable are as follows:

Years Ending June 30,	Bonds Payable	
	Principal	Interest
2024	\$ 4,778,391	\$ 3,656,737
2025	5,022,570	3,407,445
2026	4,867,934	3,145,461
2027	4,695,000	2,913,700
2028	4,920,000	2,680,150
2029-2033	21,855,000	8,554,750
2034-2037	32,980,000	5,041,551
2038	3,030,000	140,500
	<u>\$ 82,148,895</u>	<u>\$ 29,540,294</u>

Compensated Absences Payable

Vacation and sick leave consists of vested vacation and sick leave as discussed in Note 1. These expenses are paid out of the general fund.

Note 6 - Other Post-Employment Benefits

A. Plan Description

The Great Falls Public Schools other post-employment benefits plan is a defined benefit OPEB plan that provides a single-employer defined benefit health care plan to eligible retirees. The plan provides medical and prescription drug expenses for retirees and their spouses. Medical coverage is administered by the District. The plan does not issue a publicly available financial report. No assets are accumulated in a trust.

B. Benefits Provided

Participants are eligible for benefits upon retirement. Benefits are in the form of access to the District's medical plans plus a monthly premium subsidy. Retirement eligibility is the earlier of age 50 and five years of service or any age with 25 years of service. Benefits continue for the retirees and their spouses' lifetime.

C. Employees Covered by Benefit Terms

At the valuation date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	46
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>590</u>
	<u><u>636</u></u>

D. Total OPEB Liability

The District's total OPEB liability of \$3,533,179 was measured as of June 30, 2023, and was determined by an actuarial valuation of June 30, 2023.

E. Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary Increases	3.50 percent
Discount Rate	3.86 percent
Healthcare Cost Trend Rates	7.40 percent, grading to 4.14 percent over 52 years
Retiree Plan Participation	
Age 50 to 54 at retirement	10%
Age 55 to 59 at retirement	30%
Age 60 to 64 at retirement	50%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the Pub-2010 teacher's mortality table (headcount weighted), combined dataset, fully generational with mortality improvement scale MP-2021.

The actuarial assumptions used in the June 30, 2023, valuation were based on experience studies from the State of Montana Assumption Model, adopted May 2022.

Since the previous valuation dated July 1, 2021, the following changes have been made:

- The discount rate was changed from 3.69% to 3.86%.
- Payroll growth rate was changed from 3.25% to 3.50%.

F. Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 6,484,412
Changes from the Prior Year	
Service cost	509,875
Interest cost	253,333
Changes of benefit terms	(579,909)
Assumption changes	(2,010,070)
Difference between expected and actual experience	(866,685)
Benefit payments	(22,282)
Implicit subsidy credit	<u>(235,495)</u>
Total Net Changes	<u>(2,951,233)</u>
Balance at June 30, 2023	<u><u>\$ 3,533,179</u></u>

The measurement date of the OPEB liability was June 30, 2023; the date of the actuarial valuation on which the total OPEB liability is based was June 30, 2023.

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate of one percentage point lower and one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount Rate	2.86%	3.86%	4.86%
Total OPEB Liability	\$ 3,767,155	\$ 3,533,179	\$ 3,310,428

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend of one percentage point lower and one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Medical Trend Rate	6.40%, decreasing to 3.14% over 52 years	7.40%, decreasing to 4.14% over 52 years	8.40%, decreasing to 5.14% over 52 years
Total OPEB Liability	\$ 3,195,443	\$ 3,533,179	\$ 3,924,569

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

For the year ended June 30, 2023, the District recognized OPEB income of \$133,663. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 360,485	\$ 1,986,988
Assumption Changes	<u>1,601,694</u>	<u>2,792,427</u>
	<u>\$ 1,962,179</u>	<u>\$ 4,779,415</u>

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

<u>Years Ended June 30,</u>	<u>OPEB Expense Amount</u>
2024	\$ (316,962)
2025	(316,962)
2026	(316,962)
2027	(316,969)
2028	(424,066)
Thereafter	(1,125,315)

Note 7 - Defined Benefit Pension Plans

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) and the Public Employees' Retirement System Defined Benefit Retirement Plan (PERS or the Plan). 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 and PERS that are used to provide pension benefits to the retired members of TRS and PERS. 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.

For the year ended June 30, 2023, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
TRS	\$ 14,330,643	\$ 81,124,391	\$ 7,492,010	\$ 10,946,264
PERS	2,109,005	12,854,155	941,043	(109,025)
Total all plans	<u>\$ 16,439,648</u>	<u>\$ 93,978,546</u>	<u>\$ 8,433,053</u>	<u>\$ 10,837,239</u>

Montana Teachers' Retirement System (TRS)

A. Net Pension Liability

The following table displays the amounts and percentages of Net Pension Liability for the fiscal years ended June 30, 2023 and 2022 (reporting dates):

	Net Pension Liability as of June 30, 2023	Net Pension Liability as of June 30, 2022	Percent of Collective NPL as of June 30, 2023	Percent of Collective NPL as of June 30, 2022	Change in Percent of Collective NPL
GREAT FALLS PUBLIC SCHOOLS Proportionate Share	\$ 81,124,391	\$ 68,350,664	4.1246%	4.1261%	-0.0015%
State of Montana Proportionate Share Associated with Employer	<u>\$ 44,815,949</u>	<u>\$ 39,001,905</u>	<u>2.2786%</u>	<u>2.3544%</u>	<u>-0.0758%</u>
Total	<u>\$ 125,940,340</u>	<u>\$ 107,352,569</u>	<u>6.4032%</u>	<u>6.4805%</u>	<u>-0.0773%</u>

At June 30, 2023, the employer recorded a liability of \$81,124,391 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2023, the employer's proportion was 4.1246 percent.

B. Changes in Actuarial Assumptions and Other Inputs

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

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

C. Changes in Benefit Terms

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

D. 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.

E. Pension Expense

	Pension Expense as of June 30, 2023
GREAT FALLS PUBLIC SCHOOLS Proportionate Share	\$ 7,240,367
State of Montana Proportionate Share Associated with Employer	<u>3,705,897</u>
Total	<u><u>\$ 10,946,264</u></u>

At June 30, 2023, the employer recognized a pension expense of \$10,946,264 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$3,705,897 for support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

F. Deferred Inflows and Outflows

At June 30, 2023, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,189,071	\$ -
Changes in Actuarial Assumptions	4,146,238	7,415,894
Difference Between Projected and Actual Investment Earnings	1,897,480	-
Changes in Proportion & Differences Between Actual and Expected Contributions	1,028,287	76,116
Contributions Paid to TRS Subsequent to the Measurement Date	<u>6,069,567</u>	<u>-</u>
Total	<u><u>\$ 14,330,643</u></u>	<u><u>\$ 7,492,010</u></u>

The \$6,069,567 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Years Ended June 30,	Pension Expense Amount
2024	\$ 1,892,276
2025	(1,186,326)
2026	(4,440,684)
2027	4,503,800

G. Plan Description

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.

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

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

I. Overview of 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.

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

	School District and Other Employers			Total Employee & Employer
	Members	Employers	General Fund	
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%

J. TRS Stand-Alone Statements

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

K. Actuarial Assumptions

The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

- Total Wage Increases* - 3.50%-9.00% for Non-University Members and 4.25% for University Members
- Investment Return - 7.30%
- Price Inflation - 2.75%
- Postretirement Benefit Increases
 - o 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.
 - o 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
 - o PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
- Mortality among service retired members
- PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
- Mortality among beneficiaries
 - o PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
- Mortality among disabled members
 - o PUBT-2010 Disabled Retiree mortality table projected to 2021.

*Total Wage Increases include 3.50% general wage increase assumption

L. Discount Rate

The discount rate used to measure the total pension liability was 7.30%. 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 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 total pension liability. No municipal bond rate was incorporated in the discount rate.

M. Target Allocations

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Cash	3.0%	-0.33%
Total	100.0%	

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

N. Sensitivity Analysis

	1% decrease (6.30%)	Current (7.30%)	1% increase (8.30%)
The Employer's Proportion of Net Pension Liability	<u>\$ 113,318,312</u>	<u>\$ 81,124,391</u>	<u>\$ 54,182,138</u>

In accordance with GASB 68 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the above table presents the NPL calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

Public Employees Retirement System-Defined Benefit Plan (DBRB)

A. Plan Descriptions

The PERS-Defined Benefit Retirement Plan (DBRP), 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, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they 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. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

B. Benefits Provided

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Service Retirement

- Hired prior to July 1, 2011
 - Age 60, 5 years of membership service
 - Age 65, regardless of membership service
 - 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

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

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

- Retired before January 1, 2016, and accumulate less than 2 years additional service credit or retired on or after January 1, 2016, and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
 - No service credit for second employment.
 - Start the same benefit amount the month following termination; and
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retired before January 1, 2016, and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- Retired on or after January 1, 2016, and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service.
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011, highest average compensation during any consecutive 36 months.
- Hired on or after July 1, 2011, - highest average compensation during any consecutive 60 months.

Compensation Cap

- Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

Monthly Benefit Formula

- Members hired prior to July 1, 2011
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
 - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all 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:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

C. Contributions

The State Legislature has the authority to establish and amend contribution 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.

The State of Montana, as a non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who receive *special funding* are all participating employers.

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

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

Fiscal Year	Member		School Districts	
	Hired<07/01/11	Hired>07/01/11	Employer	State
2023	7.900%	7.900%	8.700%	0.370%
2022	7.900%	7.900%	8.600%	0.370%
2021	7.900%	7.900%	8.500%	0.370%
2020	7.900%	7.900%	8.400%	0.370%
2019	7.900%	7.900%	8.300%	0.370%
2018	7.900%	7.900%	8.200%	0.370%
2017	7.900%	7.900%	8.100%	0.370%
2016	7.900%	7.900%	8.000%	0.370%
2015	7.900%	7.900%	7.900%	0.370%
2014	7.900%	7.900%	7.800%	0.370%
2014 - 2013	6.900%	7.900%	6.800%	0.370%
2012 - 2011	6.900%		6.800%	0.370%
2010 - 2009	6.900%		6.800%	0.235%
2008 - 2007	6.900%		6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions:
 - a. Special Funding
 - i. The state contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The state contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The state contributed a Statutory Appropriation from the General Fund of \$34,633,570.

D. 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. The basis for the Total Pension Liability (TPL) as of June 30, 2023, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2023, and 2022, are displayed below. The employer's 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 employer recorded a liability of \$12,854,155 and the employer's proportionate share was 0.540571 percent.

	Net Pension Liability as of June 30, 2023	Net Pension Liability as of June 30, 2022	Percent of Collective NPL as of June 30, 2023	Percent of Collective NPL as of June 30, 2022	Change in Percent of Collective NPL
GREAT FALLS PUBLIC SCHOOLS Proportionate Share	\$ 12,854,155	\$ 9,652,837	0.540571%	0.532358%	0.008213%
State of Montana Proportionate Share Associated with Employer	<u>\$ 4,199,824</u>	<u>\$ 3,119,763</u>	<u>0.176620%</u>	<u>0.172056%</u>	<u>0.004564%</u>
Total	<u><u>\$ 17,053,979</u></u>	<u><u>\$ 12,772,600</u></u>	<u><u>0.717191%</u></u>	<u><u>0.704414%</u></u>	<u><u>0.012777%</u></u>

E. 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 increased from 7.06% to 7.30%.
2. The investment rate of return was increased from 7.06% to 7.30%
3. Updated all mortality tables to the PUB2010 tables for general employees.
4. Updated the rates of withdrawal, retirement, and disability.
5. Lowered the payroll growth assumption from 3.50% to 3.25%.
6. The inflation rate was increased from 2.40% to 2.75%.

F. Changes in benefit terms

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

G. Changes in proportionate share

There were no changes to the Plan 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.

H. Pension Expense

At June 30, 2023, the employer recognized a pension expense of \$1,444,931 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$435,315 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

	Pension Expense as of June 30, 2022
GREAT FALLS PUBLIC SCHOOLS Proportionate Share	\$ 1,444,931
State of Montana Proportionate Share Associated with Employer	<u>435,315</u>
Total	<u><u>\$ 1,880,246</u></u>

I. Recognition of Deferred Inflows and Outflows

At June 30, 2023, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Expected vs. Actual Experience	\$ 163,864	\$ -
Projected Investment Earnings vs. Actual Investment Earnings	377,779	-
Changes of Assumptions	479,024	941,043
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	171,719	-
Employer Contributions Subsequent to the Measurement Date	<u>916,619</u>	<u>-</u>
Total	<u>\$ 2,109,005</u>	<u>\$ 941,043</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's pension expense as follows:

<u>Years Ended June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 250,114
2025	(451,440)
2026	(407,453)
2027	860,122

J. Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined on the results of an actuarial valuation date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement. Amount the assumptions were the following:

Investment Return (Net of Pension Plan Investment Expense, Including Inflation)	7.30%
General Wage Growth	3.50%
- Includes Inflation at	2.75%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Adjustment (GABA) each January	
-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.	
-Members hired prior to July 1, 2007	3.0%
-Members hired between July 1, 2007 and June 30, 2013	1.5%
-Members hired on or after July 1, 2013	
-For each year PERS is funded at or above 90%	1.5%
-The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	
-0% whenever the amortized period for PERS is 40 years or more	0%
Mortality	
Active Participants	PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Healthy Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021. adjustment.

The actuarial assumptions and methods utilized in the June 30, 2022, valuation, were developed in the five-year experience study for the period ending 2021.

K. Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

L. Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Cash	3.0%	-0.33%
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
	100.0%	

M. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00 lower or 1.00% higher than the current rate.

	1% decrease (6.30%)	Current (7.30%)	1% increase (8.30%)
The Employer's Proportion of Net Pension Liability	<u>\$ 18,529,865</u>	<u>\$ 12,854,155</u>	<u>\$ 8,092,304</u>

N. Pension Plan Fiduciary Net Position

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

Note 8 - Fund Balance

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2023:

	General	Impact Aid Elementary	Miscellaneous Programs Elementary	Interlocal Agreement Elementary	Other Government Funds	Totals
Nonspendable						
Inventories	\$ 1,038,055	\$ -	\$ -	\$ -	\$ 165,827	\$ 1,203,882
Prepays	1,569,804	777	150,549	-	11,735	1,732,865
Total nonspendable	2,607,859	777	150,549	-	177,562	2,936,747
Restricted						
Student transportation services	-	-	-	-	3,005,841	3,005,841
Bus depreciation costs	-	-	-	-	64,697	64,697
School food service	-	-	-	-	6,153,757	6,153,757
Retirement costs	-	-	-	-	3,817,269	3,817,269
Vacation/sick leave costs	-	-	-	-	746,975	746,975
Adult education services	-	-	-	-	741,938	741,938
Traffic education services	-	-	-	-	236,667	236,667
Facility rental	-	-	-	-	9,851	9,851
Technology costs	-	-	-	-	501,456	501,456
Debt service	-	-	-	-	3,198,175	3,198,175
Building costs	-	-	-	-	6,484,094	6,484,094
Education services to federally connected children	-	10,130,701	-	-	852,983	10,983,684
Interlocal agreements	-	-	145,705	10,210,912	2,676,792	13,033,409
Extracurricular activities	-	-	-	-	1,835,152	1,835,152
Endowment and miscellaneous trust	-	-	-	-	389,546	389,546
Total restricted	-	10,130,701	145,705	10,210,912	30,715,193	51,202,511
Committed						
Budgetary reserves - instruction	8,156,715	-	-	-	-	8,156,715
Assigned						
Instructional services	5,988	-	-	-	618	6,606
Library services	1,505	-	-	-	-	1,505
Purchasing services	119,102	-	-	-	-	119,102
Warehouse services	3,462	-	-	-	-	3,462
Safety services	7,298	-	-	-	-	7,298
Operation and maintenance services	12,951	-	-	-	-	12,951
Staff support services	7,298	-	-	-	-	7,298
Total assigned	157,604	-	-	-	618	158,222
Total fund balance	\$ 10,922,178	\$ 10,131,478	\$ 296,254	\$ 10,210,912	\$ 30,893,373	\$ 62,454,195

Note 9 - Interfund Transfers

During the year ended June 30, 2023, the General Fund transferred \$3,413,933 to the Interlocal Agreement Elementary Fund for the purpose of accumulating reserves to be used for the purchase of significant items in the future, such as curriculum adoption.

During the year ended June 30, 2023, the General Fund transferred \$510,500 to the nonmajor Compensated Absence Liability Elementary Fund for the purpose of paying accumulated compensated absence benefits that a nonteaching employee is entitled to upon termination.

During the year ended June 30, 2023, the General Fund transferred \$178,000 to the nonmajor Compensated Absence Liability High School Fund for the purpose of paying accumulated compensated absence benefits that a nonteaching employee is entitled to upon termination.

Note 10 - Tax Abatements

The District's property tax revenue is subject to tax abatement agreements it enters into directly, as well as indirectly by those entered into by Cascade County (the County) and the City of Great Falls (the City). Tax abatement agreements are entered into on an individual basis with businesses under the Montana Code Annotated 2015, Title 15 Taxation (the Code). Under the Code, local governments may grant property tax abatements to business with qualifying improvements or modernized processes that represent new industry or expansion of an existing industry (15-24-1402).

In the first five years after a construction permit is issued, a business' property is taxed at 50% of taxable value with equal percentage increases taxed until the full taxable value is attained in the tenth year. In subsequent years, the property is taxed at its full taxable value (15-10-420). For the year ended June 30, 2023, the District has not entered into any tax abatement agreements, nor has the District received any information from the City or the County regarding any indirect effects to the District, if any, regarding tax abatement agreements entered by those entities during the fiscal year.

Note 11 - Transportation Contracts

The District has transportation contracts through June 30, 2027, with Big Sky Bus Lines to provide school buses for transportation of students to and from school. Fees paid are based on fixed rate per bus per four- and one-half-hour day, times 180 days per year, along with fuel expense reimbursement amount.

Note 12 - Interlocal Agreements

Targeted Case Management

The District and the City-County Health Department, Great Falls, Montana, have entered into an interagency agreement to establish and operate a program to serve students with special health care needs and high-risk infants and children. City County Health Department provides population-based screening for infants at risk for developmental delay and/or special health needs, conduct consultation and/or referral to other disciplines/agencies and monitor referral outcomes, provide anticipatory guidance, risk reduction education and counseling, care coordination including monitoring and reassessment for infants and children at risk for developmental delay and those with special health care needs, and other nursing interventions as needed on behalf of the family, children, and adolescents.

School Resource Officer

The District has entered into an agreement with the City of Great Falls for the services of the City's Police Department for 187 days to enforce compulsory attendance provision of Title 20, Chapter 5, Part 1 of Montana Code Annotated. The City provides the District with four police officers and the equipment necessary to enforce the above-mentioned provisions. The District's payment to the City was \$359,307 for the period August 30, 2022, through June 1, 2023.

Multi-District Agreements

The District has an agreement with Belt Public Schools and Vaughn Elementary School to collectively purchase technology supplies and equipment. The District has entered into an agreement between the Elementary and High School districts to collectively purchase classroom supplies and materials, as well as provide operations maintenance for the buildings and equipment. The Elementary District is the prime agent for the interlocal fund established for purposes of the multidistrict agreements.

Note 13 - Pending Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that these matters will not have a material adverse effect on the basic financial statements of the District.

Note 14 - Risk Management

The District faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e., errors and omissions), environmental damage, workers' compensation (i.e., employee injuries), and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. The premiums for the policies are paid out of the District's general fund. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

The District has contracted with Montana Schools Group Interlocal Authority for workers' compensation coverage. Premiums under the policy are paid by the District.

The District maintains the Employee Health Benefit Plan (the plan) for the exclusive benefit of and to provide health benefits to its eligible employees, their legal spouses, and eligible dependents. The Plan is a self-funded health plan established to reimburse participants for covered medical expenses. The plan sponsor contracts with a claim administrator to process claims, provide claims payment and provide other claims management functions, under the director of the plan administrator. The Plan reimburses the claim administrator after claims are paid.

Employees have the option to choose between a base plan and catastrophic plan for health insurance coverage. Under each plan, the employee can choose between single, employee-spouse, employee-children, and employee with family coverage. On the base plan, the District provides between \$420 and \$1,498, depending on the coverage selected. On the catastrophic plan, the District provides between \$590 and \$1,678 per month, depending on the coverage selected. These amounts include a \$55 per month contribution by the District which offsets the amount paid by the employee. The administrative contract between the District and the claim administrator is renewable annually and administrative fees and stoploss premiums are included in the contractual provisions. The District is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage. Stop-loss coverage is in effect for individual claims exceeding \$200,000 and for aggregate stop-loss coverage exceeding \$2,000,000.

The costs associated with the medical self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues in the Self Insurance Fund and operating expenditures in the General and Special Revenue funds. Liabilities of the Self Insurance fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These claims are estimated by Blue Cross and Blue Shield of Montana, the District's insurance carrier, based on past experience.

At June 30, 2023, the estimated claims amount to \$2,192,300.

Claims Payable Beginning of Fiscal Year	Claims Incurred	Claims Paid	Claims Payable End of Fiscal Year
\$ 821,000	\$ 11,434,853	\$ 10,063,553	\$ 2,192,300

Note 15 - Construction Commitments

The District has active construction projects at June 30, 2023. The projects include the remodeling and improvements to the District's school buildings and grounds with construction costs of \$2,465,792 reported as construction in progress with remaining commitments of \$3,897,090 as of June 30, 2023. The remodeling project was completed in August 2023.

Note 16 - Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported as budget expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except as set forth in Section 20-9-209, MCA.

Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance, as appropriate. Total encumbrances as of June 30, 2023, for the General Fund were \$157,604, all assigned, and for the non-major funds in the aggregate were \$618, of which all were restricted.

Note 17 - Restatements

Beginning fund balances/net deficit for certain opinion units were restated due to the correction of errors in previously issued financial statements, and beginning net deficit was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Funds				Government-Wide
	General	Miscellaneous Programs Elementary	Other Governmental Funds	Internal Service Funds	Governmental Activities
Fund Balance/Net Deficit at June 30, 2022, As Previously Reported	\$ 10,381,358	\$ 62,366	\$ 29,909,572	\$ 1,463,214	\$ (15,334,883)
Recognition of right-to-use subscription IT assets, net of amortization under GASB Statement No. 96 at July 1, 2022	-	-	-	-	302,899
Error correction - overstated liability	527,279	-	-	-	527,279
Error correction - understated payroll accruals	(312,509)	(28,824)	(91,292)	(2,471)	(435,096)
Error correction - overstated capital assets	-	-	-	-	131,220
Fund Balance/Net Deficit at July 1, 2022, As Restated	\$ 10,596,128	\$ 33,542	\$ 29,818,280	\$ 1,460,743	\$ (14,808,581)

GASB 96 Implementation

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract.

Correction of Errors

During the year ended June 30, 2023, the District discovered several errors that were reported in the prior year.

General Fund - there was a liability reported at June 30, 2022 that was discovered to be inaccurate, resulting in an understatement of fund balance for the year ended June 30, 2022. There were also payroll accruals that were not properly reported as a liability at June 30, 2022, resulting in an overstatement of fund balance for the year ended June 30, 2022.

Miscellaneous Programs Elementary - there were payroll accruals that were not properly reported as a liability at June 30, 2022, resulting in an overstatement of fund balance for the year ended June 30, 2022.

Other Governmental Funds - there were payroll accruals that were not properly reported as a liability at June 30, 2022, resulting in an overstatement of fund balance for the year ended June 30, 2022.

Internal Service Funds - there were payroll accruals that were not properly reported as a liability at June 30, 2022, resulting in an overstatement of fund balance for the year ended June 30, 2022.

Governmental Activities - in addition to the previously disclosed errors also impacting this opinion unit, there were capital assets being reported that should not have been at June 30, 2022, resulting in an understatement of net deficit for the year ended June 30, 2022.



Required Supplementary Information
June 30, 2023

Great Falls School District 1 & A

Great Falls School District 1 & A
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
June 30, 2023

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 509,875	\$ 674,659	\$ 469,767	\$ 465,839	\$ 364,098	\$ 350,094	\$ 336,629
Interest	253,333	148,798	233,228	205,622	198,116	175,417	165,682
Changes of Benefit Terms	(579,909)	-	(816,819)	-	-	-	-
Changes of Assumptions	(2,010,070)	(1,294,469)	2,264,138	-	152,834	-	-
Changes in Plan Provisions	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(866,685)	-	(1,802,550)	-	811,095	-	-
Benefit Payments	(22,282)	(19,919)	(16,569)	(42,951)	(43,992)	(47,448)	(46,678)
Implicit Subsidy Credit	(235,495)	(219,714)	(251,972)	(207,109)	(212,131)	(178,560)	(175,661)
Net Change in Total OPEB Liability	(2,951,233)	(710,645)	79,223	421,401	1,270,020	299,503	279,972
Total OPEB Liability - Beginning	6,484,412	7,195,057	7,115,834	6,694,433	5,424,413	5,124,910	4,844,938
Total OPEB Liability - Ending	<u>\$ 3,533,179</u>	<u>\$ 6,484,412</u>	<u>\$ 7,195,057</u>	<u>\$ 7,115,834</u>	<u>\$ 6,694,433</u>	<u>\$ 5,424,413</u>	<u>\$ 5,124,910</u>
Covered Payroll	\$ 72,149,824	\$ 60,674,838	\$ 58,764,976	\$ 37,145,484	\$ 35,716,812	\$ 40,084,167	\$ 38,542,468
District's Total OPEB Liability as a Percentage of Covered Payroll	4.90%	10.69%	12.24%	19.16%	18.74%	13.53%	13.30%

*GASB Statements No. 74/75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios

2023 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The discount rate was changed from 3.69% to 3.86%.
- Payroll growth rate was changed from 3.25% to 3.50%.
- Inflation rate was changed from 2.50% to 2.75%.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

Great Falls School District 1 & A
Schedule of Employer's Share of Net Pension Liability
June 30, 2023

**Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years ***

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With District (b)	Total (d) (a+b)	Employer's Covered Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
TRS	6/30/2014	3.78570%	\$ 58,255,724	\$ 39,899,529	\$ 98,155,253	\$ 47,740,336	122.0%	70.4%
TRS	6/30/2015	3.91890%	64,387,569	43,106,917	107,494,486	49,974,262	128.8%	69.3%
TRS	6/30/2016	3.96890%	72,505,971	47,236,171	119,742,142	51,517,925	140.7%	66.7%
TRS	6/30/2017	3.98210%	67,140,901	42,618,104	109,759,005	52,522,247	127.8%	70.1%
TRS	6/30/2018	3.98840%	74,029,613	45,976,833	120,006,446	53,273,692	139.0%	69.1%
TRS	6/30/2019	3.95140%	76,193,213	46,126,939	122,320,152	53,638,597	142.0%	68.6%
TRS	6/30/2020	3.98380%	89,613,036	52,996,433	142,609,469	54,834,054	163.4%	65.0%
TRS	6/30/2021	4.12610%	68,350,664	39,001,905	107,352,569	58,768,332	116.3%	75.5%
TRS	6/30/2022	4.12460%	81,124,391	44,815,949	125,940,340	60,545,505	134.0%	70.6%
PERS	6/30/2014	0.78815%	\$ 9,820,461	\$ 459,074	\$ 10,279,535	\$ 9,250,179	106.2%	79.9%
PERS	6/30/2015	0.75370%	10,535,710	495,071	11,030,781	9,094,138	115.9%	78.4%
PERS	6/30/2016	0.71720%	12,216,426	570,942	12,787,368	8,880,760	137.6%	74.7%
PERS	6/30/2017	0.69170%	13,470,853	631,542	14,102,395	8,866,079	151.9%	73.8%
PERS	6/30/2018	0.51360%	10,718,863	3,941,728	14,660,591	8,735,200	122.7%	73.5%
PERS	6/30/2019	0.52562%	10,987,009	3,905,447	14,892,456	8,954,736	122.7%	73.9%
PERS	6/30/2020	0.52609%	13,879,266	4,780,552	18,659,818	9,110,578	152.3%	68.9%
PERS	6/30/2021	0.53236%	9,652,837	3,119,763	12,772,600	9,681,280	99.7%	79.9%
PERS	6/30/2022	0.54057%	12,854,155	4,199,824	17,053,979	9,774,719	131.5%	73.7%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 - year trend is compiled, the District will present information for those years for which information is available.

Great Falls School District 1 & A
Schedule of Employer's Contributions
June 30, 2023

**Schedule of Employer's Contributions
Last 10 Fiscal Years ***

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
TRS	6/30/2015	\$ 4,784,242	\$ 4,784,242	\$ -	\$ 49,974,262	9.5734%
TRS	6/30/2016	4,899,704	4,899,704	-	51,517,925	9.5107%
TRS	6/30/2017	4,832,010	4,832,010	-	52,522,247	9.1999%
TRS	6/30/2018	5,144,064	5,144,064	-	53,273,692	9.6559%
TRS	6/30/2019	5,323,176	5,323,176	-	53,638,597	9.9242%
TRS	6/30/2020	5,311,648	5,311,648	-	54,834,054	9.6868%
TRS	6/30/2021	5,816,268	5,816,268	-	58,768,332	9.8969%
TRS	6/30/2022	6,427,561	6,427,561	-	60,545,505	10.6161%
TRS	6/30/2023	6,069,567	6,069,567	-	60,035,282	10.1100%
PERS	6/30/2015	\$ 736,501	\$ 736,501	\$ -	\$ 9,094,138	8.0986%
PERS	6/30/2016	727,118	727,118	-	8,880,760	8.1876%
PERS	6/30/2017	718,156	718,156	-	8,866,079	8.1000%
PERS	6/30/2018	715,223	715,223	-	8,735,200	8.1878%
PERS	6/30/2019	743,241	743,241	-	8,954,736	8.3000%
PERS	6/30/2020	765,289	765,289	-	9,110,578	8.4000%
PERS	6/30/2021	822,908	822,908	-	9,681,280	8.5000%
PERS	6/30/2022	840,626	840,626	-	9,774,719	8.6000%
PERS	6/30/2023	916,619	916,619	-	10,535,851	8.7000%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10- year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

Teachers Retirement System

Changes of Benefit Terms:

The following changes to the plan provisions 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 second tier benefit structure for members hired on or after July 1, 2013, is summarized below.

1. *Final Average Compensation* - average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
2. *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.
3. *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.
4. *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%.
5. *Annual Contribution* - 8.15% of member's earned compensation.
6. *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:
 7. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 8. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 9. 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.
10. *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.
11. *Guaranteed Annual Benefit Adjustment (GABA)*
12. 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 \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - o School Districts contributions will increase from 7.47% to 8.47%
 - o The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - o 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. This amount will 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.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2022:

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - o For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
 - o The tables include margins for mortality improvement which is expected to occur in the future.
- Mortality among disabled members was updated to the following:
 - o For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - o For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

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

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

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

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three-year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the \$500 death benefit after termination.

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:
 - o 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.
 - o 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:
 - o For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
 - o 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	24 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increase	3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members;
Investment rate of return	7.50 percent, net of pension plan investment expense, and including inflation

Public Employees Retirement System

Changes of Benefit Terms

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

2017 Changes

Working Retiree Limitations

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

Refunds

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

Interest Credited to Member Accounts

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

Lump-Sum Payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Changes in Actuarial Assumptions and Methods

The following actuarial assumptions and methods were used to determine contributions rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization method	30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expenses as a % of Payroll	0.29%

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

The actuarial assumptions and methods utilized in the June 30, 2021, valuation, were developed in the six-year experience study for the period ending 2016.



Combining and Individual Fund Schedules
June 30, 2023

Great Falls School District 1 & A

Great Falls School District 1 & A
Combining Balance Sheet - General Fund
June 30, 2023

	Elementary General Subfund	High School General Subfund	Totals
Assets			
Cash and investments	\$ 5,677,917	\$ 3,256,594	\$ 8,934,511
Property taxes receivable	383,834	184,449	568,283
Accounts receivable	-	209	209
Prepaid items	1,007,370	562,434	1,569,804
Inventories	1,038,055	-	1,038,055
Total assets	<u>\$ 8,107,176</u>	<u>\$ 4,003,686</u>	<u>\$ 12,110,862</u>
Liabilities			
Accounts payable	\$ 201,144	\$ 97,306	\$ 298,450
Salaries payable	205,652	116,299	321,951
Total liabilities	<u>406,796</u>	<u>213,605</u>	<u>620,401</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	<u>383,834</u>	<u>184,449</u>	<u>568,283</u>
Fund Balance			
Nonspendable	2,045,425	562,434	2,607,859
Committed	5,122,108	3,034,607	8,156,715
Assigned	149,013	8,591	157,604
Total fund balance	<u>7,316,546</u>	<u>3,605,632</u>	<u>10,922,178</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,107,176</u>	<u>\$ 4,003,686</u>	<u>\$ 12,110,862</u>

Great Falls School District 1 & A

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund

Year Ended June 30, 2023

	Elementary General Subfund	High School General Subfund	Totals
Revenues			
District property taxes	\$ 14,434,747	\$ 6,977,224	\$ 21,411,971
Tuition and fees	22,694	49,907	72,601
Investment earnings (loss)	9,732	13,432	23,164
Other district revenue	38,764	-	38,764
State sources	39,287,157	20,446,388	59,733,545
	<u>53,793,094</u>	<u>27,486,951</u>	<u>81,280,045</u>
Total revenues			
Expenditures			
Current			
Instruction	30,026,316	12,648,596	42,674,912
Support services	19,791,107	10,836,543	30,627,650
Non-education services	390,915	1,268,487	1,659,402
Debt service			
Principal	541,237	148,223	689,460
Interest and fiscal charges	121,744	36,548	158,292
Capital outlay	857,985	183,861	1,041,846
	<u>51,729,304</u>	<u>25,122,258</u>	<u>76,851,562</u>
Total expenditures			
Excess of Revenues over Expenditures	2,063,790	2,364,693	4,428,483
Other Financing Uses			
Transfer out	<u>(1,791,150)</u>	<u>(2,311,283)</u>	<u>(4,102,433)</u>
Net Change in Fund Balance	272,640	53,410	326,050
Fund Balance, Beginning of Year, as Restated	<u>7,043,906</u>	<u>3,552,222</u>	<u>10,596,128</u>
Fund Balance, End of Year	<u>\$ 7,316,546</u>	<u>\$ 3,605,632</u>	<u>\$ 10,922,178</u>

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Transportation Elementary	Bus Depreciation Elementary	School Food Service Elementary	Tuition Elementary	Retirement Elementary	Adult Education Elementary	Lease/Rental Elementary	Compensated Absence Liability Elementary
Assets								
Cash and investments	\$ 2,150,537	\$ 40,040	\$ 6,171,000	\$ 11,964	\$ 1,494,455	\$ 343,036	\$ 5,690	\$ 539,986
Property taxes receivable	54,527	298	-	78,306	-	5,782	-	-
Due from other governmental units	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Inventories	-	-	165,827	-	-	-	-	-
Total assets	\$ 2,205,064	\$ 40,338	\$ 6,336,827	\$ 90,270	\$ 1,494,455	\$ 348,818	\$ 5,690	\$ 539,986
Liabilities								
Salaries payable	1,643	-	17,243	11,964	-	5,193	-	2,081
Deferred Inflows of Resources								
Unavailable revenue-property taxes	54,526	299	-	78,306	-	5,783	-	-
Fund Balance								
Nonspendable	-	-	165,827	-	-	-	-	-
Restricted	2,148,895	40,039	6,153,757	-	1,494,455	337,842	5,690	537,905
Assigned	-	-	-	-	-	-	-	-
Total fund balance	2,148,895	40,039	6,319,584	-	1,494,455	337,842	5,690	537,905
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,205,064	\$ 40,338	\$ 6,336,827	\$ 90,270	\$ 1,494,455	\$ 348,818	\$ 5,690	\$ 539,986

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Misc Internal Local Elementary	Misc Skyline Ride Elementary	Technology Elementary	Flex Elementary	Transportation High School	Bus Depreciation High School	Tuition High School	Retirement High School
Assets								
Cash and investments	\$ 124,636	\$ 434,295	\$ 425,610	\$ 692,139	\$ 423,582	\$ 24,658	\$ 8,688	\$ 2,322,814
Property taxes receivable	-	-	3,961	-	31,706	188	22,318	-
Due from other governmental units	-	-	-	-	-	-	-	-
Prepaid items	385	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 125,021</u>	<u>\$ 434,295</u>	<u>\$ 429,571</u>	<u>\$ 692,139</u>	<u>\$ 455,288</u>	<u>\$ 24,846</u>	<u>\$ 31,006</u>	<u>\$ 2,322,814</u>
Liabilities								
Salaries payable	-	-	-	-	931	-	8,688	-
Deferred Inflows of Resources								
Unavailable revenue-property taxes	-	-	3,961	-	31,706	188	22,318	-
Fund Balance								
Nonspendable	385	-	-	-	-	-	-	-
Restricted	124,636	434,295	425,610	692,139	422,651	24,658	-	2,322,814
Assigned	-	-	-	-	-	-	-	-
Total fund balance	<u>125,021</u>	<u>434,295</u>	<u>425,610</u>	<u>692,139</u>	<u>422,651</u>	<u>24,658</u>	<u>-</u>	<u>2,322,814</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 125,021</u>	<u>\$ 434,295</u>	<u>\$ 429,571</u>	<u>\$ 692,139</u>	<u>\$ 455,288</u>	<u>\$ 24,846</u>	<u>\$ 31,006</u>	<u>\$ 2,322,814</u>

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Miscellaneous Programs High School	Adult Education High School	Traffic Education High School	Lease/Rental High School	Compensated Absence Liability High School	Interlocal High School	Indirect Cost High School	Impact Aid High School
Assets								
Cash and investments	\$ 153,586	\$ 405,989	\$ 173,747	\$ 4,161	\$ 209,811	\$ 1,077,727	\$ 751,303	\$ 402,897
Property taxes receivable	-	6,432	-	-	-	-	-	-
Due from other governmental units	-	-	71,750	-	-	-	-	-
Prepaid items	150	-	-	-	-	-	8,505	382
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 153,736</u>	<u>\$ 412,421</u>	<u>\$ 245,497</u>	<u>\$ 4,161</u>	<u>\$ 209,811</u>	<u>\$ 1,077,727</u>	<u>\$ 759,808</u>	<u>\$ 403,279</u>
Liabilities								
Salaries payable	563	1,893	8,830	-	741	298	4,709	-
Deferred Inflows of Resources								
Unavailable revenue-property taxes	-	6,432	-	-	-	-	-	-
Fund Balance								
Nonspendable	150	-	-	-	-	-	8,505	382
Restricted	153,023	404,096	236,667	4,161	209,070	1,077,429	746,594	402,897
Assigned	-	-	-	-	-	-	-	-
Total fund balance	<u>153,173</u>	<u>404,096</u>	<u>236,667</u>	<u>4,161</u>	<u>209,070</u>	<u>1,077,429</u>	<u>755,099</u>	<u>403,279</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 153,736</u>	<u>\$ 412,421</u>	<u>\$ 245,497</u>	<u>\$ 4,161</u>	<u>\$ 209,811</u>	<u>\$ 1,077,727</u>	<u>\$ 759,808</u>	<u>\$ 403,279</u>

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Technology High School	Flex High School	Specific Purpose Grants High School	Scholarship High School	Private Purpose Trust High School	Student Activities High School
Assets						
Cash and investments	\$ 75,846	\$ 349,481	\$ 854,969	\$ 389,546	\$ 32,168	\$ 1,682,129
Property taxes receivable	1,957	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 77,803</u>	<u>\$ 349,481</u>	<u>\$ 854,969</u>	<u>\$ 389,546</u>	<u>\$ 32,168</u>	<u>\$ 1,682,129</u>
Liabilities						
Salaries payable	-	1,958	1,465	-	-	-
Deferred Inflows of Resources						
Unavailable revenue-property taxes	1,957	-	-	-	-	-
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	75,846	347,523	852,983	389,546	32,168	1,682,129
Assigned	-	-	521	-	-	-
Total fund balance	<u>75,846</u>	<u>347,523</u>	<u>853,504</u>	<u>389,546</u>	<u>32,168</u>	<u>1,682,129</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 77,803</u>	<u>\$ 349,481</u>	<u>\$ 854,969</u>	<u>\$ 389,546</u>	<u>\$ 32,168</u>	<u>\$ 1,682,129</u>

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Debt Service Elementary	Special Ed Medicaid Elementary	Rate Stabilization Elementary	Debt Service High School	Swimming Pool Service High School	Revenue Enhancement High School	State Vocational Ed High School
Assets							
Cash and investments	\$ 184,150	\$ 945,307	\$ 1,427,196	\$ 85,006	\$ 24,367	\$ 450,213	\$ 113,420
Property taxes receivable	80,008	-	-	100,575	-	-	-
Due from other governmental units	-	-	-	-	-	-	-
Prepaid items	-	2,313	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 264,158</u>	<u>\$ 947,620</u>	<u>\$ 1,427,196</u>	<u>\$ 185,581</u>	<u>\$ 24,367</u>	<u>\$ 450,213</u>	<u>\$ 113,420</u>
Liabilities							
Salaries payable	-	25,406	-	-	5,982	-	-
Deferred Inflows of Resources							
Unavailable revenue-property taxes	80,008	-	-	100,574	-	-	-
Fund Balance							
Nonspendable	-	2,313	-	-	-	-	-
Restricted	184,150	919,901	1,427,196	85,007	18,385	450,213	113,323
Assigned	-	-	-	-	-	-	97
Total fund balance	<u>184,150</u>	<u>922,214</u>	<u>1,427,196</u>	<u>85,007</u>	<u>18,385</u>	<u>450,213</u>	<u>113,420</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 264,158</u>	<u>\$ 947,620</u>	<u>\$ 1,427,196</u>	<u>\$ 185,581</u>	<u>\$ 24,367</u>	<u>\$ 450,213</u>	<u>\$ 113,420</u>

Great Falls School District 1 & A
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Building Elementary	Building Reserve Elementary	Building High School	Building Reserve High School	Construction High School	Total
Assets						
Cash and investments	\$ 1,997,332	\$ 2,587,394	\$ 411,632	\$ 734,396	\$ 6,746	\$ 30,743,649
Property taxes receivable	-	11,898	-	4,638	-	402,594
Due from other governmental units	-	-	-	-	-	71,750
Prepaid items	-	-	-	-	-	11,735
Inventories	-	-	-	-	-	165,827
Total assets	<u>\$ 1,997,332</u>	<u>\$ 2,599,292</u>	<u>\$ 411,632</u>	<u>\$ 739,034</u>	<u>\$ 6,746</u>	<u>\$ 31,395,555</u>
Liabilities						
Salaries payable	-	-	-	-	-	99,588
Deferred Inflows of Resources						
Unavailable revenue-property taxes	-	11,898	-	4,638	-	402,594
Fund Balance						
Nonspendable	-	-	-	-	-	177,562
Restricted	1,997,332	2,587,394	411,632	734,396	6,746	30,715,193
Assigned	-	-	-	-	-	618
Total fund balance	<u>1,997,332</u>	<u>2,587,394</u>	<u>411,632</u>	<u>734,396</u>	<u>6,746</u>	<u>30,893,373</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,997,332</u>	<u>\$ 2,599,292</u>	<u>\$ 411,632</u>	<u>\$ 739,034</u>	<u>\$ 6,746</u>	<u>\$ 31,395,555</u>

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Transportation Elementary	Bus Depreciation Elementary	School Food Service Elementary	Tuition Elementary	Retirement Elementary	Adult Education Elementary	Lease/Rental Elementary	Compensated Absence Liability Elementary
Revenues								
District property taxes	\$ 2,046,654	\$ 11,899	\$ -	\$ 3,068,152	\$ -	\$ 210,587	\$ -	\$ -
Tuition and fees	-	-	1,049,497	-	-	-	-	-
Investment earnings (loss)	2,819	-	7,338	-	1,914	558	7	20,242
Other district revenue	6,141	-	286,347	54,131	-	9,549	33,947	4,309
County sources	282,564	-	-	-	7,763,615	-	-	-
State sources	265,857	-	11,078	-	-	-	-	-
Federal sources	-	-	4,241,311	-	-	-	-	-
Total revenues	2,604,035	11,899	5,595,571	3,122,283	7,765,529	220,694	33,954	24,551
Expenditures								
Current								
Instruction	-	-	-	2,759,409	5,184,105	346,763	-	58,879
Support services	2,482,982	-	81,490	351,248	2,230,829	9,549	25,799	229,145
Non-education services	-	-	4,325,692	-	339,545	-	-	-
Non-transfer	-	-	-	-	-	-	-	-
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	8,099	-
Total expenditures	2,482,982	-	4,407,182	3,110,657	7,754,479	356,312	33,898	288,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,053	11,899	1,188,389	11,626	11,050	(135,618)	56	(263,473)
Other Financing Sources								
Transfer in	-	-	-	-	-	-	-	510,500
Sale of property	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	510,500
Net Change in Fund Balance	121,053	11,899	1,188,389	11,626	11,050	(135,618)	56	247,027
Fund Balance (Deficit), Beginning of Year, as Restated	2,027,842	28,140	5,131,195	(11,626)	1,483,405	473,460	5,634	290,878
Fund Balance, End of Year	\$ 2,148,895	\$ 40,039	\$ 6,319,584	\$ -	\$ 1,494,455	\$ 337,842	\$ 5,690	\$ 537,905

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Misc Internal Local Elementary	Misc Skyline Ride Elementary	Technology Elementary	Flex Elementary	Transportation High School	Bus Depreciation High School	Tuition High School	Retirement High School
Revenues								
District property taxes	\$ -	\$ -	\$ 148,378	\$ -	\$ 1,255,697	\$ 7,533	\$ 900,264	\$ -
Tuition and fees	-	-	-	-	-	-	-	-
Investment earnings (loss)	-	(1,115)	438	(140)	452	-	-	2,981
Other district revenue	14,067	-	62,879	-	3,527	-	(1,510)	-
County sources	-	-	-	-	106,030	-	-	3,305,919
State sources	-	-	41,225	59,532	100,033	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	14,067	(1,115)	252,920	59,392	1,465,739	7,533	898,754	3,308,900
Expenditures								
Current								
Instruction	107,074	-	345,949	41,614	-	-	394,269	1,923,405
Support services	-	-	-	-	1,308,487	-	484,569	1,013,770
Non-education services	2,744	-	-	-	-	-	-	133,779
Non-transfer	-	-	-	-	-	-	-	-
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	3,230
Total expenditures	109,818	-	345,949	41,614	1,308,487	-	878,838	3,074,184
Excess (Deficiency) of Revenues over (under) Expenditures	(95,751)	(1,115)	(93,029)	17,778	157,252	7,533	19,916	234,716
Other Financing Sources								
Transfer in	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net Change in Fund Balance	(95,751)	(1,115)	(93,029)	17,778	157,252	7,533	19,916	234,716
Fund Balance (Deficit), Beginning of Year, as Restated	220,772	435,410	518,639	674,361	265,399	17,125	(19,916)	2,088,098
Fund Balance, End of Year	\$ 125,021	\$ 434,295	\$ 425,610	\$ 692,139	\$ 422,651	\$ 24,658	\$ -	\$ 2,322,814

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Miscellaneous Programs High School	Adult Education High School	Traffic Education High School	Lease/Rental High School	Compensated Absence Liability High School	Interlocal High School	Indirect Cost High School	Impact Aid High School
Revenues								
District property taxes	\$ -	\$ 248,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	75,466	-	-	-	-	-
Investment earnings (loss)	-	526	(709)	24	8,088	-	337	(1,286)
Other district revenue	74,479	7,960	24,011	26,918	3,003	307,361	22,906	3,663
County sources	-	-	-	-	-	-	-	-
State sources	21,103	-	71,730	-	-	-	-	-
Federal sources	602,048	-	-	-	-	-	397,626	90,651
Total revenues	697,630	256,781	170,498	26,942	11,091	307,361	420,869	93,028
Expenditures								
Current								
Instruction	380,692	199,312	208,120	-	35,316	170,078	-	66,423
Support services	234,126	11,664	14,327	31,821	42,662	15,954	119,746	15,263
Non-education services	-	-	-	-	-	35,806	-	-
Non-transfer	13,901	-	-	-	-	-	-	-
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	628,719	210,976	222,447	31,821	77,978	221,838	119,746	81,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,911	45,805	(51,949)	(4,879)	(66,887)	85,523	301,123	11,342
Other Financing Sources								
Transfer in	-	-	-	-	178,000	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	178,000	-	-	-
Net Change in Fund Balance	68,911	45,805	(51,949)	(4,879)	111,113	85,523	301,123	11,342
Fund Balance (Deficit), Beginning of Year, as Restated	84,262	358,291	288,616	9,040	97,957	991,906	453,976	391,937
Fund Balance, End of Year	\$ 153,173	\$ 404,096	\$ 236,667	\$ 4,161	\$ 209,070	\$ 1,077,429	\$ 755,099	\$ 403,279

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Technology High School	Flex High School	Specific Purpose Grants High School	Scholarship High School	Private Purpose Trust High School	Student Activities High School
Revenues						
District property taxes	\$ 74,058	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-
Investment earnings (loss)	49	627	-	1,139	47	(3,626)
Other district revenue	-	-	553,605	-	8,000	2,625,139
County sources	-	-	3,772	-	-	-
State sources	20,637	260,658	100	-	-	-
Federal sources	-	-	137,088	-	-	-
Total revenues	94,744	261,285	694,565	1,139	8,047	2,621,513
Expenditures						
Current						
Instruction	148,153	213,007	414,653	-	-	-
Support services	-	-	35,878	-	-	-
Non-education services	-	-	-	19,731	12,521	2,619,988
Non-transfer	-	-	-	-	-	-
Fiscal and other fixed cost programs	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	20,661	-	-	-
Total expenditures	148,153	213,007	471,192	19,731	12,521	2,619,988
Excess (Deficiency) of Revenues over (under) Expenditures	(53,409)	48,278	223,373	(18,592)	(4,474)	1,525
Other Financing Sources						
Transfer in	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net Change in Fund Balance	(53,409)	48,278	223,373	(18,592)	(4,474)	1,525
Fund Balance (Deficit), Beginning of Year, as Restated	129,255	299,245	630,131	408,138	36,642	1,680,604
Fund Balance, End of Year	\$ 75,846	\$ 347,523	\$ 853,504	\$ 389,546	\$ 32,168	\$ 1,682,129

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Debt Service Elementary	Special Ed Medicaid Elementary	Rate Stabilization Elementary	Debt Service High School	Swimming Pool Service High School	Revenue Enhancement High School	State Vocational Ed High School
Revenues							
District property taxes	\$ 3,032,238	\$ -	\$ -	\$ 3,889,415	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	-
Investment earnings (loss)	1,156	(2,690)	(4,972)	1,102	52	(1,032)	-
Other district revenue	-	69,922	23,250	-	58,025	19,326	-
County sources	-	-	-	-	-	-	-
State sources	212,898	300,749	-	126,377	-	-	86,803
Federal sources	-	-	-	-	-	-	-
Total revenues	3,246,292	367,981	18,278	4,016,894	58,077	18,294	86,803
Expenditures							
Current							
Instruction	-	396,086	143,498	-	-	-	56,272
Support services	-	163,626	50,844	-	4,668	12,795	-
Non-education services	-	-	5,154	-	89,630	10,229	-
Non-transfer	-	-	-	-	-	-	-
Fiscal and other fixed cost programs	800	-	-	800	-	-	-
Debt service							
Principal	1,835,000	-	-	2,055,000	-	-	-
Interest	1,627,395	-	-	2,089,281	-	-	-
Capital outlay	-	-	78	-	-	-	-
Total expenditures	3,463,195	559,712	199,574	4,145,081	94,298	23,024	56,272
Excess (Deficiency) of Revenues over (under) Expenditures	(216,903)	(191,731)	(181,296)	(128,187)	(36,221)	(4,730)	30,531
Other Financing Sources							
Transfer in	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net Change in Fund Balance	(216,903)	(191,731)	(181,296)	(128,187)	(36,221)	(4,730)	30,531
Fund Balance (Deficit), Beginning of Year, as Restated	401,053	1,113,945	1,608,492	213,194	54,606	454,943	82,889
Fund Balance, End of Year	\$ 184,150	\$ 922,214	\$ 1,427,196	\$ 85,007	\$ 18,385	\$ 450,213	\$ 113,420

Great Falls School District 1 & A

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2023

	Building Elementary	Building Reserve Elementary	Building High School	Building Reserve High School	Construction High School	Total
Revenues						
District property taxes	\$ 3,069	\$ 447,662	\$ 18	\$ 174,209	\$ -	\$ 15,518,128
Tuition and fees	-	-	-	-	-	1,124,963
Investment earnings (loss)	(1,548)	3,001	6	855	9	36,649
Other district revenue	86,142	-	1,642	-	-	4,388,739
County sources	-	-	-	-	-	11,461,900
State sources	-	378,018	-	173,721	-	2,130,519
Federal sources	-	-	-	-	-	5,468,724
Total revenues	87,663	828,681	1,666	348,785	9	40,129,622
Expenditures						
Current						
Instruction	-	-	-	-	-	13,593,077
Support services	-	-	9,417	12,560	-	8,993,219
Non-education services	-	-	-	-	-	7,594,819
Non-transfer	-	-	-	-	-	13,901
Fiscal and other fixed cost programs	-	-	-	-	-	1,600
Debt service						
Principal	-	-	-	-	-	3,890,000
Interest	-	-	-	-	-	3,716,676
Capital outlay	739,673	632,639	971,821	434,187	-	2,810,388
Total expenditures	739,673	632,639	981,238	446,747	-	40,613,680
Excess (Deficiency) of Revenues over (under) Expenditures	(652,010)	196,042	(979,572)	(97,962)	9	(484,058)
Other Financing Sources						
Transfer in	-	-	-	-	-	688,500
Sale of property	846,228	-	24,423	-	-	870,651
Total other financing sources	846,228	-	24,423	-	-	1,559,151
Net Change in Fund Balance	194,218	196,042	(955,149)	(97,962)	9	1,075,093
Fund Balance (Deficit), Beginning of Year, as Restated	1,803,114	2,391,352	1,366,781	832,358	6,737	29,818,280
Fund Balance, End of Year	\$ 1,997,332	\$ 2,587,394	\$ 411,632	\$ 734,396	\$ 6,746	\$ 30,893,373

Great Falls School District 1 & A
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2023

	Internal Service Funds		
	Print Center	Self-Insurance High School	Total
Assets			
Cash and investments	\$ 45,078	\$ 3,076,169	\$ 3,121,247
Prepaid items	181	-	181
Capital assets, net of accumulated depreciation	54,734	-	54,734
Total assets	99,993	3,076,169	3,176,162
Liabilities			
Accounts payable	1,914	-	1,914
Accrued salaries and liabilities	2,751	-	2,751
Claims incurred but not reported	-	2,192,300	2,192,300
Total liabilities	4,665	2,192,300	2,196,965
Net Position			
Net investment in capital assets	54,734	-	54,734
Unrestricted	40,594	883,869	924,463
Total net position	\$ 95,328	\$ 883,869	\$ 979,197

Great Falls School District 1 & A
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
Year Ended June 30, 2023

	Internal Service Funds		
	Print Center	Self-Insurance High School	Total
Operating Revenues			
Health insurance premiums	\$ -	\$ 10,992,148	\$ 10,992,148
Charges for services	269,114	-	269,114
Other district revenue	4,588	-	4,588
Interest income (loss)	(35)	3,185	3,150
Total operating revenues	273,667	10,995,333	11,269,000
Operating Expenses			
Health insurance payments	-	10,063,553	10,063,553
Personal services - salaries	87,897	30,000	117,897
Personal services - benefits	18,909	-	18,909
Stop-loss insurance	-	1,406,585	1,406,585
Other purchased services	41,739	-	41,739
Miscellaneous	85,965	4,143	90,108
Depreciation	11,755	-	11,755
Total operating expenses	246,265	11,504,281	11,750,546
Operating Income (Loss)	27,402	(508,948)	(481,546)
Net Position, Beginning of Year, as Restated	67,926	1,392,817	1,460,743
Net Position, End of Year	\$ 95,328	\$ 883,869	\$ 979,197

Great Falls School District 1 & A
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2023

	Internal Service Funds		
	Print Center	Self-Insurance High School	Total
Operating Activities			
Cash received from internal services	\$ 273,702	\$ -	\$ 273,702
Cash received from health insurance	-	10,992,148	10,992,148
Cash paid to employees	(106,526)	(30,000)	(136,526)
Cash paid to suppliers for goods and services	(125,971)	(10,102,981)	(10,228,952)
Net cash from operating activities	41,205	859,167	900,372
Investing Activity			
Interest on investments	(35)	3,185	3,150
Net Change in Cash and Investments	41,170	862,352	903,522
Cash and Cash Equivalents, July 1	3,908	2,213,817	2,217,725
Cash and Cash Equivalents, June 30	\$ 45,078	\$ 3,076,169	\$ 3,121,247
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:			
Operating income (loss)	\$ 27,402	\$ (508,948)	\$ (481,546)
Interest (income) loss	35	(3,185)	(3,150)
Depreciation expense	11,755	-	11,755
(Increase) decrease in prepaid expenses	(181)	-	(181)
(Decrease) increase in accounts payable	1,914	-	1,914
(Decrease) increase in claims incurred but not reported	-	1,371,300	1,371,300
(Decrease) increase in accrued salaries	280	-	280
Net cash provided (used for) operating activities	\$ 41,205	\$ 859,167	\$ 900,372



Other Supplementary Information
June 30, 2023

Great Falls School District 1 & A

Great Falls School District 1 & A
Schedule of Revenues and Expenditures - All Fund Accounts - Extracurricular Fund
Year Ended June 30, 2023

	Beginning Balance	Revenues	Expenditures	Ending Balance
Administration Building				
Unallocated increase in fair value of investments	\$ 24,060	\$ -	\$ 3,626	\$ 20,434
Alternative education	62,424	14,856	19,909	57,371
Indian education	8,025	991	5,573	3,443
Special education	220	1	-	221
	<u>94,729</u>	<u>15,848</u>	<u>29,108</u>	<u>81,469</u>
Elementary Schools				
Giant Springs School	990	2,707	2,307	1,390
Lewis & Clark School	403	2	-	405
Lincoln School	364	2	-	366
Longfellow School	768	6	744	30
Loy School	3,530	1,804	-	5,334
MeadowLark School	4,150	1,667	3,923	1,894
Morningside School	2,798	20	-	2,818
Mountain View School	3,006	21	308	2,719
Riverview School	2,129	567	783	1,913
Roosevelt School	1	-	-	1
Sacajawea School	2,536	3,613	5,243	906
Sunnyside School	485	3	-	488
Valleyview School	2,057	14	173	1,898
Whittier School	391	122	-	513
	<u>23,608</u>	<u>10,548</u>	<u>13,481</u>	<u>20,675</u>
Middle Schools				
East Middle School	67,299	38,986	30,057	76,228
North Middle School	44,367	73,344	75,163	42,548
	<u>111,666</u>	<u>112,330</u>	<u>105,220</u>	<u>118,776</u>
High Schools				
Great Falls High School	684,093	1,182,732	1,212,959	653,866
C.M. Russell High School	766,508	1,303,772	1,262,937	807,343
	<u>1,450,601</u>	<u>2,486,504</u>	<u>2,475,896</u>	<u>1,461,209</u>
Total	<u>\$ 1,680,604</u>	<u>\$ 2,625,230</u>	<u>\$ 2,623,705</u>	<u>\$ 1,682,129</u>

Great Falls School District 1 & A
Schedule of Enrollment
Year Ended June 30, 2023

	<u>Elementary District</u>	<u>High School District</u>
<u>Fall Enrollment 10/3/22</u>		
Reported Enrollment Totals per "2022-23 School Fall Reports"	<u>7,039</u>	<u>3,093</u>
Reported Enrollment Totals per 2022-23 School Attendance Enrollment Counts	<u>7,039</u>	<u>3,093</u>
<u>Spring Enrollment 2/6/23</u>		
Reported Enrollment Totals per "2022-23 School Springs Reports"	<u>7,011</u>	<u>2,962</u>
Reported Enrollment Totals per 2022-23 School Attendance Enrollment Counts	<u>7,011</u>	<u>2,962</u>

Great Falls School District 1 & A
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	
Department of Agriculture <i>Passed through the State of Montana Office of Public Instruction</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	N/A	\$ 388,134	
Cash Assistance				
National School Lunch Program - Supply Chain Assistance Funds	10.555	N/A	3,796,661	
Summer Food Service Program for Children	10.559	N/A	56,516	
Total Child Nutrition Cluster				\$ 4,241,311
Total Department of Agriculture				\$ 4,241,311
Department of Education <i>Passed through the State of Montana Office of Public Instruction</i>				
Adult Education - Basic Grants to States	84.002	N/A	172,233	
EI Civic	84.002	N/A	17,271	
Total 84.002				189,504
Title I - Part A	84.010	07-00-9831-23	408,716	
Title I - Part A	84.010	07-00-9832-23	3,471,620	
Title I - Part A	84.010	07-00-9832-23	771,907	
Title I - Part A	84.010	07-00-9832-23	53,165	
Total Title I - Part A (Note 4)				4,705,408
Pre-Employment Transition Services	84.126A	N/A		244,250
Special Education Cluster				
IDEA B	84.027	07-00-9877-23	2,698,666	
COVID-19 IDEA	84.027X		525,007	
IDEA Preschool	84.173A	07-00-9879-23	85,974	
COVID-19 IDEA Preschool	84.173X		35,349	
Total Special Education Cluster				3,344,996
Title I - Part D	84.013	07-00-9942-23		165,501
Title I - Part E	84.371	07-00-9839-23		600,000
Title IV	84.424	07-00-9852-23		250,562
Vocational Education Carl D Perkins	84.048	07-00-9981-23		271,042
COVID-19 Education Stabilization Fund	84.425D	07-00-9892-21	1,509,947	
COVID-19 Education Stabilization Fund	84.425U	07-00-9893-21	6,590,198	
COVID-19 Education Stabilization Fund	84.425W	07-00-9897-21	154,207	
Total COVID-19 Education Stabilization Fund				8,254,352
Title VII, Part A, Indian Education	84.060	S0600A210490		328,585
Title X - Part C	84.196	07-00-9857-23		47,407
Impact Aid	84.041	N/A	598,305	
Impact Aid	84.041	N/A	90,651	
				688,956
Total Department of Education				19,090,563
Department of Public Health and Human Services <i>Passed through State of Montana Office of Public Instruction</i>				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		26,406
Department of Homeland Security Starbase Grant	97.067	N/A		76,338
Total Federal Financial Assistance				\$ 23,434,618

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position or fund balance of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate. The Montana Office of Public Instruction (OPI) has a process to determine the indirect cost rate for each school district in Montana. In completing the application, the District's indirect cost rate that was approved by OPI was determined to be 4.17% for the year ended June 30, 2023.

Note 4 - Transferability

As allowed by federal regulations, the District elected to transfer program funds. The District expended \$771,907 from its Title II, Part A Grants (84.367) and \$53,165 from its Title II, Part A Grants (84.365) on allowable activities of the Title I, Part A Grants (84.010). These amounts are reflected in the expenditures of Title I, Part A Grants (84.010).



Additional Reports
June 30, 2023

Great Falls School District 1 & A



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*

The School Board of
Great Falls School District 1 & A
Great Falls, Montana

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Great Falls School District 1 & A ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 5, 2024.

Report on Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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*.

Montana Legal Compliance

The *Compliance Supplement for Audits of Montana Local Government Entities* contains nine categories of compliance to be tested. Our audit considered all of the nine categories. In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Compliance Supplement for Audits of Montana Local Government Entities*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Billings, Montana
March 5, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

The School Board of
Great Falls School District 1 & A
Great Falls, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Great Falls School District 1 & A's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

The image shows a handwritten signature in cursive script that reads "Eric Bailly LLP". The signature is written in dark ink and is positioned above the printed name and date.

Billings, Montana
March 5, 2024

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Title I - Part A Cluster	84.010
COVID-19 Education Stabilization Fund	84.425D, 84.425U, 84.425W
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

**2023-001 Internal Control Policy and Segregation of Duties
Material Weakness**

Criteria - Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Adherence to those policies and appropriate segregation of duties are key components of internal control.

Condition - It was noted through testing of journal entries that the payroll technician approved and posted the journal entries into the accounting system. Further, it was noted there was no review and approval over the receipt of state aid payments or District levy cash receipts.

In addition, it was noted that there were no formal reconciliations performed at year-end over key audit areas such as inventory, prepaid items, capital assets, payroll liabilities, accounts payable, and long-term debt.

Cause - System controls in place do not ensure proper segregation of duties for certain personnel when posting journal entries or processing cash receipts. In addition, there are formal reconciliations being performed in key audit areas.

Effect - Material misstatements, whether due to error or fraud, could occur and not be prevented or detected.

Recommendation - We recommend the District enhance their system of controls to require an individual with the appropriate skills, knowledge, and education review and approve transactions to the general ledger so that any errors could be caught timely.

Further, we recommend the District perform reconciliations over all their balance sheet accounts, at least annually at year-end, as best practice to ensure proper balances are being reported. This reconciliation process should require a separate preparer of the reconciliations and individual with the appropriate skills, knowledge, and education review and approve the reconciliations. Reconciling items should be investigated and treated appropriately on a timely basis.

Views of Responsible Officials - There is no disagreement with the audit finding.

**2023-002 Recording Transactions in the Correct Reporting Period
Material Weakness**

Criteria - Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. As the auditors we identified many instances where journal entries were proposed by us to ensure financial statements were not materially misstated and in accordance with established policies and generally accepted accounting principles in the United States of America (U.S. GAAP). This included an impact on both beginning of year fund balances/net position and current year transactions.

Condition - Through our audit procedures we noted the following:

- There were old outstanding checks over a year old that were not voided.
- Two insurance liability accounts had incorrect balances as they were no longer liabilities to the District. One of them required a beginning balance adjustment.
- Capital assets required a beginning balance adjustment as the prior-period financial statements did not match the underlying capital asset detail from the District's internal tracking system.
- Prepaid expenditures for prior year and current year were not appropriately recorded as prepaid and instead expended in full the year they were paid.
- Payroll accrual was not recorded in the prior year for expenditures related to that period or current year. This required a beginning balance adjustment.
- Accounts payable invoices were not recorded in the proper period the District was liable.
- On-behalf payments made to the District's pension plan by the State of Montana were not recorded.
- The estimate of incurred but not reported (IBNR) claims was significantly understated.

Cause - The District prepares year-end financial statements to be used to complete the Trustee Financial Summary (TFS). The TFS is due to the county superintendent by August 15 each year, and the county superintendent must send the completed TFS to the Montana Office of Public Instruction (OPI) no later than September 15. Subsequent to the completion of the TFS the District works with the auditor to convert the financial statements used to complete the TFS to a format that follows U.S. GAAP.

Effect - Beginning balances were restated and current year general ledger accounts required audit adjustments.

Recommendation - We recommend the District enhance internal controls to ensure appropriate revenue recognition in accordance with established policies and U.S. GAAP.

Views of Responsible Officials - There is no disagreement with the audit finding.

**2023-003 Financial Reporting and SEFA Preparation
Material Weakness**

Criteria - Management is responsible for establishing and maintaining an effective system of internal control over financial statement reporting. One of the components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process and are prepared in accordance with U.S. GAAP.

Condition - Management historically relies on the auditors to prepare the financial statements and the schedule of expenditures of federal awards (SEFA) and implement new Governmental Accounting Standards Board (GASB) Statements. Further, it was noted throughout fieldwork and with confirmation from the Finance Department, proposed audit adjustments are not recorded in the District's general ledger system at year-end requiring additional audit adjustments be made in subsequent years.

Cause - Government financial statements and standards require unique training and processes. Accounting personnel did not have the training necessary to prepare the financial statements in accordance with generally accepted accounting principles, with respect to government financial statements without significant assistance.

Effect - As auditors, we assisted in the preparation of the full disclosure financial statements and SEFA. This was necessary to ensure the financial statements were prepared in accordance with U.S. GAAP.

Recommendation - We recommend the District allocate the resources necessary to provide sufficient training in the preparation of governmental financial statements in accordance with U.S. GAAP.

Views of Responsible Officials - There is no disagreement with the audit finding.

Section III - Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a.)

Section IV - State of Montana Compliance Findings

Our audit did not disclose any matters required to be reported.



Great Falls Public Schools

Director of Business Operations • 1100 4th Street South • P.O. Box 2429, Great Falls,
MT 59403 • 406.268.6051 • Fax 406.268.6022 • www.gfps.k12.mt.us

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2023

Prepared by Management of
Great Falls Public Schools

Contact: Brian Patrick, Director of Business Operations

Finding #2022-001

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: In observing and test counting the warehouse and technology inventories on July 15, 2022, numerous discrepancies were noted between the inventory listings as of June 30, 2022, and the actual inventory on hand.

Status: Corrective action was taken.

Finding #2022-002

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: In reviewing the District's Purchasing Policy manual it was noted references to the "auditors." It was also noted the District has wording included in the employee reimbursement letters stating, "the auditors review all reimbursements in which the total exceeds \$150" and "Since this is the threshold for the auditors..."

Status: Corrective action was taken.

Finding 2023-001 Internal Control Policy and Segregation of Duties

Finding Summary: It was noted through testing of journal entries that the payroll technician approved and posted the journal entries into the accounting system. Further, it was noted there was no review and approval over the receipt of state aid payments or District levy cash receipts. In addition, it was noted that there were no formal reconciliations performed at year-end over key audit areas such as inventory, prepaid items, capital assets, payroll liabilities, accounts payable, and long-term debt.

Corrective Action Plan: The District will enhance our system of controls. Transactions to the general ledger will be reviewed by an individual with appropriate skills, knowledge, and education. At year end, a reconciliation process by a separate individual will review and approve the reconciliation. Formal reconciliations will be performed at year-end over inventory, prepaid items, capital assets, payroll liabilities, accounts payable and long-term debt. These items will be completed by Pamela Ramsted, Lead Business Technician, as a part of the end of year closing.

Responsible Individual: Brian Patrick, Director of Business Operations

Anticipated Completion Date: June 30, 2024

Finding 2023-002 Recording Transactions in the Correct Reporting Period

Finding Summary: Through the audit procedures the following were noted:

- There were old outstanding checks over a year old that were not voided.
- Two insurance liability accounts had incorrect balances as they were no longer liabilities to the District. One of them required a beginning balance adjustment.
- Capital assets required a beginning balance adjustment as the prior-period financial statements did not match the underlying capital asset detail from the District's internal tracking system.
- Prepaid expenditures for prior year and current year were not appropriately recorded as prepaid and instead expended in full the year they were paid.
- Payroll accrual was not recorded in the prior year for expenditures related to that period or current year. This required a beginning balance adjustment.
- Accounts payable invoices were not recorded in the proper period the District was liable.
- On-behalf payments made to the District's pension plan by the State of Montana were not recorded.
- The estimate of incurred but not reported (IBNR) claims was significantly understated.

Corrective Action Plan: The District will enhance our system of controls to ensure appropriate revenue recognition in accordance with established policies and U.S. GAAP. The District will process and void outstanding checks, clean up liability accounts, and balance capital asset accounts prior to year-end. The District also acknowledges that entries such as payroll accrual, proper period invoice processing and prepaid expenses will be communicated to the auditor for inclusion into the audited financial statements, but will not be posted to the District's general ledger system.

Responsible Individual: Brian Patrick, Director of Business Operations

Anticipated Completion Date: June 30, 2024

Finding 2023-003 Financial Reporting and SEFA Preparation

Finding Summary: Management historically relies on the auditors to prepare the financial statements and the schedule of expenditures of federal awards (SEFA) and implement new Governmental Accounting Standards Board (GASB) Statements. Further, it was noted throughout fieldwork and with confirmation from the Finance Department, proposed audit adjustments are not recorded in the District's general ledger system at year-end requiring additional audit adjustments be made in subsequent years.

Corrective Action Plan: Due to cost considerations, we will continue to have Eide Bailly LLP prepare our draft financial statements and accompanying notes to the financial statements, and SEFA. The District does mitigate this situation through our review of the draft financial statements and accompanying notes to the financial statements, and SEFA.

Responsible Individual: Brian Patrick, Director of Business Operations

Anticipated Completion Date: Ongoing