School District Nos. 17 J/R & 17 C/R
Roosevelt County
Culbertson, Montana

AUDITED FINANCIAL STATEMENTS

Year ended June 30, 2021

ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, PC

School District Nos. 17 J/R & 17 C/R
Roosevelt County
Culbertson, Montana

AUDITED FINANCIAL STATEMENTS

Year ended June 30, 2021

School District Nos. 17 J/R & 17 C/R
Roosevelt County
Culbertson, Montana

AUDITED FINANCIAL STATEMENTS
Year ended June 30, 2021

TABLE OF CONTENTS

School District Nos. 17 J/R & 17 C/R
Roosevelt County
Culbertson, Montana

ORGANIZATION
June 30, 2021

BOARD OF TRUSTEES

Paul Finnicum	Chairman
Mark Colvin	Vice-Chairman
Luke Anderson	Trustee
Eric Bergum	Trustee
Ian Walker	Trustee

OFFICIALS

Larry Crowder	Superintendent
Lora Finnicum	District Clerk

ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

INDEPENDENT AUDITORS REPORT

Board of Trustees
School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District Nos. 17 J/R & 17 C/R, Culbertson, Montana, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise School District Nos. 17 J/R & 17 C/R's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District Nos. 17 J/R & 17 C/R, Culbertson, Montana, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

3901 W U.S. Highway 212 Ashland, Montana 59003
Tel 406/784-2090 Cell 406/660-1226 Email mcdeed@rangeweb.net

Other Matters

Required Supplementary Information

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary comparison information, and Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District Nos. 17 J/R & 17 C/R's basic financial statements. The accompanying supplementary information the Combining Balance Sheet - General Fund, Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund (pages 54-55), the Supplemental Schedule of School District Enrollment (page 56) and the Extracurricular Fund Revenues, Expenditures and Changes in Net Position (page 57) are presented by the District for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedule of School District Enrollment and the Supplementary Extracurricular Fund Revenues, Expenditures and Changes in Net Position are required by the State of Montana and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Combining Balance Sheet - General Fund, Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund, the Supplementary Schedule of School District Enrollment, and the Supplementary Extracurricular Fund Revenues, Expenditures and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2021 on our consideration of School District Nos. 17 J/R & 17 C/R's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School District Nos. 17 J/R & 17 C/R's internal control over financial reporting and compliance.

May 6, 2021

Ross R. Stalcup
Certified Public Accountant

CULBERTSON SCHOOL DISTRICT NO. 17 C/R/J
ROOSEVELT COUNTY
CULBERTSON, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

~ Unaudited ~

June 30, 2021

This Management's Discussion and Analysis provides an overview of the District's financial position and activities for the fiscal year ended June 30, 2021 as required under the U.S. Generally Accepted Accounting Principles.

FINANCIAL HIGHLIGHTS

Culbertson School is progressively making strides toward financial stability, despite having had revenue deficiencies over the past several years, particularly in oil and gas revenues. Overall revenues have decreased slightly by 0.9 percent from $4,708,325 to $4,665,554. Overall net expenditures (less program revenues) have increased by 4.8 percent from $4,441,612 to $4,656,816, due mainly to increased pension expenses.

The taxable value of the District increased 3.7 percent from $9,911,841 to $10,283,236 in the elementary and increased 4.0 percent from $8,201,596 to $8,530,605 in the high school, due to changes in property valuations in the county. The total district mill levies for 2020-21 decreased from 151.76 to 141.41, a 6.8 percent decline, due to increased fund balances and reserves.

Net positions previously known as net assets have experienced a 6.3 percent drop due mainly to increased net pension liabilities. These liabilities are for auditing purposes only to account for unfunded obligations to employee retirement for future benefits. Overall fund balances have moderately grown due to increased efforts in targeted spending. Amid the nation-wide coronavirus pandemic, assistance from federal and state sources have provided financial opportunities for success.

USING THIS FINANCIAL REPORT

This financial report consists of financial statements for the District with more detailed information for the District's major funds. Fund financial statements present a short-term view of the District's activities (including only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

THE DISTRICT AS A WHOLE

An important question to be asked is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net positions (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, other non-financial factors should be considered in assessing the District's overall health, such as changes in legislative mandates, changes in enrollment, changes in the State's funding of educational costs, changes in the economy, changes in the District's tax base, etc. Changes in the District's net positions were as follows:

	2021	2020	Change	%
Current Assets	$ 690,899	$ 767,423	$ (76,524)	-10.0%
Capital Assets-net	$ 11,520,532	$ 11,390,294	$ 130,238	1.1%
Total Liabilities	$ (6,261,388)	$ (5,146,082)	$ (1,115,306)	21.7%
Pension Resources-net	$ 923,391	$ 322,963	$ 600,428	185.9%
Net Positions	$ 6,873,434	$ 7,334,598	$ (461,164)	-6.3%
Net Positions Include:				
Invested Capital	$ 9,841,102	$ 10,055,922	$ (214,820)	-2.1%
Unrestricted and Restricted Assets	$ (2,967,668)	$ (2,721,324)	$ (246,344)	9.1%
Total Net Positions	$ 6,873,434	$ 7,334,598	$ (461,164)	-6.3%

Current assets, i.e., cash and investments, decreased by 10.0 percent due to capital project expenditures. Net capital assets experienced a 1.1 percent growth due to capital projects and asset depreciation.

No land was purchased, or land improvements were made during the fiscal year. The only building improvement for the year was the on-going boiler replacement project ($380,766). Equipment added to the fixed asset schedule was a new John Deere 3046R Utility Tractor ($52,750) and security camera server upgrades ($64,730). The John Deere 3520 Utility Tractor ($29,245) was sold and applied toward trade-in towards the new replacement. Accumulated depreciation increased from $4,384,490 to $4,716,707, a 7.6 percent growth, due to the addition of building projects over the last few years.

Total liabilities increased by 21.7 percent from $5,146,082 to $6,261,388, due to large increases in net pension liabilities. Net pension liabilities are listed in audits to account for unfunded obligations to TRS and PERS for future benefits. Pension expenses are not recorded in current obligations but are accounted for in audit reports. Final payments were made on the 2011 Board of Investment loan for the roofing project; however, a new Board of Investment loan for $640,000 was borrowed to complete the boiler replacement project. To date, only $412,105 has been requested. A decline in current assets and increased liabilities were factors in the 6.3 percent decrease to net positions, i.e., cash, land, buildings, equipment, minus accumulated depreciation.

District revenues are divided into two categories: program revenues and general revenues. Program revenues include fees for services and monies that are restricted to a particular program. Revenues that are not classified to a particular program are considered general revenues. Changes in the District's actual revenues are noted on the following page.

Overall program revenues increased considerably by 32.0 percent, from $554,475 to $731,880, mainly due to Coronavirus Relief Funds (CRF), Elementary and Secondary School Emergency Relief Funds (ESSER Funds), and USDA school meals fully funded, in response to the coronavirus pandemic. Carl Perkins experienced an increase of $1,728, from $4,006 to $5,734 due to an additional rural reserve grant allocation. The Title VII Indian Education grant decreased from $20,901 to $20,205 due to the count of the federally identified students. The Parent Advisory Committee was given autonomy over the JOM funding, which applied for and received JOM grant monies in the amount of $4,620.

Federal food revenues increased dramatically from $74,532 to $167,907 due to the USDA providing free meals as well as at a higher reimbursement rate per

MANAGEMENT'S DISCUSSION AND ANALYSIS (CON'T)

meal. Daily food sales experienced a significant decline from $31,252 to $5,277 by only representing paid, adult meal costs.

The Rural Education Initiative from the U.S. Department of Education provided Culbertson Schools with a Small Rural Schools grant. Due to federal government appropriations, grant funding decreased by 20.1 percent, from $33,472 to $26,759.

	2021	2020	Change	%
PROGRAM Revenues:				
Federal:				
Carl Perkins	$ 5,734	$ 4,006	$ 1,728	43.1%
Vocational	$ 19,484	$ 12,423	$ 7,061	56.8%
Indian Education	$ 20,205	$ 20,901	$ (696)	-3.3%
JOM	$ 4,620	$ 2,964	$ 1,656	55.9%
School Food	$ 167,907	$ 74,532	$ 93,375	125.3%
Small Rural Schools	$ 26,759	$ 33,472	$ (6,713)	-20.1%
Title Programs	$ 119,162	$ 121,922	$ (2,760)	-2.3%
CARES Relief Fund	$ 192,958	$ 75,275	$ 117,683	N/A
State Revenues	$ 73,878	$ 70,797	$ 3,081	4.4%
County Transportation	$ 85,162	$ 77,966	$ 7,196	9.2%
Sale of Meals	$ 5,277	$ 31,252	$ (25,975)	-83.1%
Drivers Education Reimb/Fees	$ 3,974	$ 2,780	$ 1,194	42.9%
Other Program	$ 6,760	$ 26,185	$ (19,425)	-74.2%
TOTAL PROGRAM:	$ 731,880	$ 554,475	$ 177,405	32.0%
GENERAL Revenues:				
District Property Taxes	$ 1,375,306	$ 1,401,251	$ (25,945)	-1.9%
County Equalization	$ 423,341	$ 356,044	$ 67,297	18.9%
StateEqualization	$ 1,063,836	$ 1,042,200	$ 21,636	2.1%
State Oil & Gas	$ 347,349	$ 662,472	$ (315,123)	-47.6%
Other State	$ 496,106	$ 431,964	$ 64,142	14.8%
Federal Impact Aid	$ 225,832	$ 254,231	$ (28,399)	-11.2%
Gain on Assets	$ 1,645	$ 4,961	$ (3,316)	N/A
Interest	$ 259	$ 727	$ (468)	-64.4%
TOTAL GENERAL	$ 3,933,674	$ 4,153,850	$ (220,176)	-5.3%
TOTAL REVENUE	$ 4,665,554	$ 4,708,325	$ (42,771)	-0.9%

The District received funding in programs Title I, II-A, II-D, and IV. The District has opted to re-direct all title monies to the Title I program area, for salaries to provide additional assistance in math and language. Title funds decreased from $121,922 to $119,162, a decline of 2.3 percent, due to state appropriations.

Culbertson experienced an increase in county transportation monies from $77,966 to $85,162, due to increased transportation budgets. Route miles decreased overall by 20 miles per day for the fiscal year. The district has a total of six bus routes; however, Bus Route #6 at 56.6 miles per day is paid by a daily rate due to ineligible riders and the proximity to the school. Since the route was commissioned to transport ineligible students, the route is not included in the on-schedule budgets and funded solely by local revenues. State transportation monies increased from $68,362 to $71,721, due to the increased budgets.

The remaining state program revenues are Jobs for Montana Graduates ($10,000), excess timber proceeds ($2,158) and vocational education programs ($5,484). The District held a summer driver's education program with driver's education fees of $300 and state reimbursement of $3,674.

General revenues declined by 5.3 percent. District property taxes experienced a 1.9 percent decrease due to the increase of reserves to fund the budgets. Taxes receivables dropped by 60.0 percent, from $51,835 to $20,706 due to payment of tax bills and no protested taxes on record at year-end. County retirement equalization increased from $356,044 to $423,341 due to increased budgets and less fund balance reappropriations. State equalization grew slightly from $1,042,200 to $1,063,836 due primarily to additional state funding allocations and an increase in ANB.

Multiple components make up the state funding formulas in addition to direct state aid. The components are the Quality Educator payment ($98,846), the At-Risk Student payment ($11,432), the Indian Education for All payment ($6,596), the American Indian Achievement Gap payment ($19,580), and the Data for Achievement payment ($6,316). Guaranteed Tax Base (GTB) monies increased by 20 percent from $248,610 to $309,612, due to the increased state subsidy per mill. The special education allowable cost payments dropped by $68 rounding out the general state funding increases of 14.8 percent, from $431,964 to $496,106. Impact Aid revenues decreased from $254,231 to $225,832 due to final appropriation payments from previous years and the federally connected students.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CON'T)

Oil and gas production has declined from past quarters. Oil revenues decreased significantly by 47.6 percent from $662,472 to $347,349 and are only received in the general funds and the flex funds.

Nationally, interest rates are trending low, and the District has chosen to invest at the local bank in a money market, at a rate of .2-.25 percent. With slightly decreased fund balances and interest rates, interest earnings decreased from $727 to $259.

The changes in the District's expenses and net expenses as reported in the Statement of Activities are as follows:

	2021	2020	Change	%
Regular Programs	2,057,979	2,159,769	(101,790)	-4.7%
Special Programs	171,202	159,402	11,800	7.4%
Vocational Programs	165,874	129,384	36,490	28.2%
Adult Education Programs	1,015	1,095	(80)	-7.3%
Student/Staff Support	2,539	1,871	668	35.7%
Operations & Maintenance	520,572	601,930	(81,358)	-13.5%
School Food	187,852	160,380	27,472	17.1%
Extracurricular	229,118	238,051	(8,933)	-3.8%
Student Transportation	341,556	366,018	(24,462)	-6.7%
Administration	760,277	569,163	191,114	33.6%
Interest	22,666	51,069	(28,403)	-55.6%
Pension Expense	720,838	350,960	369,878	105.4%
Unallocated Depreciation	354,009	347,513	6,496	1.9%
Total Expenses	5,535,497	5,136,605	398,892	7.8%
Less Program Revenue	(878,681)	(694,993)	(183,688)	26.4%
TOTAL NET EXPENSES	4,656,816	4,441,612	215,204	4.8%

Overall net expenditures have increased by 4.8 percent, from $4,441,612 to $4,656,816. The Culbertson full-time staff remained steady at 56 employees (with one more office position and one less janitorial position). Substitute teacher costs increased substantially from $16,350 to $25,484 due to the covid-related school closure in 2020. Overall, total regular salaries grew by 3.8 percent due to wage increases. Regular education program expenses have increased by 1.6 percent, due to increased educational supplies and increased utility costs. Expenditures in adult education decreased from $1,095 to $1,015 due to lack of class offerings.

Operation and maintenance expenditures decreased by 13.5 percent, from $601,930 to $520,572 due to a retirement and termination pay from the previous year. School food expenditures increased by 17.1 percent due to the increases in food costs due to the covid pandemic. Student transportation costs declined by 6.7 percent due to the decline in bus miles traveled. Extracurricular expenses decreased from $238,051 to $229,118 due to covid-related, lack of fundraising activities.

Administration and support staff expenditures grew by 33.6 percent due to increased utility costs, salary increases, and costs associated in dealing with the covid pandemic. Unallocated depreciation increased by 1.9 percent due to aging fixed assets.

Student enrollment counts, conducted two times per year on February 1st and October 1st give an accounting of the number of students currently enrolled. February 2020 counts showed 194 elementary and 82 high school students, while February 2021 counts showed 193 elementary and 81 high school students, an overall loss of 2 students.

ANB, Average Number Belonging, is calculated using both counts which drive the ANB figure, which, in turn, drives the general fund budgets. Districts can either use the actual ANB counts or use a 3-Year Average ANB count to determine budget limitations, whichever is greater. Elementary ANB decreased from 212 to 208, a 1.9 percent decline; and High School ANB increased from 82 to 87, a 6.1 percent growth. Due to inflationary growth and net 1 additional ANB, the General Fund Budgets have increased by 1.19 percent.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the District's funds. Under this new reporting model, the District is required to provide detailed information on its "major" funds.

Major funds are defined as the general fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of total governmental fund assets. In the 2021 fiscal year, the amounts for the Elementary and High School General, the High School Retirement, and the Elementary Miscellaneous Funds exceeded the 10% threshold. All other funds for the District have been grouped into the Other Governmental Funds category on the financial statements.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Net capital assets experienced a 1.1 percent growth due to capital projects and asset depreciation.

Culbertson School utilized the Board of Investments, Intercap Loan Program, for a new $640,000 finance bond with a maturity date of 8/15/2028 for the boiler replacement and security camera server upgrades. Final payments were made on 6/15/2021 on the reroofing bonds satisfying those liabilities. The only remaining finance bond is the $1.6 million construction loan for 4 elementary classrooms and an alternate gymnasium with a maturity date of 6/15/2031. Semi-annual payments are made in August and February. The interest rate for the 2020-21 fiscal year was 1.0 percent in the 1st six months (reduced rate due to the covid pandemic) and 2.5 percent in the last six months, a significant savings from 3.37 percent interest from the previous fiscal year. As a result of the reduced interest rate and note payoff, the District debt service interest dropped from $51,069 to $22,666. The District also has a capital lease with an outstanding balance of $37,810 and an annual compensated absence liability of $158,835 (to fund the staff outstanding sick leave and vacation leave benefits).

THE FUTURE OF THE DISTRICT

As with any rurally based community, enrollment fluctuations greatly impact the financial well-being of the school. Moreover, with Culbertson being on the edge of the Bakken oil basin, student mobility has become an important issue in the past several years. Enrollments have fluctuated, but the District's enrollment populations and budgets have remained moderately stable. The District has been fortunate to be able to make some renovations to accommodate the enrollment fluctuations and growth by self-funding building projects over the last decade totaling more than $11 million. Despite combatting fluctuations in oil revenues and the loss of concentric circle oil monies, the District has healed from cash deficits over previous years. Combined fund balances totals are the highest they have been since the 2014-2015 fiscal year.

The District was fortunately able to take advantage of cost savings created by the coronavirus pandemic and absorb additional expenses in other areas. In the upcoming year, additional coronavirus relief grants will be made available to further assist in building fund balances and reserves.

The School Board continues to provide resources to guarantee student successes. Stable enrollments and growing assets are definitely securing our future. Culbertson continues to emphasize exceptional services to all students through numerous avenues. Our children greatly benefit from the high level of instruction and up-to-date technology. The District prides itself on maintaining a safe, high level of standards for both staff and students and will continue to be innovative in all future endeavors.

CONTACTING THE DISTRICT

This financial report is designed to provide the citizens, parents, and taxpayers of the Culbertson School District with the general overview of the District's finances and to show the District's accountability for the money it secures. If you have any questions about this report or need additional financial information, contact Larry Crowder, Superintendent, or Lora Finnicum, District Clerk, at Culbertson Schools, 423 1st Avenue West, P.O. Box 459, Culbertson, Montana 59218, (406) 787-6241.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

STATEMENT OF NET POSITION
June 30, 2021

	2019
ASSETS	
Current Assets:	
Cash	$215,591
Property Taxes Receivable	20,705
Due from Other Entities	454,603
Total Current Assets	690,899
Capital Assets Net of Accumulated Depreciation	11,520,532
Total Assets	12,211,431
Deferred Outflow of Resources	1,041,504
Total Assets and Deferred Outflow of Resources	13,252,935
LIABILITIES:	
Current Liabilities	
Warrants Payable	52,554
Compensated Absences	52,945
Notes Payable	103,645
Leases	26,935
Total Current Liabilities	236,079
Non Current Liabilities	
Compensated Absences	105,890
Notes Payable	1,499,225
Leases	49,625
Net Pension Liability	4,370,569
Total Non Current Liabilities	6,025,309
Total Liabilities	6,261,388
Deferred Inflow of Resources	118,113
Total Liabilities and Deferred Inflow of Resources	6,379,501
Total Net Position	6,873,434
NET POSITION	
Net Investment in Capital Assets	9,841,102
Restricted- Expendable	
Retirement	211,767
Transportation	132,208
Instruction	5,957
Adult Education	14,822
Extracurricular	74,618
Other	20,321
Total Restricted- Expendable	459,693
Unrestricted	(3,427,361)
Total Net Position	$6,873,434

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

STATEMENT OF ACTIVITIES
June 30, 2021

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue 2021
GOVERNMENT OPERATIONS				
Instruction:				
Regular Instruction	$2,057,979	$1,140	$315,117	($1,741,722)
Special Education	171,202		43,723	(127,479)
Vocational Education	165,874		13,218	(152,656)
Adult Education	1,015			(1,015)
Instructional Support	802			(802)
Support Services - Students	1,737			(1,737)
Administration:				
General	296,908			(296,908)
Building	340,130		33,160	(306,970)
Business	123,239		1,539	(121,700)
Operation and Maintenance	520,572		10,327	(510,245)
Transportation	341,556		176,277	(165,279)
Food Services	187,852	5,277	167,907	(14,668)
Student Extracurricular	229,118		110,996	(118,122)
Interest	22,666			(22,666)
Pension Expense	720,838			(720,838)
Unallocated Depreciation	354,009			(354,009)
Totals	$5,535,497	$6,417	$872,264	($4,656,816)
GENERAL REVENUES				
District Property Taxes				$1,344,178
Direct State Aid				1,063,835
Guaranteed Tax Base				309,612
Oil & Gas				347,349
Other State Revenue				473,577
County Sources				423,342
Federal Sources				225,832
Interest				3,795
Other				2,347
Loss/Gain on Disposal of Assets				1,785
Total General Revenues				4,195,652
CHANGE IN NET POSITION				(461,164)
NET POSITION				
Beginning of Year				7,334,598
End of the Year				$6,873,434

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	MAJOR FUNDS			NON MAJOR FUNDS	
	General Fund	HS Retirement Fund	ES Miscellaneous Programs Fund	Other Governmental Funds	Total
ASSETS:					
Cash	$97,028			$118,563	$215,591
Property Taxes Receivable	15,794			4,911	20,705
Protested Taxes					0
Due from Other Funds	74,027	116,694		213,284	404,005
Due from Other Entities	23,716		412,105	18,782	454,603
Total Assets	210,565	116,694	412,105	355,540	1,094,904
Deferred Outflow of Resources	0	0	0	0	0
Total Assets and Deferred Outflow of Resources	210,565	116,694	412,105	355,540	1,094,904
LIABILITIES:					
Due to Other Funds			404,005		404,005
Warrants Payable	52,554				52,554
Total Liabilities	52,554	0	404,005	0	456,559
Deferred Inflow of Resources- Taxes	15,794			4,911	20,705
Total Liabilities and Deferred Inflow of Resources	68,348	0	404,005	4,911	477,264
FUND BALANCE:					
Non Spendable					0
Restricted		116,694		338,088	454,782
Assigned	4,748		8,100	12,541	25,389
Unassigned	137,469				137,469
Total Fund Balance	142,217	116,694	8,100	350,629	617,640
Total Liabilities and Fund Balance	$210,565	$116,694	$412,105	$355,540	$1,094,904

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance from above	$617,640
Net capital assets	11,520,532
Deferred inflow of resources	20,705
Less liabilities not reported above:	
Compensated absences	(158,835)
Notes Payable	(1,602,870)
Leases	(76,560)
Pension:	
Deferred inflow of resources related to pension obligations	(118,113)
Deferred outflow of resources related to pension obligations	1,041,504
Net pension liability	(4,370,569)
Net Position	$6,873,434

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
June 30, 2021

	MAJOR FUNDS		NON MAJOR FUNDS		
	General Fund	HS Retirement Fund	ES Miscellaneous Fund	Other Governmental Funds	Total
REVENUES:					
District Levy	$1,039,714			$335,594	$1,375,308
Direct State Aid	1,417,170			359,229	1,776,399
State Oil and Gas	347,349				347,349
Other State Sources	471,577		2,000	95,037	568,614
County Sources		149,275			149,275
Federal Sources	225,832		287,658	249,688	763,178
User Fees	840			5,577	6,417
Interest	8		3,539	248	3,795
Other	144	99		2,104	2,347
Student Extracurricular				110,996	110,996
Total Revenues	3,502,634	149,374	293,197	1,158,473	5,103,678
EXPENDITURES:					
Current Operations:					
Instruction:					
Regular Programs	1,935,452	63,640	177,607	223,758	2,400,457
Special Programs	150,432	4,880		15,890	171,202
Vocational Education	124,851	15,305		25,718	165,874
Adult Education		255		760	1,015
Instructional Support	802				802
Support Services Students	1,737				1,737
Administration					
General	204,957	12,701	63	79,187	296,908
Building	189,825	11,497	106,579	32,229	340,130
Business	71,705	7,597	1,560	42,377	123,239
Operation and Maintenance	451,119	16,443	11,454	41,556	520,572
Transportation	7,608	410		333,538	341,556
Food Services		12,392		175,460	187,852
Student Extracurricular	115,210	8,285		105,623	229,118
Capital Outlay			407,687		407,687
Debt Service					
Principal	143,607				143,607
Interest	22,666				22,666
Total Expenditures	3,419,971	153,405	704,950	1,076,096	5,354,422
Excess (Deficiency) of Revenues Over Expenditures	82,663	(4,031)	(411,753)	82,377	(250,744)
OTHER FINANCING SOURCES & USES					
Proceeds Long term Debt			412,105		412,105
Transfers in (out)	(19,274)			19,274	0
Sale of Assets	1,785				1,785
Total Other Financing Sources & Uses	(17,489)	0	412,105	19,274	413,890
Change in Fund Balance	65,174	(4,031)	352	101,651	163,146
FUND BALANCE					
Beginning of Year	77,043	120,725	7,748	248,978	454,494
End of Year	$142,217	$116,694	$8,100	$350,629	$617,640

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2021

Change in Fund Balances	$163,146
Change in Property Taxes Receivable not included in the Governmental Fund Statements	(31,130)
Amounts Reported as Expenditures in the Governmental Fund Statements	
Capital Outlay	484,247
Change in Compensated Absences	13,671
Expenses on the Statement of Activities not included in the Governmental Fund Statements	
Depreciation	(354,009)
Principal	143,607
Issuance of Debt	(488,665)
Pension Expense	(720,838)
On Behalf Pension Contributions not included in Governmental Fund Statements	328,807
Change in Net Position	($461,164)

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

STATEMENT OF FIDUCIARY NET POSITION
AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30, 2021

FIDUCIARY NET POSITION

	Custodial Fund
	Scholarships
ASSETS	
Cash	$199,758
NET POSITION	
Held in Trust	$199,758
CHANGES IN FIDUCIARY NET POSITION	
Revenues	
Contributions	43,472
Interest	172
	43,644
Expenditures	
Scholarships	30,000
	30,000
Change in Net Position	13,644
NET POSITION	
BEGINNING	186,114
ENDING	$199,758

See Notes to Financial Statements

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

TABLE OF CONTENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In determining the financial reporting District, the District complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting District: Omnibus,* and includes all component units of which the District appointed a voting majority of the component units' board; the District is either able to impose its' will on the unit or a financial benefit or burden relationship exists. In addition, the District complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the District and with GASB Cod. Sec. 2100.

Primary Government

The District was established under Montana law to provide elementary and secondary educational services to residents of the District. Based on the criteria for determining the reporting District (separate legal District and financial or fiscal dependency on other governments) the District is a primary government as defined in preceding paragraph and has no component units.

The District is managed by a board of trustees, elected in district-wide elections, and by an administration appointed by and responsible to the Board. These financial statements present all activities over which the Board of Trustees exercises responsibility.

B. Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Fund Financial Statements:

Basis of Presentation
Fund financial statements of the reporting District are organized into funds, using the modified accrual basis of accounting, each of which is considered to be separate accounting entities. Revenue is recognized as earned or received. Each fund is accounted for by providing a separate set of self-balancing accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into two categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental category. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

Measurement Focus and Basis of Accounting
Governmental Funds

Modified Accrual
All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Funds:
The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund authorized by Section 20-9-301, MCA, for the purpose of financing general maintenance and operational costs of the District not financed by other funds.
The General Fund, Impact Aid Fund, Flexibility Fund, and On behalf payments have been combined into the General Fund pursuant to GASB Statement No. 54 and GASB Statement No. 85.

High School Retirement Fund - Authorized by Section 20-9-501, MCA, for the purpose of financing the employer's contribution to the Teachers' Retirement System (TRS), the Public Employees' Retirement System (PERS), Unemployment Compensation, Social Security and Medicare. Funded by a countywide levy for retirement.

ES Miscellaneous Programs Fund - Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of district programs are deposited in this fund.

Fiduciary Funds
Fiduciary funds, as defined by GASB 84, are presented using the economic resources measurement focus and the accrual basis of accounting. The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

Custodial Funds – To report all other trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

Endowment Fund - The District has a custodial fund for student scholarships or endowment.

When both restricted and unrestricted resources are available for use it is the District's general policy is to spend resources in the following order: Restricted, Committed, Assigned, Unassigned assuming that there are different classifications within a particular fund.

C. Inventories

Inventories, if considered significant, are recorded using the purchases method. Inventories are recorded as expenses when purchased rather than when consumed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes

Property taxes receivable at June 30 consist primarily of delinquent and protested property taxes from the current and prior year levies. Property taxes receivable are offset by deferred inflow of resources in the fund financial statements. The District does not record an allowance for uncollectible taxes because it is not considered to be significant.

Property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are usually billed in October and are payable 50% on November 30 and 50% on May 31. Property taxes are maintained and collected by the County Treasurer.

E. Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Major additions and betterments with a cost in excess of $5,000 are recorded as additions to capital assets. Gifts or contributions are recorded at fair market value when received. The costs of normal repair and maintenance are charged to operations as incurred. Improvements are capitalized and depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of assets.

F. Compensated Absences

Liabilities associated with accumulated vacation and discretionary leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example- as a result of employee resignations or retirements.

Vacation leave, within certain limitations, may be payable to administrative and classified (non-teaching) employees on termination.

Certified employees accrue 12 days discretionary leave each year to a maximum of 90 days and may elect to receive 1/4 of the discretionary leave accumulated since July 1, 1971 in cash.

Non-certified employees accrue 15 to 24 days of vacation leave each year, up to two times the maximum number of days earned annually. Employees are allowed to receive pay in lieu of vacation days not used upon termination.

Teachers do not receive paid vacations, but are paid only for the number of days they are required to work each year. The Superintendent does receive 24 days paid vacation each year, accrued up to a limit of 48 days, as well as, 15 additional personal leave days for summer break only.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Compensated Absences -(continued)

Administrative personnel receive 12 discretionary leave days each year.

The District allows all staff to have a discretionary leave bank, as described in Board Policy 1-04-112. Unused discretionary leave may accumulate up to 90 days. Staff may apply to the Board to use up to ½ of the accumulated days.

Non-certified Employees
Classified employees earn leave and are paid for it according to Board Policy No. 2-04-110. Employees may request a lump sum pay-out each year.

The Superintendent earns vacation and sick leave in accordance with State law.

G. Fund Equity

For information regarding Fund Balance and Net Position see Note 6.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of estimates are depreciation and net pension liability.

I. Deferred Inflow/Outflow of Resources

A *deferred outflow* of resources is defined as a consumption of net position by the government that is applicable to a future reporting period and a *deferred inflow* of resources as an acquisition of net position by the government that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow of resources has a negative effect on net position, similar to liabilities.

J. Retirement System

The District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all District employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers Retirement System (TRS) covers teaching employees, including administrators and aides. The Public Employees Retirement System (PERS) covers non-teaching employees. The plans are established under State law and are administered by the State of Montana.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

District cash (except for the Student Extracurricular Fund) is held by the County Treasurer and pooled with other County cash. School District cash which is not necessary for short-term obligations is pooled in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing District and fund on a pro rata basis. The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Fair value approximates carrying value for investments as of June 30, 2021. The District may also direct the investment of it's money (Section 20-9-212 (9)).

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

Deposit Security
Montana law (Section 7-6-207) allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. The County Treasurer has the fiduciary responsibility to ensure that adequate collateral is pledged for all deposits that are not fully covered by Federal Deposit Insurance. Montana code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more and 100% if the ratio is less than 6%. Fair value, custodial credit risk, interest rate risk, and concentration of credit risk classifications of the government's deposits and pooled investments appear to be the responsibility of the County Treasurer. Risk of loss appears to be the responsibility of the County Treasurer.

Student activity funds are deposited in FDIC insured, interest bearing, checking accounts.

District funds are disbursed by means of warrants, which are redeemed by the County Treasurer. Appropriations are considered expended when warrants are issued, outstanding warrants are held in clearing funds, until redeemed by the County Treasurer, and added to the general fund for reporting purposes.

3. CAPITAL ASSETS

Improvements of over $5,000 are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

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

June 1999 the Government Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the District has included the value of capital assets in the 2021 Basic Financial Statements.

Capital asset activity during 2021 was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Cost of assets:				
Land	$4,783			$4,783
Construction in Progress	63,857	380,766		444,623
Land Improvements	635,098			635,098
Buildings &Improvements	14,128,410	64,731		14,193,141
Equipment	942,635	38,750	29,245	952,140
Total	15,774,783	484,247	29,245	16,229,785
Accumulated depreciation:				
Land Improvements	(303,403)	(30,538)		(333,941)
Buildings &Improvements	(3,533,915)	(238,187)		(3,772,102)
Equipment	(547,171)	(85,284)	21,792	(610,663)
Total	(4,384,489)	(354,009)	21,792	(4,716,706)
Capital Assets, Net	11,390,294	130,238	51,037	11,513,079
Like Kind Exchange				$7,453
Capital Assets, Net				$11,520,532

Reconciliation capital outlay - modified accrual to budget::

Tractor lease	$38,750
Camera lease	37,810
Total lease	76,560
Modified accrual capital outlay	407,687
Capital assets additions	$484,247

4. LONG TERM DEBT

Long-term liability activity for the year was as follows:

	June 30 2020	Reductions	Additions	June 30 2021	Current
Tractor Lease	$0		$38,750	$38,750	$7,935
Camera Lease	0		37,810	37,810	19,000
New Intercap	0		412,105	412,105	
Intercap Loan	1,334,372	143,607		1,190,765	103,645
Compensated Absences	172,506	13,671		158,835	52,945
	1,506,878	157,278	488,665	1,838,265	183,525
Net Pension Liability					
PERS	480,509		138,108	618,617	
TRS	2,897,601		854,351	3,751,952	
	3,378,110	0	992,459	4,370,569	
Total	$4,884,988	$157,278	$1,481,124	$6,208,834	$183,525

*Maturity information by year is not available for Intercap financing.

5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District does not offer group health insurance. Other Post Employment Benefits liability does not apply.

6. FUND BALANCE/NET POSITION DISCLOSURES

Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* was issued to enhance the usefulness of Fund Balance information and clarify existing governmental fund type definitions. To that end GASB 54 established the following fund balance classifications in the fund statements:

Non-spendable
Includes fund balances that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted
Includes fund balances that are constrained for specific purposes which are externally imposed by providers such as creditors, or amounts constrained due to law, constitutional provisions or enabling legislation.

Committed
Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. The Board of Trustees commits funds by resolution.

Assigned
Includes fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed. A designee can be authorized to assign fund balance. The District management is responsible for assigning fund balance.

Unassigned
Unassigned fund balance includes positive fund balance within the General Fund which has not been classified within the above mentioned classifications. Negative fund balances in other governmental will be reported as unassigned.

The statement addresses fund classification to the extent that the fund type is dependent on proceeds of specific revenue sources which are restricted or committed to expenditure in accordance with a specific purpose.

The District addressed this matter in Policy No. 1-04-149. Generally speaking fund balance is restricted for the statutory purpose of a fund, or other externally imposed restriction.

Additionally the District policy states that resources will be spent in the following order: Restricted, Committed, Assigned, Unassigned assuming that there are different classifications within a particular fund.

6. FUND BALANCE/NET POSITION DISCLOSURES

Fund classification to the extent that the fund type is dependent on proceeds of specific revenue sources which are restricted or committed to expenditure in accordance with a specific purpose is as follows:

Fund Balance Classification is as follows:

	MAJOR FUNDS		NON MAJOR		
		ES	HS	Other Govt	
	General Fund	Misc	Retirement		Total
Non Spendable					0
Restricted:					
Instruction				5,957	5,957
Adult Education				14,503	14,503
Technology Acquisition				3	3
Transportation				127,616	127,616
School Food				1,077	1,077
Retirement			116,694	95,073	211,767
Compensated Absences				19,241	19,241
Student Extracurricular				74,618	74,618
	0	0	116,694	338,088	454,782
Assigned:					
Instruction	4,748	8,100		12,541	25,389
	4,748	8,100	0	12,541	25,389
Unassigned:	137,469		0	0	137,469
	137,469	0	0	0	137,469
Total Fund Balance	$142,217	$8,100	$116,694	$350,629	$617,640

6. FUND BALANCE/NET POSITION DISCLOSURES (continued)

In the government wide statements fund equity is classified as net position and displayed in following components:

Net investment in Capital Assets. Composed of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt incurred that is attributable to the acquisition thereof.

Restricted. Further classified as expendable and non-expendable, generally the net position resulting from property taxes levied for a statutory purpose.

Unrestricted. All other assets.

Net Position Classifications:	
Invested in Capital Assets	9,841,102
Restricted	
Non expendable	0
Expendable	459,693
Unrestricted	(3,427,361)
	$6,873,434

A reconciliation of fund balance by classification to restricted net position by classification follows:

		Deferred Inflow of Resources Taxes	Capital Assets Net	Long term Debt	Pension Related	Adjustments	Net Position
Fund Balances							
Non Spendable	0						0
Restricted	454,782	4,911					459,693
Invest Capital Assets			11,520,532	(1,679,430)			9,841,102
Assigned	25,389					(25,389)	0
Unrestricted		15,794		(158,835)	(3,447,178)	162,858	(3,427,361)
Unassigned	137,469					(137,469)	0
Total	$617,640	$20,705	$11,520,532	($1,838,265)	($3,447,178)	$0	$6,873,434

7. EMPLOYEE RETIREMENT SYSTEM

The School District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all School District employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aides. The Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established under State law and are administered by the State of Montana.

Stand-Alone Statements
The financial statements of the Montana Teachers Retirement System and the Public Employees Retirement Board *Comprehensive Annual Financial Report (CAFR)* and the GASB 68 Report disclose the Plans' fiduciary net position. The reports are available from:

Teachers Retirement System
P.O. Box 200139
1500 Sixth Avenue
Helena, MT 59620-0139
Phone: 406-444-3134
www.trs.mt.gov

Public Employees Retirement Board
P.O. Box 200131
100 N. Park Avenue Suite 200
Helena, MT 59620-0131
Phone: 406-444-3154
www.mpera.mt.gov

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF EMPLOYEE RETIREMENT SYSTEMS

The Montana Public Employee Retirement Administration (MPERA) and the Teachers' Retirement System (TRS) 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 MPERA and TRS and additions to/deductions from MPERA's and TRS's fiduciary net position have been determined on the same accrual basis as they are reported by MPERA and 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. MPERS and TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements. Stand-alone financial statements, actuarial valuations and experience studies can be found on the above listed websites.

7. EMPLOYEE RETIREMENT SYSTEM (continued)

CULBERTSON PUBLIC SCHOOLS
GASB 68 Notes to the Financial Statements
Prepared as of June 30, 2020 (Measurement Date) For the Year Ended June 30, 2021
(Reporting Date)

The following disclosures should be disclosed for each pension plan TRS and PERS

Net Pension Liability

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

	Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2020	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2020	Change in Percent of Collective NPL
CULBERTSON PUBLIC SCHOOLS Proportionate Share	$3,751,952	$2,897,601	0.1668%	0.1503%	0.0165%
State of Montana Proportionate Share associated with employer	$2,217,333	$1,755,394	0.0986%	0.0910%	0.0076%
Total	$5,969,285	$4,652,995	0.2654%	0.2413%	0.0241%

At June 30, 2021, the employer recorded a liability of $3,751,952 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer 's contributions received by TRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2021, the employer's proportion was 0.1668 percent.

7. **EMPLOYEE RETIREMENT SYSTEM** (continued)

Changes in actuarial assumptions and other inputs: Since the previous measurement date, the following changes to actuarial assumptions were made:

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

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

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

Pension Expense

	Pension Expense as of 6/30/2021
CULBERTSON PUBLIC SCHOOLS Proportionate Share	$571,681
State of Montana Proportionate Share associated with the Employer	$293,788
Total	$865,469

At June 30, 2021, the employer recognized a Pension Expense of $865,469 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of $293,788 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Deferred Inflows and Outflows

At June 30, 2021, the employer 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	$36,371	$0
Changes in actuarial assumptions	$196,507	$4,315
Differences between projected and actual investment earnings	$262,841	$0
Changes in proportion & Differences between actual and expected contributions	$186,659	$78,926
*Contributions paid to TRS subsequent to the measurement date - FY 2021 Contributions	$217,166	
Total	$899,544	$83,241

* 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 ended June 30, 2022.

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

Year ended June 30:	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
2022	$186,630
2023	$187,944
2024	$158,599
2025	$65,966
2026	$0
Thereafter	$0

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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.

Summary of Benefits

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

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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 Districts and Other Employers

	Members	Employers	General fund	Total employee & employer
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%

School Districts and Other Employers

	Members	Employers	General fund	Total employee & employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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

Actuarial Assumptions

The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date of July 1, 2020. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the last actuarial experience study, dated May3, 2018. Among those assumptions were the following:

-Total Wage Increases*	3.25% -7.76% for Non-University Members and 4.25% for University Members
-Investment Return	7.34%
-Price Inflation	2.40%
-Postretirement Benefit Increases	

- Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
- Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.

-Mortality among contributing members, service retired members, and beneficiaries

- For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years

-Mortality among disabled members

- For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
- For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Discount Rate

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

Target Allocations

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

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Sensitivity Analysis

	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
The Employer's proportion of Net Pension Liability	$4,995,611	$3,751,952	$2,711,426

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

Summary of Significant Accounting Policies

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

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

SCHOOL DISTRICT 17 - CULBERTSON PUBLIC EMPLOYEES' RETIREMENT SYSTEM – DEFINED BENEFIT GASB 68 NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED

JUNE 30, 2020 (measurement date)
JUNE 30, 2021 (reporting date)

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2020 measurement date for the 2021 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2021.

Summary of Significant Accounting Policies

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 adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

General Information about the Pension Plan

Plan Description: 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).

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.

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Service retirement:
Hired prior to July 1, 2011:
o Age 60, 5 years of membership service
o Age 65, regardless of membership service
o Any age, 30 years of membership service
Hired on or after July 1, 2011:
o Age 65, 5 years of membership service
o Age 70, regardless of membership service
Early Retirement:
Hired prior to July 1, 2011:
o Age 50, 5 years of membership service
o Any age, 25 years of membership service
Hired on or after July 1, 2011:
o 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:
o A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
o No service credit for second employment;
o Start the same benefit amount the month following termination; and
o 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:
o A recalculated retirement benefit based on provisions in effect after the initial retirement; and
o 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:
o The same retirement as prior to the return to service;
o A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
o 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
o Less than 25 years of membership service: 1.785% of HAC per year of service credit;
o 25 years of membership service or more: 2% of HAC per year of service credit.

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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

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.

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

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

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

Fiscal	Member		State & Universities	Local Government		School Districts	
Year	Hired < 07/01/11	Hired > 07/01/11	Employer	Employer	State	Employer	State
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012 – 2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010 – 2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008 – 2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000 - 2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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
The state contributed 0.1% of members' compensation on behalf of local government entities. The state contributed 0.37% of members' compensation on behalf of school district entities. The state contributed a Statutory Appropriation from the General Fund of $33,951,150.

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2020, and 2019, 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 $618,617 and the employer's proportionate share was 0.023448 percent.

As of measurement date	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
SCHOOL DISTRICT 17 - CULBERTSON Proportionate Share	$ 618,617	$ 480,509	0.023448%	0.022987%	0.000461%
State of Montana Proportionate Share associated with Employer	$ 214,126	$ 172,123	0.008116%	0.008234%	(0.000118)%
Total	$ 832,743	$ 652,632	0.031564%	0.031221%	0.000343%

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the TPL.

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

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

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

Pension Expense: At June 30, 2020, the employer recognized $71,633 for its proportionate share of the Plan's pension expenseand recognized grant revenue of $35,019 for the state of Montana proportionate share of the pension expense associated with the employer. *(Two years of pension expense are documented in the table below but are not necessary for the employer's disclosures.)*

As of measurement date	Pension Expense as of 6/30/2020	Pension Expense as of 6/30/2019
SCHOOL DISTRICT 17 - CULBERTSON'S Proportionate Share	$71,633	$32,509
Employer Grant Revenue – State of Montana Proportionate Share for employer	35,019	11,685
Total	$106,652	$44,194

Recognition of Deferred Inflows and Outflows: At June 30, 2020, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	$9,986	$17,687
Projected Investment Earnings vs. Actual Investment Earnings	53,567	0
Changes in Assumptions	42,837	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	17,185
Employer Contributions Subsequent to the Measurement Date	35,671	
Total	$141,960	$34,872

 # the employer's contributions subsequent to the measurement date must be entered by the employer. These are the FY2021 contributions paid to the Plan.

7. EMPLOYEE RETIREMENT SYSTEM (continued)

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2021	$2,448
2022	$36,969
2023	$18,717
2024	$13,383
Thereafter	$ 0

Actuarial Assumptions: The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions.

Investment Return (net of admin expense)	7.34%
Admin Expense as % of Payroll	0.30%
General Wage Growth * *includes Inflation at	3.50% 2.40%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases 1. Guaranteed Annual Benefit 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 Members hired between July 1, 2007 & June 30, 2013 Members hired on or after July 1, 2013 For each year PERS is funded at or above 90% The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90% 0% whenever the amortization period for PERS is 40 years or more	3.0% 1.5% 1.5% 0%
Mortality: Contributing members, , service retired members & beneficiaries Disabled Members	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males RP-2000 Combined Mortality Tables, with no projections

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash Equivalents	2.0%	0.11%
Domestic Equity	30.0%	6.19%
International Equity	16.0%	6.92%
Private Investments	14.0%	10.37%
Natural Resources	4.0%	3.43%
Real Estate	9.0%	5.74%
Core Fixed Income	20.0%	1.57%
Non-Core Fixed Income	5.0%	3.97%
Total	100.0%	

Discount Rate: The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed 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 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

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 a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, 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.

As of measurement date	1.0% Decrease (6.34%)	Current Discount Rate	1.0% Increase (8.34%)
SCHOOL DISTRICT 17 CULBERTSON'S Net Pension Liability	$851,490	$618,617	$423,005

7. EMPLOYEE RETIREMENT SYSTEM (continued)

PERS Disclosure for the defined contribution plan

SCHOOL DISTRICT 17 CULBERTSON contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

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

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

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

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

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

7. EMPLOYEE RETIREMENT SYSTEM (continued)

PENSION AMOUNTS TOTAL FOR EMPLOYER –
EMPLOYER'S PROPORTION OF TRS AND PERS PENSION AMOUNTS

	The employer's proportionate share associated with PERS	The employer's proportionate share associated with TRS	The employer's Total Pension Amounts
Total Pension Liability	$1,989,122	$10,703,639	$12,692,761
Fiduciary Net Position	$1,370,505	$6,951,687	$8,322,192
Net Pension Liability	$618,617	$3,751,952	$4,370,569
Deferred Outflows of Resources	$141,960	$899,544	$1,041,504
Deferred Inflows of Resources	$34,872	$83,241	$118,113
Pension Expense System Reports	$106,652	$865,469	$972,121

8. RISK MANAGEMENT

The District faces a number of risks including:

a) loss or damage to property
b) general liability
c) workers compensation
d) employee medical insurance

Commercial insurance policies are purchased for loss or damage to property, general liability, and health insurance.

The District participates in a statewide public risk pool, the Montana Schools Group Workers Compensation Risk Retention Program (WCRRP), for workers compensation coverage. Approximately 200 schools participate in WCRRP. All school participants in this pool are jointly and severally liable for the liabilities of this public risk pool.

The pool issues audited financial statements. Information about the amount of claim liabilities, changes in claims liabilities, amount of claims paid, operating results and other information is available at:

WCRRP
1 South Montana Avenue
Helena, Montana 59601

9. COMMITMENT

At year end the District was in the process of replacing its main boiler.

Total cost of the project	$564,000
Expended through June 30, 2021	444,623
Remaining	$119,377

10. CONTINGENCY COVID-19

The District faces challenges to its operations and economic results related to the global COVID-19 pandemic.

On June 30, 2021 the Governor lifted the state of emergency order due to COVID-19, which may not bring many changes due to the Governor's February 12, 2021 Executive Order that, among other guidelines, removed the phased reopening approach, lifted the statewide mask mandate, encouraged businesses to follow best industry practices to slow the spread of the virus and for the public to follow individual business guidelines, and stated public gatherings should be managed in a manner that accommodates Center for Disease Control and Prevention ("CDC") social distancing rules; however, certain local, school and/or business specific orders may be in effect that need to be followed. With the availability of the COVID-19 vaccination, all Montana residents 16 and older have been eligible for the vaccine since April 1, 2021; 12-15 year olds have been eligible for the vaccine since May 10, 2021; and 5-11 year olds have been eligible for the vaccine since October 29, 2021.

The District continues to closely monitor the directives and orders from the Governor's Office and recommendations from the federal, State, and local authorities that impact the District and its residents; however, stay-at-home orders could be resumed at any time. The District cannot predict if the Governor, or other federal, State, or local authority will issue additional directives or orders that might adversely impact the financial condition or operations of the District, or the assessed values of property within the District.

11. TRANSFERS

The District transferred $10,734 from Elementary General Fund and $8,540 from the High School General Fund to the Compensated Absences Reserve Fund.

12. INTERFUND RECEIVABLES/PAYABLES

The District reported interfund receivables and payables because the Elementary Miscellaneous fund had a deficit cash balance as follows:

		To	From
Elementary			
	Miscellaneous		$404,005
	General	$9,066	
	Transportation	86,733	
	Retirement	95,073	
High School			
	General	64,961	
	Transportation	31,478	
	Retirement	116,694	
		$404,005	$404,005

REQUIRED SUPPLEMENTARY INFORMATION

Other than Management's Discussion and Analysis

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL
ELEMENTARY GENERAL FUND
June 30, 2021

	Original Budget	Amended & Final Budget	Actual Amounts Budgetary Basis
Revenues			
District Levy	$621,851	$621,851	$634,231
Direct State Aid	806,528	806,528	806,528
State Oil and Gas	75,496	265,593	265,594
Other State Sources	101,227	101,227	101,225
County Sources			
Federal Sources			
User Fees	1,260	1,260	840
Interest	107	107	
Other	12	12	22
Total	1,606,481	1,796,578	1,808,440
Other Financing Sources			
Transfers In			
Sale of Assets			925
Total Revenue and Other Financing Sources			1,809,365
Budgetary Basis Expenditures	1,606,481	1,796,578	1,785,422
Other Financing Uses			
Transfers Out			10,734
Total charged to appropriations			1,796,156
Change in Encumbrances			5,624
Modified Accrual Expenditures			$1,801,780

See notes to budgetary required supplementary information.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL
HIGH SCHOOL GENERAL FUND
June 30, 2021

	Original Budget	Amended & Final Budget	Actual Amounts Budgetary Basis
Revenues			
District Levy	$395,576	$395,576	$405,483
Direct State Aid	610,643	610,643	610,642
State Oil and Gas	19,344	81,755	81,755
Other State Sources	41,546	41,546	41,545
County Sources			
Federal Sources			
User Fees			
Interest	36	36	
Other			122
Total Amounts	1,067,145	1,129,556	1,139,547
Other Financing Sources			
Transfers In			0
Sale of Assets			860
Total Revenue and Other Financing Sources			1,140,407
Budgetary Basis Expenditures	1,067,145	1,129,556	1,121,016
Other Financing Uses			
Transfers Out			8,540
Total charged to appropriations			1,129,556
Change in Encumbrances			(3,051)
Modified Accrual Expenditures			$1,126,505

See notes to budgetary required supplementary information.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL
HIGH SCHOOL RETIREMENT FUND
June 30, 2021

	Original Budget	Amended & Final Budget	Actual Amounts Budgetary Basis
RESOURCES/INFLOWS			
District Levy			
Direct State Aid			
State Oil and Gas			
Other State Sources			
County Sources	143,037	143,037	149,275
Federal Sources			
User Fees			
Interest			
Other			99
Total Amounts available for appropriation	143,037	143,037	149,374
EXPENDITURES CHARGED TO BUDGET	225,000	225,000	153,405
Modified Accrual Expenditures			$153,405

See notes to budgetary required supplementary information.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

NOTES TO REQUIRED SUPPLEMENTARY BUDGETARY INFORMATION
June 30, 2021

Budgets:
Budgets are adopted by funds defined as budgeted funds as defined in state law (MCA 20-9-201).

The budgets must be adopted on or before August 20th of each year, but may be continued day to day until August 25th. If taxable value information is not available. (MCA 20-9-131). Appropriations (budgetary spending authority) lapse at year end except for construction in progress and obligations for the purchase of personal property ordered but not paid for during the current year (MCA 20-9-209). Because Montana schools have appropriations which lapse at year end encumbrances are allowed as a means of budgetary control. Encumbrances do not represent expenditures for the period for generally accepted accounting principles. The budgetary basis statements total expenditures varies from modified accrual total expenditures in the ES & HS General Funds by the change in encumbrances of $5,624 and $(3,051) and the GASB 85 on behalf payment of $328,807.

State law requires with certain exceptions only that total actual expenditures not exceed total budgeted expenditures. There were amendments to the budgets, the amounts shown are the original, amended, and final budgeted amounts. Budget amendments in the amount of $190,097 to Elementary General Fund and $62,411 to High School General Fund were made by resolution adopted June 15, 2021.

The ES & HS General Funds, Flexibility Funds, Impact Aid Funds, and On behalf payment are combined in the GAAP Basis Statements.

ES Miscellaneous Programs Fund, a major fund, information was not presented because it is a non-budgeted fund.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

Supplementary Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions

For the year Ended June 30
Determined as of the Measurement Date

Plan: TRS

Schedule of Proportionate Share of the Net Pension Liability:

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.1668%	0.1503%	0.1593%	0.1569%	0.1406%	0.1474%	0.1431%
Employer's proportionate share of the net pension liability associated with the Employer	$3,751,952	$2,897,601	$2,955,965	$2,646,060	$2,569,134	$2,422,480	$2,202,062
State of MT proportionate share of the net pension liability associated with the Employer	2,217,333	1,755,394	1,840,863	1,679,804	1,677,005	1,628,996	1,510,763
Total	$5,969,285	$4,652,995	$4,796,828	$4,325,864	$4,246,139	$4,051,476	$3,712,825
Employer's employee payroll	2,295,809	2,039,848	2,127,195	2,069,932	1,825,447	1,881,861	1,804,577
Employer's proportionate share of the net pension liability as of its employee payroll (as a percentage)	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position the total pension liability (as a percentage)	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

Schedule of Contributions:

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$217,166	$208,269	$183,248	$188,783	$181,616	$163,967	$162,678
Contributions in relation to the contractually required contributions	217,166	208,269	183,248	188,783	181,616	163,967	162,678
Contribution deficiency (excess)	0	0	0	0	0	0	0
Employer's covered payroll	2,346,874	2,295,809	2,039,848	2,127,195	2,069,932	1,825,447	1,881,861
Contributions of covered payroll (as a percentage)	9.25%	9.07%	8.98%	8.87%	8.77%	8.98%	8.64%

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

See Notes to Required Supplementary Information.

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

Supplementary Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions
For the Last Ten Fiscal Years*

Plan: PERS

Schedule of Proportionate Share of the Net Pension Liability:

As of measurement date	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (percentage)	0.023448%	0.022987%	0.0231%	0.0286%	0.0310%	0.0340%	0.0336%
Employer's net pension liability	$618,617	$480,506	$482,355	$556,496	$527,929	$475,735	$418,560
State's net pension liability	214,126	172,123	177,812	26,923	24,673	22,355	19,566
Total	832,743	652,629	660,167	583,419	552,602	498,090	438,126
Employer's covered payroll	406,070	391,629	392,583	366,271	383,779	410,642	395,180
Employer's proportionate share as a percent of covered payroll	152.34%	122.69%	122.87%	151.94%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percent of total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

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

Schedule of Contributions:

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	35,671	35,923	32,505	32,192	29,668	31,031	32,728
Plan Choice Rate required contributions	0	0	0	0	0	524	853
Contributions in relation to the contractually required contributions	35,671	35,923	32,505	32,192	29,668	31,555	33,581
Contribution deficiency (excess)	0	0	0	0	0	0	0
Employer's covered payroll	418,478	454,728	425,820	392,583	366,271	383,779	410,642
Contributions as percent of covered payroll	8.5%	7.9%	8.35%	8.2%	8.10%	8.22%	8.18%

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

The amounts presented for each fiscal year were determined as of June 30.

See Notes to Required Supplementary Information.

Notes to Required Supplementary Information
Supplementary Schedule of Proportionate Share
of the Net Pension Liability and Schedule of Contributions

PERS

Changes of Benefit Terms
The following changes to the plan provisions were made as identified:

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

Refunds
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 the present value of the member's benefit.

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

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 2019 actuarial evaluation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
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 Expense as % of Payroll	0.30%

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.

TRS

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:

- The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
- The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
- A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

(7) 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
(8) Guaranteed Annual Benefit Adjustment (GABA):
    a. 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:
- School Districts contributions will increase from 7.47% to 8.47%
- The Montana University System and State Agencies will increase from 9.85% to 10.85%.
- The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.

- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 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:

    - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

    The tables include margins for mortality improvement which is expected to occur in the future.

    -Mortality among disabled members was updated to the following:

    - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.

    - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

    -Retirement rates were updated
    -Termination rates were updated
    -Rates of salary increases were updated

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

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

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

-Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.

-The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility.

-The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.

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

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

-Assumed rate of inflation was reduced from *3.50%* to 3.25%

-Payroll Growth Assumption was reduced from 4.50% to 4.00%

-Assumed real wage growth was reduced from 1.00% to 0.75%

-Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.

-Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

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

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

-Mortality among disabled members was updated to the following:

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

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

Method and assumptions used in calculations of actuarially determined contributions:

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

SUPPLEMENTARY INFORMATION

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

COMBINING BALANCE SHEET - GENERAL FUND
June 30, 2021

	ES General Fund	ES Impact Aid	HS General Fund	HS Impact Aid	Flexibility Fund	Clearing Payroll	Funds Claims	Total
Assets								
Cash and cash equivalents	$0	$28	$754	$43,689	$3	$50,511	$2,043	$97,028
Taxes receivable	9,138		6,656					15,794
Due from other funds	9,066		64,961					74,027
Due from other entities	23,716							23,716
Total Assets	41,920	28	72,371	43,689	3	50,511	2,043	210,565
Liabilities, deferred inflows of resources and fund balances								
Warrants payable						50,511	2,043	52,554
Accounts payable								0
Due to other entities								0
Total Liabilities	0	0	0	0	0	50,511	2,043	52,554
Deferred inflows of resources								0
Unavailable tax revenue	9,138		6,656					15,794
Total Deferred inflows	9,138	0	6,656	0	0	0	0	15,794
Total Liabilities & Deferred inflows								
Fund balances								
Nonspendable								
Prepaid items								0
Assigned for								0
Encumbrances	947		3,801					4,748
Unassigned	31,835	28	61,914	43,689	3			137,469
Total fund balances	32,782	28	65,715	43,689	3	0	0	142,217
Total liabilities, deferred inflows of resources and fund balances	$41,920	$28	$72,371	$43,689	$3	$50,511	$2,043	$210,565

See Independent Auditors Report

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
June 30, 2021

	ES General Fund	ES Impact Aid	HS General Fund	HS Impact Aid	Flexibility Fund	On Behalf Payment	Total
Revenues							
Property taxes	634,231		405,483				1,039,714
Intergovernmental - state	1,173,347		733,942			328,807	2,236,096
Federal sources		115,617		110,215			225,832
User fees	840						840
Other	22		122				144
Interest		8					8
Total revenues	1,808,440	115,625	1,139,547	110,215	0	328,807	3,502,634
Expenditures							
Current							0
Instruction	1,313,719	8,000	559,693	516		328,807	2,210,735
Supporting services	186,381	5,049	266,846	10,750			469,026
Operations & Maintenance	233,485		197,299	20,335			451,119
Student transportation	4,099		3,509				7,608
Food services							0
Extracurricular	25,924		89,286				115,210
Capital outlay	27,438	102,566	1,332	34,937			166,273
Total expenditures	1,791,046	115,615	1,117,965	66,538	0	328,807	3,419,971
Excess (deficiency) of revenues over expenditures	17,394	10	21,582	43,677	0	0	82,663
Other financing sources							
Sale of assets	925		860				1,785
Transfers in							0
Transfers out	(10,734)		(8,540)				(19,274)
Total other financing sources	(9,809)	0	(7,680)	0	0	0	(17,489)
Net change in fund balances							
Fund balances beginning of year	25,198	18	51,813	11	3	0	77,043
Fund balances end of year	$32,783	$28	$65,715	$43,688	$3	$0	$142,217

See Independent Auditors Report

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

Other Supplemental Information
Enrollment / ANB Schedule

Students Grade K – 8

Full-Time Students:

Fall Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day			
Kindergarten Full Day	18	18	0
Grades 1-6	120	120	0
Grades 7-8	49	49	0
Spring Enrollment-El District	**MAEFAIRS Reports**	**District Reports**	**Difference**
Kindergarten Half Day			
Kindergarten Full Day	19	19	0
Grades 1-6	126	126	0
Grades 7-8	48	48	0

Part Time Students:

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

Students Grade 9 – 12:

Full-Time Students:

Fall Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12	81	81	0
19-year olds included			
Job Corps			
Youth challenge			
Spring Enrollment-El District	**MAEFAIRS Reports**	**District Reports**	**Difference**
Grade 9 - 12	81	81	0
19-year olds included			
Job Corps			
Youth challenge			
Early Graduates			

Part Time Students:

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

School District Nos. 17 J/R & 17 C/R
Culbertson, Montana

EXTRACURRICULAR FUND
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION BY STUDENT ACTIVITY
June 30, 2021

Student Activity	Balance June 30, 2020	Revenues & Misc Earnings	Expenditures & Misc Charges	Transfers In	Transfers (Out)	Balance June 30, 2021
Annual	$3,130	$4,254	$1,935		($1,731)	$3,718
Athletics	6,216	35,725	40,199	866		2,608
Cheerleader	766		101			665
FFA	7,235	18,923	16,693	120		9,585
Band/Choir	4,802	2,164	2,414			4,552
Student Council	5,711	3,077	3,468	425		5,745
Speech and Drama	1,305	400	388			1,317
Vo-Ag Revolving	1,896					1,896
JMG	2,438	8,767	841			10,364
BPA	7,355	11,042	17,945	1,236		1,688
Explore America	8,346	6,928	3,395		(1,236)	10,643
Music Parents	2,602					2,602
Art	1,577					1,577
Library	1,465					1,465
Spanish Club	15					15
Science Olympiad	3,394	4,235	2,613			5,016
Class of 2021	2,256	1,759	4,839	1,594		770
Class of 2022	1,549	8,044	4,576		(1,548)	3,469
Class of 2023	905	1,858	10	400		3,153
Class of 2024	0	1,865	358			1,507
Class of 2025	0					0
Play	1,978	1,889	1,604			2,263
Athletics after yr end receipts				105	(105)	0
Extra, remainder Class of 2020	0	66	45		(21)	0
	$64,941	$110,996	$101,424	$4,746	($4,641)	$74,618

ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

INDEPENDENT AUDITORS 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*

Board of Trustees
School District Nos. 17 J/R & 17 C/R
Culbertson, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District Nos. 17 J/R & 17 C/R, Culbertson, Montana as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise School District Nos. 17 J/R & 17 C/R's basic financial statements, and have issued our report thereon dated May 6, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered School District Nos. 17 J/R & 17 C/R's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District Nos. 17 J/R & 17 C/R's internal control. Accordingly, we do not express an opinion on the effectiveness of School District Nos. 17 J/R & 17 C/R'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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

3901 W U.S. Highway 212 Ashland, Montana 59003
Tel 406/784-2090 Cell 406/660-1226 Email mcdeed@rangeweb.net

Compliance and Other Matters
As part of obtaining reasonable assurance about whether School District Nos. 17 J/R & 17 C/R'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* (Finding No. 2021-001)

School District Nos. 17 J/R & 17 C/R's Response to Findings
School District Nos. 17 J/R & 17 C/R's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. School District Nos. 55 & 55F's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

May 6, 2021

Ross R. Stalcup
Certified Public Accountant

ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

SCHOOL DISTRICT NOS. 7 J/R & 17 C/R
Culbertson, Montana

Schedule of Findings and Questioned Costs
June 30, 2021

FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS
Compliance

2021-001 **Non-budget fund spending in excess of available cash**

Criteria: Montana lwas (MCA 20-9-20) requires that spending in non-budgeted funds be limited to available cash.

Condition: Expenditure limitation of non-budgeted fund.
The expenditure limitation, at any time during the fiscal school year, for a non-budgeted fund is the amount of cash balance of the non-budgeted fund.

Effect: Non compliance with State law.

Cause: The District was replacing boilers; there was a delay in getting the final funding in place.

Recommendation: This appears to be an isolated instance, compounded by the fact it happened over year end.
No recommendation necessary.

STATUS OF PRIOR YEAR FINDINGS
There were no prior year findings.

May 6, 2021

Ross R. Stalcup
Certified Public Accountant

3901 W US Highway 212 Ashland, Montana 59003
Tel 406/784-2090 Cell/Voicemail 406/660-1226 Email mcdeed@rangeweb.net

CULBERTSON PUBLIC SCHOOLS

P.O. Box 459
423 First Avenue West
Culbertson, Montana 59218-0459
Phone: (406) 787-6241 • Fax: (406) 787-6244

December 14, 2021

Department of Administration
Local Government Services
P.O. Box 200547
Helena, MT 59620-2501

RE: Response to Audit

The following is a corrective action plan addressing each finding included in the Culbertson School District's auditor's report for the fiscal year ended June 30, 2021:

Finding 2021-001 Non-budget fund spending in excess of available cash: Montana law (MCA 20-9-20) requires that spending in non-budgeted funds be limited to available cash.

Response. The Culbertson Board of Trustees approved an Intercap loan from the Board of Investments for boiler replacement and security camera upgrades at their regular monthly May 18, 2021 meeting. The BOI application was signed by the District on May 19, 2021 and submitted. Due to the request of additional documentation needed by the BOI, the loan closing process and delivery of funds was extended by a week. Unfortunately, the process happened at fiscal year-end as well as a federal holiday. A Due From Other Government receivable was recorded at year-end to account for the anticipated funds, and funds were received on July 9, 2021. The unfortunate happenstance of the delayed loan process at year end was unintentional and an isolated incident.

Sincerely,

Larry Crowder

Larry Crowder
Superintendent

Lorna Finnicum
District Clerk