

Browning Public Schools

Independent Auditor's Report and
Financial Statements

Year Ended June 30, 2022

WIPFLI

Browning Public Schools

Year Ended June 30, 2022

Table of Contents

Organization Board of Trustees and Officials.....	1
Independent Auditor's Report.....	2
Management's Discussion and Analysis.....	5

Basic 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 Balance Sheet - Governmental Funds to the Government- Wide Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds to Government-Wide Statement of Activities.....	11

Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position and Changes in Fiduciary Net Position.....	15

Notes to Financial Statements.....	15
------------------------------------	----

Required Supplementary Information

Budgetary Comparison Schedule.....	52
Notes to Budgetary Comparison Schedule.....	54
Schedule of Proportionate Share of the Net Pension Liability - Teacher's Retirement System of Montana.....	56
Schedule of Contributions - Teacher's Retirement System of Montana.....	57
Notes to Required Supplementary Information - Teachers Retirement System of Montana.....	58
Schedule of Proportionate Share of the Net Pension Liability - Montana Public Employees Retirement System.....	62
Schedule of Contributions - Montana Public Employees Retirement System.....	63
Notes to Required Supplementary Information - Montana Public Employees Retirement System.....	64
Schedule of Changes in Total Liability and Related Ratios - Other Postemployment Benefits.....	66

Browning Public Schools

Year Ended June 30, 2022

Supplementary Information

Combining Balance Sheet - General Fund.....	67
Combining Schedule of Revenues, Expenditures and Changes In Fund Balances - General Fund.....	68
Extracurricular Activities - Schedule of Cash Receipts, Disbursements and Changes in Net Position.....	69
Schedule of Reported Enrollment.....	72
Schedule of Expenditures of Federal Awards.....	74
Notes to Schedule of Expenditures of Federal Awards.....	77
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.....	78
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.....	80
Schedule of Findings and Questioned Costs.....	83

Browning Public Schools

Organization Board of Trustees and Officials

BOARD OF TRUSTEES

Brian Gallup
Mistee RidesAtTheDoor
Rae TallWhiteMan-Armstong
Kristy Salway-Bullshoe
Stephen Conway
James Evans
James Running Fisher
Donna Yellow Owl

Chairman
Vice Chairman
Trustee
Trustee
Trustee
Trustee
Trustee

OFFICIALS

Rebecca Rappold
Sandra Rivas
Terryl Matt
Lester Johnson III
Don Wilson

District Superintendent
Business Manager/Clerk
County Attorney
County Superintendent of Schools
County Treasurer

Independent Auditor's Report

Board of Trustees
Browning Public Schools
Browning, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Browning Public Schools (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Elementary Transportation Fund	Unmodified
Elementary Miscellaneous Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter described in the Matter Giving Rise to Qualified Opinions Aggregate Remaining Fund Information section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Browning Public Schools as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, General Fund, Elementary Transportation Fund, Elementary Miscellaneous Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund the Browning Public Schools as of June 30, 2022, and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Matter Giving Rise to Qualified Opinions Aggregate Remaining Fund Information Opinions Matter Giving Rise to Qualified Opinions on Aggregate Remaining Fund Information

The financial statements of the Internal Service Fund and the aggregate remaining fund information include an Incurred But Not Reported (IBNR) claims liability of \$785,085 as of June 30, 2022, related to the District's self-insurance plan. Management was unable to provide sufficient appropriate audit evidence to support the methodology or assumptions used to estimate this liability. Despite repeated requests, no actuarial analysis or other documentation could be made available to substantiate the recorded amount. As a result, we were unable to obtain adequate audit evidence regarding the accuracy and completeness of the IBNR liability. The effects of this matter are material to the Internal Service Fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Browning Public Schools 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 matter giving rise to qualified opinions aggregate remaining fund information opinions.

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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Browning Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Browning Public Schools'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 budgetary comparison information, schedules of proportionate share of the net pension liability, schedules of contributions, and schedule of changes in total liability and related ratios - other postemployment benefits as listed in the table of contents, 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Browning Public Schools has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the 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 as a whole. The combining balance sheet - general fund, combining schedule of revenues, expenditures and changes in fund balances - general fund, extracurricular activities - schedule of cash receipts, disbursements, and changes in fund balance, schedule of reported enrollment and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality 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 dated [redacted] on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Browning Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Billings, Montana

Browning Public Schools

Statement of Net Position

	Primary Government		
	Governmental Activities	Business-type Activities	Total
June 30, 2022			
Assets:			
Cash and investments	\$ 39,940,380	\$ 3,296	\$ 39,943,676
Restricted cash and investments	1,027,275	-	1,027,275
Taxes receivable	1,599,426	-	1,599,426
Accounts receivable	307,160	-	307,160
Due from other governments	2,652,956	-	2,652,956
Capital assets:			
Land	839,008	-	839,008
Construction in progress	23,526,567	-	23,526,567
Depreciable assets, net	46,918,267	-	46,918,267
Total capital assets	71,283,842	-	71,283,842
Total assets	116,811,039	3,296	116,814,335
Deferred outflows of resources:			
Pension contributions and related differences and changes	5,165,291	-	5,165,291
Total deferred outflows of resources	5,165,291	-	5,165,291
Liabilities:			
Cash deficit	1,920,375	-	1,920,375
Accounts payable	1,045,122	-	1,045,122
Advances from grantors	350,022	-	350,022
Long-term liabilities:			
Due within one year:			
Compensated absences	298,493	-	298,493
Bonds payable	1,095,000	-	1,095,000
Due in more than one year:			
Compensated absences	895,482	3,215	898,697
Bonds payable	5,695,000	-	5,695,000
Other post-employment benefits	161,296	-	161,296
Net pension liability	22,102,089	-	22,102,089
Total liabilities	33,562,879	3,215	33,566,094
Deferred inflows of resources:			
Pension related differences and changes	7,475,640	-	7,475,640
Changes of assumptions and other inputs - OPEB	38,291	-	38,291
Total deferred inflows of resources	7,513,931	-	7,513,931
Net position:			
Net investment in capital assets	64,493,842	-	64,493,842
Restricted for:			
Other fund activities	4,762,780	-	4,762,780
Debt service	659,070	-	659,070
Capital projects	1,000,529	-	1,000,529
Unassigned	9,983,299	81	9,983,380
Total net position	\$ 80,899,520	\$ 81	\$ 80,899,601

Browning Public Schools

Statement of Activities

For the Year Ended June 30, 2022	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants	Net (Expense)	Business-type	
				Revenue	Activities	
Primary Government:						
Instruction:						
Regular programs	\$ 17,391,674	\$ -	\$ 8,088,518	\$ (9,303,156)	\$ -	\$ (9,303,156)
Special programs	1,778,139	-	1,461,512	(316,627)	-	(316,627)
Vocational programs	297,832	-	-	(297,832)	-	(297,832)
Support services	12,682,568	-	-	(12,682,568)	-	(12,682,568)
Operation and maintenance	3,442,582	-	-	(3,442,582)	-	(3,442,582)
Student transportation	2,049,324	-	377,430	(1,671,894)	-	(1,671,894)
Food services	1,656,996	41,536	1,358,892	(256,568)	-	(256,568)
Extracurricular	1,272,901	268,090	-	(1,004,811)	-	(1,004,811)
Interest on long-term debt	111,017	-	-	(111,017)	-	(111,017)
Debt service - Interest	148,136	-	-	(148,136)	-	(148,136)
Debt service - Other	1,100	-	-	(1,100)	-	(1,100)
Unallocated depreciation	81,354	-	-	(81,354)	-	(81,354)
Enterprise services	4,667,359	5,043,612	-	376,253	-	376,253
Total governmental activities	45,580,982	5,353,238	11,286,352	(28,941,392)	-	(28,941,392)
Business-type activities:						
Daycare	76,593	79,442	-	-	2,849	2,849
Total business-type activities	76,593	79,442	-	-	2,849	158,884
General revenues:						
Property taxes, levied for general purposes				2,716,139	-	2,716,139
County retirement distribution				2,987,796	-	2,987,796
State aid				13,637,401	-	13,637,401
Impact aid				13,817,694	-	13,817,694
Interest				(771,815)	-	(771,815)
Miscellaneous				241,643	-	241,643
Total general revenues				32,628,858	-	32,628,858
Change in net position				3,687,466	2,849	3,846,350
Net position, beginning of year				77,212,054	(2,768)	77,209,286
Net position, end of year				\$ 80,899,520	\$ 81	\$ 80,899,601

Browning Public Schools

Balance Sheet - Governmental Funds

	Combined General Fund	Transportation Fund	Miscellaneous Fund	Other Governmental Funds	Total Governmental Funds
June 30, 2022					
Assets:					
Cash and investments	\$ 33,848,777	\$ -	\$ -	\$ 4,974,601	\$ 38,823,378
Restricted cash and investments	1,027,275	-	-	-	1,027,275
Taxes receivable, net	646,442	246,623	-	706,361	1,599,426
Due from other funds	-	-	45,000	-	45,000
Due from other governments	-	1,816	2,296,941	354,199	2,652,956
Total assets	35,522,494	248,439	2,341,941	6,035,161	44,148,035
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Cash deficit	-	1,816	1,685,101	73,755	1,760,672
Accounts payable	212,569	-	38,988	8,480	260,037
Due to other funds	-	-	-	45,000	45,000
Advance from grantors	-	-	216,014	134,008	350,022
Total liabilities	212,569	1,816	1,940,103	261,243	2,415,731
Deferred inflows of resources:					
Unavailable tax revenue	646,442	246,623	-	706,361	1,599,426
Total deferred inflows of resources	646,442	246,623	-	706,361	1,599,426
Fund balances:					
Restricted for:					
Other fund activities	-	-	26,310	3,641,767	3,668,077
Debt service	-	-	-	411,820	411,820
Capital projects funds	-	-	-	983,230	983,230
Assigned for:					
Encumbrances	395,234	-	375,528	30,740	801,502
Unassigned	34,268,249	-	-	-	34,268,249
Total fund balances	34,663,483	-	401,838	5,067,557	40,132,878
Total liabilities, deferred inflows of resources and fund balances	\$ 35,522,494	\$ 248,439	\$ 2,341,941	\$ 6,035,161	\$ 44,148,035

Browning Public Schools

Reconciliation of the Balance Sheet - Governmental Funds to the Government-Wide Statement of Net Position

June 30, 2022

Total fund balances, governmental funds \$ 40,132,878

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 71,283,842

Property taxes receivable that are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 1,599,426

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities are included in the governmental activities in the statement of net position. 479,374

Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.

Deferred outflow of resources - pension contributions and related differences and changes 5,165,291
Deferred inflow of resources - pension related differences and changes (7,475,640)
Deferred inflow of resources - Changes of assumptions and other inputs - OPEB (38,291)

Some liabilities, such as capital leases, compensated absences, net pension liability and other post employment benefits, are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.

Bonds payable (6,790,000)
Compensated absences (1,193,975)
Other post-employment benefits (161,296)
Net pension liability (22,102,089)

Net position of governmental activities in the statement of net position \$ 80,899,520

Browning Public Schools

Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

	Combined General Fund	Transportation Fund	Miscellaneous Fund	Other Governmental Funds	Total Governmental Funds
For the Year Ended June 30, 2022					
Revenues:					
Property taxes for general purposes	\$ 799,428	\$ 367,103	\$ -	\$ 1,539,332	\$ 2,705,863
Intergovernmental:					
County	-	120,942	-	3,055,569	3,176,511
State	12,636,707	120,942	28,199	291,299	13,077,147
Federal	13,817,694	-	8,523,318	1,724,724	24,065,736
Interest on investments	(771,815)	-	-	-	(771,815)
Food services	-	-	-	41,536	41,536
Extracurricular	-	-	-	268,090	268,090
Other	51,909	-	108,284	81,450	241,643
Total revenues	26,533,923	608,987	8,659,801	7,002,000	42,804,711
Expenditures:					
Current:					
Instruction	12,269,567	-	4,768,653	1,797,000	18,835,220
Support services	6,713,068	-	3,523,358	874,395	11,110,821
Operations and maintenance	2,715,981	-	216,944	336,432	3,269,357
Student transportation	394,427	663,556	351	619,979	1,678,313
Food services	-	-	118,453	1,520,555	1,639,008
Extracurricular	1,035,504	-	-	225,836	1,261,340
Other enterprise services	73,967	-	9,150	27,900	111,017
Capital outlay	2,028,512	-	62,365	691,947	2,782,824
Debt service	-	-	-	1,229,236	1,229,236
Total expenditures	25,231,026	663,556	8,699,274	7,323,280	41,917,136
Excess (deficiency) of revenues over expenditures	1,302,897	(54,569)	(39,473)	(321,280)	887,575
Transfers in	-	-	-	637,700	637,700
Transfers out	(637,700)	-	-	-	(637,700)
Total other financing sources and uses	(637,700)	-	-	637,700	-
Net change in fund balances	665,197	(54,569)	(39,473)	316,420	887,575
Fund balances, beginning of year	33,998,286	54,569	441,311	4,751,137	39,245,303
Fund balances/(deficit), end of year	\$ 34,663,483	\$ -	\$ 401,838	\$ 5,067,557	\$ 40,132,878

See accompanying notes to financial statements.

Browning Public Schools

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds to Government-Wide Statement of Activities

For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds:	\$ 887,575
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	(1,654,460)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	10,276
Statement of activities report expenses that the governmental funds do not and are not reported as expenditures in the governmental funds:	
Compensated absences expense	240,229
Other post-employment benefits	376,641
Pension expense, net of state on-behalf revenue	(411,872)
Internal service funds are used by management to charge the costs of certain activities, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	376,253
Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in statement of activities:	
Capital outlays, not including capital assets under leases	2,782,824
Principal payments on debt	1,080,000
Change in net position of governmental activities	\$ 3,687,466

Browning Public Schools

Statement of Net Position - Proprietary Funds

	Business- Type Activities	Governmental Activities
	Non-major Enterprise	Internal Service Funds
June 30, 2022		
Assets		
Current assets		
Assets:		
Cash	\$ 3,296	\$ 1,117,002
Accounts receivable	-	307,160
Total assets	3,296	1,424,162
Liabilities and net position		
Current liabilities		
Liabilities:		
Cash deficit	-	159,703
Accounts payable	-	785,085
Compensated absences	3,215	-
Total current liabilities	3,215	944,788
Net position:		
Unassigned	81	479,374
Total net position	\$ 81	\$ 479,374

Browning Public Schools

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

	Business- Type Activities Non-major Enterprise	Governmental Activities Internal Service Funds
<i>For the Year Ended June 30, 2022</i>		
Operating revenues:		
Local sources	\$ 79,442	\$ 5,043,612
Total operating revenues	79,442	5,043,612
Operating expenses:		
Personal services	48,940	129,460
Employee benefits	19,790	6,741
Contractual Services	1,464	4,507,403
Supplies and materials	6,399	23,755
Total operating expenses	76,593	4,667,359
Operating income	2,849	376,253
Net position, beginning of year	(2,768)	103,121
Net position, end of year	\$ 81	\$ 479,374

Browning Public Schools

Statement of Cash Flows - Proprietary Funds

	Business- Type Activities Non-major Enterprise	Governmental Activities Internal Service Funds
<i>For the Year Ended June 30, 2022</i>		
Cash flows from operating activities:		
Cash received from providing services	\$ 79,442	\$ 5,043,612
Cash paid for:	-	-
Payment of claims	(1,464)	(4,507,403)
Payment to suppliers	(6,399)	(9,330)
Payment to employees	(68,730)	(136,201)
Net cash from operating activities	2,849	390,678
Net change in cash	2,849	390,678
Cash, beginning of year	447	566,621
Cash, end of year	\$ 3,296	\$ 957,299

Reconciliation of operating income to net cash from operating activities

Operating income	\$ 2,849	\$ 376,253
Adjustments to reconcile operating loss to net cash from operating activities		
Increase (decrease) in accounts payable	-	14,425
Net cash from operating activities	\$ 2,849	\$ 390,678

Browning Public Schools

Notes to Financial Statements

Note 1: Reporting Entity

Browning Public Schools (the "District") was established under Montana law to provide educational services below the college and university level to residents of the District. The District actually consists of two separate legal entities, high school and elementary districts. Accounting records of both districts must be maintained separately per State Law because of differences in funding and tax base. Yet, both are managed by one central Board of Trustees elected by the citizens and by a central administration appointed by and responsible to the Board.

The criteria for including organizations within the District's reporting entity are set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." This statement defines the financial reporting entity as the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such financial accountability that would result in the District being considered a component unit of the entity.

Glacier County provides services to the District; tax billings and cash collections all flow through the office of the County Treasurer. The County Commissioners have the legal obligation to set levy amounts to finance the budget of the District, as directed by the Board of Trustees. Despite the degree of services rendered, the District has determined that neither Glacier County nor any other outside agency meets the criteria set forth in the preceding paragraph and therefore, no other agency has been included as a component unit of the District's financial statements.

The District functions in a fiduciary capacity relating to the cobra insurance and flex plan funds.

Note 2: Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Adoption of GASB Pronouncements

During the fiscal year ended June 30, 2022, the District implemented the following GASB Pronouncements:

GASB Statement No. 87, Leases: As of July 1, 2021, the District implemented GASB Statement No. 87. The statement enhances the relevance and consistency of reporting for the Browning Public School's leasing activities by establishing requirements for lease accounting based on the principle that leases are financing of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year beginning July 1, 2021. The adoption of this guidance did not affect beginning net position for the year ended June 30, 2022 and, accordingly, restatement of beginning July 1, 2021 net position was not necessary.

The following GASB pronouncements have been issued, but effective in the future:

GASB Statement No. 91, Conduit Debt Obligations: Issued May 2019, the objective of this statement is to provide for a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This statement is effective for the fiscal year ending June 30, 2023.

GASB Statement No. 92 – Omnibus 2020: Issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature relative to certain GASB Statements. Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 94 – Public/Private and Public/Public Partnership Arrangements: Issued to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements: Issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Effective for the fiscal year ending June 30, 2023.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities show information about the overall financial position and activities of the District with the exception of the retirement/cobra insurance and cafeteria/flex plan funds. The retirement/cobra insurance fund, which accounts for receipts and disbursements of premium payments received from former District employees who have retired or terminated employment and elected to continue to participate in the District's health insurance program, is reported as a custodial fund in the statement of fiduciary net position and changes in fiduciary net position. The cafeteria/flex plan fund, which accounts for plans under IRC Section 125 administered through a third party, is reported as a custodial fund in the statement of fiduciary net position and changes in fiduciary net position.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or the public who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The District uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate 'fund types'.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds.

The District reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the District. It accounts for resources traditionally associated with government operations which are not required to be accounted for in another fund. The District maintains the general fund to account for most of the instructional and administrative aspects of the District's operations and to account for repair and maintenance of District property.

Elementary Impact Aid Fund - The impact aid fund is used to account for the receipt and expenditure of funds received under Public Law 81-874, Impact Aid.

High School Impact Aid Fund - The Impact Aid Fund is used to account for the receipt and expenditure of funds received under Public Law 81-874, Impact Aid.

High School Flex Fund - Authorized by Section 20-9-543, MCA, for the purpose of paying salaries, operating expenses, building expenses, and purchasing supplies and equipment. It is funded by a state grant and voted levy.

High School Flex Fund - Authorized by Section 20-9-543, MCA, for the purpose of paying salaries, operating expenses, building expenses, and purchasing supplies and equipment. It is funded by a state grant and voted levy.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The general fund has been blended with the elementary and high school impact aid funds and the elementary and high school flex fund on the governmental fund financial statements for financial reporting purposes under GASB Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions.

Elementary Transportation Fund - Authorized by Section 20-10-143, MCA, for the purpose of financing the maintenance and operation of district owned school buses, contracts with private carriers for school bus service, individual transportation contracts, and any amount necessary for the purchase, rental, or insurance of yellow school buses or operation of the transportation program. The fund may be used only to support costs of home-to-school transportation.

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

Proprietary Funds

The District maintains two type of proprietary fund. The enterprise fund is used to account for operations that are financed and operated similar to private business enterprises where the intent is to recover costs primarily through charges to users for goods or services. The District has one enterprise fund, the day care fund. The internal service funds are a group of accounts used to accumulate and allocate cost internally among the various functions of the school district. The District uses internal service funds to account for the warehousing of its art, office, custodial and nursing supplies, for collecting health insurance premiums and costs for District employees, and to pay the liability premiums of the District. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related 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 eligibility requirements imposed by the provider have been met. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District recognizes property taxes as a receivable at the time an enforceable legal claim is established and considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, special assessments, grants, interest revenue, and charges for services. 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.

The District reports unavailable tax revenue as deferred inflows of resources and advances from grantors as liabilities on its government-wide statement of net position and on its balance sheet-governmental funds. Unavailable tax revenues and advances from grantors arise when potential revenue does not meet both the 'measurable' and 'available' criteria for recognition in the current period. Advances from grantors also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to resources, the liability for advances from grantors and the deferred inflow of resources for unavailable tax revenues are removed from the balance sheet and revenue is recognized.

Cash and Investments

Cash resources of the District are deposited in local financial institutions. The District's cash is held in demand deposit accounts and a repurchase investment account. The bank balance is insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC), the remainder is collateralized. In addition, some cash resources of the District are deposited with the County Treasurer. Investments of the pooled cash consist primarily of certificates of deposit and repurchase agreements and are carried at cost which approximates fair value. Among the instruments which state statutes authorize the District to invest in are direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state; in a repurchase agreement or Montana short-term investment pool. Interest income received as a result of pooling is distributed to the appropriate district utilizing a formula based on the respective district's previous month's ending balance of cash and cash equivalents.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

The District issues warrants in payment of its obligations. When the warrants are presented to the County Treasurer, the District's cash balance is reduced to pay the warrant. The cash and warrants payable for the payroll and claims clearing funds are netted for reporting purposes.

The cash and warrants payable in the payroll and claims clearing accounts are as follows:

	Payroll Clearing Fund	Claims Clearing Fund
Cash and cash equivalents	\$ 357,796	\$ 1,737,176
Claims payable	\$ 357,796	\$ 1,737,176

Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Life
Buildings and improvements	20-75 years
Machinery and equipment	5-15 years

Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from other funds' or 'due to other funds' on the balance sheet.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Compensated Absences

All full-time District employees accumulate vacation and/or sick leave hours for later use or for payment upon termination, death or retirement. Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through paid time off or some other means. The compensated absences liability fund is used to pay the accumulated vacation and/or sick leave of a non-teaching employee upon termination, death or retirement. Such reserve may not exceed 30% of the District's recorded liability for accumulated sick leave and 30% of accumulated vacation leave for non-teaching or administrative employees.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the State of Montana's Teachers Retirement System and the State of Montana's Public Employee Retirement System and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents an expenditure of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until that time. The District has two types of items, which arises only under accrual basis of accounting that qualifies for reporting in this category. Accordingly, the first item, pension contributions and related differences and changes, is reported in the government-wide statement of net position. This amount is deferred and recognized as an outflow of resources in the period that the plans recognize the contributions and related differences and changes. The second item, differences between expected and actual experience – OPEB, is reported in the government-wide statement of net position. This amount is deferred and recognized as an outflow of resources over the expected future working lifetime of participating employees.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items, one which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable tax revenue, is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to the differences and changes related to investment returns and assumptions in the Teachers Retirement System of Montana and the Montana Public Employee Retirement System and is reported in the government-wide statement of net position. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The third item, changes of assumptions and other inputs – OPEB, is reported in the government-wide statement of net position. This amount is deferred and recognized as an inflow of resources over the expected working lifetime of participating employees.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires the fund balance amounts to be reported within one of the fund balance categories listed below.

Nonspendable: Amounts that cannot be spent because they are either (1) not in spendable form (e.g. inventories and prepaid amounts) or (2) legally or contractually required to be maintained intact (e.g. the corpus or principal of a permanent fund).

Restricted: Amounts that can be spent only for a specific purpose pursuant to state law, enabling legislation, grant agreement, or donor agreement.

Committed: Amounts that can be used only for specific purposes determined by a formal action of the School District's Board of Trustees (the District's highest level of decision making authority).

Assigned: Amounts that are intended to be used by the government for specific purposes under the direction of the District Clerk by authority granted by the Board of Trustees.

Unassigned: This fund balance is the residual classification for the government's general fund. It is also used to report negative fund balances in other governmental funds.

It is the District's policy that for purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. All encumbrances are classified as either assigned fund balance or committed fund balance. At June 30, 2022, \$148,583, \$246,651, \$375,528 and \$30,740 were assigned for encumbrances in the elementary impact aid, high school impact aid, miscellaneous programs, and other governmental funds, respectively.

Net Position

Net position represents the residual of assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets represent net position in the form of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Browning Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property Taxes

Property taxes are collected by Glacier County who remits to the District their respective share of the collections. The 2021 property tax levy, which was perfected and became a receivable in October 2021, was levied to finance District operations during the year ended June 30, 2022. The tax levy was collectible in November 2021 and May 2022. As of May 31, 2022, uncollected property taxes became delinquent. Property taxes are attached as an enforceable lien on the underlying property. After a period of three years, Glacier County, the collecting agent, may begin foreclosure proceedings and sell the property at auction. The District receives its share of the sale proceeds from Glacier County.

All property taxes are recognized in compliance with GASB interpretation "Property Tax Revenue Recognition in Government Funds," which states that such revenue is recorded when it becomes measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Subsequent Events

Management has evaluated the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2022. Management has performed this evaluation through MONTH DD, YYYY, the date the financial statements were available to be issued, and determined that no subsequent events requiring adjustment or disclosure have occurred.

Browning Public Schools

Notes to Financial Statements

Note 3: Cash and Investments

Cash Composition

Composition of cash deposits and investments at fair value at June 30, 2022 were as follows:

	June 30, 2022
<u>Cash and hand and deposits:</u>	
Petty cash	\$ 511
Cash in banks:	
Demand deposits	13,925,149
Savings deposits	230,480
Time deposits	23,314,497
<u>Investments:</u>	
U.S. Government Securities	552,664
Total	\$ 38,023,301

Custodial Credit Risk

Custodial credit risk is that risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2022, the government's bank balance was exposed to custodial credit risk totaling \$804,966 which was not insured.

Investments

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

All investments listed below are valued used Level 1 inputs.

As of June 30, 2022, the District had the following fair values and investment maturities:

	Fair Value	Investment Maturities (in Years)			Applicable Agency Rating
		Less than 1	1 - 5	Percent of Portfolio	
Federal Home Loan Bank	\$ 552,664	\$ -	\$ 552,664	100.0 %	AAA
Total District investments	552,664	-	552,664	100.0 %	
Total investments	\$ 552,664	\$ -	\$ 552,664	100.0 %	

Credit Risk

The District's investments are rated, as shown above, by the applicable rating agency.

Concentration of Credit Risk

The District places no limit on the amount the District may invest any one issuer. More than 5 percent of the District's investments are concentrated in specific individual investments. The above table indicates the percentage of each investment to the total investments of the District.

Browning Public Schools

Notes to Financial Statements

Note 4: Due From Other Governments

Due from other governments at June 30, 2022 consists of amounts owed to the District from other governmental entities. These consist of the following:

	June 30, 2022
Elementary Transportation	\$ 1,816
General Fund	2,296,941
Other governmental funds	354,199
Total	\$ 2,652,956

Note 5: Capital Assets

Governmental activities capital asset balances and activity for the year ended June 30, 2022, were as follows:

Governmental Activities	Balance 7/1/2021	Additions	Deletions	Balance 06/30/22
Capital assets, not being depreciated:				
Land	\$ 839,008	\$ -	\$ -	\$ 839,008
Construction in progress	21,184,592	2,341,975	-	23,526,567
Total capital assets, not being depreciated	22,023,600	2,341,975	-	24,365,575
Capital assets, being depreciated:				
Land improvements	6,119,681	-	-	6,119,681
Buildings and improvements	52,321,365	-	-	52,321,365
Machinery and equipment	10,513,983	440,849	-	10,954,832
Total capital assets, being depreciated	68,955,029	440,849	-	69,395,878
Accumulated depreciation:				
Land improvements	(2,589,522)	(209,492)	-	(2,799,014)
Buildings and improvements	(11,409,657)	(788,130)	-	(12,197,787)
Machinery and equipment	(6,823,972)	(656,838)	-	(7,480,810)
Total accumulated depreciation	(20,823,151)	(1,654,460)	-	(22,477,611)
Total capital assets, being depreciated, net	48,131,878	(1,213,611)	-	46,918,267
Governmental activities capital assets, net	\$ 70,155,478	\$ 1,128,364	\$ -	\$ 71,283,842

Browning Public Schools

Notes to Financial Statements

Note 5: Capital Assets (Continued)

Depreciation expense was charged to the functions of the District as follows:

Instruction	\$	427,107
Supporting services		572,214
Operations and maintenance		173,225
Student transportation		371,011
Food service		17,988
Extracurricular		11,561
Unallocated		81,354
Total depreciation expense	\$	1,654,460

Business-type activities capital asset balances and activity for the year ended June 30, 2022, were as follows:

Business-Type Activities	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Capital assets, being depreciated:				
Buildings and improvements	\$ 14,128	\$ -	\$ -	\$ 14,128
Total capital assets, being depreciated	14,128	-	-	14,128
Accumulated depreciation:				
Buildings and improvements	(14,128)	-	-	(14,128)
Total accumulated depreciation	(14,128)	-	-	(14,128)
Total capital assets, being depreciated, net	\$ -	\$ -	\$ -	\$ -
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Depreciation expense was \$- for the year ended June 30, 2022.

Browning Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt

The following is a summary of changes in current and long-term debt obligations for the year ended June 30, 2022:

	7/1/2021	Additions	Reductions	06/30/22	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 1,434,204	\$ -	\$ (240,229)	\$ 1,193,975	\$ 914,818	\$ 279,157
Revenue bonds	475,000	-	(235,000)	240,000	240,000	-
General obligation bonds from direct placement	3,440,000	-	(565,000)	2,875,000	570,000	2,305,000
Revenue bonds from direct placements	3,955,000	-	(280,000)	3,675,000	285,000	3,390,000
Other post-employment benefits	173,124	-	(11,828)	161,296	-	161,296
Net pension liability	30,081,945	-	(7,979,856)	22,102,089	-	22,102,089
Total	\$ 39,559,273	\$ -	\$ (9,311,913)	\$ 30,247,360	\$ 2,009,818	\$ 28,237,542

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 as of June 30, 2022 were as follows:

	Origination Date	Interest Rate	Term	Maturity Date	Principal Amount	Annual Payment	Balance June 30, 2022
Elementary General Obligation Refunding Bonds, Series 2021	3/25/2021	.69%	7 years	7/1/2027	\$ 2,300,000	Varies	\$ 1,720,000
High School General Obligation Refunding Bonds, Series 2021	3/25/2021	.69%	7 years	7/1/2027	\$ 1,540,000	Varies	\$ 1,155,000
					\$ 3,840,000		\$ 2,875,000

At June 30, 2022, the annual cash flow requirement for the lease principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 570,000	\$ 19,838	\$ 589,838
2024	565,000	15,905	116,603
2025	575,000	12,006	123,190
2026	575,000	8,038	127,730
2027	590,000	4,071	133,160
Total	\$ 2,875,000	\$ 59,858	\$ 2,934,858

Impact Aid Revenue Bonds Outstanding as of June 30, 2022 were as follows

	Origination Date	Interest Rate	Term	Maturity Date	Principal Amount	Annual Payment	Balance June 30, 2021
Elementary Impact Aid Revenue Bond 2020	7/15/2020	3.00%	12 years	10/1/2032	\$ 3,955,000	Varies	\$ 3,675,000
High School Impact aid Refunding Bond 2015	4/29/2015	2.00%	5 years	10/1/2022	\$ 1,570,000	Varies	\$ 240,000
					\$ 5,525,000		\$ 3,915,000

Browning Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

At June 30, 2022, the annual cash flow requirement for the lease principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 525,000	\$ 110,775	\$ 635,775
2024	295,000	97,275	116,603
2025	305,000	88,275	123,190
2026	315,000	78,975	127,730
2027	325,000	69,375	133,160
2028 - 2032	1,765,000	193,575	1,958,575
2033 - 2037	385,000	5,775	390,775
Total	\$ 3,915,000	\$ 638,250	\$ 4,553,250

The impact air revenue bond resolutions include various restricted covenants. The most significant covenants are detailed below:

1. For the Elementary and High School Impact Aid Bonds, the District is to maintain restricted cash equal to the principal and interest coming due in the 12-month period after year end. The amount totaled \$635,775 as shown in Note 3.
2. For the High School Impact Aid Bond, The District is also required to restrict cash for future reserves in the lessor of 10% of the principal outstanding as of June 30, 2022, or the maximum amount of principle and interest payable on outstanding bonds in any succeeding year. The District chose to restrict cash for future debt at 10% of the principal outstanding as of June 30, 2022, \$391,500, as that was the lessor amount as shown in Note 3.

The District is subject to Montana Code Annotated which limits the amount of indebtedness to the greater of:

1. 100% of the taxable value of property subject to taxation by the District as ascertained by the last assessment for property taxes, or
2. 100% of the statewide Facility Guaranteed Mill Value per ANB multiplied by 1,000, multiplied by the number of students enrolled in a particular district (based on the current year average number of students belonging "ANB").

As of June 30, 2022, the statutory debt limit of the District was as follows:

	Elementary	High School
Statutory debt limit	\$ 57,351,600	\$ 58,485,360
Outstanding debt	5,395,000	1,395,000
Remaining debt capacity	\$ 51,956,600	\$ 57,090,360

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans

Teachers' Retirement System of Montana

a. 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>.

b. Plan Description

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

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

c. 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)

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

d. Overview of Contributions

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

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

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

e. TRS Stand-Alone Statements

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

f. Actuarial Assumptions

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

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

*Total wage increases include 3.25% general wage increase assumption

g. Discount Rate

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

h. 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)%
	<u>100.00 %</u>	

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

The long term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.94%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OSADI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

i. Sensitivity Analysis

	1% Decrease 6.06%	Current Discount Rate	1% Increase 8.06%
District's portion of Net Pension Liability	25,393,424	17,090,682	10,162,177

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

j. Net Pension Liability

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

The following table displays the amounts and the percentages of net pension liability for the fiscal years ended June 30, 2022 and June 30, 2021 (reporting dates).

	Net pension liability as of 06/30/22	Net pension liability as of 6/30/2021	Percent of Collective NPL as of 06/30/22	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
District Proportionate Share	\$ 17,090,682	\$ 22,924,817	1.0317 %	1.0191 %	0.0126 %
State of Montana Proportionate Share associated with the District	9,751,706	13,556,361	0.5887 %	0.6026 %	(0.0139)%
Total	\$ 26,842,388	\$ 36,481,178	1.6204 %	1.6217 %	(0.0013)%

At June 30, 2022, the District recorded a liability of \$17,090,682 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2022, the District's proportion was 1.0317 percent.

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

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

Change in proportionate share: There were no changes between the measurement date of the collective net pension liability and the reporting date.

k. Pension Expense

	Pension Expense as of 6/30/2022
District Proportionate Share	\$ 1,810,868
State of Montana Proportionate Share associated with the District	950,038
Total	\$ 2,760,906

At June 30, 2022, the District recognized pension expense of \$2,760,906 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$950,038 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

l. Deferred Inflows and Outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	268,416	-
Changes in actuarial assumptions	1,946,039	8,777
Difference between projected and actual investment earnings	-	5,400,413
Changes in Proportion & Differences between actual and expected contributions	76,352	-
*Contributions paid to TRS subsequent to the measurement date - FY 2022 contributions	1,452,938	-
Total	3,743,745	5,409,190

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

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Year ended June 30:	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
2023	(145,020)
2024	(282,180)
2025	(977,506)
2026	(1,713,677)
2027	-
Thereafter	-

Montana Public Employee Retirement System

a. Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable.

Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

b. General Information about the Pension Plan

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

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

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Service retirement

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

Early Retirement

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

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

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Monthly benefit formula

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

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and July 30, 2013
- Members hired on or after July 1, 2013
 - a. 1.5% each year PERS is funded at or above 90%;
 - b. 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%; and
 - c. 0% whenever the amortization period for PERS is 40 years or more.

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

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

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

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

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Fiscal Year	Member		States & Universities	Local Government		School Districts	
	Hired <7/1/11	Hired >7/1/11	Employer	Employer	State	Employer	State
2022	7.900 %	7.900 %	8.970 %	8.870 %	0.100 %	8.600 %	0.370 %
2021	7.900 %	7.900 %	8.870 %	8.770	0.100 %	8.500 %	0.370 %
2020	7.900 %	7.900 %	8.770 %	8.670	0.100 %	8.400 %	0.370 %
2019	7.900 %	7.900 %	8.670 %	8.570	0.100 %	8.300 %	0.370 %
2018	7.900 %	7.900 %	8.570 %	8.470 %	0.100 %	8.200 %	0.370 %
2017	7.900 %	7.900 %	8.470 %	8.370 %	0.100 %	8.100 %	0.370 %
2016	7.900 %	7.900 %	8.370 %	8.270 %	0.100 %	8.000 %	0.370 %
2015	7.900 %	7.900 %	8.270 %	8.170 %	0.100 %	7.900 %	0.370 %
2014	7.900 %	7.900 %	8.170 %	8.070 %	0.100 %	7.800 %	0.370 %
2012-2013	6.900 %	7.900 %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2010-2011	6.900 %	- %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2008-2009	6.900 %	- %	7.035 %	6.935 %	0.100 %	6.800 %	0.235 %
2000-2007	6.900 %	- %	6.900 %	6.800 %	0.100 %	6.800 %	0.100 %

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 rate.
2. Employer contribution 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 contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the PCR are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions:
 - a. Special Funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$34,290,660.

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

c. 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, 2021, was determined by taking the results of the June 30, 2020, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2021 and 2020, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$5,011,407 and the employer's proportionate share was 0.276381 percent.

As of measurement date	Net pension liability as of 6/30/2021	Net pension liability as of 06/30/20	Percent of Collective NPL 6/30/2021	Percent of Collective NPL 06/30/20*	Change in Percent of Collective NPL
District proportionate share	\$ 5,011,407	\$ 7,157,128	0.276381 %	0.271287 %	0.005094 %
State of Montana proportionate share associated with the District	1,617,746	2,460,450	0.089219 %	0.093262 %	(0.004043)%
Total	\$ 6,629,153	\$ 9,617,578	0.365600 %	0.364549 %	0.001051 %

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

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

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

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense: At June 30, 2021, the employer recognized a Pension Expense of \$520,899 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$459,811 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

As of measurement date	Pension Expense as of 6/30/2021
District proportionate share	\$ 520,899
District grant revenue - state of Montana proportionate share for the District	459,811
Total	\$ 980,710

Recognition of Deferred Inflows and Outflows: At June 30, 2021, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. actual experience	53,481	36,277
Projected investment earnings vs actual investment earnings	-	2,030,173
Changes in assumptions	742,283	-
Changes in proportion and differences between District contributions and proportionate share of contributions	160,735	-
*District contributions subsequent to the measurement date	465,047	-
Total	1,421,546	2,066,450

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

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) in pension expense
2022	145,901
2023	(117,432)
2024	(490,339)
2025	(648,081)
Thereafter	-

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Investment return (net of admin expense)	7.06%
Admin expense as % of payroll	0.28%
General wage growth*	3.50%
*includes inflation at	2.40%
Merit increases	0.00% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
• After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.	
• Members hired prior to July 1, 2007	3.00%
• Members hired between July 1, 2007 & June 30, 2013	1.50%
• Members hired on or after July 1, 2013	1.50%
• For each year PERS is funded at or above 90%	
• The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	0.00%
• 0% whenever the amortization period for PERS is 40 years or more	
Mortality	
• Contributing members, service retired members & beneficiaries	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males
• Disabled members	RP-2000 Combined Mortality Tables, with no projections

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of *Capital Market Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.66%. The assumed inflation is based on the intermediate inflation of 2.4% in the 2021 *OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table below:

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.06%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.06%)	Current Discount Rate	1.0% Increase (8.06%)
District's net pension liability	7,954,828	5,011,407	2,542,561

d. PERS Disclosure for the Defined Contribution Plan

The District 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.

Browning Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

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

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

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

Note 8: Other Postemployment Benefits

The District provides continuation of medical coverage to its retiring employees. Retirees may elect to continue coverage for themselves and their dependents through the District until the retiree's death. The District does not contribute to the health insurance premiums for retirees. Other postemployment benefits arise from the difference in the District's medical insurance cost the retirees are incurring and what they would otherwise be paying on the open market for a similar plan and the cost of the retiree's premium that are paid 100% by the District. As required by Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, The District has calculated and included a postemployment benefit liability for the year ended June 30, 2022.

a. Total OPEB Liability

Total OPEB liability	161,296
Covered employee payroll	12,504,468
Total OPEB liability as a percent of covered payroll	1.29 %

The total OPEB liability was determined by an actuarial valuation as of the June 30, 2021 valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the June 30, 2022 measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

b. Discount Rate

Discount Rate 4.02 %

The discount rate was based on the 20-year Bond Buyer GO Index.

c. Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of June 30, 2021 were based on the results of an actuarial experience study for the State of Montana Teachers' Retirement System (TRS) and State of Montana Public employees Retirement System (PERS).

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Interest/Discount Rate	4.02%
Salary increases	2.50%
Mortality	PERS and TRS; see "Actuarial Assumptions" for details
Actuarial cost method	Entry Age Normal

d. Changes in Total OPEB Liability

	June 30, 2022
Beginning of year balance	\$ 173,124
Changes for the year:	
Service cost	22,033
Interest on total OPEB liability	4,430
Difference in experience	-
Changes in assumptions and other inputs	(38,291)
Benefit payments	-
End of year balance	\$ 161,296

e. Sensitivity Analysis

The following presents the total OPEB liability of the District, as of the measurement date, calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Total OPEB liability	186,478	161,296	138,949

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

The following presents the total OPEB liability of the District, as of the measurement date, calculated using the current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using the trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	114,698	161,296	217,917

f. OPEB Expense

June 30, 2022

Service cost	\$	22,033
Interest on total OPEB liability		4,430
Differences in experience		-
Recognition of deferred inflows/outflows of resources:		
Recognition of assumption changes or inputs		(38,291)
Benefit payments		-
OPEB expense	\$	(11,828)

g. Schedule of Deferred Inflows and Deferred Outflows of Resources

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized June 30, 2022	Deferred Outflows of Resources June 30, 2022	Deferred Inflows of Resources June 30, 2022
Differences between expected and actual experience	7,765	June 30, 2021	1	(7,765)	-	-
Changes in actuarial assumptions or other inputs	410,869	June 30, 2021	2	(372,578)	-	38,291
Total	418,634				-	38,291

*Actual vs. expected differences and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

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

2023	3,527
2024	3,527
2025	3,527
2026	3,527
2027	3,527
Thereafter	20,656

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Note that additional future deferred inflows and outflows of resources may impact these numbers.

h. Actuarial Assumptions

The following actuarial assumptions were used in the development of the District's retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the State of Montana Teachers' Retirement System (MTRS) as provided in the July 1, 2018 Actuarial Valuation reports.

- 1) Interest Discount Rate** 4.02%
- 2) Projected Payroll Increases** 2.50%
- 3) Participation**
 - 40.0% of future retirees are assumed to elected medical coverage.
 - 100% of the future retirees who elect medical, dental or vision coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.
- 4) Marital Status - at Retirement**
 - Actual spouse information is used for current retirees
 - Future retired members who elect to participate in the plan are assumed to be married at a rate of 60%
 - Males are assumed to be 3 years older than females
- 5) Mortality - Healthy**
 - For TRS, healthy mortality is assumed to follow the 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 for males, set back two years for females, with mortality improvements projected by Scale BB to 2018.
 - For PERS, healthy mortality is assumed to follow the RP2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.
- 6) Mortality - Disabled**
 - For TRS, disabled mortality is assumed to follow the RP2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018.
 - For PERS, disabled mortality is assumed to follow the RP2000 Combined Mortality Table with no projections.

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

7) Health Care Cost/Retiree Contribution Trend Rate

Plan Year	Medical	Prescription Drugs
2021	9.3%	9.3%
2022	7.0%	7.0%
2023	6.5%	6.5%
2024	6.0%	6.0%
2025	5.9%	5.9%
2026	5.7%	5.7%
2027	5.6%	5.6%
2028	5.5%	5.5%
2029	5.3%	5.3%
2030-2046	5.2%	5.2%
2047	5.1%	5.1%
2048-2049	5.0%	5.0%
2050-2052	4.9%	4.9%
2053-2056	4.8%	4.8%
2057-2061	4.7%	4.7%
2062-2068	4.6%	4.6%
2069	4.5%	4.5%
2070	4.4%	4.4%
2071	4.3%	4.3%
2072-2073	4.2%	4.2%
2074	4.1%	4.1%
2075-2076	4.0%	4.0%
2077+	3.9%	3.9%
2078+	3.8%	3.8%

8) Summary of Plan Provisions

a. Retirement and Dependent Medical Benefit Eligibility

A Retiree is considered eligible for coverage under this Plan only if the Retiree was covered under this Plan as a Participant on his or her last day of Active Service for the Employer prior to retirement, and subject to the terms of 2-18- 704 MCA.

A Retiree's dependents and surviving dependents upon the death of the Retiree is also eligible if the Retiree was eligible for coverage and covered under this Plan, subject to the terms of 2-18-704 MCA.

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

b. Eligibility for retirement

Eligibility requirements and benefits are as follows:

PERS:

- Normal Retirement Eligibility:
 - Hired prior to July 1, 2011:
 - ◆ Age 65;
 - ◆ Age 60, and 5 years of service; or
 - ◆ Any age, 30 years of membership service.
 - Hired members on or after July 1, 2011:
 - ◆ Age 70;
 - ◆ Age 65 and 5 years of service.
- Early Retirement:
 - Hired prior to July 1, 2011:
 - ◆ Age 50 and 5 years of service; or
 - ◆ 25 years of service.
 - Hired members on or after July 1, 2011:
 - ◆ Age 55 and 5 years of service.

TRS:

- Normal Retirement Eligibility: Age 60 and 5 years of service or 25 years of service.
- Early Retirement: Age 50 and 5 Years of Service.

c. Medicare Retirees

Medicare will be considered a plan for the purposes of coordination of benefits. This Plan will coordinate benefits with Medicare whether or not the Covered Person is actually receiving Medicare Benefits. This means that the plan will only pay the amount that Medicare would not have covered, even if the Covered Person does not elect to be covered under Medicare. Also, failure to enroll in Medicare when a person is initially eligible may result in the person being assessed a significant surcharge by Medicare for late enrollment. For all purposes, this Plan will be secondary to Medicare Part D.

d. Summary of Participant Data

The District's current premium rates are shown in the following table:

Monthly Health Insurance Premiums as of June 30, 2021		
Coverage Type	Medical	
Retiree only	\$ 1,251	\$ 0
Retiree Two Party	1,251	0
Retiree & Child(ren)	1,251	0
Retiree & Family	1,251	0

Browning Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Participant Data: We relied on the following medical plan participation as of June 30, 2022:

	Participant Count	Average Age	Average Service Remaining
Total Actives	209	51.10	10.91
Total Inactive	1	51.48	0.00

Note 9: Interfund Transfers

For the year ended June 30, 2022, the District made resource transfers of \$395,550 and \$242,150 from the elementary and high school impact aid fund, respectively to the elementary and high school debt service fund, respectively, pursuant to Montana Code Annotated Section 20-9-437(2) for repayment of general obligation bonds.

Note 10: Non-Monetary Transactions

The District received \$51,300 in USDA Commodities during the 2021–2022 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the fund receiving the commodities.

Note 11: Risk Management

The District is exposed to a considerable number of risks of loss, including: (1) damage to and loss of property and contents, (2) employee torts, (3) professional liability (e.g. errors and omissions), (4) environmental damage, (5) workers' compensation, (e.g. employee injuries), (6) and medical insurance costs of employees. Commercial policies transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

Browning Public Schools

Notes to Financial Statements

Note 11: Risk Management (Continued)

Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement cost of the assets. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The District is a participant in the Montana Schools Group Insurance Authority (MSGIA), Workers' Compensation Risk Retention Program, a public entity risk pool governed by schools for the benefit of schools and educational cooperatives located within the State of Montana. The District pays premiums on an experience-rated basis calculated actuarially to spread and moderate the costs of claims loss to each member of the pool. If the MSGIA experiences an unusually large number of losses under the workers' compensation programs during a policy year, such that notwithstanding reinsurance coverage for large individual losses, the joint insurance funds for the program may be exhausted before the next annual premiums are due, the Board of Trustees may, upon consultation with an actuary, impose premium surcharges on all participating entities, which, in total amount, will assure adequate funds to the MSGIA for the payment of all such losses.

Self-Insurance: The District provides medical insurance coverage for its employees via a partially self-insured plan administered by EBMS. It provides medical and dental benefits and is operated as an internal service fund. Rates are determined in consultation with the administrator based on past claim experience plus an administrative fee. The rates include a premium for a commercial "stop-loss" policy for when any one claimant exceeds \$85,000 in covered charges during a year.

A reconciliation of claims payable at June 30, 2022, is as follows:

Claims payable, June 30, 2021	\$ 707,660
Claims incurred	4,583,639
Claims paid	(4,506,214)
Claims payable, June 30, 2022	\$ 785,085

Note 12: Contingent Liabilities

The District participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. Such grantor audits of these programs, if any, for or including the year ended June 30, 2022, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements for those programs if audited by grantor agencies will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Required Supplementary Information

Browning Public Schools

Budgetary Comparison Schedule

For the Year Ended June 30, 2022

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 806,973	\$ 806,973	\$ 799,428	(7,545)
Intergovernmental revenues:				
State	12,561,575	12,561,575	12,561,577	2
Other revenue	34,656	34,656	-	(34,656)
Material prior period adjustments	-	-	(38,210)	(38,210)
Total revenues before reappropriations	13,403,204	13,403,204	13,322,795	(80,409)
Budgeted reappropriations	11,470	11,470		
Total revenues and reappropriations	13,414,674	13,414,674		
Expenditures:				
Current:				
Instruction	13,414,674	13,414,674	9,623,212	3,791,462
Support services	-	-	3,261,166	(3,261,166)
Operation and maintenance	-	-	258,468	(258,468)
Extracurricular	-	-	154,127	(154,127)
Capital outlay	-	-	13,331	13,331
Total expenditures	13,414,674	13,414,674	13,310,304	131,032
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	12,491	50,622
Fund balance, beginning (Non-GAAP budgetary basis)			1,304,465	
Fund balance, ending (Non-GAAP budgetary basis)			1,316,956	
Adjustments to generally accepted accounting principles				
Current year encumbrances included in expenditures			-	
Fund balance, ending (GAAP basis)			\$ 1,316,956	

Browning Public Schools

Budgetary Comparison Schedule

For the Year Ended June 30, 2022

Elementary Transportation Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 375,902	\$ 375,902	\$ 367,103	(8,799)
Intergovernmental revenues:				
County sources	136,549	136,549	120,942	(15,607)
State	136,549	136,549	120,942	(15,607)
Material prior period adjustments	-	-	(58,178)	(58,178)
Total revenues before reappropriations	649,000	649,000	550,809	(98,191)
Budgeted reappropriations	-	-		
Total revenues and reappropriations	649,000	649,000		
Expenditures:				
Current:				
Support services	649,000	649,000	-	649,000
Student transportation	-	-	605,378	(605,378)
Total expenditures	649,000	649,000	605,378	43,622
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	(54,569)	(54,569)
Fund balance, beginning (Non-GAAP budgetary basis)			54,569	
Adjustments to generally accepted accounting principles				
Current year encumbrances included in expenditures			-	

Browning Public Schools

Notes to Budgetary Comparison Schedule

1) Budgetary Process

State Law requires that the District adopt budgets for certain funds, generally those supported by property taxes. Budgeted and non-budgeted funds are as follows:

Fund	Budgeted	Non-Budgeted
Governmental Funds:		
General	X	
Transportation	X	
Bus Depreciation	X	
School Food Services		X
Tuition	X	
Retirement	X	
Miscellaneous Programs		X
Adult Education	X	
Traffic Education		X
Compensated Absences		X
Impact Aid		X
Technology	X	
Flex Fund	X	
Debt Service	X	
Building		X
Building Reserve	X	
Endowment		X
Extracurricular		X
Fiduciary Funds:		
Payroll Clearing		X
Claims Clearing		X

2) Budgets

The District's budget is prepared on the modified accrual basis of accounting, including encumbrances, which results in the accounting for certain transactions to be on a basis other than accounting principles generally accepted in the United States (modified accrual). The District's accounting records are maintained on the basis of cash receipts and disbursements during the year. At year end, certain adjustments are made to the District's accounting records to reflect the basis of accounting described above. Reported budget amounts represent the originally adopted budget. Total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each year. The results of operations, on the budget basis of accounting, described above, are presented in the budgetary comparison schedule to provide a meaningful comparison of actual results with the budget.

General fund budgets are based on the State of Montana's Foundation Program, which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. Budgeted fund expenditures are limited by State Law to budgeted amounts which may be amended for emergencies as defined by State Law. Budget authority may be transferred between expenditure classifications within the same fund.

Browning Public Schools

Notes to Budgetary Comparison Schedule

a. Budgetary policy follows:

1. By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
2. Before the second Monday in August, the County Superintendent estimates revenue by fund and provides this information to the Board of Trustees prior to the final budget meeting.
3. On the second Monday in August, the Board of Trustees must meet to legally adopt the final budget. This budget is adopted consistent with the District's basis of accounting, except for encumbrances discussed below.
4. Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. Unexpended and unencumbered appropriations lapse at year end. Under State Law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
5. Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through MCA 20-9-166).

Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if unperformed purchase orders or contracts in process at year-end were completed. They do not constitute expenditures or liabilities and will not until performance is essentially complete. The encumbrances have been reported as an assignment of fund balance of the balance sheet – governmental funds. Because inclusion of these obligations is required for budgetary purposes, they have been included in expenditures in the budgetary comparison schedule. The difference between this basis of presentation and GAAP basis is reconciled on the face of this statement.

Browning Public Schools

Schedule of Proportionate Share of the Net Pension Liability Teacher's Retirement System of Montana

Determined as of the Measurement Date

	2022	2021	2020	2019	2018
District's proportion of the net pension liability	1.0317 %	1.0191 %	1.0042 %	0.9832 %	0.9515 %
District's proportionate share of the net pension liability associated with the District	17,090,682	22,924,817	19,363,338	18,248,928	16,042,426
State of Montana's proportionate share of the net pension liability associated with the District	9,751,706	13,556,361	11,723,395	11,337,623	10,183,190
Total	26,842,388	36,481,178	31,086,733	29,586,551	26,225,616
District's covered payroll	14,694,674	14,026,773	13,631,406	13,132,416	12,549,504
District's proportionate share of the net pension liability as a percentage of its covered payroll	116.31 %	163.44 %	142.05 %	138.96 %	127.83 %
Plan fiduciary net position as a percentage of the total pension liability	74.54 %	64.95 %	68.64 %	69.09 %	70.09 %

	2017	2016	2015
District's proportion of the net pension liability	0.9161 %	0.8712 %	0.9068 %
District's proportionate share of the net pension liability associated with the District	16,735,998	14,313,175	13,953,893
State of Montana's proportionate share of the net pension liability associated with the District	10,905,771	9,588,336	9,559,086
Total	27,641,769	23,901,511	23,512,979
District's covered payroll	11,891,476	11,118,964	11,435,163
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.74 %	128.73 %	122.03 %
Plan fiduciary net position as a percentage of the total pension liability	66.69 %	69.30 %	70.36 %

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

Browning Public Schools

Schedule of Contributions

Teacher's Retirement System of Montana

Determined as of the Reporting Date

	2022	2021	2020	2019	2018
Contractually required contributions	1,452,938	1,349,837	1,283,476	1,237,618	1,184,864
Contributions in relation to the contractually required contributions	1,452,938	1,349,837	1,283,476	1,237,618	1,184,864
Contribution deficiency (excess)	0	0	0	0	0
District's covered payroll	15,378,804	14,694,674	14,026,773	13,631,406	13,132,416
Contributions as a percentage of covered payroll	9.45 %	9.19 %	9.15 %	9.08 %	9.02 %

	2017	2016	2015
Contractually required contributions	1,113,323	1,070,508	983,124
Contributions in relation to the contractually required contributions	1,113,323	1,070,508	983,124
Contribution deficiency (excess)	0	0	0
District's covered payroll	12,549,504	11,891,476	11,118,964
Contributions as a percentage of covered payroll	8.87 %	9.00 %	8.84 %

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

Browning Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana

Changes of Benefit Terms:

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

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

The second-tier benefits structure for members hired on or after July 1, 2013 is summarized below.

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

Browning Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana (Continued)

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 through 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.

Browning Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana (Continued)

- 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 assumption were adopted in 2015:

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

The following changes to the actuarial assumption 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 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.

Browning Public Schools

Notes to Required Supplementary Information Teachers Retirement System of Montana (Continued)

- 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

Browning Public Schools

Schedule of Proportionate Share of the Net Pension Liability Montana Public Employees Retirement System

Determined as of the Measurement Date

	2021	2020	2019	2018	2017
District's proportion of the net pension liability (percentage)	0.276381 %	0.271287 %	0.258536 %	0.243312 %	0.282273 %
District's net pension liability (amount)	5,011,407	7,157,128	5,404,208	5,078,264	5,497,626
State's net pension liability (amount)	1,617,746	2,460,450	1,918,484	1,864,541	253,627
Total	6,629,153	9,617,578	7,322,692	6,942,805	5,751,253
District's covered payroll	5,037,031	4,698,056	4,404,579	4,133,150	3,616,644
District's proportionate share as a percent of covered payroll	99.49 %	152.34 %	122.70 %	122.87 %	152.01 %
Plan fiduciary net position as a percent of total pension liability	79.91 %	68.90 %	73.85 %	73.47 %	73.75 %

	2016	2015	2014
District's proportion of the net pension liability (percentage)	0.281500 %	0.290941 %	0.286976 %
District's net pension liability (amount)	4,794,923	4,066,981	3,575,758
State's net pension liability (amount)	224,094	191,107	167,155
Total	5,019,017	4,258,088	3,742,913
District's covered payroll	3,485,681	3,510,507	2,730,175
District's proportionate share as a percent of covered payroll	137.56 %	115.85 %	111.22 %
Plan fiduciary net position as a percent of total pension liability	74.71 %	78.40 %	79.87 %

The amounts presented for each fiscal year were determined as of June 30, the measurement date. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Browning Public Schools

Schedule of Contributions

Montana Public Employees Retirement System

Determined as of the Reporting Date

	2022	2021	2020	2019	2018
Contractually required DB contributions	462,705	432,634	398,794	366,889	338,918
Plan choice rate required contributions	0	0	0	0	0
Contributions in relation to the contractually required contributions	462,705	432,634	398,794	366,889	338,918
Contribution deficiency (excess)	0	0	0	0	0
District's covered payroll	5,380,301	5,037,031	4,698,056	4,404,579	4,133,150
Contributions as a percent of covered payroll	8.60 %	8.59 %	8.49 %	8.33 %	8.20 %

	2017	2016	2015
Contractually required DB contributions	293,090	281,840	279,790
Plan choice rate required contributions	0	1,252	1,576
Contributions in relation to the contractually required contributions	293,090	283,092	281,366
Contribution deficiency (excess)	0	0	0
District's covered payroll	3,616,644	3,485,681	3,510,507
Contributions as a percent of covered payroll	8.10 %	8.12 %	8.02 %

The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Browning Public Schools

Notes to Required Supplementary Information

Montana Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS

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

Refunds

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

Interest credited to member accounts

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

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Browning Public Schools

Notes to Required Supplementary Information

Montana Public Employees Retirement System (Continued)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculation of actuarially determined contributions

The following actuarial assumptions were adopted from the June 2020 Experience Study:

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 actual administrative expenses.

Browning Public Schools

Schedule of Changes in Total Liability and Related Ratios Other Postemployment Benefits

Total OPEB liability	2022	2021	2020	2019	2018
Service cost	\$ 22,033	\$ 42,158	41,239	19,747	22,269
Interest on total OPEB liability	4,430	14,220	15,270	7,691	7,853
Differences in experience	-	(378,276)	-	173,286	-
Changes of assumptions	(38,291)	(24,828)	47,614	30,271	560
Benefit payments	-	(112)	-	(15,150)	(22,575)
Net change in total OPEB liability	(11,828)	(346,838)	104,123	215,845	8,107
Total OPEB liability, beginning of year	173,124	519,962	415,839	199,994	137,946
Restatement	-	-	-	-	53,941
Total OPEB liability, end of year	\$ 161,296	\$ 173,124	519,962	415,839	199,994
Covered-employee payroll	12,504,468	12,199,481	11,107,583	11,107,583	-
Total liability as a percentage of covered-employee payroll	1.29 %	1.42 %	4.68 %	3.74 %	DIV/0 %

Governmental Accounting Standards Board Statement 75 requires this information to be provided for 10 years. Additional years will be displayed as they become available.

Supplementary Information

DRAFT

Browning Public Schools

Combining Balance Sheet - General Fund

<i>June 30, 2022</i>	General Fund	Elementary Impact Aid Fund	High School Impact Aid Fund	Total
Assets:				
Cash and investments	\$ 1,317,056	\$ 22,760,018	\$ 10,009,361	\$ 34,086,435
Taxes receivable, net	646,442	-	-	646,442
Total assets	1,963,498	22,760,018	10,009,361	34,732,877
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	100	212,469	-	212,569
Total liabilities	100	212,469	-	212,569
Deferred inflows of resources:				
Unavailable tax revenue	646,442	-	-	646,442
Total deferred inflows of resources	646,442	-	-	646,442
Fund balances:				
Assigned for:				
Encumbrances	-	148,583	246,651	395,234
Unassigned	1,316,956	22,398,966	9,762,710	33,478,632
Total fund balances	1,316,956	22,547,549	10,009,361	33,873,866
Total liabilities, deferred inflows of resources and fund balances	\$ 1,963,498	\$ 22,760,018	\$ 10,009,361	\$ 34,732,877

Browning Public Schools

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

<i>For the Year Ended June 30, 2022</i>	General Fund	Elementary Impact Aid Fund	High School Impact Aid Fund	Total
Revenues:				
Property taxes for general purposes	\$ 799,428	\$ -	\$ -	\$ 799,428
Intergovernmental:				
State	12,561,577	-	-	12,561,577
Federal	-	9,309,694	4,508,000	13,817,694
Interest on investments	-	(470,387)	(301,428)	(771,815)
Other	-	46,843	5,032	51,875
Total revenues	13,361,005	8,886,150	4,211,604	26,458,759
Expenditures:				
Current:				
Instruction	9,661,422	2,447,185	160,960	12,269,567
Support services	3,261,166	2,706,858	745,044	6,713,068
Operations and maintenance	258,468	1,912,717	544,796	2,715,981
Student transportation	-	282,202	112,225	394,427
Food services	-	71,653	2,314	73,967
Extracurricular	154,127	339,914	541,463	1,035,504
Capital outlay	13,331	1,005,317	1,009,864	2,028,512
Total expenditures	13,348,514	8,765,846	3,116,666	25,231,026
Excess (deficiency) of revenues over expenditures	12,491	120,304	1,094,938	1,227,733
Other financing sources (uses):				
Transfers out	-	(395,550)	(242,150)	(637,700)
Total other financing sources and uses	-	(395,550)	(242,150)	(637,700)
Net change in fund balances	12,491	(275,246)	852,788	590,033
Fund balances, beginning of year	1,304,465	22,822,795	9,156,573	33,283,833
Fund balances, end of year	\$ 1,316,956	\$ 22,547,549	\$ 10,009,361	\$ 33,873,866

Browning Public Schools

Extracurricular Activities - Schedule of Cash Receipts, Disbursements and Changes in Net Position

Student Activity	Net Position July 1, 2021	Receipts and Misc Earnings	Disbursements and Misc Charges	Transfers	Net Position June 30, 2022
KW/VINA ACTIVITIES					
KINDERGARTEN	\$ 1,612	\$ -	\$ -	\$ -	\$ 1,612
KW/VINA ACTIVITIES FIRST GRADE	646	207	1,979	-	(1,126)
KW/VINA LIBRARY	2,267	1	-	-	2,268
KW/VINA - 4 YEAR OLD	2,195	-	-	-	2,195
BES ACTIVITIES	230	-	-	-	230
BES CULTURE CLUB	524	-	-	-	524
BES LIBRARY CLUB	5,056	977	1	-	6,032
NAPI EL ACTIVITIES	599	1	-	-	600
NAPI CULTURE CLUB	238	6	2	-	242
NAPI - AMERICAN INDIAN					
BUSINESS	1,453	-	-	-	1,453
NAPI SANTA STORE	2,092	-	-	-	2,092
NAPI CHESS CLUB	300	3,289	3,279	-	310
BABB ACTIVITIES	3,546	3	2,445	-	1,104
NAPI ATHLETIC EVENTS	636	-	-	-	636
BMS - ACTIVITIES BROWNING	1,416	2	1	-	1,417
BMS - ART BROWNING	543	3	1	-	545
BMS ATHLETIC EVENTS	(824)	1	-	-	(823)
BMS - AVID	12,018	81,766	48,728	-	45,056
BAND	1,112	5,899	4,031	-	2,980
BMS CULINARY CLUB	53	5,004	2,959	-	2,098
BMS CULTURE CLUB	126	1	-	-	127
BMS DRAMA CLUB	70	44,274	37,777	-	6,567
I-TA-MA-PI-(WA)	442	3	1	-	444
LEATHER CLUB	416	6	2	-	420
BMS NATIONAL HONOR SOCIETY	(77)	-	-	-	(77)
BMS ODYSSEY OF THE MIND	92	2	-	-	94
BMS RODEO	158	-	-	-	158
BMS - AISES BROWNING - SCIENCE	718	1	-	-	719
BMS SPIRIT	207	112	-	-	319
BMS STUDENT ADVISORY BOARD -	1,164	-	-	-	1,164
STUDENT NEEDS	783	-	272	-	511
BMS INDUSTRIAL ARTS	635	2,340	1,300	-	1,675
JR ACADEMY	9	5,104	251	-	4,862
BMS YEARBOOK CLUB	574	30,725	22,215	-	9,084
BMS LIBRARY CLUB	-	241	863	-	(622)
BMS-MBI/STUDENT INCENTIVE	-	5,253	7,089	-	(1,836)
BHS - ACTIVITIES BROWNING	5,293	1	-	-	5,294
C/O 2013	-	1	-	-	1
C/O 2015	-	1	-	-	1
Subtotal	\$ 46,322	\$ 185,224	\$ 133,196	\$ -	\$ 98,350

Browning Public Schools

Extracurricular Activities - Schedule of Cash Receipts, Disbursements and Changes in Net Position (Continued)

Student Activity	Net Position July 1, 2021	Receipts	Disbursements	Transfers	Net Position June 30, 2022
Balance from previous page	\$ 46,322	\$ 185,224	\$ 133,196	\$ -	\$ 98,350
C/O 2014	-	1	-	-	1
BLACKFT ACADEMY ACTIVITIES	987	1	800	-	188
BHS - ART BROWNING	1,809	-	-	-	1,809
BHS ATHLETIC EVENTS BROWNING	44,035	218	765	-	43,488
ATTENDANCE AWARDS	2,163	7	54	-	2,116
AVID C/O 2013	-	-	956	-	(956)
B-YOU	975	-	-	-	975
BUSINESS PROFESSIONALS OF AMERICA	70	-	-	-	70
RANDOM ACTS OF KINDNESS	3,554	-	-	-	3,554
CLOSE-UP PROJECT	990	-	-	-	990
BHS CONCESSIONS	54,688	4	544	-	54,148
BHS DRAMA CLUB	4,847	-	-	-	4,847
BHS - AMERICAN INDIAN BUSINESS	5,690	1	-	-	5,691
EAGLE CLAW SOCIETY	167	1	-	-	168
BHS ETAKASI YEARBOOK	9,112	1	-	-	9,113
BLACKFEET ACADEMY YEARBOOK CLUB	522	-	-	-	522
ETUMOE	1,097	-	-	-	1,097
FCCLA	49	-	-	-	49
OUTDOOR LEADERSHIP	177	-	-	-	177
COLLEGE CLUB	284	-	-	-	284
BHS JOBS FOR MONTANA GRADUATES	575	-	-	-	575
BHS LIBRARY CLUB	629	-	-	-	629
BHS NATIONAL HONOR SOCIETY	(81)	-	-	-	(81)
NATIVE PLAYERS	14	-	-	-	14
BHS PEP CLUB	(200)	59	-	-	(141)
BHS RODEO	8,350	-	-	-	8,350
BHS - AISES BROWNING - SCIENCE	2,968	-	-	-	2,968
SHOP	416	(16,984)	1	-	(16,569)
SPIRIT OF THE BUFFALO DANCE TROOP	2,800	(8,144)	-	-	(5,344)
BHS FFA	243	31,811	6,987	-	25,067
SPEECH & DEBATE	3,352	21,691	7,371	-	17,672
BHS STUDENT ADVISORY BOARD	408	6,800	1	-	7,207
WEIGHT LIFTERS	3,673	6,781	1	-	10,453
Subtotal	\$ 200,685	\$ 227,472	\$ 150,676	\$ -	\$ 277,481

Browning Public Schools

Extracurricular Activities - Schedule of Cash Receipts, Disbursements and Changes in Net Position (Continued)

Student Activity	Net Position July 1, 2021	Receipts	Disbursements	Transfers	Net Position June 30, 2022
Balance from previous page	\$ 200,685	\$ 227,472	\$ 150,676	\$ -	\$ 277,481
TOY DRIVE	410	1	1	-	410
BHS - AFTER PROM	740	-	-	-	740
DRUG FREE ACTIVITIES	6,931	2,196	5,757	-	3,370
BHS NEW YEAR'S EVE	4,360	-	-	-	4,360
BOOSTER CLUB	1	1	-	-	2
BHS CHORUS	1,686	-	-	-	1,686
BHS JAZZ BAND	1,547	-	-	-	1,547
ACADEMIC CHALLENGE	6,078	1	-	-	6,079
BHS SPANISH CLUB	318	-	-	-	318
C/O 2016	-	1	-	-	1
2013 BB DIVISIONALS	-	3	1	-	2
EXPLORE AMERICA	46	1	-	-	47
C/O 2018	-	1	-	-	1
HEALTH OCCUPATION STUDENT	490	1	900	-	(409)
C/O 2019	(365)	2	-	-	(363)
INTERNATIONAL CLUB	4,281	1	-	-	4,282
BHS HUMAN RIGHTS	1,215	1	-	-	1,216
C/O 2020	16,989	301	490	-	16,800
BEAUTIFICATION	9,996	1	-	-	9,997
BHS RISING VOICES CLUB	3,949	-	-	-	3,949
BHS CHEERLEADING CLUB	526	2,268	2,124	-	670
BHS FOOTBALL CLUB	3,829	1	-	-	3,830
BHS AUTO WELDING CLUB	-	130	-	-	130
BMS-CONCESSIONS	-	1,896	200	-	1,696
BHS-STUDENT COUNCIL CLUB	-	2	2,748	-	(2,746)
C/O 2021	8,146	1	-	-	8,147
C/O 2022	(3,814)	2	1	-	(3,813)
C/O 2023	863	2	1	-	864
C/O 2024	-	1	-	-	1
C/O 2025	-	33,798	14,844	-	18,954
WILLIAM BUFFALO HIDE ACADEMY	2,439	1	-	-	2,440
TWO IS BETTER THAN ONE	64	2	1	-	65
BHS GSA/LGBTQ	133	2	-	-	135
Total	\$ 271,543	\$ 268,090	\$ 177,744	\$ -	\$ 361,889

Browning Public Schools

Schedule of Reported Enrollment

Students Grade K-8:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	142	142	0
Grades 1-6	791	791	0
Grades 7-8	270	270	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	145	145	0
Grades 1-6	766	766	0
Grades 7-8	263	263	0

Part-Time Students:

Fall	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	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	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

Browning Public Schools

Schedule of Reported Enrollment (Continued)

Students Grade 9-12:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9-12	553	553	0
19-year olds included	7	7	0
Job Corps	0	0	0
Youth challenge	0	0	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9-12	525	525	0
19-year olds included	6	6	0
Job Corps	0	0	0
Youth challenge	0	0	0
Early Graduates	3	3	0

Part-Time Students:

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

Browning Public Schools

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Disbursements or Expenditures
U.S. Department of Education			
<i>Direct Programs</i>			
Title VIII: Impact Aid - PL-874	84.041		\$ 9,309,694
Title VIII: Impact Aid - PL-874	84.041		4,508,000
Total Impact Aid			<u>13,817,694</u>
ESEA Title VII, Part A, Subpart 1: Indian Education	84.060A		15,154
ESEA Title VII, Part A, Subpart 1: Indian Education	84.060A		377,038
Total ESEA Title VII, Part A, Subpart 1: Indian Education			<u>14,209,886</u>
Indian Education National Activities Education Partnership and Native American Language	84.415		45,947
Total Direct Programs			<u>14,255,833</u>
U.S. Department of Education			
<i>Passed through Montana Office of Public Instruction</i>			
ESEA Title I, Part A:			
ESEA Title I, Part A: School Support 20-21	84.010A	018 0400 37 2021	3,763
ESEA Title I, Part A: School Support 21-22	84.010A	018 0400 37 2022	102,335
ESEA Title I, Part A: Schoolwide 20-21	84.010A	018 0400 32 2021	709,940
ESEA Title I, Part A: Schoolwide 21-22	84.010A	018 0400 32 2022	1,891,332
ESEA Title I, Part A: Basic 21-22	84.010A	018 0400 31 2022	63,303
ESEA Title I, Part A: School Improvement Support 21-22	84.010A	018 0401 37 2022	68,355
Total ESEA Title I, Part A			<u>2,839,028</u>
Special Education Cluster			
Special Education Grants to States 19-20	84.027	018 0400 77 2020	71,768
Special Education Grants to States 20-21	84.027	018 0400 77 2021	72,118
Special Education Grants to States 21-22	84.027	018 0400 77 2022	627,870
Special Education Grants to Preschool Grants 20-21	84.173	018 0400 79 2021	1,387
Special Education Grants to Preschool Grants 21-22	84.173	018 0400 79 2022	18,076
Covid 19 - Special Education Grants to Preschool Grants	84.173X	018 0400 71 2022	5,609
Total Special Education Cluster			<u>796,828</u>
McKinney Vento Homeless 20-21	84.196A	018 0400 57 2021	7,728
McKinney Vento Homeless 21-22	84.196A	018 0400 57 2022	7,789
Total McKinney Vento Homeless			<u>15,517</u>
Subtotal -Pass-through Programs			<u>3,651,373</u>

Browning Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Disbursements or Expenditures
U.S. Department of Education (Continued)			
Comprehensive Literacy Development 19-20	84.371C	018 0400 39 2020	118,454
Comprehensive Literacy Development 20-21	84.371C	018 0400 39 2021	88,202
Comprehensive Literacy Development 21-22	84.371C	018 0400 39 2022	<u>415,126</u>
Total Comprehensive Literacy Development			621,782
21st Century Community Learning Center 20-21	84.287	018 0401 17 2021	2,689
21st Century Community Learning Center 21-22	84.287	018 0401 17 2022	<u>238,540</u>
Total 21st Century Community Learning Center			241,229
Carl D. Perkins Basic Grants	84.048A	018 0401 81 2022	37,612
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	018 0400 93 2021	2,402,173
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425		
COVID-19 Elementary and Secondary School Emergency Relief Fund	U	018 0400 93 2021	939,615
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425		
COVID-19 Elementary and Secondary School Emergency Relief Fund	U	018 0400 97 2021	39,300
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425		
COVID-19 Elementary and Secondary School Emergency Relief Fund	W	018 0400 97 2021	<u>8,236</u>
Total COVID-19 Elementary and Secondary School Emergency Relief Fund			3,389,324
Passed through the office of the commissioner of Higher Education			
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	P334S170020-21	100,407
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	P334S170020-22	82,981
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	P334S170020-22	<u>18,636</u>
Total Gaining Early Awareness & Readiness for Undergraduate Programs			202,024
Total U.S. Department of Education			<u>22,399,177</u>

Browning Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Disbursements or Expenditures
U.S. Department of Health and Human Services			
<i>Direct</i>			
Substance Abuse and Mental Health Services Project of Regional and National Significance	93.243		<u>188,915</u>
Total U.S. Department of Health and Human Services			<u>188,915</u>
U.S Department of Justice			
<i>Direct</i>			
STOP School Violence	16.839		<u>35,647</u>
Total U.S Department of Justice			<u>35,647</u>
U.S. Department of Agriculture			
<i>Passed through Montana Office of Public Instruction</i>			
Child Nutrition Cluster			
Cash Assistance:			
Food Donation	10.555		51,300
School Breakfast Program	10.553		318,644
Summer Food Service Program	10.559		239,731
Noncash Assistance:			
National School Lunch Program (Commodities)	10.555		<u>749,217</u>
Total Department of Agriculture			<u>1,358,892</u>
U.S Department Housing and Urban Development			
<i>Direct</i>			
Youth Homeless Demonstration Programs	14.276		<u>83,105</u>
Total U.S Department Housing and Urban Development			<u>83,105</u>
Total Federal Financial Assistance			<u>\$ 24,065,736</u>

Browning Public Schools

Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Browning Public Schools and is presented on the modified accrual basis of accounting including encumbrances. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule differ from amounts presented in or used in the preparation of the financial statements.

Note 2: Nonmonetary Transactions

The District received \$51,300 in USDA Commodities during the 2021-2022 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the fund receiving the commodities.

Note 3: Indirect Cost Rate

The District has elected to not use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Note 4: Subrecipients

The District does not have any subrecipients or subrecipients expenditures.

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*

Board of Trustees
Browning Public Schools
Browning, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Browning Public Schools, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Browning Public Schools's basic financial statements, and have issued our report thereon dated . which included a qualified opinion on aggregate remaining fund information because management of the District could not support the Incurred But Not Reported claims liability, related to the Districts self-insurance fund.

Report on Internal Control Over Financial Reporting

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

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 in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

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 reasonable possibility that a material misstatement of the Browning Public Schools's financial statements will not be prevented or detected and corrected on a timely basis. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-008 that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2022-009 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Browning Public Schools's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of schedule of findings and questioned costs as item 2022-010.

Browning Public Schools's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Browning Public Schools's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Wipfli LLP

Billings, Montana

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

Board of Trustees
Browning Public Schools
Browning, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-009. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Wipfli LLP

Billings, Montana

Browning Public Schools

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Governmental Activities	Unmodified
General Fund	Unmodified
Elementary Transportation Fund	Unmodified
Elementary Miscellaneous Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ No

Identification of major programs

AL Number(s)	Federal Program or Cluster
84.041	Impact Aid
84.425	Education Stabilization Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section II - Financial Statement Findings

2022-001

Self-Insurance

Criteria or Specific Requirement: According to generally accepted accounting principles (GAAP), liabilities such as IBNR reserves must be reasonably estimable and supported by appropriate documentation, including actuarial reports or historical claims data. Revenue recognition must comply with ASC 606, which requires that revenue be recognized when control of goods or services is transferred to the customer and the amount is measurable and collectible.

Condition: The client was unable to provide adequate documentation or actuarial analysis to support the calculation of its self-insurance IBNR reserves. Additionally, the client did not furnish sufficient evidence to substantiate the recognition of revenues associated with its self-insurance program.

Context: As part of our audit procedures over the client's self-insurance program, we evaluated the processes and controls in place for estimating Incurred But Not Reported (IBNR) reserves and recognizing related revenues. The client operates a self-insurance model to cover certain liabilities, which requires the estimation of future claims costs that have been incurred but not yet reported. These estimates are critical to the accurate presentation of liabilities and expenses in the financial statements.

Additionally, the client recognizes revenues associated with its self-insurance activities, which must be supported by verifiable data and aligned with applicable accounting standards. Accurate and supportable estimates are essential to ensure compliance with financial reporting requirements and to provide stakeholders with reliable financial information.

During our review, we noted that the client was unable to provide sufficient documentation or actuarial analysis to support the recorded IBNR reserves and the associated revenue recognition. This lack of substantiation raises concerns about the completeness and accuracy of the financial reporting in these areas.

Effect: The absence of sufficient support for IBNR reserves and related revenues may result in material misstatements in the financial statements. This could impact the reliability of the financial reporting and may lead to audit adjustments or a qualified audit opinion.

Cause: The client has not implemented a formal process for estimating IBNR reserves or documenting the basis for revenue recognition related to its self-insurance activities. There is a lack of internal controls and oversight in the financial reporting process for these areas.

Auditor's Recommendation: We recommend that the client engage a qualified actuary to perform a formal analysis of the IBNR reserves and establish a documented methodology for estimating these liabilities. Additionally, the client should implement internal controls to ensure that revenue recognition related to self-insurance is appropriately supported and in compliance with applicable accounting standards.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-002

Cash Outstanding Warrants

Criteria or Specific Requirement: According to generally accepted accounting principles (GAAP) and auditing standards (e.g., AU-C Section 330 and AU-C Section 500), entities are required to maintain accurate and complete records of cash transactions and provide sufficient appropriate audit evidence to support account balances.

Condition: As of June 30, 2022, the client did not maintain an outstanding warrant listing. This listing is essential for identifying checks issued but not yet cleared. The absence of this record led to an unreconciled difference between the general ledger balances and the actual outstanding liabilities in both the payroll and claims clearing accounts.

Context: Sound accounting practices and internal control standards (e.g., GAAP, COSO) require entities to maintain accurate and complete records of outstanding obligations, including warrants. These records are necessary to ensure proper reconciliation of clearing accounts and accurate financial reporting.

Effect: The lack of an outstanding warrant listing resulted in a misstatement of the payroll and claims clearing accounts. This misstatement could lead to inaccurate financial reporting, misstated liabilities, and potential audit qualifications if not corrected.

Cause: The client has not implemented a formal process for tracking outstanding warrants at year-end. There appears to be a reliance on manual processes without adequate oversight or documentation controls.

Auditor's Recommendation: We recommend that management:

- Establish and maintain a detailed outstanding warrant listing as of each reporting period end.
- Integrate this listing into the reconciliation process for all clearing accounts.
- Implement controls to ensure the listing is updated regularly and reviewed by an independent party.
- Consider automating the warrant tracking process to reduce the risk of human error and improve audit readiness.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-003

Grant Reconciliation

Criteria or Specific Requirement: Federal grant revenues must be recorded in accordance with Generally Accepted Accounting Principles (GAAP), which require the use of the accrual basis of accounting. Additionally, grant revenues should be reconciled regularly to ensure accurate financial reporting and compliance with federal grant requirements.

Condition: The District did not reconcile federal grant revenues in a timely manner. As a result, an audit adjustment of \$290,888 and \$20,359 was required to correct the understatement of federal grant revenue in the elementary miscellaneous fund and high school miscellaneous fund, respectively.

Context: During the fiscal year under audit, the District maintained its accounting records on a cash basis and performed a reconciliation of grant expenditures to grant receipts but did not adjust grant revenue accordingly. This reconciliation is necessary to ensure that revenues are recorded in the correct period and in the correct amount.

Effect: Federal grant revenue was overstated by \$311,247 in the District's financial statements.

Cause: District used the cash basis of accounting for recording federal grant revenue and did not adjust to the accrual basis for financial reporting purposes. Additionally, the District did not implement a process to reconcile grant expenditures with receipts on a regular basis or in a timely manner.

Auditor's Recommendation: It is recommended that the District adopt the accrual basis of accounting for all financial reporting, particularly in relation to federal grant activity, to ensure compliance with Generally Accepted Accounting Principles. The District should also implement a formal and recurring reconciliation process to compare grant expenditures with receipts, to maintain accurate and timely financial records. Management oversight should be strengthened to ensure that reconciliations and necessary adjustments are reviewed and completed in a timely manner, thereby reducing the risk of future misstatements.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-004

Student Activities Reconciliation and Tracking

Criteria or Specific Requirement: According to the district's policies and applicable state education regulations, school districts are required to:

- Maintain accurate records of all student activities, including event details, participants, and financial transactions.
- Ensure that all student activity funds are properly documented, approved, and reconciled.

Condition: During the audit of the student activity accounts as of June 30, 2022, we identified a discrepancy between the general ledger cash balance and the bank-confirmed balance. The difference was due to student activities not being tracked, resulting in the district not meeting its fiduciary duty. Supporting documentation was either incomplete or unavailable, and no satisfactory audit evidence was provided to resolve the variance.

Context: We compared student activity balances to bank statements and reconciliations at 06/30/2022.

Effect: Failure to track student activities results in:

- Inability to ensure funds are used for their intended purposes.
- Increased risk of mismanagement or misuse of funds.
- Lack of transparency and accountability to students, parents, and the community.
- Potential non-compliance with state and district policies, which may affect funding or accreditation.

Cause: The lack of tracking appears to be due to insufficient administrative oversight, absence of standardized procedures, and limited training for staff responsible for student activity coordination.

Auditor's Recommendation: We recommend the district:

- **Develop and Implement Tracking Procedures:** Establish standardized forms and digital tools for documenting all student activities and related financial transactions.
- **Train Staff:** Provide training to all relevant personnel on proper documentation, approval, and reporting procedures.
- **Centralize Oversight:** Designate a district-level coordinator to oversee student activity tracking and ensure compliance across all schools.
- **Conduct Periodic Reviews:** Implement regular internal audits or reviews of student activity records to ensure ongoing compliance and accountability.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-005

Food Service Inventory

Criteria or Specific Requirement: An effective system of internal controls should include mechanisms to track the receipt of inventory from vendors, distribution to school buildings, and ending inventory to support accurate and timely physical inventory counts. These controls are essential to safeguard assets and ensure accountability.

Condition: The District does not have a system in place to track inventory maintained in the food service warehouse. Additionally, physical inventory counts are not being performed.

Context: During a meeting with the District Clerk to review food service inventory controls, it was confirmed that the District has not implemented a system to track inventory inflows and outflows, nor has it conducted physical inventory counts.

Effect: The absence of a reliable inventory tracking system and physical counts increases the risk of misappropriation or loss of food inventory. This lack of internal controls may result in inaccurate reporting, reduced accountability, and potential financial loss.

Cause: The District currently relies on a paper-based system to document food service warehouse activities. Due to staffing limitations, the District has been unable to implement a formal inventory tracking system or conduct routine physical inventory counts.

Auditor's Recommendation: We recommend that the District implement a perpetual inventory system to monitor all purchases and usage of food service inventory. This system should provide a continuous record of inventory levels, which can be reconciled through routine physical inventory counts. Establishing these controls will enhance asset protection, improve reporting accuracy, and support operational efficiency.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-006

Internal Controls over Payroll Reconciliation

Criteria or Specific Requirement: Management is responsible for implementing control activities to ensure the accuracy and completeness of financial reporting. This includes reconciling subsidiary records to external reports to detect and correct errors in a timely manner.

Condition: During our audit of payroll processes, we noted that reconciliations between payroll wage records and the quarterly State Unemployment Tax Act (SUTA) reports were not performed. As a result, a material discrepancy was identified between the reported wages and the amounts recorded in the general ledger, resulting in a difference of \$463,130.

Context: We compared the gross wages per the SUTA quarterly reports to the reported wages per the trial balance.

Effect: Due to the absence of reconciliation, a material difference in reported wages could not be accurately allocated among funds. This impairs the reliability of fund-level financial reporting and may result in misstatements in the financial statements. Wage expense could not be substantiated at 06/30/2022.

Cause: The District did not properly reconcile payroll reports for reporting purposes .

Auditor's Recommendation: We recommend that management implement a formal reconciliation process between payroll records and SUTA reports on a quarterly basis. This process should include documented review and approval procedures to ensure accuracy and accountability. Additionally, any discrepancies identified should be promptly investigated and resolved.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-007

Budget

Criteria or Specific Requirement: Montana statute MCA 20-9-133(2) requires that money of the District may not be used to pay expenditures made, liabilities incurred or warrants in excess of the final budget established for each budgeted fund.

Condition: At June 30, 2022 the District had overspent the high school transportation funds \$5,739.

Context: We compared the District's actual expenditures for each budgeted fund to ensure that the budgeted funds were not overspent.

Effect: The District is in violation of Montana statute MCA 20-9-133(2).

Cause: The District did not properly track budgeted funds during the year leading to the District overspending the high school transportation funds.

Auditor's Recommendation: We recommend the District regularly review its budgeted to actual expenditures to ensure that budgets are not being overspent.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-008

Interfund Transfers

Criteria or Specific Requirement: According to Montana Code Annotated 20-9-208, the District is required to obtain explicit approval for transferring funds from the Board of Trustees.

Condition: The District transferred financial support from various funds without obtaining the necessary approval required by statute.

Context: We reviewed all transfers for funds for compliance with state statutes.

Effect: The unauthorized transfers may lead to noncompliance with legal requirements.

Cause: Due to turnover, the District was unaware that the allowable transfers required approval from the Board of Trustees prior to making the transfer.

Auditor's Recommendation: The District should promptly seek approval from the Board of Trustees for any future transfers.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

2022-009

Internal Controls over Manual Journal Entries

Criteria or Specific Requirement: The District is required to maintain adequate documentation and approval evidence to support all financial transactions, including manual adjusting journal entries, as per Generally Accepted Accounting Principles (GAAP) and internal control standards.

Condition: During review of manual journal entries it was noted that not all of the entries were properly approved.

Context: We tested 14 manual journal entries and during that testing we noted that eight of the entries had no approval.

Effect: The absence of approval evidence compromises the integrity and reliability of the financial statements.

Cause: The primary reason for the missing approval was due to changing policies and systems regarding journal entries as well as superintendent change.

Auditor's Recommendation: We recommend that the District establish a protocol and potentially a system for journal entries to be approved by the proper personnel before they can be posted to the system.

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs related to federal awards.

2022-0010

Late Submission

Federal Program Information:

Funding agency: U.S. Department of Education
Title: Impact Aid, Education Stabilization Fund and Title I Grants to Local Educational Agencies
Assistance listing numbers: 84.041, 84.425 and 84.010
Award year and numbers: 018 0400 37 2021, 018 0400 37 2022, 018 400 32 2021, 018 0400 32 2022, 018 0400 31 2022, 018 0400 37 2022, 018 0400 93 2021 and 018 0400 97 2021

Criteria or Specific Requirement: 2 CFR section 200.512(a) requires the reporting package and data collection form be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after the reports are received from auditors or nine months after the end of the audit period.

Condition: The fiscal year audit and reporting package is being submitted after the required due date.

Context: We reviewed the audit submission date in comparison to the required due date.

Questioned Costs: To be determined by grantor.

Effect: There is a potential for suspension or cessation of federal funding.

Cause: The District had significant turnover in the business office that delayed the completion of the audit.

Repeat: No

Auditor's Recommendation: The District should take steps to ensure that its financial records are maintained on a current basis, reconciled timely, and audited within nine months after year end.

View of Responsible Officials:

Browning Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section IV - Auditees Summary Schedule of Prior Year Audit Findings

Finding 2021-001 Cash Balancing - **Partially Implemented**

Restated as 2022-002

Finding 2021-002 Miscellaneous Programs Funds - **Not Implemented**

Restated as 2022-003

Finding 2021-003 Food Service Inventory - **Not Implemented**

Restated as 2022-005

Finding 2021-004 Student Activity Deposits - **Not Implemented**

Restated as 2022-004

Finding 2021-005 Enrollment - **Implemented**

Finding 2021-006 Period of Performance and Questioned Cost - Coronavirus Relief Fund - **Implemented**