AMSTERDAM PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2023

AUDIT REPORT

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

AMSTERDAM PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2023

TABLE OF CONTENTS

Organization 1

Independent Auditor's Report 2-5

Financial Statements

Government-wide Financial Statements

Statement of Net Position 6

Statement of Activities 7

Fund Financial Statements

Balance Sheet – Governmental Funds 8

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 9

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds 10

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 11

Statement of Net Position - Fiduciary Fund Types 12

Statement of Changes in Net Position - Fiduciary Fund Types 13

Notes to Financial Statements 14-42

Required Supplementary Information

Budgetary Comparison Schedule 43

Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation 44

Schedule of Proportionate Share of the Net Pension Liability 45

Schedule of Contributions 46

Notes to Required Pension Supplementary Information 47-53

Supplemental Information

Schedule of Enrollment 54

Schedule of Revenues and Expenditures – Extracurricular Fund – All Fund Accounts 55

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 56-62

Report on Prior Audit Recommendations 63

Auditee's Corrective Action Plan 64-65

AMSTERDAM PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2023

BOARD OF TRUSTEES

Ryan Mattick	Chairman
Alana Edwards	Vice Chairman
Brandon Bailey	Trustee
Todd Graham	Trustee
Kristy Sullivan	Trustee

DISTRICT OFFICIALS

Sharon Roe	Business Manager
Martha Schneider	Clerk
Marisa Stewart	Principal & Superintendent
John Nielson	County Superintendent
Audrey Cromwell	County Attorney

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Amsterdam Public School
Gallatin County
Manhattan, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amsterdam Public School, Gallatin County, Montana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Amsterdam Public School, Gallatin County, Montana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amsterdam Public School, Gallatin County, Montana, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB No. 96 Subscription-Based Information Technology Arrangements (SBITA) is effective for years beginning after June 15, 2022, and all reporting periods thereafter Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Amsterdam Public School, Gallatin County, Montana's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Amsterdam Public School, Gallatin County, Montana's ability to continue as a going concern for a reasonable period of time.

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

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

The Amsterdam Public School, Gallatin County, Montana has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Amsterdam Public School, Gallatin County, Montana's basic financial statements. The Schedule of Revenues and Expenditures for the Extracurricular Fund and the Schedule of Enrollment, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Revenues and Expenditures for the Extracurricular Fund and the Schedule of Enrollment 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 our report June 26, 2024, on our consideration of the Amsterdam Public School, Gallatin County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Amsterdam Public School, Gallatin County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amsterdam Public School, Gallatin County, Montana's internal control over financial reporting and compliance.

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

June 26, 2024

Amsterdam Public School, Gallatin County, Montana
Statement of Net Position
June 30, 2023

		Governmental Activities
ASSETS		
Current assets:		
Cash and investments	$	539,879
Taxes and assessments receivable, net		20,343
Accounts receivable - net		21,862
Due from other governments		101,028
Total current assets	$	683,112
Noncurrent assets		
Capital assets - land	$	100,607
Capital assets - construction in progress		59,216
Capital assets - depreciable, net		2,949,995
Total noncurrent assets	$	3,109,818
Total assets	$	3,792,930
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	$	222,319
Total deferred outflows of resources	$	222,319
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	4,015,249
LIABILITIES		
Current liabilities		
Warrants payable	$	96,003
Account payable		18,171
Other payroll liabilities		29,724
Accrued payroll		10,337
Current portion of long-term capital liabilities		165,000
Current portion of compensated absences payable		36,730
Bond premiums		9,239
Total current liabilities	$	365,204
Noncurrent liabilities		
Noncurrent portion of long-term capital liabilities	$	1,580,000
Noncurrent portion of compensated absences		2,607
Net pension liability		1,067,086
Bond premiums		101,622
Total noncurrent liabilities	$	2,751,315
Total liabilities	$	3,116,519
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	$	95,537
Total deferred inflows of resources	$	95,537
NET POSITION		
Net investment in capital assets	$	1,364,818
Restricted for capital projects		132,594
Restricted for debt service		5,456
Restricted for special projects		218,741
Unrestricted		(918,416)
Total net position	$	803,193
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	4,015,249

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position, Primary Government: Governmental Activities
Primary government:					
Governmental activities:					
Instructional - regular	$ 1,059,075	$ -	$ 128,684	$ -	$ (930,391)
Instructional - special education	95,034	-	25,462	-	(69,572)
Supporting services - operations & maintenance	178,160	-	-	15,633	(162,527)
Supporting services - general	112	-	-	-	(112)
Supporting services - educational media services	63,333	-	-	-	(63,333)
Administration - general	12,197	-	-	-	(12,197)
Administration - school	150,183	-	-	-	(150,183)
Administration - business	34,488	-	-	-	(34,488)
Student transportation	80,335	3,067	27,974	-	(49,294)
Extracurricular	10,068	-	12,574	-	2,506
School food	15,960	16,759	-	-	799
Debt service expense - interest	65,660	-	-	-	(65,660)
Total governmental activities	$ 1,764,605	$ 19,826	$ 194,694	$ 15,633	$ (1,534,452)

General Revenues:	
Property taxes for general purposes	$ 725,157
Grants and entitlements not restricted to specific programs	727,746
Investment earnings	10,104
Miscellaneous (other revenue)	43,068
State technology	916
County retirement	142,000
State contributions to retirement	47,282
Total general revenues, special items and transfers	$ 1,696,273
Change in net position	$ 161,821
Net position - beginning	$ 680,230
Restatements	(38,858)
Net position - beginning - restated	$ 641,372
Net position - end	$ 803,193

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Balance Sheet
Governmental Funds
June 30, 2023

	General	Miscellaneous Programs	Debt Service	Building Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS						
Current assets:						
Cash and investments	$ 314,261	$ 48,346	$ -	$ 110,833	$ 67,675	$ 541,115
Taxes and assessments receivable, net	8,936	-	6,278	438	4,691	20,343
Accounts receivable - net	-	794	-	21,068	-	21,862
Due from other governments	765	41,126	414	255	58,468	101,028
TOTAL ASSETS	$ 323,962	$ 90,266	$ 6,692	$ 132,594	$ 130,834	$ 684,348
LIABILITIES						
Current liabilities:						
Cash overdraft	$ -	$ -	$ 1,236	$ -	$ -	$ 1,236
Warrants payable	96,003	-	-	-	-	96,003
Account payable	17,196	975	-	-	-	18,171
Other payroll liabilities	29,724	-	-	-	-	29,724
Accrued payroll	8,953	-	-	-	1,384	10,337
Total liabilities	$ 151,876	$ 975	$ 1,236	$ -	$ 1,384	$ 155,471
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - taxes	$ 8,936	$ -	$ 6,278	$ 438	$ 4,691	$ 20,343
Total deferred inflows of resources	$ 8,936	$ -	$ 6,278	$ 438	$ 4,691	$ 20,343
FUND BALANCES						
Restricted	$ -	$ 89,291	$ -	$ 132,156	$ 124,759	$ 346,206
Assigned	7,975	-	-	-	-	7,975
Unassigned fund balance	155,175	-	(822)	-	-	154,353
Total fund balance	$ 163,150	$ 89,291	$ (822)	$ 132,156	$ 124,759	$ 508,534
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 323,962	$ 90,266	$ 6,692	$ 132,594	$ 130,834	$ 684,348

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds	$	508,534
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,109,818
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		20,343
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(1,784,337)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(1,067,086)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.		222,319
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.		(95,537)
Bond premiums are shown as a liability on the Statement of Net Position but not shown on the Balance Sheet for the Governmental Funds		(110,861)
Total net position - governmental activities	$	803,193

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Miscellaneous Programs	Debt Service	Building Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES						
Local revenue	$ 339,736	$ 34,826	$ 219,181	$ 38,223	$ 186,890	$ 818,856
County revenue	-	-	-	-	157,190	157,190
State revenue	764,874	1,833	1,009	15,633	13,699	797,048
Federal revenue	-	118,783	-	-	-	118,783
Total revenues	$ 1,104,610	$ 155,442	$ 220,190	$ 53,856	$ 357,779	$ 1,891,877
EXPENDITURES						
Instructional - regular	$ 649,297	$ 120,481	$ -	$ -	$ 150,043	$ 919,821
Instructional - special education	70,063	-	-	-	24,971	95,034
Supporting services - operations & maintenance	142,803	-	-	22,478	8,826	174,107
Supporting services - general	-	-	-	-	112	112
Supporting services - educational media services	56,114	-	-	-	7,219	63,333
Administration - general	11,186	-	-	-	-	11,186
Administration - school	133,826	-	-	-	16,357	150,183
Administration - business	32,039	-	-	-	2,449	34,488
Student transportation	-	-	-	-	80,335	80,335
Extracurricular	-	9,588	-	-	14	9,602
School food	186	-	-	-	15,774	15,960
Debt service expense - principal	-	-	160,000	-	-	160,000
Debt service expense - interest	-	-	74,898	-	-	74,898
Capital outlay	401	-	-	4,874	-	5,275
Total expenditures	$ 1,095,915	$ 130,069	$ 234,898	$ 27,352	$ 306,100	$ 1,794,334
Net Change in Fund Balance	$ 8,695	$ 25,373	$ (14,708)	$ 26,504	$ 51,679	$ 97,543
Fund balances - beginning	$ 109,482	$ 63,918	$ 13,886	$ 105,652	$ 118,053	$ 410,991
Restatements	44,973	-	-	-	(44,973)	-
Fund balances - beginning, restated	$ 154,455	$ 63,918	$ 13,886	$ 105,652	$ 73,080	$ 410,991
Fund balance - ending	$ 163,150	$ 89,291	$ (822)	$ 132,156	$ 124,759	$ 508,534

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Reconciliation of the Statement of Revenues, Expenditures.
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	$	97,543
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
- Capital assets purchased		5,275
- Depreciation expense		(85,951)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
- Long-term receivables (deferred inflows)		14,986
The change in compensated absences is shown as an expense in the Statement of Activities		1,883
Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:		
- Long-term debt principal payments		160,000
Pension expense related to the net pension liability is shown as an expense on the Statement of Activites and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance		(140,146)
State aid revenue related to the net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance		19,563
Current year contributions to retirement benefits are shown as deferred outflows of resources on the Statement of Net Position and shown as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance when paid.		79,430
Amortization of bond premium related to the general obligation bonds is repored in the Statement of Activities but no reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance		9,238
Change in net position - Statement of Activities	$	161,821

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2023

		Custodial Funds
ASSETS		
Cash and short-term investments	$	104,788
Due from other governments		286
Capital assets, depreciable, net		4,500
TOTAL ASSETS	$	109,574
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	$	109,574
TOTAL NET POSITION	$	109,574

See accompanying Notes to the Financial Statements

Amsterdam Public School, Gallatin County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

		Custodial Funds
ADDITIONS		
Contributions:		
Contributions from private sources	$	200
Interest and change in fair value of investments		2,416
Total additions	$	2,616
DEDUCTIONS		
Other expenditures	$	22,718
Depreciation expense		1,499
Total deductions	$	24,217
Change in net position	$	(21,601)
Net Position - Beginning of the year	$	131,175
Net Position - End of the year	$	109,574

See accompanying Notes to the Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements

GASB No. 96 Subscription-Based Information Technology Arrangements (SBITA) is effective for years beginning after June 15, 2022, and all reporting periods thereafter. This statement establishes standards of accounting and financial reporting for SBITAs through specifically defined criteria to identify when a government has a SBITA contract that requires a subscription liability and intangible right-to-use asset be reported and disclosed. The statement defines how governments are to measure the subscription liability and intangible right -to-use asset and required footnote disclosures for those liabilities and assets reported. Lastly, the statement addresses the reporting for implementation phase costs, impairments on SBITA's, incentives provided by SBITA vendor, contracts with multiple components and combinations, and modifications and terminations to SBITA contracts. The District has implemented this pronouncement in the current fiscal year.

Financial Reporting Entity

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

Primary Government

The District was established under Montana law to provide elementary educational services to residents of the District. The District provides education from kindergarten through the sixth grade.

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. The financial statements include all of the operations of the District controlled by the Board of Trustees. Based on the criteria for determining the reporting entity (separate legal entity and financial or fiscal dependency on other governments) the District is a primary government as defined by GASB Cod. Sec. 2100 and has no component units.

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

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

Fund Financial Statements:

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

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

Measurement Focus and Basis of Accounting

Governmental Funds:

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

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

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

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

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

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

Debt Service Fund – Authorized by Section 20-9-438, M CA, for the purpose of paying interest and principal on outstanding bonds and special improvement district (SID) assessments. This fund is also used to account for the proceeds of bonds sold for the purposes provided in Section 20-9-403 (c) and (d), MCA.

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

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

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

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District's 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, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County's investment portfolio as of June 30, 2023 consisted of the State Short-Term Investment Pool (STIP), repurchase agreements, non-negotiable certificates of deposits, and U.S. government securities.

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Gallatin County deposits and investments is available from Gallatin County Treasurer's office, 311 West Main Street, Bozeman MT 59715. Fair value approximates carrying value for investments as of June 30, 2023.

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.

	Primary Government
Cash on hand and deposits:	
Cash held at the County	$ 644,667
Total	$ 644,667

NOTE 3. RECEIVABLES

Tax Receivables

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

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

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

NOTE 4. INVENTORIES AND PREPAIDS

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

NOTE 5. CAPITAL ASSETS

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

Buildings & Improvements	20 – 50 years
Machinery & Equipment	5 – 20 years
Land Improvements	20 years

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

Governmental activities:	Balance July 1, 2022	Additions	Restatements	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 100,607	$ -	$ -	$ -	$ 100,607
Construction in progress	113,156	5,275	-	(59,215)	59,216
Total capital assets not being depreciated	$ 213,763	$ 5,275	$ -	$ (59,215)	$ 159,823
Other capital assets:					
Buildings and Improvements	$ 3,980,865	$ -	$ -	$ 23,129	$ 4,003,994
Improvements Other than Buildings	-	-	-	87,797	87,797
Machinery and equipment	151,287	-	5,000	(51,711)	104,576
Total other capital assets at historical cost	$ 4,132,152	$ -	$ 5,000	$ 59,215	$ 4,196,367
Less: accumulated depreciation	(1,116,563)	(85,951)	(43,858)	-	(1,246,372)
Total	$ 3,229,352	$ (80,676)	$ (38,858)	$ -	$ 3,109,818

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

Governmental Activities:	
Instructional – regular	$ 80,421
Supporting services – operations and maintenance	4,053
Administration – general	1,011
Extracurricular	466
Total governmental activities depreciation expense	$ 85,951

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

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

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:	Balance July 1, 2022	Deletions	Balance June 30, 2023	Due Within One Year
General obligation bonds	$ 1,905,000	$ (160,000)	$ 1,745,000	$ 165,000
Bond premium	120,099	(9,238)	110,861	9,239
Compensated absences	41,220	(1,883)	39,337	36,730
Total	$ 2,066,319	$ (171,121)	$ 1,895,198	$ 210,969

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

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2023, were as follows:

Purpose	Origination Date	Interest Rate	Term	Maturity Date	Principal Amount	Annual Payment	Balance June 30, 2023
School Building Bond, Series 2008	3/25/08	3.40-4.25%	20yrs	7/1/28	$ 1,181,000	Varies	$ 400,000
School Building Bond, Series 2015	4/30/15	3.50-4.00%	20yrs	7/1/35	1,915,000	Varies	1,345,000
					$ 3,096,000		$ 1,745,000

Reported in the governmental activities.

Annual requirement to amortize debt:

For Fiscal Year Ended	Principal	Interest
2024	$ 165,000	$ 68,565
2025	170,000	62,827
2026	175,000	56,903
2027	185,000	49,782
2028	190,000	42,213
2029	110,000	34,400
2030	115,000	30,000
2031	120,000	25,400
2032	120,000	20,600
2033	125,000	15,800
2034	130,000	10,800
2035	140,000	5,600
Total	$ 1,745,000	$ 422,890

Bond Premium – As of June 30, 2023, the District recognized a liability for the bond premiums totaling $110,861. The premium relates to the issuance of the General Obligation Bond Series 2015 . The premium is being amortized over the life of the bond that equals 20 years. The total amortized in fiscal year 2022 was $9,238.

Compensated Absences

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

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

NOTE 7. NET PENSION LIABILITY (NPL)

As of June 30, 2023, the District reported the following balances as its proportionate share of PERS and TRS pension amounts:

District's Proportionate Share Associated With:	PERS	TRS	Pension Totals
Net Pension Liability	$ 110,431	$ 956,655	$ 1,067,086
Deferred outflows of resources*	$ 22,075	$ 201,244	$ 223,319
Deferred inflows of resources	$ 8,085	$ 87,452	$ 95,537
Pension expense	$ 17,236	$ 150,741	$ 167,977

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of $7,476, and $72,933, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2023.

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

Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

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

Plan Descriptions

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

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

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

Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula
Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
    - 1.5% for each year PERS is funded at or above 90%;
    - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
    - 0% whenever the amortization period for PERS is 40 years or more.

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

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

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

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

Fiscal	Member		School Districts	
Year	Hired<07/01/11	Hired>07/01/11	Employer	State
2023	7.900%	7.900%	8.700%	0.370%
2022	7.900%	7.900%	8.600%	0.370%
2021	7.900%	7.900%	8.500%	0.370%
2020	7.900%	7.900%	8.400%	0.370%
2019	7.900%	7.900%	8.300%	0.370%
2018	7.900%	7.900%	8.200%	0.370%
2017	7.900%	7.900%	8.100%	0.370%
2016	7.900%	7.900%	8.000%	0.370%
2015	7.900%	7.900%	7.900%	0.370%
2014	7.900%	7.900%	7.800%	0.370%
2012 – 2013	6.900%	7.900%	6.800%	0.370%
2010 – 2011	6.900%		6.800%	0.370%
2008 – 2009	6.900%		6.800%	0.235%
2000 - 2007	6.900%		6.800%	0.100%

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

iii. The State contributed a statutory appropriation from its General Fund of $34,633,570.

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, 2023, was determined by taking the results of the June 30, 2022, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards and Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2023, and 2022, are displayed below. The District proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of $110,431 and the District's proportionate share was 0.004644 percent.

	Net Pension Liability as of 6/30/2023	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
Employer Proportionate Share	$ 110,431	$ 75,812	0.004644%	0.004181%	0.000463%
State of Montana Proportionate Share associated with Employer	36,010	24,455	0.001514%	0.001349%	0.000165%
Total	$ 146,441	$ 100,267	0.006158%	0.005530%	0.000628%

Changes in actuarial assumptions and methods:

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

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2023, the District recognized a Pension Expense of $13,504 for its proportionate share of the pension expense. The District also recognized grant revenue of $3,732 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/23	Pension Expense as of 6/30/22
Employer Proportionate Share	$ 13,504	$ 5,144
State of Montana Proportionate Share associated with the Employer	3,732	6,729
Total	$ 17,236	$ 11,873

Recognition of Beginning Deferred Outflow

At June 30, 2023, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2022 contributions of $7,258.

Recognition of Deferred Inflows and Outflows:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,408	$
Actual vs. Expected Investment Earnings	3,246	
Changes in Assumptions	4,135	8,085
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	5,810	
Employer contributions sunsequent to the measurement date - FY23*	7,476	
Total	$ 22,075	$ 8,085

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2023	$ 3,510
2024	$ (905)
2025	$ (3,500)
2026	$ 7,389
Thereafter	$ -

Actuarial Assumptions
The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2022 actuarial valuation, and was determined using the following actuarial assumptions.

- Investment Return (net of admin expense) 7.30%
- Admin Expense as % of Payroll 0.28%
- General Wage Growth* 3.50%
  *includes Inflation at 2.75%
- Merit Increases 0% to 4.80%
- Postretirement Benefit Increase Below:

Guaranteed Annual Benefit Adjustment (GABA)
After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, Inclusive of other adjustments to the member's benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Member hired on or after July 1, 2013:
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, service retired members and beneficiaries based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long- term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Total	100%	

Discount Rate

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

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
$ 159,191	$ 110,431	$ 69,521

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 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

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

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

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

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

At the plan level for the measurement period ended June 30, 2022, 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 344 employers that have participants in the PERS-DCRP totaled $1,681,603.

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

Teachers Retirement System

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

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

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

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.

Contributions

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

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

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

School District and Other Employers

	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%	19.3 1%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.5 1%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.8 1%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

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

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015, and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2023, and June 30, 2022 (reporting dates).

	Net Pension Liability as of 6/30/2023	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
Employer Proportionate Share	$ 956,655	$ 781,997	0.0486%	0.0472%	0.0014%
State of Montana Proportionate Share associated with Employer	526,662	445,587	0.0268%	0.0269%	-0.0001%
Total	$ 1,483,317	$ 1,227,584	0.0754%	0.0741%	0.0013%

At June 30, 2023, the District recorded a liability of $956,655 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2021, through June 30, 2022, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2023, the District's proportion was 0.0486 percent.

Changes in actuarial assumptions and methods:

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

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

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2023, the District recognized a Pension Expense of $107,191 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of $43,550 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

		Pension Expense as of 6/30/23		Pension Expense as of 6/30/22
Employer Proportionate Share	$	107,191	$	104,212
State of Montana Proportionate Share associated with the Employer		43,550		43,410
Total	$	150,741	$	147,622

Recognition of Beginning Deferred Outflow

At June 30, 2023, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2022 contributions of $66,703.

Recognition of Deferred Inflows and Outflows:

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	14,022	$	
Actual vs. Expected Investment Earnings		22,376		
Changes in Assumptions		48,894		87,452
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions		43,019		
Employer contributions sunsequent to the measurement date - FY23*		72,933		
Total	$	201,244	$	87,452

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

For the Measurement Year ended June 30:		Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2024	$	39,197
2025	$	(4,152)
2026	$	(47,583)
2027	$	53,397
2028	$	-
Thereafter	$	-

Actuarial Assumptions

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

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

*Total Wage Increases include 3.50% general wage increase.

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute $25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return*
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Equity	15.00%	9.13%
Natural Resources	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	3.00%	(0.33)%
Total	100.00%	

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

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

Sensitivity Analysis

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
$ 1,336,301	$ 956,655	$ 638,940

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 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

NOTE 8. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

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

Assigned – constraint is internally imposed by the body or official authorized to assign amounts for a specific purpose.

Unassigned – negative fund balance in all funds, or fund balance with no constraints in the General Fund.

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Restricted Fund Balance

Fund	Amount	Purpose of Restriction
Miscellaneous Programs	$ 89,291	Third party grantor restrictions
Building Reserve	132,156	Future construction costs
All other aggregate	26,992	Pupil Transportation
	4,714	Food services
	51,187	Student instructional services
	36,374	Employer costs of benefits
	5,492	Technology upgrades and maintenance
Total	$ 346,206	

Assigned Fund Balance

Fund	Amount	Purpose of Assignment
General Fund	$ 7,975	Encumbrances

NOTE 9. DEFICIT FUND BALANCES/NET POSITION

Fund Name	Amount	Reason for Deficit
Debt Service	$ (822)	Cash overdraft

NOTE 10. RESTATEMENTS

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

Fund	Amount	Reason for Adjustment
General	$ 44,973	Under GASB 54, the Flexibility Fund should be combined with the General Fund as it is an unrestricted fund and the only fund allowed to be unrestricted is the General Fund. In the prior year audits, this fund was not combined as it should have been with the General Fund
Flexibility	(44,973)	Under GASB 54, the Flexibility Fund should be combined with the General Fund as it is an unrestricted fund and the only fund allowed to be unrestricted is the General Fund. In the prior year audits, this fund was not combined as it should have been with the General Fund
Governmental	(38,858)	Overstated prior year capital assets
Government-Wide Total	$ (38,858)	

NOTE 11. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Gallatin County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections received by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

NOTE 12. INTERLOCAL COOPERATIVE

The District participates with other school districts located in Gallatin and Madison Counties in the Gallatin/Madison Educational Related Services Consortium. The Consortium provides special education services to it's member schools.

NOTE 13. RISK MANAGEMENT

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Amsterdam Public School, Gallatin County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	$ 339,554	$ 339,554	$ 338,875	$ (679)
State revenue	737,155	737,155	737,155	-
Amounts available for appropriation	$ 1,076,709	$ 1,076,709	$ 1,076,030	$ (679)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	$ 595,167	$ 595,167	$ 629,515	$ (34,348)
Instructional - special education	78,734	78,734	70,063	8,671
Supporting services - operations & maintenance	126,960	126,960	142,803	(15,843)
Supporting services - general	24,402	24,402	-	24,402
Supporting services - educational media services	55,162	55,162	56,114	(952)
Administration - general	12,039	12,039	11,186	853
Administration - school	137,982	137,982	133,864	4,118
Administration - business	41,263	41,263	32,039	9,224
School food	5,000	5,000	186	4,814
Capital outlay	-	-	401	(401)
Total charges to appropriations	$ 1,076,709	$ 1,076,709	$ 1,076,171	$ 538
Net change in fund balance			$ (141)	
Fund balance - beginning of the year			$ 109,482	
Fund balance - end of the year			$ 109,341	

Amsterdam Public School, Gallatin County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

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

		General
Sources/Inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$	1,076,030
Combined funds (GASBS 54) revenues		28,580
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	$	1,104,610
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$	1,076,171
Combined funds (GASBS 54) expenditures		27,719
- Encumbrances reported at the end of the year		(7,975)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$	1,095,915

Note B
The Miscellaneous Programs Fund is a major special revenue fund, however, a budget is not required.

Amsterdam Public School, Gallatin County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016	PERS 2015
Employer's proportion of the net pension liability	0.0046%	0.0042%	0.0043%	0.0044%	0.0036%	0.0049%	0.0047%	0.0038%	0.0036%
Employer's proportionate share of the net pension liability associated with the Employer	$ $110,431	$75,812	$114,530	$91,518	$74,199	$94,701	$79,710	$52,534	$44,642
State of Montana's proportionate share of the net pension liability associated with the Employer	$ 36,010	24,455	39,343	32,451	27,211	4,420	3,725	2,469	2,087
Total	$ 146,441	$ 100,267	$ 153,873	$ 123,969	$ 101,410	$ $99,121	$ 83,435	$ 55,003	$ 46,729
Employer's covered payroll	$ $84,177	$76,200	$75,179	$74,590	$60,391	$62,457	$57,945	$45,346	$41,961
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	131.19%	99.49%	152.34%	122.69%	122.87%	151.63%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

	TRS 2023	TRS 2022	TRS 2021	TRS 2020	TRS 2019	TRS 2018	TRS 2017	TRS 2016	TRS 2015
Employer's proportion of the net pension liability	0.0486%	0.0472%	0.0435%	0.0422%	0.0411%	0.0398%	0.0435%	0.0429%	0.0383%
Employer's proportionate share of the net pension liability associated with the Employer	$ $956,655	$781,997	$978,610	$814,606	$762,969	$671,044	$795,185	$ $704,306	$ $588,679
State of Montana's proportionate share of the net pension liability associated with the Employer	$ $526,662	$445,587	$577,162	$494,401	$479,031	$426,164	$521,401	$ $478,890	$ $405,823
Total	$ 1,483,317	$ 1,227,584	$ 1,555,772	$ 1,309,007	$ 1,242,000	$ 1,097,208	$ 1,316,586	$ 1,183,196	$ 994,502
Employer's covered payroll	$ 713,975	$ 672,363	$ 598,807	$ 573,478	$ 549,056	$ 524,942	$ 565,001	$ 547,136	$ 482,415
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	133.99%	116.31%	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	70.61%	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

Amsterdam Public School, Gallatin County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2023

	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016	PERS 2015
Contractually required contributions	$ 7,476	$ $7,258	$6,545	$6,382	$6,213	$4,952	$5,049	$4,685	$3,614
Contributions in relation to the contractually required contributions	$ 7,476	$ $7,258	$6,545	$6,382	$6,213	$4,952	$5,049	$4,713	$3,614
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 85,931	$ $84,177	$76,200	$75,179	$74,590	$60,391	$62,457	$57,945	$45,346
Contributions as a percentage of covered payroll	8.70%	8.62%	8.59%	8.49%	8.33%	8.20%	8.08%	8.13%	7.97%

	TRS 2023	TRS 2022	TRS 2021	TRS 2020	TRS 2019	TRS 2018	TRS 2017	TRS 2016	TRS 2015
Contractually required contributions	$ 72,933	$ 66,703	$ 62,845	$ 54,380	$ 51,440	$ 49,157	$ 46,470	$ 49,336	$ 47,225
Contributions in relation to the contractually required contributions	$ 72,933	$ 66,703	$ 62,845	$ 54,380	$ 51,440	$ 49,157	$ 46,470	$ 49,336	$ 47,225
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 776,077	$ 713,975	$ 672,363	$ 598,807	$ 573,478	$ 549,056	$ 524,942	$ 565,001	$ 547,136
Contributions as a percentage of covered payroll	9.40%	9.34%	9.35%	9.08%	8.97%	8.95%	8.85%	8.73%	8.63%

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

Amsterdam Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2023

<u>Public Employees' Retirement System of Montana (PERS)</u>

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

2013 Legislative Changes

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013
- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013
- All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

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

Guaranteed Annual Benefit Adjustment (GABA) - for PERS
After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.
- 3% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007 and before July 1, 2013
- Members hired on or after July 1, 2013:
    - 1.5% each tear PERS is funded at or above 90%;
    - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
    - 0% whenever the amortization period for PERS is 40 years or more.

2015 Legislative Changes

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

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

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

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

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

2017 Legislative Changes

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

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

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

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

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

Changes in Actuarial Assumptions and Methods
Method and assumptions used in calculations of actuarially determined contributions

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

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
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	0.28%

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

Teachers' Retirement System of Montana (TRS)

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

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

Amsterdam Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2023

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

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

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

- *Final Average Compensation:* Average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- *Service Retirement:* Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- *Early Retirement:* Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- *Professional Retirement Option:* If the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- Annual Contribution: 8.15% of member's earned compensation
- Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5%, if the following three conditions are met:
  - The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
  - The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
  - A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- Guaranteed Annual Benefit Adjustment (GABA):
  If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded, and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

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

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

Changes in actuarial assumptions and other inputs:

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

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

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

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

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

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

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

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

- 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.

Amsterdam Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2023

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

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

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

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

- Mortality among disabled members was updated to the following:

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

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

Method and assumptions used in calculations of actuarially determined contributions:

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

SUPPLEMENTAL INFORMATION

Amsterdam Public School
Gallatin County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2023

Students Grade K – 8

Full-Time Students:

Fall Enrollment-El District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	24	24	0
Grades 1-6	141	141	0
Grades 7-8	0	0	0
Spring Enrollment-El District	**MAEFAIRS Reports**	**District Reports**	**Difference**
Kindergarten Half Day	0	0	0
Kindergarten Full Day	23	23	0
Grades 1-6	140	140	0
Grades 7-8	0	0	0

Part Time Students:

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

Amsterdam Public School
Gallatin County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2023

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Ending Balance
PAC for PE	$ (885)	$ 1,689	$ -	$ 804
Library	423	2,049	2,050	422
Original Art	3,806	3,530	4,184	3,152
Yearbook	796	1,043	1,349	490
School Athletics	1,480	2,240	1,701	2,019
Gym Funds	110	1,901	172	1,839
MBI Leadership Funds	1,042	171	-	1,213
Club Cougars	2	-	-	2
Miscellaneous	3,906	229	-	4,135
Total	$ 10,680	$ 12,852	$ 9,456	$ 14,076

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

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

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

To the Board of Trustees
Amsterdam Public School
Gallatin County
Manhattan, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amsterdam Public School, Gallatin County, Montana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Amsterdam Public School's basic financial statements and have issued our report thereon dated June 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amsterdam Public School, Gallatin County, Montana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amsterdam Public School, Gallatin County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Amsterdam Public School's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses as identified as item(s) 2023-001 and 2023-002.

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. We consider the deficiencies described below to be significant deficiencies as identified as item(s) 2023-003 through 2023-006.

2023-001 <u>Management's Discussion and Analysis</u>

Condition:
The Management's Discussion and Analysis (MD&A) was missing all of the requirements of what is required to be presented under GASB Statement No. 34 thus was omitted from the report.

Context:
We reviewed the MD&A to determine if it met the requirements of GASB No. 34.

Criteria:
Per GASB Statement No. 34, the MD&A must include:

1. A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide.
2. The following condensed financial information derived from government-wide financial statements comparing the current year to the prior year, if relevant:
   (1) Total assets, distinguishing between capital and other assets
   (2) Total liabilities, distinguishing between long-term liabilities and other liabilities
   (3) Total net position, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts
   (4) Program revenues, by major source
   (5) General revenues, by major source
   (6) Total revenues
   (7) Program expenses, at a minimum by function
   (8) Total expenses
   (9) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers
   (10) Contributions
   (11) Special and extraordinary items
   (12) Transfers
   (13) Change in net position
   (14) Ending net position
3. An analysis of the overall financial position and results of operations (addressing both governmental and business-type activities) to assess whether financial position has improved or deteriorated during the year, including reasons for significant changes from the prior year and important economic factors (such as changes in the tax or employment bases) that significantly affected operating results. An analysis of the overall financial position and results of operations (addressing both governmental and business-type activities) to assess whether financial position has improved or deteriorated during the year, including reasons for significant changes from the prior year and important economic factors (such as changes in the tax or employment bases) that significantly affected operating results.

4. An analysis of balances and transactions of individual funds, including the reasons for significant changes in fund balances or fund net position and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use.
5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund, including reasons for those variations that are expected to have a significant effect on future services or liquidity.
6. A description of significant capital assets (including current year additions) and long-term debt activity, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.
7. A discussion of infrastructure assets (for governments that use the modified approach) including (1) significant changes in the assessed condition of eligible infrastructure assets, (2) how the current assessed condition compares with the condition level the government has established, and (3) any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period.
8. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes).
9. A statement that a comparative analysis will be provided in future years when prior year information is available (if applicable).
10. Other analysis necessary to meet the requirement for an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, and conditions (Currently known facts include information known by management as of the date of the auditor's report.)(GASBS No. 34, para. 8).

Effect:
The District is not in compliance with GASB Statement No. 34.

Cause:
The District presented a MD & A but it only talked about items such as enrollment, staffing, etc. It did not have the required elements as noted above, therefore, it was excluded.

Recommendation:
The District should implement internal control procedures to ensure all required components of the MD&A are included as required by GASB Statement No. 34.

2023-002 **<u>Misclassification of Insurance Proceeds</u>**

Condition:
The District recorded revenues for insurance as a credit to expenditures.

Context:
In review of both revenues and expenditures for the audit, we determined if everything was properly classified within the accounting system and financial statements.

Criteria:
According to the School Accounting Manual as provided by the Montana Office of Public Instruction, insurance monies are a revenues and should be coded to revenue account number 5200.

Effect:
Both expenditure and revenues were understated in the Building Fund by $21,068. This was corrected for financial reporting purposes.

Cause:
The District netted the revenues against the expenditures in the Building Reserve Fund.

Recommendation:
We recommend that the District properly classified revenues received from insurance as revenues and codes them to account number 5200.

2023-003 <u>Grant Management</u>

Condition:
There is a lack on internal controls over grant management for the ESSER Grants as the District is not making timely requests for reimbursements and/or making corrections to requests previously submitted in a timely manner.

Context:
As part of compliance testing for the audit, we tested due from other governments to determine if they are valid and collectible and if the requests for reimbursements are being made timely.

Criteria:
As part of a proper system of internal controls over grants, requests for reimbursements should be made in a timely fashion to ensure adequate cash flow of the District and to ensure that reimbursements are valid and collectible

Effect:
We noted two due from other governments for the ESSER III grants that were properly recorded as a due from other government at year end but when we looked at the Montana Office of Public Instruction website we noted that as of May 2024, the District had not completed and/or corrected requests for reimbursement for these and as such, the District still has not received these reimbursements.

Cause:
There was one request made in June 2023 that was returned for changes to the District and appears was never corrected. The other amounts do not appear to have been requested by the District as of May 2024.

Recommendation:
We recommend the District ensure that it files requests for reimbursement in a timely fashion and if the request is returned for corrections, the District make the necessary corrections in a timely fashion to ensure they receive the monies timely.

2023-004 GASB Statement No. 75 Other Post Employment Benefits (OPEB)

Condition:
The District is not in compliance with GASB Statement No. 75.

Context:
As part of the audit, we noted that the District has employees on health insurance yet there was not OPEB liability reported. We asked for their OPEB valuation.

Criteria:
As stated in GASB Statement No. 75, the requirement of this statement apply to the financial statements of all state and local governmental employers whose employees are provided with OPEB. The total OPEB liability generally is required to be determined through an actuarial valuation. However, if fewer than 100 employees (active and inactive) are provided with OPEB through the plan, use of a specified alternative measurement method in place of an actuarial valuation is permitted.

Effect:
The District is not in compliance with GASB Statement No. 75. We estimated that there is an understated liability for OPEB of $18,097.

Cause:
The District was not aware that they had to comply with this standards.

Recommendation:
We recommend the District have an OPEB valuation completed and properly report the liability in their financial statements.

2023-005 Internal Controls (Repeated)

Condition:
There is a lack of internal controls over receipting and disbursing.

Context:
We inquired and reviewed internal controls relating to cash receipting and disbursements.

Criteria:
A proper system of internal controls would ensure there is

- Segregation of duties with cash receipting
- Controls over disbursements so that one person cannot process checks and have the computer sign the checks

Effect:
We noted the following:

- The District has one person that handles a majority of the accounting functions and has sole access to the accounting software
- The District has one person that takes in the cash, prepares the deposit, and makes the deposits without oversight
- Checks can be signed electronically by one person's password.

Cause:
The District is a small government with limited employees and the cost of employing additional employees does not outweigh the benefit of having them.

Recommendation:
We recommend
- The board continuing to provide oversight and the district continue to segregate duties the best it can with the limited staff.
- Have the accounting software control set up to where it takes 2 passwords from two different persons to sign the checks.

2023-006 **<u>Encumbrances</u>**

Condition:
The District encumbered items without a valid purchase order in place.

Context:
We received a sample of encumbrances to determine if:
- There was a valid and properly approved purchase order in place by June 30th
- The items had been ordered by June 30th and just not received and/or there was a construction contract in place by June 30th and the construction didn't occur until subsequent to year end.
- The encumbrances were cleared in the ensuing fiscal year
- And the encumbrances were coded to the correct fund, function and object code.

Criteria:
MCA 20-9-209 – The District may encumber current year appropriations for valid obligations existing as of June 30th. Criteria for determining whether a valid obligation exists are as follows:
a. The cost of personal property, including materials, supplies and equipment, ordered but not received may be encumbered if a valid purchase order for the items was issued prior to June 30th.

b. The cost of commitments related to construction in progress may be encumbered if a legally binding contract was signed and effective or a valid purchase order was issued prior to June 30th. (If performance under the contract is complete, or virtually complete, the cost of the entire contract should be accrued as an expenditure, rather than being encumbered.)

Effect:
We found that the District does not use purchase orders and did not do a manual purchase order at year end.

Cause:
The District was unaware that purchase orders were required in order to encumber amounts at year end.

Recommendation:
We recommend that the District complete manual purchase orders at year end and have those purchase orders properly approved.

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

Amsterdam Public School's Response to Findings
Amsterdam Public School's response to the findings identified in our audit is described in the Auditee's Corrective Action Plan. Amsterdam Public School's response was not subject 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 26, 2024

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

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

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

To the Board of Trustees
Amsterdam Public School
Gallatin County
Manhattan, Montana

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

Recommendation	Action Taken
Segregation of Duties (Repeated)	Repeated

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

June 26, 2024

Amsterdam School

6360 Camp Creek Road Manhattan, MT 59741
(406)282-7216 fax (406)282-7724
Amsterdamschool.org
EIN: 81-6000441

Contact Person:
Sharon Roe, Business Manager

Expected Completion Date of Corrective Action Plan:
July 31, 2024

CORRECTIVE ACTION PLAN

FINDING 2023-001: Management's Discussion and Analysis

Response: Business Manager has used the format for the MD&A that was in use when she began her job; has never been told it was inadequate. Auditors have presented her with the requirements for the MD&A and where to locate samples of correct MD&As. Business Manager will educate herself and her management team so that appropriate MD&As can be included in future audits.

FINDING 2023-002: Misclassification of Insurance Proceeds

Response: Journal Voucher 100571 has been posted to the accounting system to correctly identify and code the insurance proceeds to Revenue Code 5200

FINDING 2023-003: Grant Management

Response: With the long duration of the various ESSER funding components, amendments had to be made as needs changed. Each time an amendment was processed, the rules had changed. Oftentimes, previously acceptable amendments now had to be gone over and re-written. Business Manager became frustrated with the process by the time ESSER III was being spent. Requested funds that were allowable as the grant existed at the time, deeming it more efficient to do a final amendment once it was clear how the remaining funds would be spent out. That point has now occurred with FY24.
Funding requests for Title IA, Title IIA, and REAP grants are being made timely.

FINDING 2023-004: GASB Statement No. 75 Other Post Employment Benefits (OPEB)

Response: Previous auditors have told the District that an OPEB analysis wasn't required as we were too small a district and had no one retiring who was going to stay on the school's health insurance plan. The District will work to get the required alternative valuation necessary to be in compliance for FY24

FINDING 2023-005: Internal Controls

Response: The District will work with Black Mountain Software to set up two required passwords from two different individuals in order to have electronically-signed checks. The District will continue to have monitoring and oversight of the Business Manager's and Office Manager's separate responsibilities by the Superintendent and the Board.

FINDING 2023-006: Encumbrances

Response: Manual purchase orders were created for most of the purchases at year end. However, some of the larger orders (Amazon, 360 Office) did not have a PO created, just on online order submitted. In this situation, there was nothing for the administrative to sign. These orders often came in to the District in separate packages at separate times so that some of the order timely arrived and was paid in the current year, some of the order arrived but wasn't invoiced in time to be paid in the current year so was Accounts Payable, and some of the order didn't arrive and so was encumbered. The District didn't realize that the encumbered portion REQUIRED a purchase order. Going forward, ALL year end purchases will be put on a valid purchase order to be signed/approved by the administrator.

STATUS OF PRIOR AUDIT FINDINGS

2022 FINDING: Segregation of Duties

Response: See Response to Finding 2023-005