

**LEWISTOWN PUBLIC SCHOOLS  
BOARD OF TRUSTEES**

**LINCOLN BOARD ROOM**

215 Seventh Avenue South  
Lewistown, Montana 59457

**MONDAY, January 10, 2022**

**REGULAR BOARD MEETING**

**PAGE 1**

Meeting ID

[meet.google.com/ccw-qomy-dip](https://meet.google.com/ccw-qomy-dip)

Phone Numbers

(US)+1 605-743-0395

PIN: 421 669 826#

**CALL TO ORDER (6:00 p.m.)**

1. Roll Call
2. Pledge of Allegiance
3. Motion to Set Agenda
4. Discussion – Bond Update
5. Report—Student Representative
6. Report—LEA Report
7. Report—Committees of the Board
8. Calendar Items, Concerns, Correspondence, Etc.

**SUPERINTENDENT'S REPORT**

9. Report – 2020-2021 Audit Report
10. Report—Election Information
11. Report – Budget
12. Report--- Investment
13. Report---Superintendent

**PUBLIC PARTICIPATION**

14. Recognition of Parents, Patrons, and Others Who Wish to Address the Board on Non-Agenda Items

**ACTION ITEMS**

**MINUTES**

15. Minutes of the December 13, 2021 Regular Board Meeting  
Minutes of the December 20, 2021 Special Board Meeting  
Minutes of the January 5, 2022 Special Board Meeting

**APPROVAL OF CLAIMS**

16. Claims

**LEWISTOWN PUBLIC SCHOOLS  
BOARD OF TRUSTEES**

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**MONDAY, January 10, 2022**

**REGULAR BOARD MEETING**

**-CONTINUED PAGE 2-**

**INDIVIDUAL ITEMS**

17. Approve Superintendent Contract
18. Approve Selection of Owner's Representative through Pre-Construction Planning Phases
19. Approve Additions to the Substitute List for the 2021-2022 School Year
20. Approve Personnel Report

**ADJOURNMENT**

*A hard copy of the complete Agenda is available at the LPS Central Office  
Or, on the Lewistown Public Schools Website:  
<http://www.lewistown.k12.mt.us/content/266>*



## **PUBLIC PARTICIPATION**

The Board of Education encourages participation at public School Board meetings. Under normal circumstances it is desirable to allow everyone to address the Board. However, when there are many persons who wish to address the Board, the following rules shall apply to protect the public's right to be heard:

- Speaker must first be recognized by the Chair and identify him/herself.
- Comments may not infringe on the rights to privacy of another.
- Each speaker shall be allowed a presentation not to exceed three (3) minutes at the appropriate time on the Agenda.
- There will be a limit of one presentation per person.
- The Board requests that organizations and groups be represented by a single spokesperson. The spokesperson for each group shall be limited to a presentation of three (3) minutes. To save repetition and time, the Board also requests that persons not speak if a previous speaker has expressed a similar position on the same issue.
- Appropriate comments are welcome but no action is likely to be taken at this time to ensure that others have the opportunity to address the same issue also. Items discussed may, at the discretion of the Board, be placed on a later agenda.
- The Board will accept comments from the public on each agenda item as it is discussed.

By a majority vote of the Board, these rules may be suspended for special reasons at any particular meeting. Further, the Board may reserve the right to adjust the length of time.

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

4

☐ Minutes/Claims    ☒ Board of Trustees    ☐ Superintendent's Report    ☐ Action – Consent  
☐ Action – Indiv.

ITEM TITLE: DISCUSSION – BOND UPDATE

Requested By: Board of Trustees    Prepared By: Thom Peck

**SUMMARY:**

Discussion will take place regarding updates and progress being made on the bond.

**SUGGESTED ACTION:** Informational

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

NOTES:

# Lewistown Elementary District

## General Obligation School Building Bonds, Series 2022

### ➤ PRELIMINARY FINANCING TIME SCHEDULE ◀

| NOVEMBER 2022 |    |    |    |    |    |    |
|---------------|----|----|----|----|----|----|
| SU            | M  | T  | W  | TH | F  | S  |
|               | 1  | 2  | 3  | 4  | 5  | 6  |
| 7             | 8  | 9  | 10 | 11 | 12 | 13 |
| 14            | 15 | 16 | 17 | 18 | 19 | 20 |
| 21            | 22 | 23 | 24 | 25 | 26 | 27 |
| 28            | 29 | 30 |    |    |    |    |

| DECEMBER 2022 |    |    |    |    |    |    |
|---------------|----|----|----|----|----|----|
| SU            | M  | T  | W  | TH | F  | S  |
|               |    |    | 1  | 2  | 3  | 4  |
| 5             | 6  | 7  | 8  | 9  | 10 | 11 |
| 12            | 13 | 14 | 15 | 16 | 17 | 18 |
| 19            | 20 | 21 | 22 | 23 | 24 | 25 |
| 26            | 27 | 28 | 29 | 30 | 31 |    |

| JANUARY 2022 |    |    |    |    |    |    |
|--------------|----|----|----|----|----|----|
| SU           | M  | T  | W  | TH | F  | S  |
|              |    |    |    |    |    | 1  |
| 2            | 3  | 4  | 5  | 6  | 7  | 8  |
| 9            | 10 | 11 | 12 | 13 | 14 | 15 |
| 16           | 17 | 18 | 19 | 20 | 21 | 22 |
| 23           | 24 | 25 | 26 | 27 | 28 | 29 |
| 30           | 31 | 1  | 2  | 3  |    |    |

DATE

ACTION

RESPONSIBLE  
PARTY

|               |  |  |
|---------------|--|--|
| November 2    | <ul style="list-style-type: none"> <li><b>Bond Election Passes!</b> The 60-day window for voters to contest the election will end on <b>January 1</b></li> </ul>   | District                                   |
| November 8    | <ul style="list-style-type: none"> <li><b>Regular Board Meeting</b> – The Board canvasses its Bond election and discusses Bond Financing</li> <li><b>Board adopts Resolution Authorizing Issuance of the Bonds as prepared by Dorsey &amp; Whitney (DW) that officially names the Bond Finance Committee</b></li> </ul>                | District/DAD<br>All                        |
| November 22   | <ul style="list-style-type: none"> <li>Distribute draft POS for review</li> <li>Distribute Rating Information (Draft POS, Audit Reports and Budgets) to S&amp;P to commence rating process</li> </ul>  | DAD<br>DAD                                 |
| November 30   | <ul style="list-style-type: none"> <li>Provide comments on draft POS</li> </ul>  | All  |
| December 7    | <ul style="list-style-type: none"> <li>Distribute Draft S&amp;P Rating Presentation, updated POS and updated financing schedules together with a Due Diligence Checklist for review on the 9<sup>th</sup></li> </ul>   | DAD  |
| December 9    | <ul style="list-style-type: none"> <li>Review documents via a Zoom call that were e-mailed by DAD on the 7<sup>th</sup> (<b>Bond Finance Committee</b>) (2:00-3:30 p.m.)</li> </ul>  | DAD/District                               |
| December 13   | <ul style="list-style-type: none"> <li>Regular Board Meeting – Provide Bond Update</li> </ul>  | DAD/District                               |
| December 14   | <ul style="list-style-type: none"> <li>Send Rating Presentation to S&amp;P</li> </ul>  | DAD  |
| December 16   | <ul style="list-style-type: none"> <li>Hold S&amp;P Rating Zoom Call from <b>2:00-3:00 (Bond Finance Committee and analysts Amahad Brown and Treasure Walker)</b></li> </ul>   | District/DAD                               |
| January 5     | <ul style="list-style-type: none"> <li>Receive S&amp;P Rating</li> </ul>   | District/DAD                               |
| January 7     | <ul style="list-style-type: none"> <li>Print and Distribute POS/Marketing Materials to prospective investors</li> <li>Send Tombstone Bond Advertisement to the paper regarding the Bond Offering</li> </ul>  | DAD/District<br>DAD                        |
| January 10    | <ul style="list-style-type: none"> <li>Regular Board Meeting – Provide Bond Update</li> </ul>  | DAD/District                               |
| January 12/15 | <ul style="list-style-type: none"> <li>Tombstone announcing the Bond Purchase opportunity appears in the <i>Lewistown News-Argus</i></li> </ul>  | DAD  |
| January 14    | <ul style="list-style-type: none"> <li><b>Bond Issue Pricing Meeting with Bond Finance Committee (12:00 noon)</b></li> </ul>   | DAD/District                               |
| January 20    | <ul style="list-style-type: none"> <li><b>Offer Bonds to Individual Investors, Banks and Other Purchasers</b></li> <li><b>Bond Finance Committee Finalizes Bond Rates/Terms with DAD (1:00 p.m.)</b></li> <li><b>Distribute Financing Schedules (1:00 p.m.)</b></li> <li><b>Execute Bond Purchase Agreement (1:00 p.m.)</b></li> </ul> | DAD<br>DAD/District<br>DAD<br>DAD/District |
| January 24    | <ul style="list-style-type: none"> <li><b>SPECIAL BOARD MEETING - Board adopts final Bond Resolution</b></li> </ul>  | District/DW                                |
| January 25    | <ul style="list-style-type: none"> <li>Distribute Closing Documents</li> <li>Distribute Closing Instructions</li> <li>Coordinate Investment of Proceeds with County Treasurer</li> </ul>   | DW<br>DAD<br>District                      |
| February 3    | <ul style="list-style-type: none"> <li>Closing/Delivery of Bond Proceeds</li> </ul>  | All  |

*date Bonds are offered for purchase in \$5,000 increments*



OFFICIAL BALLOT

ELEMENTARY SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA

SCHOOL BOND ELECTION  
TO BE CONDUCTED BY MAIL BALLOT  
ON NOVEMBER 2, 2021

*NOTE: we have a fairly detailed list of projects to be sure we accomplish*

INSTRUCTIONS TO VOTERS: Completely fill in the oval using a blue or black ink pen before the words “BONDS —YES” if you wish to vote for the bond issue; if you are opposed to the bond issue, completely fill in the oval using a blue or black ink pen before the words “BONDS —NO.”

Shall the Board of Trustees (the “Board”) of Elementary School District No. 1 (Lewistown), Fergus County, Montana (the “Elementary District”), be authorized to sell and issue general obligation bonds of the Elementary District in one or more series in the aggregate principal amount of up to Twenty Million Four Hundred Thousand and No/100 Dollars (\$20,400,000.00), bearing interest at rates to be determined at the time of the sale, payable semiannually, during a term as to each series of bonds of not more than twenty (20) years, for the purpose of providing funds to pay the costs of designing, constructing, improving, renovating, equipping, and furnishing schools in the Elementary District to address safety and environmental concerns, enhance learning environments, upgrade infrastructure, increase energy efficiency, and address shifting enrollment considerations, to include improving:

- \* Lewis and Clark School by constructing a controlled access entranceway, a new classroom wing, multipurpose space, and central kitchen; renovating administration spaces and breakout classroom spaces; installing Americans with Disability Act (“ADA”) compliant restrooms and a new fire sprinkler system; upgrading boiler and electrical systems; replacing the roof and in some areas replacing flooring, ceilings, and doors; and making site improvements;
- \* Garfield School by constructing a controlled access entranceway and an addition to provide additional classroom and flexible learning space; installing ADA compliant restrooms and a new fire sprinkler system; upgrading boiler and electrical systems; replacing the roof and in some areas flooring, ceilings, and doors; repairing siding and exterior brickwork; and making site improvements;
- \* Highland Park School by constructing a controlled access entranceway and an addition to increase flexible use spaces and relocate the administration areas; installing ADA compliant restrooms and a new fire sprinkler system; upgrading boiler and electrical systems; replacing the roof and in some areas replacing flooring, ceilings, and doors; and making site improvements;

\* Lewistown Junior High School by constructing a controlled access entranceway and new classrooms; installing ADA compliant restrooms and a new fire sprinkler system; upgrading boiler and electrical systems; replacing the roof and in some areas replacing flooring, ceilings, and doors; and making site improvements; and

associated amenities and features at the schools identified above and paying related costs; and paying costs associated with the sale and issuance of the bonds?

☐ BONDS – YES

☐ BONDS – NO

# Benchmark Bond Rates for "AAA" Rated Bond Issues

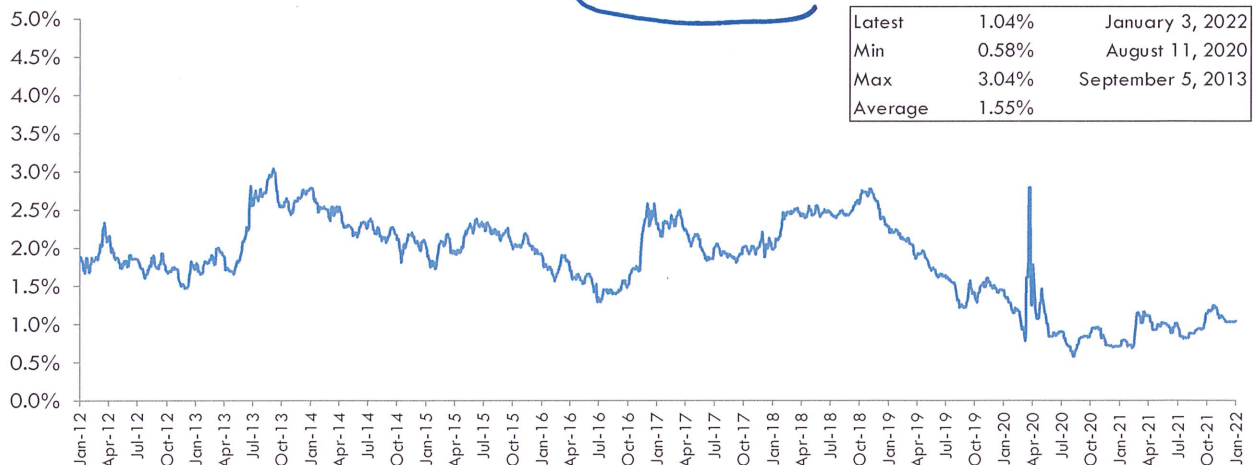
## MUNICIPAL MARKET UPDATE

January 3, 2022

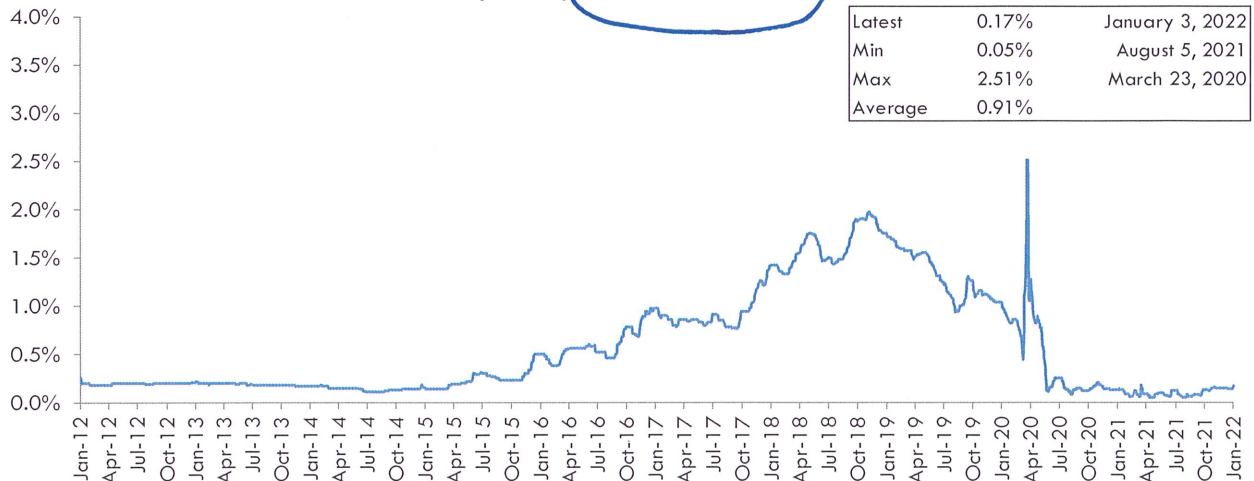
### "AAA" MUNICIPAL MARKET DATA INDEX (MMD), 20-YEAR MATURITY: 01/03/2012-01/03/2022



### "AAA" MUNICIPAL MARKET DATA INDEX (MMD), 10-YEAR MATURITY: 01/03/2012-01/03/2022



### "AAA" MUNICIPAL MARKET DATA INDEX (MMD), 1-YEAR MATURITY: 01/03/2012-01/03/2022





## MUNICIPAL MARKET UPDATE

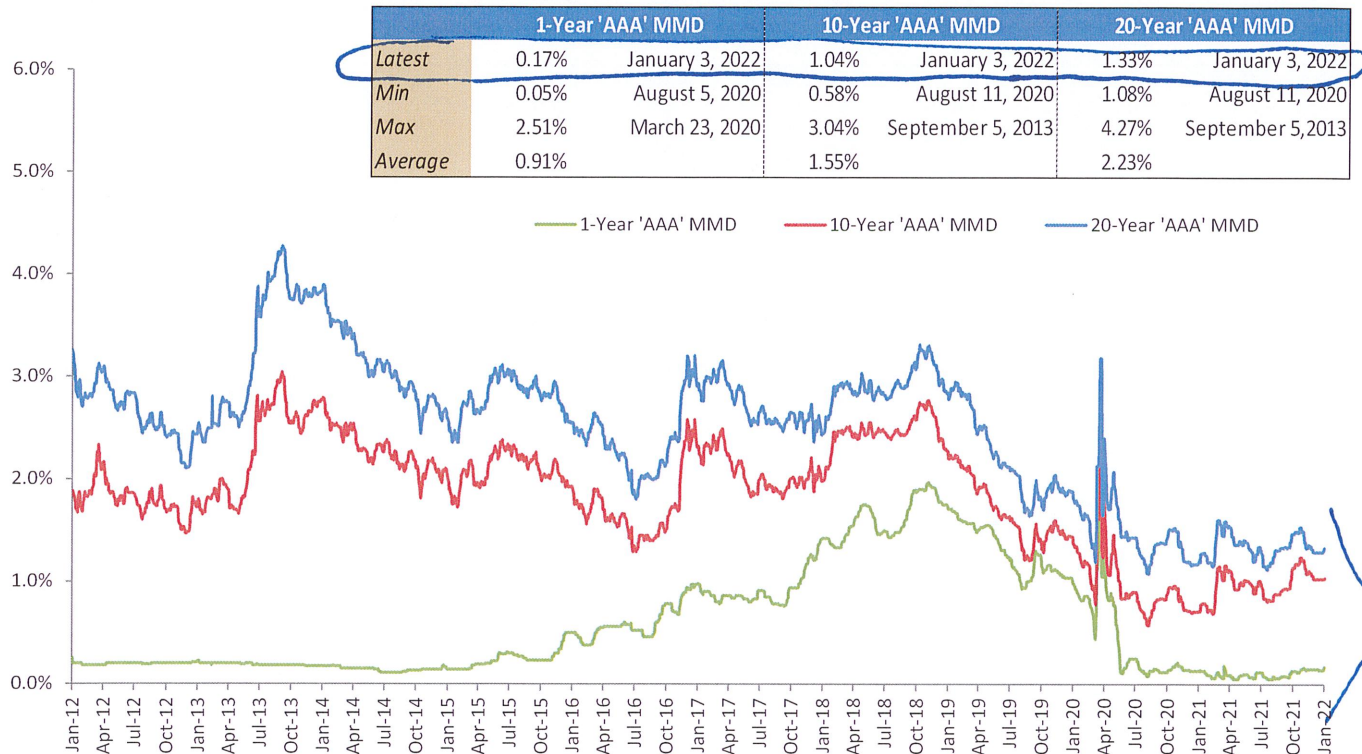
January 3, 2022

### "AAA" MUNICIPAL MARKET DATA INDEX (MMD)

1-YEAR, 10-YEAR & 20-YEAR MATURITIES:

01/03/2012-01/03/2022

*same graphs as prior page but  
stacked together*



*close to record lows*

# Lewistown Elementary School District

## \$20,400,000 GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022

### BOND SUMMARY INFORMATION

|                                  | TIC RATE<br>(True<br>Interest<br>Cost)                                   | TOTAL<br>INTEREST DUE<br>ON THE<br>BONDS OVER<br>20-YEAR TERM | TOTAL BOND<br>PREMIUM (Paid to<br>the District at<br>Closing and<br>Deposited to the<br>Building Fund)* | AVERAGE<br>ANNUAL<br>DEBT SERVICE<br>AMOUNT<br>(2022/23 First<br>Levy) | ANNUAL MILLS<br>FOR DEBT<br>SERVICE**   | \$100,000 VALUE<br>PER YEAR<br>IMPACT OF THE<br>BONDS**   |
|----------------------------------|--|---|---|--|---|---|
| Bond Election Estimates          | 2.660%   | \$10,101,000  | --  | \$1,525,050  | 107.03  | \$144.49  |
| Nov 8 Board Update               | 2.653%   | \$10,095,866.67   | \$2,950,072.80  | \$1,524,793  | 107.01  | \$144.46  |
| Jan 10 Board Update              | 2.380%   | \$10,095,866.67   | \$3,581,405.65  | \$1,524,793  | 107.01  | \$144.46  |
| Jan 17 Pricing Meeting<br>Update | %  | \$  | \$  | \$   |   | \$  |
| Final Jan 20 Bond<br>Offering    | %.<br>*NOTE: lower TIC<br>by %<br>(compared<br>to election<br>estimates) | \$  | \$  | \$   | %.<br>*NOTE: mills are<br>lower by % for<br>a reduction of<br>% over<br>election<br>estimates | %.<br>*NOTE: the annual<br>tax impact is lower<br>by \$ for a<br>reduction of %<br>over election<br>estimates |

\* Any Bond proceeds deposited to the Building Fund at closing and not needed for the Project after it is complete (including investment earnings and the Premium) must be transferred to the Debt Service Fund to reduce taxpayer impacts.



## SOURCES AND USES OF FUNDS

**SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA  
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022  
'A' Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call  
[Preliminary - For Discussion Only]**

Dated Date                      02/03/2022  
Delivery Date                02/03/2022

**Sources:**

|                |                      |
|----------------|----------------------|
| Bond Proceeds: |                      |
| Par Amount     | 20,400,000.00        |
| Premium        | 3,581,405.65         |
|                | <u>23,981,405.65</u> |

**Uses:**

|  |                      |
|--|----------------------|
| Project Fund Deposits:                     |                      |
| Project Fund                               | 23,757,755.65        |
| Cost of Issuance:                          |                      |
| Bond Counsel                               | 40,000.00            |
| POS/OS                                     | 5,000.00             |
| CUSIP                                      | 800.00               |
| DTC  | 800.00               |
| Paying Agent/Registrar/Dissemination Agent | 800.00               |
| Rating                                     | 23,250.00            |
|  | <u>70,650.00</u>     |
| Delivery Date Expenses:                    |                      |
| Underwriter's Discount                     | 153,000.00           |
|  | <u>23,981,405.65</u> |

*any amount  
not used for  
the Project by  
law is transferred  
to the debt  
service fund to  
offset debt  
service*

Will be final after the offering in Jan. 20

**BOND PRICING**



SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA  
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022  
'A' Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call  
[Preliminary - For Discussion Only]

| Bond Component | Maturity Date | Amount    | Rate   | Yield  | Price     | Yield to Maturity | Call Date  | Call Price | Premium (-Discount) |
|----------------|---------------|-----------|--------|--------|-----------|-------------------|------------|------------|---------------------|
| Serial Bonds:  |               |           |        |        |           |                   |            |            |                     |
|                | 07/01/2023    | 375,000   | 4.000% | 0.600% | 104.769   |                   |            |            | 17,883.75           |
|                | 07/01/2024    | 725,000   | 4.000% | 0.730% | 107.800   |                   |            |            | 56,550.00           |
|                | 07/01/2025    | 755,000   | 4.000% | 0.850% | 110.567   |                   |            |            | 79,780.85           |
|                | 07/01/2026    | 780,000   | 4.000% | 0.990% | 112.959   |                   |            |            | 101,080.20          |
|                | 07/01/2027    | 815,000   | 4.000% | 1.160% | 114.852   |                   |            |            | 121,043.80          |
|                | 07/01/2028    | 845,000   | 4.000% | 1.320% | 116.422   |                   |            |            | 138,765.90          |
|                | 07/01/2029    | 880,000   | 4.000% | 1.420% | 118.087   |                   |            |            | 159,165.60          |
|                | 07/01/2030    | 915,000   | 4.000% | 1.500% | 119.685   |                   |            |            | 180,117.75          |
|                | 07/01/2031    | 950,000   | 4.000% | 1.560% | 121.278   |                   |            |            | 202,141.00          |
|                | 07/01/2032    | 990,000   | 4.000% | 1.660% | 121.302 C | 1.753%            | 01/01/2032 | 100.000    | 210,889.80          |
|                | 07/01/2033    | 1,030,000 | 4.000% | 1.700% | 120.895 C | 1.949%            | 01/01/2032 | 100.000    | 215,218.50          |
|                | 07/01/2034    | 1,070,000 | 4.000% | 1.740% | 120.491 C | 2.114%            | 01/01/2032 | 100.000    | 219,253.70          |
|                | 07/01/2035    | 1,115,000 | 4.000% | 1.800% | 119.887 C | 2.271%            | 01/01/2032 | 100.000    | 221,740.05          |
|                | 07/01/2036    | 1,160,000 | 4.000% | 1.840% | 119.486 C | 2.393%            | 01/01/2032 | 100.000    | 226,037.60          |
|                | 07/01/2037    | 1,205,000 | 4.000% | 1.890% | 118.987 C | 2.507%            | 01/01/2032 | 100.000    | 228,793.35          |
|                | 07/01/2038    | 1,255,000 | 4.000% | 1.940% | 118.491 C | 2.608%            | 01/01/2032 | 100.000    | 232,062.05          |
|                | 07/01/2039    | 1,305,000 | 4.000% | 1.990% | 117.997 C | 2.698%            | 01/01/2032 | 100.000    | 234,860.85          |
|                | 07/01/2040    | 1,355,000 | 4.000% | 2.020% | 117.702 C | 2.766%            | 01/01/2032 | 100.000    | 239,862.10          |
|                | 07/01/2041    | 1,410,000 | 4.000% | 2.050% | 117.407 C | 2.828%            | 01/01/2032 | 100.000    | 245,438.70          |
|                | 07/01/2042    | 1,465,000 | 4.000% | 2.080% | 117.114 C | 2.885%            | 01/01/2032 | 100.000    | 250,720.10          |
| 20,400,000     |               |           |        |        |           |                   |            |            | 3,581,405.65        |

|                        |               |
|------------------------|---------------|
| Dated Date             | 02/03/2022    |
| Delivery Date          | 02/03/2022    |
| First Coupon           | 01/01/2023    |
| Par Amount             | 20,400,000.00 |
| Premium                | 3,581,405.65  |
| Production             | 23,981,405.65 |
| Underwriter's Discount | -153,000.00   |
| Purchase Price         | 23,828,405.65 |
| Accrued Interest       |               |
| Net Proceeds           | 23,828,405.65 |

For example:  
at pricing if coupons are lower (to say 3.00% in some years) then premium is lower & interest costs are lower.

Note:  
Bonds can be refinanced after 1-1-32

estimated Bond Premium based on current coupon & yield estimates

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## BOND SUMMARY STATISTICS

**SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA  
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022  
'A' Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call  
[Preliminary - For Discussion Only]**

|                                   |                |
|-----------------------------------|----------------|
| Dated Date                        | 02/03/2022     |
| Delivery Date                     | 02/03/2022     |
| First Coupon                      | 01/01/2023     |
| Last Maturity                     | 07/01/2042     |
| Arbitrage Yield                   | 1.756689%      |
| True Interest Cost (TIC)          | 2.380385%      |
| Net Interest Cost (NIC)           | 2.581041%      |
| All-In TIC                        | 2.410366%      |
| Average Coupon                    | 4.000000%      |
| Average Life (years)              | 12.372         |
| Weighted Average Maturity (years) | 12.457         |
| Duration of Issue (years)         | 10.028         |
| Par Amount                        | 20,400,000.00  |
| Bond Proceeds                     | 23,981,405.65  |
| Total Interest                    | 10,095,866.67  |
| Net Interest                      | 6,667,461.02   |
| Bond Years from Dated Date        | 252,396,666.67 |
| Bond Years from Delivery Date     | 252,396,666.67 |
| Total Debt Service                | 30,495,866.67  |
| Maximum Annual Debt Service       | 1,527,000.00   |
| Average Annual Debt Service       | 1,494,081.66   |
| Underwriter's Fees (per \$1000)   |                |
| Average Takedown                  |                |
| Other Fee                         | 7.500000       |
| Total Underwriter's Discount      | 7.500000       |
| Bid Price                         | 116.805910     |

| Bond Component | Par Value     | Price   | Average Coupon | Average Life | Average Maturity Date | PV of 1 bp change |
|----------------|---------------|---------|----------------|--------------|-----------------------|-------------------|
| Serial Bonds   | 20,400,000.00 | 117.556 | 4.000%         | 12.372       | 06/19/2034            | 17,559.25         |
|                | 20,400,000.00 |         |                | 12.372       |                       | 17,559.25         |

|                            | TIC           | All-In TIC    | Arbitrage Yield |
|----------------------------|---------------|---------------|-----------------|
| Par Value                  | 20,400,000.00 | 20,400,000.00 | 20,400,000.00   |
| + Accrued Interest         |               |               |                 |
| + Premium (Discount)       | 3,581,405.65  | 3,581,405.65  | 3,581,405.65    |
| - Underwriter's Discount   | -153,000.00   | -153,000.00   |                 |
| - Cost of Issuance Expense |               | -70,650.00    |                 |
| - Other Amounts            |               |               |                 |
| Target Value               | 23,828,405.65 | 23,757,755.65 | 23,981,405.65   |
| Target Date                | 02/03/2022    | 02/03/2022    | 02/03/2022      |
| Yield                      | 2.380385%     | 2.410366%     | 1.756689%       |



# BOND DEBT SERVICE



## SCHOOL DISTRICT NO. 1 (LEWISTOWN) FERGUS COUNTY, MONTANA GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022 'A' Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call [Preliminary - For Discussion Only]

Dated Date 02/03/2022  
Delivery Date 02/03/2022

| Period Ending | Principal  | Coupon | Interest      | Debt Service  | Annual Debt Service |
|---------------|------------|--------|---------------|---------------|---------------------|
| 01/01/2023    |            |        | 743,466.67    | 743,466.67    |                     |
| 07/01/2023    | 375,000    | 4.000% | 408,000.00    | 783,000.00    | 1,526,466.67        |
| 01/01/2024    |            |        | 400,500.00    | 400,500.00    |                     |
| 07/01/2024    | 725,000    | 4.000% | 400,500.00    | 1,125,500.00  | 1,526,000.00        |
| 01/01/2025    |            |        | 386,000.00    | 386,000.00    |                     |
| 07/01/2025    | 755,000    | 4.000% | 386,000.00    | 1,141,000.00  | 1,527,000.00        |
| 01/01/2026    |            |        | 370,900.00    | 370,900.00    |                     |
| 07/01/2026    | 780,000    | 4.000% | 370,900.00    | 1,150,900.00  | 1,521,800.00        |
| 01/01/2027    |            |        | 355,300.00    | 355,300.00    |                     |
| 07/01/2027    | 815,000    | 4.000% | 355,300.00    | 1,170,300.00  | 1,525,600.00        |
| 01/01/2028    |            |        | 339,000.00    | 339,000.00    |                     |
| 07/01/2028    | 845,000    | 4.000% | 339,000.00    | 1,184,000.00  | 1,523,000.00        |
| 01/01/2029    |            |        | 322,100.00    | 322,100.00    |                     |
| 07/01/2029    | 880,000    | 4.000% | 322,100.00    | 1,202,100.00  | 1,524,200.00        |
| 01/01/2030    |            |        | 304,500.00    | 304,500.00    |                     |
| 07/01/2030    | 915,000    | 4.000% | 304,500.00    | 1,219,500.00  | 1,524,000.00        |
| 01/01/2031    |            |        | 286,200.00    | 286,200.00    |                     |
| 07/01/2031    | 950,000    | 4.000% | 286,200.00    | 1,236,200.00  | 1,522,400.00        |
| 01/01/2032    |            |        | 267,200.00    | 267,200.00    |                     |
| 07/01/2032    | 990,000    | 4.000% | 267,200.00    | 1,257,200.00  | 1,524,400.00        |
| 01/01/2033    |            |        | 247,400.00    | 247,400.00    |                     |
| 07/01/2033    | 1,030,000  | 4.000% | 247,400.00    | 1,277,400.00  | 1,524,800.00        |
| 01/01/2034    |            |        | 226,800.00    | 226,800.00    |                     |
| 07/01/2034    | 1,070,000  | 4.000% | 226,800.00    | 1,296,800.00  | 1,523,600.00        |
| 01/01/2035    |            |        | 205,400.00    | 205,400.00    |                     |
| 07/01/2035    | 1,115,000  | 4.000% | 205,400.00    | 1,320,400.00  | 1,525,800.00        |
| 01/01/2036    |            |        | 183,100.00    | 183,100.00    |                     |
| 07/01/2036    | 1,160,000  | 4.000% | 183,100.00    | 1,343,100.00  | 1,526,200.00        |
| 01/01/2037    |            |        | 159,900.00    | 159,900.00    |                     |
| 07/01/2037    | 1,205,000  | 4.000% | 159,900.00    | 1,364,900.00  | 1,524,800.00        |
| 01/01/2038    |            |        | 135,800.00    | 135,800.00    |                     |
| 07/01/2038    | 1,255,000  | 4.000% | 135,800.00    | 1,390,800.00  | 1,526,600.00        |
| 01/01/2039    |            |        | 110,700.00    | 110,700.00    |                     |
| 07/01/2039    | 1,305,000  | 4.000% | 110,700.00    | 1,415,700.00  | 1,526,400.00        |
| 01/01/2040    |            |        | 84,600.00     | 84,600.00     |                     |
| 07/01/2040    | 1,355,000  | 4.000% | 84,600.00     | 1,439,600.00  | 1,524,200.00        |
| 01/01/2041    |            |        | 57,500.00     | 57,500.00     |                     |
| 07/01/2041    | 1,410,000  | 4.000% | 57,500.00     | 1,467,500.00  | 1,525,000.00        |
| 01/01/2042    |            |        | 29,300.00     | 29,300.00     |                     |
| 07/01/2042    | 1,465,000  | 4.000% | 29,300.00     | 1,494,300.00  | 1,523,600.00        |
|               | 20,400,000 |        | 10,095,866.67 | 30,495,866.67 | 30,495,866.67       |

average  
=  
\$1,524,793

↓  
annual  
principal  
payments

↓  
semi-annual  
interest  
payments

(10)

**BOND DEBT SERVICE**

**SCHOOL DISTRICT NO. 1 (LEWISTOWN)**  
**FERGUS COUNTY, MONTANA**  
**GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022**  
**'A' Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call**  
**[Preliminary - For Discussion Only]**

Dated Date                      02/03/2022  
Delivery Date                02/03/2022

| Period<br>Ending | Principal  | Coupon | Interest      | Debt Service  |
|------------------|------------|--------|---------------|---------------|
| 07/01/2023       | 375,000    | 4.000% | 1,151,466.67  | 1,526,466.67  |
| 07/01/2024       | 725,000    | 4.000% | 801,000.00    | 1,526,000.00  |
| 07/01/2025       | 755,000    | 4.000% | 772,000.00    | 1,527,000.00  |
| 07/01/2026       | 780,000    | 4.000% | 741,800.00    | 1,521,800.00  |
| 07/01/2027       | 815,000    | 4.000% | 710,600.00    | 1,525,600.00  |
| 07/01/2028       | 845,000    | 4.000% | 678,000.00    | 1,523,000.00  |
| 07/01/2029       | 880,000    | 4.000% | 644,200.00    | 1,524,200.00  |
| 07/01/2030       | 915,000    | 4.000% | 609,000.00    | 1,524,000.00  |
| 07/01/2031       | 950,000    | 4.000% | 572,400.00    | 1,522,400.00  |
| 07/01/2032       | 990,000    | 4.000% | 534,400.00    | 1,524,400.00  |
| 07/01/2033       | 1,030,000  | 4.000% | 494,800.00    | 1,524,800.00  |
| 07/01/2034       | 1,070,000  | 4.000% | 453,600.00    | 1,523,600.00  |
| 07/01/2035       | 1,115,000  | 4.000% | 410,800.00    | 1,525,800.00  |
| 07/01/2036       | 1,160,000  | 4.000% | 366,200.00    | 1,526,200.00  |
| 07/01/2037       | 1,205,000  | 4.000% | 319,800.00    | 1,524,800.00  |
| 07/01/2038       | 1,255,000  | 4.000% | 271,600.00    | 1,526,600.00  |
| 07/01/2039       | 1,305,000  | 4.000% | 221,400.00    | 1,526,400.00  |
| 07/01/2040       | 1,355,000  | 4.000% | 169,200.00    | 1,524,200.00  |
| 07/01/2041       | 1,410,000  | 4.000% | 115,000.00    | 1,525,000.00  |
| 07/01/2042       | 1,465,000  | 4.000% | 58,600.00     | 1,523,600.00  |
|                  | 20,400,000 |        | 10,095,866.67 | 30,495,866.67 |

TAX LEVY (NO GROWTH)

SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022

A Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call

[Preliminary - For Discussion Only]

*if the taxable value remains at the current amount mills will remain the same*

| Year Ending | 2022 ESD Bond Principal | 2022 ESD Bond Interest | Total ESD Bond Debt Service | Assessed Value <sup>1</sup> | District Mill Levy | \$100,000 Monthly Home Impact <sup>2</sup> |
|-------------|-------------------------|------------------------|-----------------------------|-----------------------------|--------------------|--|
| 07/01/2022  |                         |                        |                             | \$14,248.842                | -                  | -  |
| 07/01/2023  | \$375,000               | \$1,151,467            | \$1,526,467                 | 14,248.842                  | 107.129            | \$12.05                                    |
| 07/01/2024  | 725,000                 | 801,000                | 1,526,000                   | 14,248.842                  | 107.096            | 12.05                                      |
| 07/01/2025  | 755,000                 | 772,000                | 1,527,000                   | 14,248.842                  | 107.167            | 12.06                                      |
| 07/01/2026  | 780,000                 | 741,800                | 1,521,800                   | 14,248.842                  | 106.802            | 12.02                                      |
| 07/01/2027  | 815,000                 | 710,600                | 1,525,600                   | 14,248.842                  | 107.068            | 12.05                                      |
| 07/01/2028  | 845,000                 | 678,000                | 1,523,000                   | 14,248.842                  | 106.886            | 12.02                                      |
| 07/01/2029  | 880,000                 | 644,200                | 1,524,200                   | 14,248.842                  | 106.970            | 12.03                                      |
| 07/01/2030  | 915,000                 | 609,000                | 1,524,000                   | 14,248.842                  | 106.956            | 12.03                                      |
| 07/01/2031  | 950,000                 | 572,400                | 1,522,400                   | 14,248.842                  | 106.844            | 12.02                                      |
| 07/01/2032  | 990,000                 | 534,400                | 1,524,400                   | 14,248.842                  | 106.984            | 12.04                                      |
| 07/01/2033  | 1,030,000               | 494,800                | 1,524,800                   | 14,248.842                  | 107.012            | 12.04                                      |
| 07/01/2034  | 1,070,000               | 453,600                | 1,523,600                   | 14,248.842                  | 106.928            | 12.03                                      |
| 07/01/2035  | 1,115,000               | 410,800                | 1,525,800                   | 14,248.842                  | 107.082            | 12.05                                      |
| 07/01/2036  | 1,160,000               | 366,200                | 1,526,200                   | 14,248.842                  | 107.110            | 12.05                                      |
| 07/01/2037  | 1,205,000               | 319,800                | 1,524,800                   | 14,248.842                  | 107.012            | 12.04                                      |
| 07/01/2038  | 1,255,000               | 271,600                | 1,526,600                   | 14,248.842                  | 107.139            | 12.05                                      |
| 07/01/2039  | 1,305,000               | 221,400                | 1,526,400                   | 14,248.842                  | 107.124            | 12.05                                      |
| 07/01/2040  | 1,355,000               | 169,200                | 1,524,200                   | 14,248.842                  | 106.970            | 12.03                                      |
| 07/01/2041  | 1,410,000               | 115,000                | 1,525,000                   | 14,248.842                  | 107.026            | 12.04                                      |
| 07/01/2042  | 1,465,000               | 58,600                 | 1,523,600                   | 14,248.842                  | 106.928            | 12.03                                      |
| Total       | \$20,400,000            | \$10,095,867           | \$30,495,867                |                             |                    |  |

<sup>1</sup> Assumes an annual growth rate of 0%.

<sup>2</sup> Home values are expected to appreciate over time. This calculation assumes a set value of \$100,000 as an example based on current tax rates for residential homes of 1.35%.



TAX LEVY (1% GROWTH)

SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022

A Rating, Non-BQ, 20-Year Term, 1/1/32 Par Call

[Preliminary - For Discussion Only]

- with new construction growth to the tax base mills will go lower over time as shown below.

| Year Ending | 2022 ESD Bond Principal | 2022 ESD Bond Interest | Total ESD Bond Debt Service | Assessed Value <sup>1</sup> | District Mill Levy | \$100,000 Monthly Home Impact <sup>2</sup> |
|-------------|-------------------------|------------------------|-----------------------------|-----------------------------|--------------------|--|
| 07/01/2022  | -                       | -                      | -                           | \$14,248.842                | -                  | -  |
| 07/01/2023  | \$375,000               | \$1,151,467            | \$1,526,467                 | 14,391.330                  | 106.068            | 11.93                                      |
| 07/01/2024  | 725,000                 | 801,000                | 1,526,000                   | 14,535.244                  | 104.986            | 11.81                                      |
| 07/01/2025  | 755,000                 | 772,000                | 1,527,000                   | 14,680.596                  | 104.015            | 11.70                                      |
| 07/01/2026  | 780,000                 | 741,800                | 1,521,800                   | 14,827.402                  | 102.634            | 11.55                                      |
| 07/01/2027  | 815,000                 | 710,600                | 1,525,600                   | 14,975.676                  | 101.872            | 11.46                                      |
| 07/01/2028  | 845,000                 | 678,000                | 1,523,000                   | 15,125.433                  | 100.691            | 11.33                                      |
| 07/01/2029  | 880,000                 | 644,200                | 1,524,200                   | 15,276.687                  | 99.773             | 11.22                                      |
| 07/01/2030  | 915,000                 | 609,000                | 1,524,000                   | 15,429.454                  | 98.772             | 11.11                                      |
| 07/01/2031  | 950,000                 | 572,400                | 1,522,400                   | 15,583.749                  | 97.692             | 10.99                                      |
| 07/01/2032  | 990,000                 | 534,400                | 1,524,400                   | 15,739.586                  | 96.851             | 10.90                                      |
| 07/01/2033  | 1,030,000               | 494,800                | 1,524,800                   | 15,896.982                  | 95.918             | 10.79                                      |
| 07/01/2034  | 1,070,000               | 453,600                | 1,523,600                   | 16,055.952                  | 94.893             | 10.68                                      |
| 07/01/2035  | 1,115,000               | 410,800                | 1,525,800                   | 16,216.511                  | 94.089             | 10.59                                      |
| 07/01/2036  | 1,160,000               | 366,200                | 1,526,200                   | 16,378.676                  | 93.182             | 10.48                                      |
| 07/01/2037  | 1,205,000               | 319,800                | 1,524,800                   | 16,542.463                  | 92.175             | 10.37                                      |
| 07/01/2038  | 1,255,000               | 271,600                | 1,526,600                   | 16,707.888                  | 91.370             | 10.28                                      |
| 07/01/2039  | 1,305,000               | 221,400                | 1,526,400                   | 16,874.967                  | 90.454             | 10.18                                      |
| 07/01/2040  | 1,355,000               | 169,200                | 1,524,200                   | 17,043.716                  | 89.429             | 10.06                                      |
| 07/01/2041  | 1,410,000               | 115,000                | 1,525,000                   | 17,214.154                  | 88.590             | 9.97                                       |
| 07/01/2042  | 1,465,000               | 58,600                 | 1,523,600                   | 17,386.295                  | 87.632             | 9.86                                       |
| Total       | \$20,400,000            | \$10,095,867           | \$30,495,867                |                             |                    |  |

<sup>1</sup> Assumes an annual growth rate of 1%.

<sup>2</sup> Home values are expected to appreciate over time. This calculation assumes a set value of \$100,000 as an example based on current tax rates for residential homes of 1.35%.

*Notice of Bond Purchase Opportunity  
To appear in the Lewistown News-Argus  
on Jan. 12 & Jan. 15.*

## **MUNICIPAL BONDS**

On or about Thursday, January 20, 2022

D.A. Davidson & Co. expects to offer:

**\$20,400,000\***

**School District No. 1 (Lewistown)**

**Fergus County, Montana**

**General Obligation School Building Bonds, Series 2022**

**Maturities\*: July 1, 2023-2042**

**NOT Bank Qualified**

**New Issue**

**S&P Global Ratings: "A"**

**Book-Entry Only**

**Tax-Exempt:** In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, and (iii) is excludable from gross income for Montana individual income tax purposes. Interest on the Bonds is includable, however, in income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

**Purpose:** The proceeds of the Bonds will be used for the purpose of paying (i) the costs of designing, constructing, improving, renovating, equipping, and furnishing schools in the District to address safety and environmental concerns, enhance learning environments, upgrade infrastructure, increase energy efficiency, and address shifting enrollment considerations; related improvements;

and (ii) the costs associated with the sale and issuance of the Bonds.

**Redemption\*:** The Bonds maturing on or after July 1, 2032\* are subject to redemption at the option of the District on January 1, 2032\* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. Term Bonds, if any, will be subject to mandatory sinking fund redemption.

**Maturities/Interest Rates\*:** The Bonds will mature on July 1 of each year, with maturities in 2023 through 2042. Interest rates on the Bonds are expected to be established on or about Thursday, January 20, 2022\*.

**Security:** The Bonds are general obligations of the District payable from the proceeds of an ad valorem tax that the District will covenant to levy annually on all taxable property within the District, without limitation as to rate or amount.

\* Preliminary: subject to change.

**Please contact D.A. Davidson & Co. in advance for expected yield information.**

The Bonds are subject to availability and to the acceptance of an offer to purchase. This is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering of these securities is made only by the Official Statement, copies of which are available from D.A. Davidson & Co.



**D | A | DAVIDSON**

D.A. Davidson & Co. member SIPC and FINRA

**(406) 727-4200 or (800) 332-5915**  
8 Third Street North  
Great Falls, MT 59401

**(406) 248-7851 or (800) 332-7092**  
208 N. Broadway, Suite 100  
Billings, MT 59101

*Contact information if  
interested*



This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. The securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT** dated January 6, 2022

**NEW ISSUE  
BOOK-ENTRY ONLY**

**NOT BANK QUALIFIED  
RATING: S&P Global Ratings: "A"**  
(See "RATING" herein.)

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, and (iii) is excludable from gross income for Montana individual income tax purposes. Interest on the Bonds is includable, however, in income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. (See "BONDS NOT BANK QUALIFIED TAX-EXEMPT OBLIGATIONS" and "TAX CONSIDERATIONS" herein.)*

**\$20,400,000\***  
**School District No. 1 (Lewistown)**  
**Fergus County, Montana**  
**General Obligation School Building Bonds, Series 2022**

*First page of  
the Bond Disclosure  
Document called  
a P.O.S.*

**DATED: Date of Delivery** (expected to be February 3, 2022)

**DUE: July 1, as shown on the inside cover**

School District No. 1 (Lewistown), Fergus County, Montana (the "District") provides this Preliminary Official Statement in connection with the issuance of its General Obligation School Building Bonds, Series 2022 (the "Bonds"). The Bonds mature annually on July 1 in each of the years and amounts set forth on the inside cover hereof and will bear interest from their Date of Delivery to their respective maturities, or date of prior redemption, at the rates as shown on the inside cover herein.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only, in the principal amount of \$5,000 within a single maturity and in integral multiples thereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical bond certificates. Interest on the Bonds will be payable semi-annually on each January 1 and July 1, commencing January 1, 2023. The District has appointed U.S. Bank National Association to serve as registrar and paying agent (the "Registrar") for the Bonds. The principal of and interest on the Bonds will be payable by the Registrar to DTC, which will in turn remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. (See "THE BONDS – Book-Entry Form" herein.)

The Bonds are general obligations of the District payable from the proceeds of an ad valorem tax that the District will covenant to levy annually on all taxable property within the District, without limitation as to rate or amount. The Bonds are being issued in accordance with the provisions of Title 20, Chapter 9, Montana Code Annotated.

The proceeds of the Bonds will be used for the purpose of paying (i) the costs of designing, constructing, improving, renovating, equipping, and furnishing schools in the District to address safety and environmental concerns, enhance learning environments, upgrade infrastructure, increase energy efficiency, and address shifting enrollment considerations; related improvements (collectively, the "Project"); and (ii) the costs associated with the sale and issuance of the Bonds. The Bonds represent the first and only series of bonds to be issued under the Bond Authorization (defined herein). (See "THE BONDS – Authorization," "– Security," and "– Purpose and Sources and Application of Funds" herein.)

The Bonds maturing on or after July 1, 2032\* are subject to redemption at the option of the District on January 1, 2032\* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. Term Bonds, if any, will be subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption" herein.)

The Bonds are offered when, as and if issued by the District, subject to prior sale, to withdrawal or modification of the offer without notice, and to the opinion as to validity and tax exemption of the Bonds by Dorsey & Whitney LLP, Missoula, Montana and Minneapolis, Minnesota, Bond Counsel. It is expected that the Bonds in definitive form will be available for book-entry delivery through the facilities of DTC on or about February 3, 2022 (the "Date of Delivery" or "Closing").

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.*

\* Preliminary; subject to change.

## **RatingsDirect®**

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### **Summary:**

## **Fergus County School District No. 1 (Lewistown), Montana; General Obligation**

### **Primary Credit Analyst:**

Amahad K Brown, Dallas + 1 (214) 765 5876; amahad.brown@spglobal.com

### **Secondary Contact:**

Chris Morgan, San Francisco + 1 (415) 371 5032; chris.morgan@spglobal.com

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Stable Outlook

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## Summary:

# Fergus County School District No. 1 (Lewistown), Montana; General Obligation

### Credit Profile

US\$20.4 mil GO sch bldg bnds ser 2022 due 07/01/2042

Long Term Rating

A/Stable

New

## Rating Action

S&P Global Ratings assigned its 'A' long-term rating to Fergus County School District No. 1 (Lewistown), Mont.'s proposed \$20.4 million general obligation (GO) school building bonds, series 2022. The outlook is stable.

Revenue from the district's unlimited ad valorem taxes levied on taxable property in the district secures the GO bonds. Proceeds will be used to fund various improvements, including renovations and additions to various campuses throughout the district.

### Credit overview

Lewistown Elementary School District is based in the small community of Lewistown in the central portion of the state. The local economy has proven resilient over the course of the pandemic with continued growth in assessed value (AV), stable tax collections, and low unemployment. The district's financial position is strong, supported by routine budget monitoring and established targets for reserves, while continuing to operate within the state-mandated maximum reserve limit. The district's reserve position is bolstered by its access to a shared interlocal agreement fund balance that is shared with Lewistown High School. The fiscal 2022 budget is balanced and with no material cost pressures on the horizon, so we anticipate that the strong financial position will be maintained over the near term. The proposed bonds are expected to address the district's most significant facility needs at its four campuses for the foreseeable future, and there are no plans for additional debt at this time.

The rating reflects our view of the district's:

- Diverse tax base that has demonstrated consistently growth over the last five years;
- Adequate resident incomes and extremely strong property wealth;
- Strong general fund reserves that are bolstered by access to a shared interlocal fund;
- Relatively stable enrollment trend; and
- Low-to-moderate debt burden with no additional debt plans.

### Environmental, social, and governance

We analyzed the district's environmental, social, and governance (ESG) risks relative to its economy, financial management, budgetary performance, flexibility, and debt and liability profile. We view ESG risks as comparable with

those of peers.

## **Stable Outlook**

### **Upside scenario**

A higher rating is contingent on continued expansion of the local economy, reflected in tax base growth and improved wealth and incomes.

### **Downside scenario**

We could lower the rating if the district were to experience sustained operational imbalance, resulting in a material reduction in reserves and without a plan in place that we believe would reasonably replenish reserves and restore operational balance.

## **Credit Opinion**

### **Stable underlying economy with agricultural ties in central Montana**

Lewistown Elementary School District serves the City of Lewistown and a portion of the surrounding area in central Montana. The district currently provides instruction to approximately 857 students in grades K-8 across four campuses. The economy in Fergus County is diverse with a notable agricultural component that is the largest source of countywide employment. Other leading employment sectors include health care, state and local government, construction, and manufacturing. The local economy has remained relatively resilient over the course of the pandemic with the unemployment rate averaging just 3.9% over the last 18 months.

Property values in Montana are assessed every two years to reflect an 18-month lag in market activity. The appraisal period had previously spanned six years. Total AV has grown by about 14% since fiscal 2018 to \$892.5 million for fiscal 2022. Officials are not aware of any major development that could materially alter the tax base or incomes over the near future. The largely residential tax base is diverse with just one taxpayer accounting for more than 2% of taxable value. The largest taxpayer, Northwestern Energy, primarily operates utility transmission lines in the district. Property tax collection rates are very strong, averaging at just under 100% over the last five years.

### **Very strong financial position and a balanced budget heading into 2022**

The district's enrollment contributes to its budget based on the prior year's "average number belonging" (the average enrollment of the first Mondays of October and February). Enrollment for 2022 is 857, which represents a deviation from the prior trend tied to the ongoing pandemic. Officials anticipate that enrollment losses will be recouped in 2023 as more students return to the classroom after a period of increased home schooling. The district's forecasted enrollment for 2023 is 885.

The district's financial profile is strong, reflected in a consistent trend of positive general fund results over the last five fiscal years. According to Montana state law, the amount of general fund end-of-year balance designated as operating reserve cannot exceed 10% of the adopted general fund budget for the ensuing school fiscal year.

The district additionally maintains an interlocal agreement fund, which held \$832,000 in fiscal 2021, which it shares



with the Lewistown High School District. To keep general fund reserves in line with the state limit, the district has historically transferred out excess reserves to the interlocal fund. In 2021, the district transferred nearly \$117,000 to the fund and the high school district transferred an additional \$200,000. With the interlocal fund considered, the district's available fund balance was \$1.6 million, or 25% of general fund expenditures, which we consider very strong.

The district budgeted for balanced results in fiscal 2022 and it is scheduled to receive \$2.8 million in COVID-19 relief funding, which management intends to use to address learning loss, upgrade technology, and other qualified uses. With no major cost pressures anticipated, we expect the district will maintain strong available reserves.

### **Routine intrayear budget monitoring and formal reserve targets but no formal capital or multiyear budget forecasting**

Highlights of the district's financial management policies and practices include:

- Use of state-shared and historical data to develop revenue and expenditure assumptions, as well as enrollment trends and projections;
- Monthly expenditure reviews and cash reports that are provided to the board;
- No long-term budget forecast with financial planning tied to the state's biennial budget;
- Use of a building condition report from 2019 to examine capital and facility needs but no formal multiyear planning for capital spending;
- Investing in the county pool according to state mandate, with holdings and earnings reported on a monthly basis;
- Lack of a formal debt policy beyond state requirements; and
- Formal policy to maintain reserves at levels at least half of the state-specified maximum. For example, the general fund targeted reserve is 5% (the state's reserve limit is 10%).

### **Low-to-moderate debt burden with no additional debt plans**

The proposed bonds will represent the district's only source of outstanding debt. The district has no alternative financing or plans for additional debt. The issuance will exhaust the authorization from a bond election on Nov. 2, 2021.

### **Despite potential increases to pensions, costs are likely to remain manageable**

We do not view pension and other postemployment benefit (OPEB) liabilities as an immediate source of credit pressure, despite our expectation that costs will increase during the next five years as the pension manager adjusts contributions to put the plans on better actuarial footing.

The district participated in the following plans as of June 30, 2021:

- TRS: \$6.8 million in net pension liability (NPL), or 65% funded;
- PERS: \$1.6 million in NPL, or 68.9% funded; and
- Single-employer OPEB plan: 0% funded with a total OPEB liability of \$4.3 million.

To keep amortization within 30 years, both PERS-DBRP and TRS use the "level percentage of pay" method, which assumes rising future payroll and results in escalating pension contributions. We also believe payroll growth

*Summary: Fergus County School District No. 1 (Lewistown), Montana; General Obligation*

assumptions are somewhat optimistic, and future experience studies that update return and mortality assumptions could affect fiduciary net position projections based on current statutory contributions. Neither system projects an asset depletion date under Governmental Accounting Standards Board Statement No. 67, given estimated supplemental pension contributions, and we view this as optimistic given statutory funding of pensions and optimistic assumptions. PERS released an economic experience study in 2017 and plans to complete one every four years. TRS produces one every five years, which we believe better aligns with actuarial standards.

**Lewistown Elementary School District No. 1 (Fergus County), MT -- Key Credit Metrics**

|   | Characterization | Most recent | Historical information |         |         |
|---|------------------|-------------|------------------------|---------|---------|
|   |                  |             | 2021                   | 2020    | 2019    |
| Economic indicators   |                  |             |                        |         |         |
| Population  |                  |             |                        | 8,272   | 8,346   |
| Median household EBI % of U.S.                                    | Adequate         |             |                        | 79      | 74      |
| Per capita EBI % of U.S.  | Adequate         |             |                        | 89      | 83      |
| Market value (\$000)  |                  | 892,543     | 836,200                | 830,995 | 787,278 |
| Market value per capita (\$)                                      | Extremely Strong | 107,899     | 101,088                | 100,459 | 94,330  |
| Top 10 taxpayers % of taxable value                               | Diverse          | 17.7        |                        |         |         |
| Financial indicators  |                  |             |                        |         |         |
| Total available reserves (\$000)                                  |                  |             | 834                    | 743     | 740     |
| Available reserves % of operating expenditures                    | Strong           |             | 12.8                   | 11.6    | 12.0    |
| Total government cash % of governmental fund expenditures         |                  |             | 45.3                   | 45.7    | 43.9    |
| Operating fund result % of expenditures                           |                  |             | 1.5                    | 0.0     | 1.3     |
| Financial Management Assessment                                   | Standard         |             |                        |         |         |
| Enrollment  |                  | 857         | 879                    | 873     | 862     |
| Debt and long-term liabilities                                    |                  |             |                        |         |         |
| Overall net debt % of market value                                | Low              | 2.3         |                        |         |         |
| Overall net debt per capita (\$)                                  | Moderate         | 2,526       |                        |         |         |
| Debt service % of governmental fund noncapital expenditures       |                  |             | 0.0                    | 0.0     | 0.0     |
| Direct debt 10-year amortization (%)                              | Slow             | 35          |                        |         |         |
| Required pension contribution % of governmental fund expenditures |                  |             | 4.8                    | 5.2     | 5.2     |
| OPEB actual contribution % of governmental fund expenditures      |                  |             | 0.6                    | 0.5     | 0.8     |
| Minimum funding progress, largest pension plan (%)                |                  |             |                        |         |         |

EBI--Effective buying income. OPEB--Other postemployment benefits.

## Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt,

*Summary: Fergus County School District No. 1 (Lewistown), Montana; General Obligation*

Local Government GO Ratings, And State Ratings, Oct. 7, 2019

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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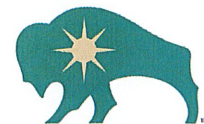
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D.A. Davidson & Co. member SIPC

January 20, 2022

Board of Trustees

Thom Peck, Superintendent

Rebekah Rhoades, District Clerk/Business Manager

Lewistown Elementary School District

215 7<sup>th</sup> Avenue South

Lewistown, MT 59457

*- date rates & terms will be analyzed (see page B-1, which is currently blank) \* the Bond Committee will lock rates by signing page 9*

**\$20,400,000**

**SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA  
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022**

**BOND PURCHASE AGREEMENT**

On November 8, 2021, the Board of Trustees (the "Board") of School District No. 1 (Lewistown), Fergus County, Montana (the "District") adopted a resolution (the "Authorizing Resolution") authorizing the issuance, sale and delivery of the District's General Obligation School Building Bonds, Series 2022 (the "Bonds") and the District's execution and delivery of this Bond Purchase Agreement (the "Agreement"). As a result of such authority, D.A. Davidson & Co. (the "Underwriter") hereby offers to enter into this Agreement with the District. This offer is made subject to the District's written acceptance and execution of this Agreement by 5:00 PM (MT), on January 20, 2022, and, if not so accepted, is subject to withdrawal by the Underwriter at any time by notice delivered to the District. Time shall be of the essence of this Agreement.

Upon your acceptance, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter. Reference is made to the Authorizing Resolution and the resolution of the District authorizing and fixing the terms and conditions of the Bonds scheduled to be adopted on or about January 24, 2022 (the "Bond Resolution") for definitions of capitalized terms used and not otherwise defined herein.

**1) Purchase of the Bonds; Terms and Public Offering**

**Purchase Price.** Upon the terms and conditions and in reliance upon the representations set forth herein, the Underwriter hereby agrees to purchase from the District and the District hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds in the aggregate principal amount of \$20,400,000 at an aggregate purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds less the Underwriter's Discount of \$\_\_\_\_\_, plus the Original Issue Premium of \$\_\_\_\_\_).

**Terms and Public Offering** The Bonds shall be issued and secured under and pursuant to the Authorizing Resolution and the Bond Resolution, shall be dated the Closing Date (estimated to be February 3, 2022), and shall mature, bear interest, be subject to redemption, and have such other terms as set forth in Exhibit B hereto. The Underwriter agrees to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement referred to in Section 4(b) herein.

## 2) Closing

On February 3, 2022, or on such other date as the Underwriter and the District may mutually agree (the “Closing Date”), the Underwriter will accept delivery of the Bonds and pay the purchase price thereof as set forth in Section 1 herein by wire transfer of immediately available funds (the “Closing”). The Bonds shall be delivered through The Depository Trust Company, New York, New York (“DTC”) in definitive form, bearing CUSIP numbers and issued under a book-entry system.

## 3) Establishment of Issue Price

- a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” certificate, substantially in the form attached hereto as Exhibit C, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect the sales price or prices and the initial offering price or prices of the Bonds to the Public.
- b) The Underwriter confirms that it has offered the Bonds to the Public on or before the Sale Date at the specified offering price (the “initial offering price”) for each Maturity of such Bonds, or at the corresponding yield or yields, set forth in Exhibit A, attached hereto. Exhibit A also sets forth, as of the Sale Date, (i) any Maturity at least 10% of which has first been sold to the Public at the respective initial offering price, and (ii) any Maturity less than 10% of which has been sold to the Public at the respective initial offering price (a “Hold-the-Offering-Price Maturity”).
- c) The Underwriter will neither offer nor sell Bonds of a Hold-the-Offering-Price Maturity to any person at a price that is higher than the respective initial offering price to the Public during the period (the “Holding Period”) starting on the Sale Date and ending on the earlier of the following:
  - (i) the close of the 5<sup>th</sup> business day after the Sale Date; or
  - (ii) the date on which the Underwriter has sold at least 10% of that Maturity to the Public at one or more prices that are no higher than the initial offering price to the Public.

The Underwriter shall promptly advise the District when the Holding Period for each Maturity has concluded and shall confirm at that time that during the Holding Period the Underwriter did not offer or sell any Bonds of that Maturity at a price higher than the initial offering price.

- d) The Underwriter confirms that it has not agreed and will not agree pursuant to a written contract directly or indirectly with any person other than the District to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
- e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the Public for purposes of this Section. Further, for purposes of this Section:
  - (i) “Public” means any person other than a Member of the Distribution Group or related party to a Member of the Distribution Group,
  - (ii) “Maturity” means Bonds with the same credit and payment terms,
  - (iii) “Member of the Distribution Group” means (A) any person that agrees pursuant to a written contract with the District (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a





member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

- (iv) A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (v) “Sale Date” means the date of execution of this Agreement by all parties.

#### **4) Representations and Warranties**

The District makes the following representations and warranties:

##### ***a) General***

- (i) The District is organized and existing under the laws of the State of Montana and is authorized to issue the Bonds, to enter into this Agreement and all other agreements contemplated hereby and to adopt the Authorizing Resolution and the Bond Resolution (together, the “Resolutions”).
- (ii) The District has complied to date with all applicable provisions of the laws of the State of Montana in connection with the execution and issuance of the Bonds.
- (iii) The Authorizing Resolution and this Agreement have been duly and validly authorized, adopted and executed by the District.
- (iv) As of the Closing Date, the District will have authorized all necessary action to be taken by it for (A) the issuance and sale of the Bonds upon the terms set forth herein, in the Official Statement, and the Resolutions; (B) the execution, delivery, receipt and due performance of this Agreement, the Bonds, the Resolutions, and all other agreements contemplated hereby or required in order to carry out, give effect to and consummate the transactions described in this Agreement; and (C) carrying out, giving effect to and consummation of the transactions described in this Agreement.
- (v) The Bonds when issued, delivered and paid for as provided for herein and in the Bond Resolution, will have been duly and validly authorized and issued and will constitute general obligations of the District secured as provided in the Bond Resolution and as described in the Official Statement referred to in Section 4(b) below.
- (vi) There are no legal or governmental proceedings pending or, to the knowledge of the District, threatened, (A) affecting the corporate existence of the District or the titles of its officers to their respective offices, (B) seeking to prohibit, restrain, or enjoin the adoption of the Resolutions, the sale, issuance, or delivery of the Bonds or the transactions described in the Official Statement, or (C) wherein an unfavorable decision, ruling or finding could have a material adverse effect on the financial position or operating condition of the District, the authority for or the validity or security of the Bonds, the Resolutions, this Agreement or the transactions described herein and in the Official Statement.

- (vii) The financial statements of the District included in the Official Statement fairly represent the District's financial position and results of operations as of the dates and for the years set forth therein; and except as described in the Official Statement, there has been no material adverse change in the financial condition or operations of the District, and the District has not issued additional bonds or other indebtedness or otherwise become obligated under any material financings.

***b) Preliminary and Final Official Statements***

- (i) The District has "deemed final" as of its date the Preliminary Official Statement dated January 6, 2022 relating to the Bonds (the "Preliminary Official Statement") for purposes of paragraph (b)(1) of Rule 15c2-12 ("Rule 15c2-12") of the Securities and Exchange Commission (the "SEC"), except for the omission of only such material as is permitted by such paragraph. As of its date and as of the date hereof, the Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for such information that may be omitted from a preliminary official statement pursuant to Rule 15c2-12). The District makes no representation or warranty with respect to information within the Preliminary Official Statement or Official Statement relating to DTC, the book entry system, the rating, pricing information, the Underwriter, and has not undertaken to verify independently other information obtained or derived from various sources and presented in the Official Statement.
- (ii) By the Authorizing Resolution, the District has authorized the distribution by the Underwriter of the Preliminary Official Statement and the Official Statement, when available, in offering the Bonds for sale to prospective purchasers of the Bonds. As promptly as practicable after the execution of this Agreement (but not later than the earlier of (i) seven business days from the date hereof and (ii) two business days before the Closing Date, the District shall cause to have prepared and delivered to the Underwriter a final Official Statement for the Bonds executed by an authorized officer of the District (the "Official Statement"). The Official Statement shall be dated the date hereof and shall be in substantially the same form as the Preliminary Official Statement with only such changes as are approved by the Underwriter. To enable the Underwriter to comply with Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "MSRB"), the District agrees to deliver or have delivered to the Underwriter (i) a reasonable number of printed, conformed copies of the Official Statement as the Underwriter may request and (ii) an electronic copy of the Official Statement in a word-searchable Portable Document Format ("PDF").
- (iii) As of its date and as of the Closing Date, the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The District agrees to notify the Underwriter if, between the date of this Agreement and the "end of the underwriting period" under Rule 15c2-12 (a period concluding the final date the Underwriter is charged with furnishing copies of the Official Statement to potential customers under Rule 15c2-12, but no later than 25 days after the Closing Date), it becomes aware of information or an event that might cause the Official Statement to be inaccurate or incomplete in any material respect. At the request of the Underwriter, the District will, at its own expense,



supplement the Official Statement to the extent necessary to make it accurate and complete in all material respects and in a form approved by the Underwriter.

***c) Continuing Disclosure***

- (i) The District agrees that it will on or prior to the Closing Date execute and deliver (or adopt as a part of the Bond Resolution authorizing the Bonds) a continuing disclosure undertaking with respect to the Bonds meeting the requirements of Rule 15c2-12 and in substantially the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Undertaking").
- (ii) Except as described in the Official Statement, the District has not failed to comply in all material respects with each continuing disclosure undertaking previously entered into by it pursuant to Rule 15c2-12 within the past five years.

**5) Closing Conditions**

The Underwriter enters into this Agreement in reliance upon the representations and warranties of the District contained herein and in the Authorizing Resolution and to be contained in the Bond Resolution and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations hereunder both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligation under this Agreement to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

- a) the representations and warranties of the District contained herein shall be true and correct on the date hereof and on the Closing Date;
- b) on the Closing Date, the Resolutions shall be in full force and effect and the Resolutions and the Official Statement shall not have been supplemented or amended, except in each case as may have been agreed to by the Underwriter;
- c) on the Closing Date, there shall have been no material adverse change in the financial position, results of operations or condition, financial or otherwise, of the District, except as disclosed in the Official Statement;
- d) at or prior to the Closing, the Underwriter shall receive, in addition to the documents described in Section 4 of this Agreement, the following documents:
  - (i) certified copies of the Resolutions;
  - (ii) certificates of the District confirming that its representations and warranties contained herein are true and correct;
  - (iii) the opinion of Dorsey & Whitney LLP, as Bond Counsel, dated the Closing Date, substantially in the form of Appendix D to the Official Statement;
  - (iv) such certificates and agreements of the District as are necessary to establish and maintain the tax exempt status of interest on the Bonds (including filing the IRS Form 8038-G with the IRS prior to the deadline, which is the 15<sup>th</sup> day of the month after the relevant calendar quarter);



- (v) confirmation that the Bonds have been rated "A" by S&P Global Ratings and that such rating has not been revoked or downgraded; and
- (vi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request.

If the conditions to the Underwriter's obligations contained in this Agreement are not satisfied (unless otherwise waived in writing by the Underwriter) or if the Underwriter's obligations shall be terminated for any reason permitted herein, this Agreement shall terminate and neither the Underwriter nor the District shall have any further obligation hereunder except to reimburse the Underwriter for expenses related to the preparation, printing and mailing of the Preliminary and final Official Statements.

## 6) **Termination**

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the Closing, (i) legislation shall have been enacted by the Congress of the United States or the legislature of the State of Montana or legislation shall have been reported out of committee of either body, or a decision shall have been rendered by a court of the United States or of the State of Montana or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the general character of the Bonds which, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds, or (ii) there shall exist any event which, in the reasonable judgment of the Underwriter, either (a) makes untrue or incorrect in any material aspect as of such time any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred an outbreak or escalation of hostilities or any other national or international calamity or crisis, the effect of which outbreak, escalation, calamity or crisis on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market or enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction, or (v) a general banking moratorium shall have been declared by either Federal, State of Montana or New York authorities having jurisdiction and be in force, or (vi) there shall be established any new restriction on transactions in municipal securities materially affecting the free market for municipal securities (including the imposition of any limitation on interest rates) or extension of credit by, or charge to the net capital requirements of, the Underwriter established by the SEC, any other federal or state agency or the Congress of the United States, or by Executive Order.

## 7) **Payment of Expenses**

Subject to the provisions of Section 1, all fees, expenses and costs incident to the execution and performance of this Agreement and to the authorization, issuance and sale of the Bonds to the Underwriter, including, but not limited to: the fees and expenses of Bond Counsel; the fees of the Registrar; the fees of the rating agency; CUSIP fees; DTC fees; costs of preparation, printing and distribution of the Preliminary and final Official Statements; and the cost of printing the Bonds, if any, (and full execution thereof) shall be paid by the District. All expenses to be paid by the District pursuant to this Agreement may be paid from Bond proceeds to the extent permitted by the Bond Resolution. The obligation of the District under this Section 7 shall survive the payment of the Bonds.





**8) Notices**

Any notice or other communication to be given to the District under this Agreement may be given by delivering the same in writing at the address set forth above and any such notice or other communications to be given to the Underwriter may be given by delivering the same in writing to D.A. Davidson & Co., 1101 East Main Street, Suite 301, Bozeman, Montana 59715, Attention: Bridget Ekstrom. The approval of the Underwriter when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to the District.

**9) Miscellaneous**

This Agreement is made solely for the benefit of the District and the Underwriter (including successors or assigns of the Underwriter, but excluding any purchaser, as such purchaser, of Bonds from the Underwriter) and, to the extent expressed herein, controlling persons thereof, and no other persons, partnership, association or corporation shall acquire to have any right hereunder or by virtue hereof. All representations and agreements of the District contained in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Montana.

The Underwriter agrees to file a copy of the Official Statement on the MSRB's Electronic Municipal Market Access ("EMMA") system.

The District will cause to be delivered to the Underwriter after Closing, an original transcript of all proceedings, documents, certificates and opinions relating to the authorization and issuance of the Bonds.

The District acknowledges and agrees that: (i) it has previously received disclosures from the Underwriter regarding its role and interests in connection with its purchase of the Bonds from the District and its sale of the Bonds to investors pursuant to the MSRB's Rules G-17 and G-23; (ii) the Underwriter is acting solely as a principal and not as a financial advisor or agent of the District and has not assumed any advisory or fiduciary responsibility to the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters); and (iii) the only contractual obligations the Underwriter has to the District with respect to the transactions contemplated hereby are set forth in this Agreement.

It is the District's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a broker, dealer or municipal securities dealer, a person renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities.



**10) Counterparts**

This Agreement may be executed in any number of counterparts each of which shall be an original but all of which together will constitute one and the same instrument.

Very truly yours,

D.A. DAVIDSON & CO.

By: \_\_\_\_\_  
Bridget R. Ekstrom  
Senior Vice President, Public Finance Banker



Accepted and Agreed to:

SCHOOL DISTRICT NO. 1 (LEWISTOWN)  
FERGUS COUNTY, MONTANA

By: \_\_\_\_\_  
Jennifer Thompson,  
Board Chair

By: \_\_\_\_\_  
Phil Koterba,  
Board Member

By: \_\_\_\_\_  
Thom Peck,  
Superintendent

By: \_\_\_\_\_  
Rebekah Rhoades,  
District Clerk/Business Manager

Time: \_\_\_\_\_, January 20, 2022

**EXHIBIT A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF HOLD-THE-OFFERING-PRICE MATURITIES**

**\$20,400,000  
SCHOOL DISTRICT NO. 1, (LEWISTOWN)  
FERGUS COUNTY, MONTANA  
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022**

| Maturity            | Principal<br>Amount | Initial Offering Prices of<br>General Rule Maturities<br>(10% sold to Public) <sup>1</sup> | Initial Offering Prices of<br>the Hold-The-Offering-<br>Price Maturities <sup>1</sup> |
|---------------------|---------------------|--|---|
| <u>Serial Bonds</u> |                     |  |   |
| 2023                |                     |  |   |
| 2024                |                     |  |   |
| 2025                |                     |  |   |
| 2026                |                     |  |   |
| 2027                |                     |  |   |
| 2028                |                     |  |   |
| 2029                |                     |  |   |
| 2030                |                     |  |   |
| 2031                |                     |  |   |
| 2032                |                     |  |   |
| 2033                |                     |  |   |
| 2034                |                     |  |   |
| 2035                |                     |  |   |
| 2036                |                     |  |   |
| 2037                |                     |  |   |
| 2038                |                     |  |   |
| 2039                |                     |  |   |
| 2040                |                     |  |   |
| 2041                |                     |  |   |
| 2042                |                     |  |   |
| <u>Term Bonds</u>   |                     |  |   |

<sup>1</sup> Represents a percentage of the principal (or par) amount of each maturity of the Bonds.

<sup>2</sup> Priced to the optional redemption call date of January 1, 2032.

## EXHIBIT B

### TERMS OF THE BONDS

#### Pricing Summary

| Maturity            | Principal<br>Amount | Interest<br>Rate | Yield | Price<br>(% of Par) |
|---------------------|---------------------|------------------|-------|---------------------|
| <u>Serial Bonds</u> |                     |                  |       |                     |
| 2023                |                     |                  |       |                     |
| 2024                |                     |                  |       |                     |
| 2025                |                     |                  |       |                     |
| 2026                |                     |                  |       |                     |
| 2027                |                     |                  |       |                     |
| 2028                |                     |                  |       |                     |
| 2029                |                     |                  |       |                     |
| 2030                |                     |                  |       |                     |
| 2031                |                     |                  |       |                     |
| 2032                |                     |                  |       |                     |
| 2033                |                     |                  |       |                     |
| 2034                |                     |                  |       |                     |
| 2035                |                     |                  |       |                     |
| 2036                |                     |                  |       |                     |
| 2037                |                     |                  |       |                     |
| 2038                |                     |                  |       |                     |
| 2039                |                     |                  |       |                     |
| 2040                |                     |                  |       |                     |
| 2041                |                     |                  |       |                     |
| 2042                |                     |                  |       |                     |
| <u>Term Bonds</u>   |                     |                  |       |                     |

<sup>1</sup> Priced to the optional redemption call date of January 1, 2032.

#### General Description of the Bonds

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for DTC as securities depository of the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only, in the principal amount of \$5,000 within a single maturity and in integral multiples thereof. The Bonds will be dated, as originally issued, as of their Date of Delivery. The Bonds shall mature on July 1 in the years and amounts set forth above and shall bear interest from the date of original registration to their respective maturities, or date of prior redemption, at the interest rate or rates per annum as shown above. Interest on the Bonds will be payable semi-annually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2023, by wire transfer on the Interest Payment Dates to Cede & Co. Interest on the Bonds will be payable to the Beneficial Owners of record as of the close of business on the 15<sup>th</sup> day of the month immediately preceding an Interest Payment Date.



## Redemption

**Optional Redemption.** The Bonds with stated maturities in the years 2023 through 2031 shall not be subject to redemption prior to their stated maturities. The Bonds with stated maturities on or after July 1, 2032 will be subject to redemption on January 1, 2032, and any day thereafter, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the Bonds are to be redeemed, the Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the District may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity in \$5,000 principal amounts selected by the Registrar by lot or other manner as directed by the District).

**Mandatory Sinking Fund Redemption.** The Bonds with stated maturities on July 1 in the years 20\_\_, 20\_\_, and 20\_\_ are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity on July 1, in the year 20\_\_ for the Term Bond maturing in 20\_\_; in the year 20\_\_ for the Term Bond maturing in 20\_\_; and in the year 20\_\_ for the Term Bond maturing in 20\_\_; in \$5,000 principal amounts selected by the Registrar, by lot or other manner as directed by the District at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, from mandatory sinking fund deposits in the total principal amount set forth below.

| 20                      | Term Bond         | 20                      | Term Bond         | 20                      | Term Bond         |
|-------------------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|
| Date                    | Redemption Amount | Date                    | Redemption Amount | Date                    | Redemption Amount |
| 07/01/20__              | \$                | 07/01/20__              | \$                | 07/01/20__              | \$                |
| 07/01/20__ <sup>1</sup> |                   | 07/01/20__ <sup>1</sup> |                   | 07/01/20__ <sup>1</sup> |                   |
| Total                   | \$                | Total                   | \$                | Total                   | \$                |

<sup>1</sup> Maturity.

## EXHIBIT C

\$20,400,000  
School District No. 1 (Lewistown)  
Fergus County, Montana  
General Obligation School Building Bonds, Series 2022

### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of D.A. Davidson & Co., of Great Falls, Montana (“Davidson”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Davidson offered the Hold-the-Offering-Price Maturities to the Public for purchase at the specified initial offering prices listed in Schedule B (the “Initial Offering Prices”) on or before the Sale Date. If there is a Hold-the-Offering-Price Maturity, a copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the Bond Purchase Agreement, Davidson has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”). Davidson has not offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. Davidson has not agreed pursuant to a written contract directly or indirectly with any person other than the Issuer to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (January 27, 2022), or (ii) the date on which Davidson has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at one or more prices, each of which is no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means School District No. 1 (Lewistown), Fergus County, Montana.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter, as defined in subsection (h), below. Persons generally are “related parties” for purposes of this certificate if they have more than 50 percent common ownership or control, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity of the Bonds. The Sale Date of each Maturity of the Bonds is January 20, 2022.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Davidson’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Officers’ Certificate (tax certificate) and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

D.A. DAVIDSON & CO.

By: Bridget R. Ekstrom  
Its Senior Vice President

*To be dated as of the Closing Date February 3, 2022*



**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

5

☐ Minutes/Claims    ☒ Board of Trustees    ☐ Superintendent's Report    ☐ Action – Consent  
☐ Action – Indiv.

**ITEM TITLE:** REPORT---STUDENT REPRESENTATIVE

**Requested By:** Board of Trustees    **Prepared By:** Malorie Woolett

**SUMMARY:**

Fergus High School Student Representative to the Board of Trustees will provide a report on upcoming activities at Fergus High School.

The January Regular Board Meeting will be Malorie's last one as Student Representative. Elsie Crouse is the new Representative who will be recognized at that time.

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

6

☐ Minutes/Claims    ☒ Board of Trustees    ☐ Superintendent's Report    ☐ Action – Consent  
☐ Action – Indiv.

ITEM TITLE: REPORT—LEWISTOWN EDUCATION ASSOCIATION (LEA)

Requested By: Board of Trustees    Prepared By: LEA Representative

**SUMMARY:**

The Lewistown Education Association (LEA) would like to update the Board of Trustees on the activities and happenings for their organization.

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

NOTES:

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

7

☐ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action – Consent  
☐ Action – Indiv.

**ITEM TITLE:** REPORT—COMMITTEES OF THE BOARD

**Requested By:** Board of Trustees    **Prepared By:** Committee

---

**SUMMARY:**

The Board of Trustees has the opportunity to provide updates on their various committees.

Attached is the list for Standing Committees of the Board for the 2021-2022 School Year.

The Bond Finance Committee met on December 16<sup>th</sup> with S&P Analysts  
January 14 – Noon  
January 20 – 1 p.m.

**SUGGESTED ACTION:** Informational

---

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

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**NOTES:**



**STANDING COMMITTEES OF THE BOARD**  
**2021-2022 School Year**

| Committee                | Number on Comm. | CJ Bailey | Kris Birdwell | Zane Fulbright | Doreen Heintz | Phil Koterba | Jeff Southworth | Jennifer Thompson |
|--------------------------|-----------------|-----------|---------------|----------------|---------------|--------------|-----------------|-------------------|
|                          |                 |           |               |                |               |              |                 |                   |
| Building & Grounds       | 3               | X         |               |                |               | X            | X               |                   |
|                          |                 |           |               |                |               |              |                 |                   |
| Insurance Risk Committee | 2               |           |               | X              |               |              |                 | X                 |

**OTHER COMMITTEES WITH BOARD REPRESENTATION**  
**2021-2022 School Year**

| Committee                        | Number on Comm. | CJ Bailey | Kris Birdwell | Zane Fulbright | Doreen Heintz | Phil Koterba | Jeff Southworth | Jennifer Thompson |
|----------------------------------|-----------------|-----------|---------------|----------------|---------------|--------------|-----------------|-------------------|
|                                  |                 |           |               |                |               |              |                 |                   |
| Activities                       | 3               |           | X             |                | X             |              | X               |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Curriculum Committees:           |                 |           |               |                |               |              |                 |                   |
| English Language Arts            | 1               |           |               |                |               | X            |                 |                   |
| Math                             | 1               |           |               |                | X             |              |                 |                   |
| Health Enhancement               | 1               |           |               |                |               |              |                 | X                 |
| Business Education               | 1               |           |               | X              |               |              |                 |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Health Insurance Program         | 2               |           |               |                |               |              | X               | X                 |
|                                  |                 |           |               |                |               |              |                 |                   |
| School Calendar                  | 1               | X         |               |                |               |              |                 |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Vocational Advisory Council      | 1               |           |               |                |               |              | X               |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Gaining                          | 3               |           | X             | X              |               |              |                 | X                 |
|                                  |                 |           |               |                |               |              |                 |                   |
| Policy Review                    | 3               | X         |               |                | X             | X            |                 |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Assessment                       | 2               |           |               | X              | X             |              |                 |                   |
|                                  |                 |           |               |                |               |              |                 |                   |
| Classified Salary/Benefit Review | 2               | X         |               |                |               |              | X               |                   |
|                                  |                 |           |               |                |               |              |                 |                   |

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

8

☐ Minutes/Claims    ☒ Board of Trustees    ☐ Superintendent's Report    ☐ Action – Consent  
☐ Action – Indiv.

**ITEM TITLE:** CALENDAR ITEMS, CONCERNS, CORRESPONDENCE, ETC.

**Requested By:** Board of Trustees    **Prepared By:** \_\_\_\_\_

**SUMMARY:**

Time is provided on the agenda for the Board to discuss calendar items, concerns, correspondence, future agenda items, and comments for the good of the district.

- Maclaine Day Editorial letter
- Thank You's from DAR and Lewistown Art Center
- OPI Letter on School Food Program Flexibilities
  - Supply Chain Assistance
  - USDA Foods (only for current year) – we order a year in advance
  - Local Processors? Local Ranch for beef
- MHSA Proposals
- Community COVID Letter

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

9

☐ Minutes/Claims    ☐ Board of Trustees    ☒ Superintendent's Report    ☐ Action - Consent  
☐ Action - Indiv.

**ITEM TITLE:** REPORT—2020-2021 AUDIT RESULTS

**Requested By:** Superintendent    **Prepared By:** Rebekah Rhoades

**SUMMARY:**

Paul Strom and Associates completed the audit for FY2020-2021.

Rebekah Rhoades and Mr. Peck attended the exit interview with Mr. Strom in October and one finding was reported. If the Board has questions, Mr. Strom can be invited to attend an upcoming meeting.

The audit report will be posted in its entirety on the District website as well as a hard copy at the District Business Office for the public to view. A copy of the audit will also be available at the meeting for your convenience.

**SUGGESTED ACTION:** Informational Report

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**



**LEWISTOWN SCHOOL DISTRICT NO. 1**

**FERGUS COUNTY  
LEWISTOWN, MONTANA**

**FINANCIAL AND COMPLIANCE REPORT**

**Fiscal Year Ended June 30, 2021**

**Strom & Associates, P. C.**  
**PO BOX 1980**  
**Billings, Montana 59103**

LEWISTOWN SCHOOL DISTRICT NO. 1

FERGUS COUNTY  
LEWISTOWN, MONTANA 59457

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LEWISTOWN SCHOOL DISTRICT NO. 1  
FERGUS COUNTY  
LEWISTOWN, MONTANA 59457

ORGANIZATION

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BOARD OF TRUSTEES

Jennifer Thompson ..... Chair  
Doreen Heintz ..... Vice Chair  
Phillip Koterba ..... Trustee  
Kris Birdwell ..... Trustee  
Jeff Southworth ..... Trustee  
CJ Bailey ..... Trustee  
Zane Fulbright ..... Trustee

OFFICIALS

Thom Peck ..... Superintendent  
Rebekah Rhoades ..... School District Clerk  
Rhonda Long ..... County Superintendent  
Montana School Boards Association ..... School District Attorney



MANAGEMENT DISCUSSION AND ANALYSIS  
For the year ended June 30, 2021

---

The Business Manager of the Lewistown Public Schools has provided this Management Discussion and Analysis to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year ended June 30, 2021.

**Using This Financial Report**

The general format of the report is required by Statement No. 34 of the Governmental Accounting Standards Board (GASB). Thus is born the GASB 34 requirement.

**Reporting the School District as a Whole**

The report includes two district-wide statements that focus on operations of the district as a whole. These statements measure operations using an economic resources measurement focus, and use the accrual basis accounting. Activities that are fiduciary in nature are not included in these statements.

- A. The Statement of Net Position shows “assets” (what is owned), “liabilities” (what is owed), and the “net position” (the resources that would remain if all obligations were settled) of the school district. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in “fixed” or “capital” assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.
- B. The Statement of Activities shows the amounts of program-specific and general school district revenue used to support the school district’s various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into three categories:

Governmental activities – The school functions including instruction, student services, administration, etc. Property taxes, state and federal revenues usually support most of these functions of the district.

Proprietary (business-type) activities – school operations included in this category include IMC, Central Supply Store, and Central Transportation.

**Reporting the District’s Most Significant Funds**

The fund statements provide detailed information about the funds used by the school district. State law and Generally Accepted Accounting Procedures (GAAP) established the fund structure of school districts. State law generally requires school districts to segregate money generated for certain purposes, like transportation and debt service, in separate fund accounts.

The fund statements report balances and activities of the most significant or “major” funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district’s operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate set of financial statements.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for governmental funds such as the general funds, special revenue funds for transportation and school food service, and debt service and capital outlay funds. These funds use the modified accrual basis of accounting and represent the majority of the district's activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. Most significant differences result from the use of different presentation basis. The district-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the district-wide statements but not in the fund statements.

**Reporting the District's Trust and Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for endowments (including Eveline Eccles and Alweis Scholarships) and the student extracurricular funds.

This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position because the district cannot use these assets to fund its operation.

The District is responsible for ensuring these assets are used for their intended purpose.

**Budget-to-Actual Comparisons**

The district consistently reconciles its books monthly.

**THE DISTRICT AS A WHOLE**

Net Position serves over time as a useful indicator of a school district's financial position. In the Lewistown Public Schools, liabilities exceeded assets by \$943,794 as of June 30, 2021. In 2018, the District was required to implement the new OPEB GASB 75 standard for liability accounting of post-employment benefits (non-pension). In 2019, it was required that this be reviewed annually, rather than the every 3 years it was previously. This number, in addition to the required reporting of the TRS and PERS liability that was implemented in 2015, has caused liabilities to exceed assets in the most of the past several years.

LEWISTOWN SCHOOL DISTRICT NO. 1

MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2021

**Lewistown Public Schools  
Condensed Statement of Net Position**

Governmental Activities

|  | <b><u>FY2020</u></b> | <b><u>FY2021</u></b> |
|--|----------------------|----------------------|
| Current and other assets                   | 6,841,786            | 7,356,291            |
| Capital assets                             | <u>10,829,793</u>    | <u>10,834,093</u>    |
| <b>Total Assets</b>                        | <b>17,671,579</b>    | <b>18,190,384</b>    |
| Current liabilities                        | 124,475              | 111,354              |
| Non-current liabilities                    | <u>16,364,448</u>    | <u>19,022,824</u>    |
| <b>Total Liabilities</b>                   | <b>16,488,923</b>    | <b>19,143,178</b>    |
| Invested in capital assets,<br>Net of debt | 10,829,793           | 10,834,093           |
| Restricted                                 | 4,593,289            | 4,833,751            |
| Unrestricted                               | <u>(12,907,419)</u>  | <u>(14,211,049)</u>  |
| <b>Total Net Position</b>                  | <b>2,515,663</b>     | <b>1,456,795</b>     |

**Lewistown Public Schools  
Changes in Net Position**

Governmental Activities

GENERAL REVENUES

|                              | <b><u>FY2020</u></b> | <b><u>FY2021</u></b> |
|------------------------------|----------------------|----------------------|
| District Levy                | 4,394,847            | 4,461,575            |
| State Equalization           | 3,667,784            | 3,708,832            |
| Other State Revenue          | 2,648,637            | 3,296,928            |
| County                       | 1,272,131            | 1,263,320            |
| Federal                      | 0                    | 0                    |
| Investment Earning           | 109,300              | 49,227               |
| Gain on Asset                | 30,344               | 11,564               |
| Other                        | <u>118,835</u>       | <u>87,235</u>        |
| <b>Total General Revenue</b> | <b>18,740,154</b>    | <b>12,878,681</b>    |

GOVERNMENT OPERATIONS

|                             |                |                |
|-----------------------------|----------------|----------------|
| Instruction (includes OPEB) | 8,197,869      | 9,274,373      |
| Support - Students          | 375,848        | 412,291        |
| Support - Instructional     | 418,615        | 741,239        |
| Administration              | 2,436,520      | 2,253,759      |
| O & M                       | 1,966,391      | 2,172,422      |
| Transportation              | 851,593        | 926,269        |
| Extracurricular             | 599,436        | 504,588        |
| School Food                 | 668,769        | 776,816        |
| Other Current Charges       | 0              | 0              |
| Community Services          | 5,437          | 17,394         |
| Intergovernmental           | 68,428         | 90,639         |
| Interest and Other Charges  | 0              | 0              |
| Depreciation – unallocated  | <u>289,513</u> | <u>292,307</u> |



MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
For the year ended June 30, 2021

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| <b>Total Operations</b> | <b>15,878,419</b> | <b>17,732,097</b> |
|-------------------------|-------------------|-------------------|

**Capital Assets**

As of June 30, 2021, the District had invested over \$10 million in capital assets including land and land improvements, buildings and improvements, and machinery and equipment. General fixed assets are reported at historical cost. Historical cost was established at the initial booking of fixed assets by determining actual costs or estimating using standard costing procedure. The District's fixed asset policy is set to include items of \$5,000 and a useful life in excess of one year. The following schedule presents capital balances with accumulated depreciation as of June 30th.

|                                | <u><b>FY2020</b></u> | <u><b>FY2021</b></u> |
|--------------------------------|----------------------|----------------------|
| Land and Improvements          | 2,053,551            | 2,053,551            |
| Accumulated Depreciation       | <u>(1,050,957)</u>   | <u>(1,090,804)</u>   |
|                                | 1,002,594            | 962,747              |
| <br>Buildings and Improvements | <br>16,530,240       | <br>16,679,806       |
| Construction in Progress       | 27,500               | 0                    |
| Accumulated Depreciation       | <u>(8,258,371)</u>   | <u>(8,781,710)</u>   |
|                                | 8,299,369            | 7,898,096            |
| <br>Machinery and Equipment    | <br>4,467,765        | <br>4,979,501        |
| Accumulated Depreciation       | <u>(2,939,934)</u>   | <u>(3,016,249)</u>   |
|                                | 1,527,831            | 1,963,252            |

**The District's Future**

State law enables districts to use three-year average or current year enrollment (whichever is higher) when calculating budgets. Over the past five years, enrollment has remained fairly steady in the elementary while decreasing significantly in the high school. In 2019-2020 we saw the lowest enrollment at the High School in at least the past 15 years, but in 2020-21 we saw an increase in enrollment that brought us back to SY19 school year levels. Due to that drop in enrollment, the 3 year average will continue to utilize the enrollment from 2019-20 impacting the budget for the next 3 years. In 2020-21, we will use the 3 year average for the elementary and the current year for the high school.

There continues to be a growing need for services for special needs students, and for the first time in years, Legislature provide a slight increase in assistance from the State. Legislature has allowed a permissive levy for high needs students, but this puts more stress on the local taxpayers so must be used thoughtfully. The current Lewistown Collective Bargaining Agreement extends through FY22, so negotiations will be taking place this school year for the following year(s). Over the past several years, we have had several retirements, causing the demographics of the District to change to a younger population. The start of the 2021-22 school year saw the most hiring we have ever seen at the start of a school year and some difficulty in filling positions.

The district also faces other challenges and decisions including:

- The Lewistown Board of Trustees chose not to run levies in May of 2021. In addition, recent Legislative decisions have "shifted" some of the costs of education to the local taxpayers in the form of non-voted levies. The intent to increase these levies is now required to be posted and ad-

vertised to the public each year in March. The Board will need to continue to be diligent in their consideration of both voted and non-voted levies in the future. With a Bond Election taking place in November 2021, based on the results of that election, running another levy election in May will require thought.

- The District estimates that general building repairs and maintenance in excess of \$10 million will be necessary over the next several years. Both an Elementary and High School Building Reserve Levy passed in May 2016, helping to support the needs of upkeep of the District's facilities. In 2017, Legislature added the ability to "permissively" levy in the Building Reserve Fund. Since 2020, the Board has used this new authority and is taking advantage of the matching State dollars. The District is in the process of conducting a Bond election in November 2021 to address facility needs in the district.
- Safety has become top priority in many Districts, ours being no exception. In the 2019 Legislature, the "permissive" Building Reserve Fund Levy was expanded to include the ability to use those funds for building safety, School Resource Officers and Counselors. With these funds being open to both Facility and Safety purposes, the Board may have to choose which takes higher priority. The Bond currently being considered would also address safety concerns. There is also the ability to run a voted Safety Levy, but the Board has yet to consider that option.
- The ever-increasing use of technology in the classrooms has put a financial dilemma upon the District. Currently, both the Elementary and High School have permanent levies in place. The Elementary yearly levy is \$61,498 and the High School's is \$54,165, not enough to keep all technology within the District up-to-date. Due to changes in state law, if additional funds are requested of voters, the levy may not exceed 10 years. The Board will need to determine if non-permanent Technology Levy request will need to be presented to voters in the future. Due to the Coronavirus Pandemic, we were given additional funds in both 2019-20 and 2020-21 that will allow us to purchase technology equipment and take some immediate pressure off of the Technology Levy.
- The Coronavirus Pandemic that closed schools in March 2020 has created its own unique challenges. As of June 30, 2021, the District spent both the Governor's Coronavirus Relief Funds and ESSER I Funds (total of \$778,049) in response to the pandemic. In addition a combined amount of \$3,428,474 in ESSER II and ESSER III Funds. As a District, it is important that we use the funds we are given wisely and consider how to use those funds to assist us in the future, not just in the moment.

In the end, all of the District's finances come down to how effectively we are educating our children with the resources that we have. We must continue to keep our focus on our students' education and allocate our resources in the manner that best serves them. The pandemic has increased the challenges we face, both budgetary and in determining how to meet the needs of students.

**Contact for Additional Information**

If you have questions about this report or need additional information, contact the Business Manager at the Lewistown Public Schools, 215 7<sup>th</sup> Avenue South, Lewistown, MT 59457, (406)-535-8777 x1116.



# STROM & ASSOCIATES, P.C.

*Certified Public Accountants*

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E-mail: [audit@stromcpa.net](mailto:audit@stromcpa.net)

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Lewistown School District No. 1  
Fergus County  
Lewistown, Montana 59457

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewistown School District No. 1 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lewistown School District No. 1's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lewistown School District No. 1 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-7), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 42), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 43-48), and the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 49-52) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lewistown School District No. 1's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Balances - Student Activity Funds (page 53-54) and Schedule of Reported Enrollment (page 55) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (pages 56-57) is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying Schedule of Revenues, Expenses, and Balances - Student Activity Funds, Schedule of Reported Enrollment, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 accompanying Schedule of Revenues, Expenses, and Balances - Student Activity Funds, Schedule of Reported Enrollment, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of Lewistown School District No. 1'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 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 Lewistown School District No. 1's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC  
Billings, Montana  
December 13, 2021

STATEMENT OF NET POSITION  
June 30, 2021

|  | <u>Governmental</u><br><u>Activities</u> |
|--|--|
| <b>ASSETS:</b>   |  |
| Current Assets:  |  |
| Cash and Cash Equivalents  | \$ 6,895,480                             |
| Taxes Receivable   | 137,723                                  |
| Due from Other Governments   | 282,515                                  |
| Other Current Assets   | 5  |
| Inventories  | <u>40,572</u>                            |
| Total Current Assets   | <u>7,356,295</u>                         |
| Noncurrent Assets:   |  |
| Capital Assets:  |  |
| Land   | 590,530                                  |
| Net Depreciable Assets   | <u>10,243,563</u>                        |
| Total Noncurrent Assets  | <u>10,834,093</u>                        |
| Total Assets   | <u>18,190,388</u>                        |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                             |  |
| Employer Pension Plan Related                                      | 2,449,608                                |
| Other Postemployment Benefits Related                              | <u>348,515</u>                           |
| Total Deferred Outflows of Resources                               | <u>2,798,123</u>                         |
| Total Assets and Deferred Outflows of Resources                    | <u>\$ 20,988,511</u>                     |
| <b>LIABILITIES:</b>  |  |
| Current Liabilities:   |  |
| Unearned Revenue   | \$ 22,173                                |
| Other Current Liabilities  | 102                                      |
| Current Portion of Long-term Debt Obligations                      | 35,100                                   |
| Current Portion of Compensated Absences                            | <u>53,979</u>                            |
| Total Current Liabilities  | <u>111,354</u>                           |
| Noncurrent Liabilities:  |  |
| Compensated Absences   | 396,631                                  |
| Net Pension Accrual  | 12,236,928                               |
| Other Postemployment Benefits                                      | <u>6,389,265</u>                         |
| Total Noncurrent Liabilities                                       | <u>19,022,824</u>                        |
| Total Liabilities  | <u>19,134,178</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                              |  |
| Employer Pension Plan Related                                      | <u>397,534</u>                           |
| Total Deferred Inflows of Resources                                | <u>397,534</u>                           |
| <b>NET POSITION:</b>   |  |
| Net Investment in Capital Assets                                   | 10,834,093                               |
| Restricted   | 4,833,754                                |
| Unrestricted (Deficit)   | <u>(14,211,048)</u>                      |
| Total Net Position   | <u>1,456,799</u>                         |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 20,988,511</u>                     |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

|                                    | Program Revenues     |                        |  |  | Net (Expenses) Revenues<br>and Changes in Net Position |
|------------------------------------|----------------------|------------------------|--|--|--|
|                                    |                      |                        |  |  | Primary Government                                     |
|                                    | Expenses             | Charge for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                             |
| GOVERNMENT OPERATIONS:             |                      |                        |  |  |  |
| Instructional Services             | \$ 9,274,372         | \$ 19,794              | \$ 833,292                               | \$ -                                   | \$ (8,421,286)   |
| Support Services - Students        | 412,290              | 8,779                  | 40,174                                   | -                                      | (363,337)  |
| Support Services - Instructional   | 741,239              | -                      | 366,347                                  | 7,360                                  | (367,532)  |
| General Administrative Services    | 2,523,759            | 194,949                | 37,096                                   | -                                      | (2,291,714)  |
| Operation and Maintenance Services | 2,172,423            | 9,082                  | 1,098,312                                | 108,236                                | (956,793)  |
| Transportation Services            | 926,268              | -                      | 199,195                                  | -                                      | (727,073)  |
| School Food Services               | 776,814              | 39,912                 | 621,480                                  | -                                      | (115,422)  |
| Extracurricular                    | 504,588              | 186,089                | -  | -                                      | (318,499)  |
| Community Services                 | 17,394               | 6,895                  | -  | -                                      | (10,499)   |
| Intergovernmental                  | 90,639               | -                      | 17,557                                   | -                                      | (73,082)   |
| Unallocated Depreciation Expense * | 292,307              | -                      | -  | -                                      | (292,307)  |
| Total Governmental Operations      | <u>17,732,093</u>    | <u>465,500</u>         | <u>3,213,453</u>                         | <u>115,596</u>                         | <u>(13,937,544)</u>                                    |
| Total Primary Government           | <u>\$ 17,732,093</u> | <u>\$ 465,500</u>      | <u>\$ 3,213,453</u>                      | <u>\$ 115,596</u>                      | <u>\$ (13,937,544)</u>                                 |
| GENERAL REVENUES:                  |                      |                        |  |  |  |
| District Levies                    |                      |                        |  |  | 4,461,576  |
| State Equalization                 |                      |                        |  |  | 3,708,832  |
| Other State Revenues               |                      |                        |  |  | 3,296,929  |
| County                             |                      |                        |  |  | 1,263,319  |
| Interest                           |                      |                        |  |  | 49,224   |
| Other                              |                      |                        |  |  | 87,235   |
| Gain (loss) on Sale of Assets      |                      |                        |  |  | <u>11,565</u>  |
| Total General Revenues             |                      |                        |  |  | <u>12,878,680</u>                                      |
| Change in Net Position             |                      |                        |  |  | (1,058,864)  |
| NET POSITION:                      |                      |                        |  |  |  |
| Beginning of the Year              |                      |                        |  |  | <u>2,515,663</u>                                       |
| End of the Year                    |                      |                        |  |  | <u>\$ 1,456,799</u>                                    |

\* Excludes depreciation included in direct expenses of the various functions

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

|  | MAJOR               |                                       |                                |                                 |                                |                                |
|--|---------------------|---------------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
|  | General             | School<br>Food<br>Services<br>(Elem.) | Building<br>Reserve<br>(Elem.) | Interlocal<br>Agreement<br>(HS) | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>ASSETS:</b>   |                     |                                       |                                |                                 |                                |                                |
| Current Assets:  |                     |                                       |                                |                                 |                                |                                |
| Cash and Cash Equivalents  | \$ 1,479,952        | \$ 108,201                            | \$ 835,147                     | \$ 1,008,630                    | \$ 3,375,784                   | \$ 6,807,714                   |
| Taxes Receivable   | 92,533              | -                                     | 4,133                          | -                               | 41,057                         | 137,723                        |
| Due from Other Governments   | -                   | -                                     | -                              | -                               | 282,515                        | 282,515                        |
| Other Current Assets   | -                   | -                                     | -                              | -                               | 5                              | 5                              |
| Inventories  | -                   | 40,572                                | -                              | -                               | -                              | 40,572                         |
| Total Assets   | <u>1,572,485</u>    | <u>148,773</u>                        | <u>839,280</u>                 | <u>1,008,630</u>                | <u>3,699,361</u>               | <u>7,268,529</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                 |                     |                                       |                                |                                 |                                |                                |
| Total Deferred Outflows of Resources                                   | -                   | -                                     | -                              | -                               | -                              | -                              |
| Total Assets and Deferred Outflows of Resources                        | <u>\$ 1,572,485</u> | <u>\$ 148,773</u>                     | <u>\$ 839,280</u>              | <u>\$ 1,008,630</u>             | <u>\$ 3,699,361</u>            | <u>\$ 7,268,529</u>            |
| <b>LIABILITIES:</b>  |                     |                                       |                                |                                 |                                |                                |
| Current Liabilities:   |                     |                                       |                                |                                 |                                |                                |
| Unearned Revenue   | -                   | 22,173                                | -                              | -                               | -                              | 22,173                         |
| Other Current Liabilities  | -                   | -                                     | -                              | -                               | 102                            | 102                            |
| Total Liabilities  | -                   | <u>22,173</u>                         | -                              | -                               | <u>102</u>                     | <u>22,275</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                  |                     |                                       |                                |                                 |                                |                                |
| Unavailable Property Taxes Receivable                                  | <u>92,533</u>       | -                                     | <u>4,133</u>                   | -                               | <u>41,057</u>                  | <u>137,723</u>                 |
| Total Deferred Inflows of Resources                                    | <u>92,533</u>       | -                                     | <u>4,133</u>                   | -                               | <u>41,057</u>                  | <u>137,723</u>                 |
| <b>FUND BALANCE (DEFICITS):</b>  |                     |                                       |                                |                                 |                                |                                |
| Nonspendable   | -                   | 40,572                                | -                              | -                               | -                              | 40,572                         |
| Restricted   | -                   | 86,028                                | 835,147                        | 168,615                         | 3,658,202                      | 4,747,992                      |
| Unassigned   | <u>1,479,952</u>    | -                                     | -                              | <u>840,015</u>                  | -                              | <u>2,319,967</u>               |
| Total Fund Balance   | <u>1,479,952</u>    | <u>126,600</u>                        | <u>835,147</u>                 | <u>1,008,630</u>                | <u>3,658,202</u>               | <u>7,108,531</u>               |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances | <u>\$ 1,572,485</u> | <u>\$ 148,773</u>                     | <u>\$ 839,280</u>              | <u>\$ 1,008,630</u>             | <u>\$ 3,699,361</u>            | <u>\$ 7,268,529</u>            |

RECONCILIATION TO THE STATEMENT OF NET POSITION

|   |                     |
|---|---------------------|
| Total Fund Balance Reported Above       | \$ 7,108,531        |
| Internal Service Fund Net Position      | 87,766              |
| Unavailable Property Taxes Receivable   | 137,723             |
| Governmental Capital Assets             | 10,834,093          |
| Employer Pension Plan Related           | 2,449,608           |
| Other Postemployment Benefits Related   | 348,515             |
| Long-term Liabilities                   |                     |
| Long-term Obligations                   | (35,100)            |
| Compensated Absences                    | (450,610)           |
| Net Pension Accrual                     | (12,236,928)        |
| Other Postemployment Benefits           | (6,389,265)         |
| Employer Pension Plan Related           | (397,534)           |
| Net Position of Governmental Activities | <u>\$ 1,456,799</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.



STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

|  | MAJOR               |                                       |                                |                                 |                                |                                |
|--|---------------------|---------------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
|  | General             | School<br>Food<br>Services<br>(Elem.) | Building<br>Reserve<br>(Elem.) | Interlocal<br>Agreement<br>(HS) | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| REVENUES:  |                     |                                       |                                |                                 |                                |                                |
| District Levies                                      | \$ 2,979,485        | \$ -                                  | \$ 138,002                     | \$ -                            | \$ 1,343,992                   | \$ 4,461,479                   |
| Interest   | 12,444              | 58                                    | 7,772                          | 5,966                           | 22,984                         | 49,224                         |
| Charges for Services                                 | -                   | 39,912                                | -                              | 194,949                         | 230,638                        | 465,499                        |
| Other  | 29                  | -                                     | -                              | 29,833                          | 57,373                         | 87,235                         |
| County   | -                   | -                                     | -                              | -                               | 1,333,396                      | 1,333,396                      |
| State  | 7,021,444           | -                                     | 60,906                         | -                               | 219,721                        | 7,302,071                      |
| Federal  | -                   | 569,165                               | -                              | -                               | 1,489,489                      | 2,058,654                      |
| Total Revenues                                       | <u>10,013,402</u>   | <u>609,135</u>                        | <u>206,680</u>                 | <u>230,748</u>                  | <u>4,697,593</u>               | <u>15,757,558</u>              |
| EXPENDITURES:  |                     |                                       |                                |                                 |                                |                                |
| Current:   |                     |                                       |                                |                                 |                                |                                |
| Instructional Services                               | 5,518,371           | -                                     | -                              | 26,113                          | 1,776,667                      | 7,321,151                      |
| Support Services - Students                          | 261,009             | -                                     | -                              | -                               | 116,919                        | 377,928                        |
| Support Services - Instructional                     | 255,422             | -                                     | -                              | 963                             | 423,721                        | 680,106                        |
| General Administrative Services                      | 1,712,860           | 11,808                                | -                              | 167,494                         | 346,058                        | 2,238,220                      |
| Operation and Maintenance Services                   | 1,351,875           | -                                     | 18,649                         | 33,271                          | 257,200                        | 1,660,995                      |
| Transportation Services                              | 30,132              | -                                     | -                              | -                               | 628,712                        | 658,844                        |
| School Food Services                                 | 156,593             | 518,278                               | -                              | -                               | 94,980                         | 769,851                        |
| Extracurricular                                      | 239,950             | -                                     | -                              | -                               | 258,091                        | 498,041                        |
| Community Services                                   | -                   | -                                     | -                              | 5,665                           | 11,729                         | 17,394                         |
| Capital Outlay                                       | 17,623              | -                                     | 66,457                         | 68,100                          | 752,425                        | 904,605                        |
| Intergovernmental                                    | 73,082              | -                                     | -                              | -                               | 17,557                         | 90,639                         |
| Total Expenditures                                   | <u>9,616,917</u>    | <u>530,086</u>                        | <u>85,106</u>                  | <u>301,606</u>                  | <u>4,684,059</u>               | <u>15,217,774</u>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>396,485</u>      | <u>79,049</u>                         | <u>121,574</u>                 | <u>(70,858)</u>                 | <u>13,534</u>                  | <u>539,784</u>                 |
| OTHER FINANCING SOURCES (USES):                      |                     |                                       |                                |                                 |                                |                                |
| Sale of Capital Assets                               | -                   | -                                     | -                              | -                               | 6,565                          | 6,565                          |
| Fund Transfers In                                    | -                   | -                                     | -                              | 315,609                         | -                              | 315,609                        |
| Fund Transfers (Out)                                 | (315,609)           | -                                     | -                              | -                               | -                              | (315,609)                      |
| Total Other Financial Sources (Uses)                 | <u>(315,609)</u>    | <u>-</u>                              | <u>-</u>                       | <u>315,609</u>                  | <u>6,565</u>                   | <u>6,565</u>                   |
| Net Change in Fund Balance                           | 80,876              | 79,049                                | 121,574                        | 244,751                         | 20,099                         | 546,349                        |
| FUND BALANCE:  |                     |                                       |                                |                                 |                                |                                |
| Beginning of the Year                                | <u>1,399,076</u>    | <u>47,551</u>                         | <u>713,573</u>                 | <u>763,879</u>                  | <u>3,638,103</u>               | <u>6,562,182</u>               |
| End of the Year                                      | <u>\$ 1,479,952</u> | <u>\$ 126,600</u>                     | <u>\$ 835,147</u>              | <u>\$ 1,008,630</u>             | <u>\$ 3,658,202</u>            | <u>\$ 7,108,531</u>            |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Lewistown School District No. 1  
 Fergus County  
 Lewistown, Montana 59457

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2021

|   |                |    |                    |
|---|----------------|----|--------------------|
| Net Changes in Fund Balance   |                | \$ | 546,349            |
| Change in Net Position from Internal Service Funds  |                |    | (22,000)           |
| Revenues on the Statement of Activities not Included in Governmental Funds Statement:                 |                |    |                    |
| Increase (Decrease) in Taxes Receivable   | 97             |    |                    |
| State Pension Aid   | <u>904,009</u> |    | 904,106            |
| Revenues Reported in the Governmental Funds Statement not Included in the Statement of Activities     |                |    |                    |
| Sale of Capital Assets  |                |    | (6,565)            |
| Expenses on the Statement of Activities not Included in the Governmental Funds Statement:             |                |    |                    |
| Depreciation Expense  | (905,305)      |    |                    |
| Actuarial Pension Expense   | (1,576,384)    |    |                    |
| (Increase) Decrease in Other Postemployment Benefits  | (928,604)      |    |                    |
| (Increase) Decrease in Compensated Absence Liability  | <u>3,669</u>   |    | (3,406,624)        |
| Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities |                |    |                    |
| Capital Outlays   | 904,605        |    |                    |
| Gain (Loss) on Sale of Assets   | 11,565         |    |                    |
| Principal Payments on Debt  | <u>9,700</u>   |    | 925,870            |
| Change in net Position Reported on the Statement of Activities  |                | \$ | <u>(1,058,864)</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Lewistown School District No. 1  
 Fergus County  
 Lewistown, Montana 59457

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2021

|  | Governmental<br>Activities -<br>Internal Service |
|--|--|
| ASSETS:  |  |
| Current Assets:  |  |
| Cash and Cash Equivalents  | \$ 87,766  |
| Total Current Assets   | <u>87,766</u>                                    |
| Total Assets   | <u>87,766</u>                                    |
| DEFERRED OUTFLOWS OF RESOURCES:                                    |  |
| Total Deferred Outflows of Resources                               | <u>-</u>   |
| Total Assets and Deferred Outflows of Resources                    | <u>\$ 87,766</u>                                 |
| LIABILITIES:   |  |
| Current Liabilities:   |  |
| Total Current Liabilities  | <u>\$ -</u>                                      |
| Noncurrent Liabilities:  |  |
| Total Noncurrent Liabilities                                       | <u>-</u>   |
| Total Liabilities  | <u>-</u>   |
| DEFERRED INFLOWS OF RESOURCES:                                     |  |
| Total Deferred Inflows of Resources                                | <u>-</u>   |
| NET POSITION:  |  |
| Unrestricted (Deficit)   | <u>87,766</u>                                    |
| Total Net Position   | <u>87,766</u>                                    |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 87,766</u>                                 |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

Lewistown School District No. 1  
 Fergus County  
 Lewistown, Montana 59457

STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2021

|                          | Governmental<br>Activities -<br><u>Internal Service</u> |
|--------------------------|---|
| OPERATING REVENUES:      |   |
| Charges for Services     | \$ 120,575  |
| Total Operating Revenues | <u>120,575</u>  |
| OPERATING EXPENSES:      |   |
| Purchased Services       | <u>142,575</u>  |
| Total Operating Expense  | <u>142,575</u>  |
| Operating Income (Loss)  | <u>(22,000)</u>   |
| Change in Net Position   | (22,000)  |
| NET POSITION:            |   |
| Beginning of the Year    | <u>109,766</u>  |
| End of the Year          | <u>\$ 87,766</u>  |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.



STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

|   | <u>Governmental</u><br><u>Activities -</u><br><u>Internal Service</u> |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES                      |   |
| Receipts from Customers                                   | \$ 120,575  |
| Payments for Purchased Services                           | <u>(142,575)</u>  |
| Net Cash Provided (Used) by Operating Activities          | <u>(22,000)</u>   |
| CASH FLOWS FROM NON-CAPITAL FINANCING                     |   |
| ACTIVITIES:   |   |
| Net Cash Provided (Used) by Non-capital Financing         |   |
| Activities  | <u>-</u>  |
| CASH FLOWS FROM CAPITAL AND RELATED                       |   |
| FINANCING ACTIVITIES:                                     |   |
| Net Cash Provided (Used) by Capital and Related Financing |   |
| Activities  | <u>-</u>  |
| CASH FLOWS FROM INVESTING ACTIVITIES                      |   |
| Net Cash Provided (Used) by Investing Activities          | <u>-</u>  |
| Net Increase (Decrease) in Cash and Cash Equivalents      | <u>(22,000)</u>   |
| BALANCE:  |   |
| Beginning of the Year                                     | <u>109,766</u>  |
| End of the Year   | <u>\$ 87,766</u>  |
| RECONCILIATION OF OPERATING INCOME (LOSS)                 |   |
| TO NET CASH PROVIDED (USED) BY OPERATING                  |   |
| ACTIVITIES:   |   |
| Operating Income (Loss)                                   | <u>\$ (22,000)</u>  |
| Net Cash Provided (Used) by Operating Activities          | <u>\$ (22,000)</u>  |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## 1. a. REPORTING ENTITY

The basic financial statements of the Lewistown School District No. 1 (School District) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana (Montana), which conforms to Generally Accepted Accounting Principles (GAAP), as applied to governmental units. The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a listing of GASB Statements which have been issued and the School District's assessment of effects to the financial statements when implemented.

- GASB Statement No. 87 – *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The School District plans to implement this Statement once it has identified all leases and has reviewed the Q&A on this Statement.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement establishes standards of accounting and financial reporting for subscription based information technology arrangements by a government end user (a government). At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset (a capital asset hereinafter referred to as the subscription asset). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The School District plans to implement this Statement once it has identified how it affects the School District and has reviewed the Q&A on this Statement.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Suppression of GASB Statement No. 32*. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and other employee benefit plans (for example, certain Section 457 plans). This Statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and some elements are effective for reporting periods beginning after June 15, 2021. The School District plans to implement this Statement once it has identified how it affects the School District and has reviewed the Q&A on this Statement.

Services Provided: The School District consists of two legally separate entities, an elementary district which provides education for kindergarten through eighth grade and a high school district which provides education for ninth through twelfth grade. For financial reporting purposes the two school districts are combined because they are controlled by the same central Board of Trustees and managed by the same administration. The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. GAAP requires only one general fund for each reporting entity, so the elementary and high school General funds are combined in the accompanying financial statements.

Incorporation: The School District was incorporated under the laws of Montana and as required by GAAP, the financial statements of the reporting entity include those of the School District (the primary government) and any component units. The criteria for including organizations as component units within the School District's reporting entity are set forth in Section 2100 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. The basic criteria include appointing a voting majority of an organization's governing body, as well as the School District's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the School District. Based on those criteria, the School District has no component units.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

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1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1. GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The governmental activities column incorporates data from governmental funds and internal service funds (primary government). Separate financial statements are provided for governmental funds and proprietary funds.

The government-wide financial statements report using the economic resource measurement focus and the accrual basis of accounting and generally include the elimination of internal activity between or within funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

The Statement of Activities reports the direct expenses of a given governmental function offset by program revenues directly connected with the functional program. Direct expenses are those that are specifically associated with a function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and
- Operating and Capital grants that are restricted to a particular function.

Property taxes, investment earnings, state entitlement payments, and other revenue sources not properly included with program revenue are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-supporting or drawing from general revenues.

1. b. 2. FUND ACCOUNTING

The fund financial statements provide information about the government's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Separate statements for each fund category – governmental – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets. Revenues are recorded when they are both measurable and available. Available means collectible within the current period – collections that occur after June 30 are generally not material. Unavailable income is recorded in governmental funds for delinquent taxes. Expenditures are recorded when the related fund liability is incurred, except for compensated absence payments which are recognized when due. Capital assets are functional expenditures in governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenues received from Montana are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Cost reimbursement grant funds are considered to be both measurable and available to the extent the related expenditures were made under the provisions of the grant. When such funds are received before the expenditure was incurred, they are recorded as unearned grant revenues. All other revenue items are considered to be measurable and available only when cash is received by the School District.

Proprietary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the dental self-insurance internal service fund is charges to employees and the School District for services. Operating expenses for the internal service fund include the cost of dental care services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major fund determination – GASB Statement No. 34 requires the General fund be reported as a major fund and that only one general fund be reported. As such, the elementary and high school General funds have been combined and are reported as one major fund. Other individual governmental funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (e.g., total governmental funds).

In addition to funds that meet the major fund criteria, any other governmental fund that government officials believe is particularly important to financial statement users may be reported as a major fund.

The School District reports the following major governmental funds:

- General Fund – The General fund is the general operating fund of the School District and accounts for all revenues and expenditures of the School District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. In the governmental fund financial statements, the General fund also includes the activities of the elementary and high school Metal Mines Tax Reserve funds and the elementary and high school Flexibility funds since the restrictions on those funds are similar to the General fund.
- Elementary School Food Service Fund – This fund is used to account for the school food service program. The district provides breakfast, lunch, and summer food programs. This program receives federal funding and collects fees on a sliding scale based on established eligibility requirements.
- Elementary Building Reserve Fund – This fund is used to account for financing voter approved building or construction projects funded with School District mill levies, which includes raising money for the future construction, equipping, or enlarging of school buildings and for the purpose of purchasing land needed for school purposes in the School District.
- High School Interlocal Agreement Fund – This fund is used to account for technology services provided to other school districts or cooperatives, a construction academy, general curriculum and maintenance, and educational opportunities for central Montana activities.

1. b. 3. OTHER FUND TYPES

Proprietary Fund Types

- Internal Service Funds – This fund accounts for the financing of goods or services provided by one department to other departments of the School District, on a cost reimbursement basis. The fund includes a self-insured dental insurance fund. Because all of the services predominately benefit governmental rather than business type functions, they are included with governmental activities in the government-wide financial statements.

1. c. ASSETS, LIABILITIES AND NET POSITION (FUND BALANCE)

1. c. 1 CASH AND INVESTMENTS

Allowable Depositories – Cash includes amounts in demand deposits, as well as short-term investments as authorized by Montana statutes. Montana Code Annotated (MCA) allows Montana local governments to invest public money not necessary for immediate use in:

- United States government treasury bills, notes, or bonds
- Certain United States treasury obligations
- United States government security money market fund, if investments consist of those listed above



LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

- Time or savings deposits with a bank or credit union which is Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association insured
- Repurchase agreements as authorized by MCA
- State of Montana Short-Term Investment Pool (STIP)

Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. Investments are recorded at fair market value.

Clearing Funds – Warrants written but not redeemed are reported in the School District's payroll and claims clearing funds. However, for financial reporting purposes, these are treated as a cash reconciling items. Cash in the accounting system is held for warrants which were written but have not been paid by the Fergus County (County) Treasurer. A warrant is an order by which the drawer (the person with authority to make the order) directs the School District trustee to pay a particular sum of money to a payee (person or entity) from funds in the School District treasury which are or may become available.

County Investment Pool Collateral – Information regarding the collateral and security for cash held by the County is not available to the School District. However, Montana statutes require United States government securities be held as collateral to secure deposits of public funds in excess of FDIC insurance. The external investment pool is audited as part of the County's financial statements. This investment pool is not registered with or monitored by the Securities and Exchange Commission.

Statement of Cash Flows – For purposes of the Statement of Cash Flows, the School District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

1. c. 2. TAXES

Property Tax Levies – Property tax levies are set in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the School District. Taxable values are established by the Montana Department of Revenue based on market values. A revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

Collections – Property taxes are collected by the County Treasurer, who credits to the School District funds its respective share of the collections. Tax levies are collectible in two installments, which become delinquent after November 30 and May 31. After a period of three years, the County may begin foreclosure proceedings and sell the property at auction.

Delinquency – Unpaid property taxes are liens on the property being taxed. Taxes that become delinquent are charged interest at the rate of 5/6 of 1% per month plus a penalty of 2%. After a period of three years, the County may begin foreclosure proceedings and sell real property at auction. In the case of personal property, the property may be seized and sold after the taxes become delinquent. The School District receives its share of the sale proceeds of any such auction.

1. c. 3. INVENTORIES

Materials, food inventory, and supplies inventory are carried in an inventory account at average cost and are subsequently charged to expenditures when consumed (using the consumption method).

1. c. 4. CAPITAL ASSETS

The School District's property, plant, and equipment are stated at historical cost and comprehensively reported in the government-wide financial statements. Historical cost was established when the capital assets were initially recorded by determining the actual cost or estimating the cost using standard costing procedures. The School District considers capital assets to be items with a historical cost in excess of \$5,000 and with a useful life in excess of one year. The costs of normal maintenance and repair are not capitalized. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method. Land and construction in progress are not depreciated. The useful life of depreciable assets has been estimated as follows:

| Capital Asset Classes             | Useful Life   |
|-----------------------------------|---------------|
| Buildings                         | 7 – 50 years  |
| Improvements Other than Buildings | 20 - 25 years |
| Machinery and Equipment           | 5 – 25 years  |

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

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1. c. 5. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position reports a separate section for Deferred Outflows of Resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (e.g., expense/expenditure) until that time.

In addition to liabilities, the Statement of Financial Position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an increase to net position that applies to a future period(s) and, as such, will not be recognized as an inflow of resources (e.g., revenue) until that time.

Pension Liability – Deferred Outflows and Inflows – The School District recognizes a net pension liability for each qualified pension plan in which it participates. Changes in the net pension liability during the fiscal year are recorded as pension expense, deferred inflows of resources, or deferred outflows of resources depending on the nature of the change and the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

Other Postemployment Benefits Liability – Deferred Outflows and Inflows – The School District recognizes a net pension liability for each Other Postemployment Benefits (OPEB) liability plan participant. Changes in OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other OPEB related changes.

Property Taxes – Deferred Inflows – The School District reports deferred inflows under the modified accrual basis of accounting in the governmental funds for property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. In the governmental fund Balance Sheet, they are reported as unavailable from property taxes receivable.

## 1. c. 6. VACATION AND SICK LEAVE

Vacation Leave – Classified School District employees accumulate vacation and sick leave for later use or for payment upon termination, death, or retirement. Classified School District employees earn vacation leave at the rate of 15 days per year during the first 10 years of employment and at increasing rates thereafter to a maximum of 24 days per year after 20 years of employment. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. Excess vacation time is not forfeited if taken within 90 calendar days from the last day of the calendar year in which the excess was accrued, unless management ensures the employee will use the excess vacation leave before the end of the calendar year in which the leave would have been forfeited. At termination, employees are paid for any accumulated vacation leave at the current rate of pay.

Sick Leave – Classified School District employees earn sick leave at the rate of one day per month. There is no limit on the accumulation of unused sick leave. At termination, 25% of accumulated sick leave is paid at the employee's current rate of pay.

Certified Employee Staff – Certified School District employees shall be granted 10 days of discretionary leave at the beginning of each year. Unused discretionary leave is accruable to 160 days per employee. After eight consecutive years of employment with the School District, certified employees who terminate employment shall be paid a lump sum of 30% of their accumulated discretionary leave at their current rate of pay.

Reporting – Liabilities incurred because of unused vacation and sick leave accumulated by employees are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned on the Statement of Activities. At June 30, 2021, the amount expected to be paid within one year related to governmental activities amounted to \$53,979 and is generally paid out of the General fund.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

1. c. 7. NET POSITION AND FUND BALANCE

The Statement of Net Position includes the following:

- Net Investment in Capital Assets – This component of net position is comprised of the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – This component of net position is restricted externally by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position is difference between the assets and liabilities that are not reported in the other components of net position.

Governmental fund financial statements include the following fund balances:

- Nonspendable – This balance includes amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.
- Restricted – This balance includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the general fund.

At June 30, 2021, fund balance components other than unassigned fund balance were as follows:

| Purpose                            | Nonspendable     | Restricted          |
|------------------------------------|------------------|---------------------|
| Instructional and Support Services | \$ 0             | \$ 172,678          |
| Operations and Maintenance         | 0                | 26,458              |
| Student Transportation             | 0                | 387,270             |
| Extracurricular                    | 0                | 184,094             |
| School Food                        | 40,572           | 86,028              |
| Third Party Grantor Restrictions   | 0                | 1,056,339           |
| Employer Retirement Benefits       | 0                | 445,640             |
| Future Technology                  | 0                | 417,368             |
| Future Capital Costs               | 0                | 1,971,996           |
| Debt Service                       | 0                | 121                 |
| Total                              | <u>\$ 40,572</u> | <u>\$ 4,747,992</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the School District considers restricted funds to have been spent first.

1. d. OTHER

1. d. 1. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. d. 2. COUNTY PROVIDED SERVICES

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

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

**NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

At June 30, 2021, cash and cash equivalents for governmental activities were as follows:

| <b>Account Type</b>       | <b>Governmental<br/>Activities</b> |
|---------------------------|------------------------------------|
| Cash and Cash Equivalents | \$ 6,895,480                       |

The carrying amounts of cash on hand, deposits, and investments at June 30, 2021 were as follows:

|                        | <b>Amount</b>       |
|------------------------|---------------------|
| Demand Accounts        | \$ 271,859          |
| County Investment Pool | 6,623,621           |
| Total                  | <u>\$ 6,895,480</u> |

**County Investment Pool** – Cash resources of the School District are held and managed by the County Treasurer pursuant to Montana law. They are combined with cash resources of other governmental entities within the County to form a pool of cash and cash equivalents. Investments of pooled cash consist primarily of STIP, repurchase agreements, and certificates of deposit and are carried at fair value. The School District's exposure to credit risk is not available to the School District. Risk in the event of loss is unclear in the state law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, full risk classifications are available in the County's annual report. There is no known maturity and credit rating of the County investment pool.

**Custodial Credit Risk – Deposits** – The cash of the extracurricular funds and the dental self-insurance fund are held separately by the School District and, consequently, the deposits may be subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At June 30, 2021, the deposits in the extracurricular fund and the dental self-insurance fund were covered by FDIC insurance.

**NOTE 3. TAXES RECEIVABLE**

The School District is permitted by Montana statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2020, upon which the levy for the 2021 fiscal year was based, amounted to \$13,659,591 for the Elementary School District and \$14,905,031 for the High School District. The tax rates assessed for the year ended June 30, 2021 to finance School District operations and applicable taxes receivable for the elementary and high schools were as follows:

| <b>Fund</b>                      | <b>Mill<br/>Levies</b> | <b>Taxes<br/>Receivable</b> |
|----------------------------------|------------------------|-----------------------------|
| <b><u>Governmental Funds</u></b> |                        |                             |
| <b><u>Elementary</u></b>         |                        |                             |
| General *                        | 138.73                 | \$ 59,627                   |
| Transportation                   | 25.98                  | 11,517                      |
| Bus Depreciation                 | 13.18                  | 4,651                       |
| Tuition                          | 9.93                   | 4,044                       |
| Technology                       | 4.50                   | 1,967                       |
| Debt Service                     | 0.00                   | 309                         |
| Building Reserve *               | 10.09                  | 4,133                       |
| <b><u>High School</u></b>        |                        |                             |
| General *                        | 72.48                  | 32,906                      |
| Transportation                   | 11.82                  | 5,334                       |
| Bus Depreciation                 | 14.79                  | 6,522                       |
| Tuition                          | 1.39                   | 746                         |
| Adult Education                  | 1.42                   | 790                         |
| Technology                       | 3.63                   | 1,678                       |
| Building Reserve                 | 7.86                   | 3,499                       |
| Total                            | <u>315.80</u>          | <u>\$ 137,723</u>           |

\* Denotes Major Fund



## LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

Property taxes assessed may be paid under protest and held by the County Treasurer until the action is finally determined to be in favor of or against the governmental entity levying the tax. Money paid under protest is accounted for by the County in a protested tax fiduciary fund until the final determination. The amount reported above includes \$1,068 of taxes paid under protest.

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

Due from other governments represent amounts due to the School District for costs incurred but not reimbursed by third party governments. The amounts due from other governments as of June 30, 2021 were as follows:

| <b>Fund</b>        | <b>Amount</b>     | <b>Due From</b> | <b>Reason</b>  |
|--------------------|-------------------|-----------------|--|
| <u>Elementary</u>  |                   |                 |  |
| Miscellaneous      | \$ 70,589         | Montana         | Elementary and Secondary Education Act/ Every Student Succeeds Act , Title I, Part A - Schoolwide earned grant revenue |
| Miscellaneous      | 31,672            | Montana         | Elementary and Secondary School Emergency Relief (ESSER) I earned grant revenue  |
| Miscellaneous      | 148,354           | Montana         | ESSER II earned grant revenue  |
| Miscellaneous      | 6,157             | Montana         | ESSER II indirect costs  |
| Miscellaneous      | 16,042            | Montana         | ESSER III earned grant revenue   |
| Miscellaneous      | 666               | Montana         | ESSER III indirect costs   |
| <u>High School</u> |                   |                 |  |
| Miscellaneous      | 1,553             | Montana         | Carl Perkins earned grant revenue  |
| Traffic Education  | <u>7,482</u>      | Montana         | Per pupil reimbursement  |
| Total              | <u>\$ 282,515</u> |                 |  |

**NOTE 5. CAPITAL ASSETS, DEPRECIATION, AND NET CAPITAL ASSETS**

The schedule of changes in general capital assets for the year ended June 30, 2021 follows:

| <b>Governmental Activities:</b>   | <b>Balance<br/>July 1, 2020</b> | <b>Additions</b> | <b>Deletions</b> | <b>Adjustments/<br/>Transfers</b> | <b>Balance<br/>June 30, 2021</b> |
|-----------------------------------|---------------------------------|------------------|------------------|-----------------------------------|----------------------------------|
| <u>Non-depreciable Assets:</u>    |                                 |                  |                  |                                   |                                  |
| Land                              | \$ 590,530                      | \$ 0             | \$ 0             | \$ 0                              | \$ 590,530                       |
| Construction in Progress          | <u>27,500</u>                   | <u>0</u>         | <u>0</u>         | <u>(27,500)</u>                   | <u>0</u>                         |
| Total Non-depreciable Assets      | 618,030                         | 0                | 0                | (27,500)                          | 590,530                          |
| <u>Depreciable Assets:</u>        |                                 |                  |                  |                                   |                                  |
| Buildings                         | 16,530,239                      | 128,767          | (6,700)          | 27,500                            | 16,679,806                       |
| Improvements Other than Buildings | 1,463,020                       | 0                | 0                | 0                                 | 1,463,020                        |
| Machinery and Equipment           | <u>4,467,766</u>                | <u>780,838</u>   | <u>(259,103)</u> | <u>0</u>                          | <u>4,989,501</u>                 |
| Total Depreciable Assets          | 22,461,025                      | 909,605          | (265,803)        | 27,500                            | 23,132,327                       |
| <u>Accumulated Depreciation:</u>  |                                 |                  |                  |                                   |                                  |
| Buildings                         | (8,258,370)                     | (530,040)        | 6,700            | 0                                 | (8,781,710)                      |
| Improvements Other than Buildings | (1,050,957)                     | (39,847)         | 0                | 0                                 | (1,090,804)                      |
| Machinery and Equipment           | <u>(2,939,935)</u>              | <u>(335,418)</u> | <u>259,103</u>   | <u>0</u>                          | <u>(3,016,250)</u>               |
| Total Accumulated Depreciation    | <u>(12,249,262)</u>             | <u>(905,305)</u> | <u>265,803</u>   | <u>0</u>                          | <u>(12,888,764)</u>              |
| Net Depreciable Assets            | <u>10,211,763</u>               | <u>4,300</u>     | <u>0</u>         | <u>27,500</u>                     | <u>10,243,563</u>                |
| Net General Capital Assets        | <u>\$ 10,829,793</u>            | <u>\$ 4,300</u>  | <u>\$ 0</u>      | <u>\$ 0</u>                       | <u>\$ 10,834,093</u>             |

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

Depreciation expense charged to governmental functions was as follows:

| <b>Function</b>                    | <b>Amount</b>     |
|------------------------------------|-------------------|
| Instructional Services             | \$ 9,299          |
| Educational Media Services         | 14,573            |
| General Administrative Services    | 12,691            |
| Operation and Maintenance Services | 292,914           |
| Transportation Services            | 267,477           |
| School Food Services               | 8,612             |
| Extracurricular                    | 7,432             |
| Unallocated                        | 292,307           |
| Total Depreciation Expense         | <u>\$ 905,305</u> |

**NOTE 6. UNEARNED REVENUES**

Unearned revenue, sometimes referred to as deferred revenue, is payment received by the School District from a nonexchange transaction for which not all applicable eligibility requirements have been met to spend the revenues. Once the eligibility criteria have been met, revenues and expenditure/expenses will be reported. The amounts of unearned revenues as of June 30, 2021 were as follows:

| <b>Fund</b>            | <b>Amount</b> | <b>Purpose</b> |
|------------------------|---------------|----------------|
| <u>Elementary</u>      |               |                |
| School Food Services * | \$ 22,173     | Prepaid meals  |
| * Denotes Major Fund   |               |                |

**NOTE 7. LONG-TERM DEBT**

7. a. GENERAL LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2021 follows:

| <b>Governmental Activities:</b>                   | <b>Balance<br/>July 1, 2020</b> | <b>New Debt<br/>and Other<br/>Additions</b> | <b>Principal<br/>Payments<br/>and Other<br/>Reductions</b> | <b>Balance<br/>June 30, 2021</b> | <b>Due within<br/>One Year</b> |
|---|---------------------------------|---|--|----------------------------------|--------------------------------|
| Compensated Absences                              | \$ 454,279                      | \$ 0  | \$ (3,669)   | \$ 450,610                       | \$ 53,979                      |
| Accrued Pension                                   | 10,381,949                      | 1,854,979                                   | 0  | 12,236,928                       | 0                              |
| Retirement Incentive                              | 44,800                          | 35,100                                      | (44,800)   | 35,100                           | 35,100                         |
| Other Postemployment Benefits                     | 5,575,683                       | 813,582                                     | 0  | 6,389,265                        | 0                              |
| Total Governmental Activities -<br>Long-term Debt | <u>\$ 16,456,711</u>            | <u>\$ 2,703,661</u>                         | <u>\$ (48,469)</u>   | <u>\$ 19,111,903</u>             | <u>\$ 89,079</u>               |

7. a. 1. RETIREMENT INCENTIVE

The School District offered certified teachers a one-time incentive to retire as of June 30, 2021 that amounted to \$650 per month for a period of 12 months to each teacher who participated. The change in the retirement incentive liability was as follows:

| <b>Description</b>   | <b>Issue<br/>Date</b> | <b>Interest<br/>Rate</b> | <b>Term</b> | <b>Maturity<br/>Date</b> | <b>Amount<br/>Issued</b> | <b>Outstanding<br/>June 30, 2021</b> |
|----------------------|-----------------------|--------------------------|-------------|--------------------------|--------------------------|--------------------------------------|
| Retirement Incentive | Sept 2019             | 0%                       | 1 year      | 6/30/2022                | \$ 35,100                | \$ 35,100                            |

Debt service requirements to maturity for principal and interest for all InterCap long term obligations were as follows:

| <b>For the year<br/>ended June 30:</b> | <b>Elementary</b> | <b>High School</b> |
|--|-------------------|--------------------|
| 2022                                   | \$ 23,400         | \$ 11,700          |

## LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021**NOTE 8. DEFERRED INFLOWS OF RESOURCES**

The School District reported deferred property taxes at June 30, 2021 as follows:

| <b>Fund</b>        | <b>Amount</b>     | <b>Reason</b>    |
|--------------------|-------------------|------------------|
| <u>Elementary</u>  |                   |                  |
| General *          | \$ 59,627         | Taxes Receivable |
| Transportation     | 11,517            | Taxes Receivable |
| Bus Depreciation   | 4,651             | Taxes Receivable |
| Tuition            | 4,044             | Taxes Receivable |
| Technology         | 1,967             | Taxes Receivable |
| Debt Service       | 309               | Taxes Receivable |
| Building Reserve * | 4,133             | Taxes Receivable |
| <u>High School</u> |                   |                  |
| General *          | 32,906            | Taxes Receivable |
| Transportation     | 5,334             | Taxes Receivable |
| Bus Depreciation   | 6,522             | Taxes Receivable |
| Tuition            | 746               | Taxes Receivable |
| Adult Education    | 790               | Taxes Receivable |
| Technology         | 1,678             | Taxes Receivable |
| Building Reserve   | 3,499             | Taxes Receivable |
| Total              | <u>\$ 137,723</u> |                  |

\* Denotes Major Fund

**NOTE 9. INTERFUND OPERATING TRANSFERS IN AND OUT**

The School District recorded interfund transfers during the year ended June 30, 2021 as follows:

| <b>Operating Fund - In</b> | <b>Amount</b>     | <b>Operating Fund - Out</b> | <b>Purpose</b>               |
|----------------------------|-------------------|-----------------------------|------------------------------|
| <u>High School</u>         |                   | <u>Elementary</u>           |                              |
| Interlocal Agreement *     | \$ 116,866        | General *                   | To fund interlocal agreement |
| <u>High School</u>         |                   | <u>High School</u>          |                              |
| Interlocal Agreement *     | 198,743           | General *                   | To fund interlocal agreement |
| Total                      | <u>\$ 315,609</u> |                             |                              |

\* Denotes Major Fund

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS****10. a. PLAN DESCRIPTION**

The School District provides its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participating in the School District group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit OPEB plan.

**10. b. FUNDING POLICY**

The School District pays OPEB liabilities on a pay as you go basis. A trust fund for future liabilities has not been established.

**10. c. BENEFITS PROVIDED**

The School District provides healthcare benefits for retirees and their dependents. The School District provides the same health care plan to all of its members. Retirees are required to pay 100% of the health insurance premium to retain the healthcare benefits. The School District covers 100% of the premiums for active employees.

## LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

## 10. d. EMPLOYEES COVERED BY BENEFIT TERMS

At as of June 30, 2021, the measurement date, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Active employees                         | 155 |
| Inactive employees (may include spouses) | 51  |

## 10. e. TOTAL OPEB LIABILITY

The School District's total OPEB liability amounted to \$6,389,265 at June 30, 2021. The liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

## 10. f. ASSUMPTIONS AND OTHER INPUTS

The School District obtained an actuarial valuation to determine the OPEB liability.

Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 40% of plan participants would elect to continue coverage after retirement.

The total OPEB liability at June 30, 2021 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |         |
|--|---------|
| Average salary increases                 | 2.50%   |
| Discount rate                            | 2.27%   |
| Retiree's share of benefit related costs | 100.00% |
| Health and Dental care inflation rates:  |         |

| Year           | Health             | Dental |
|----------------|--------------------|--------|
| 2022           | 6.50%              | 3.00%  |
| 2023           | 6.00%              | 2.50%  |
| 2024           | 5.90%              | 2.00%  |
| 2025           | 5.70%              | 2.00%  |
| 2026           | 5.60%              | 2.00%  |
| 2027 and after | 5.50% down to 3.8% | 2.00%  |

## 10. g. CHANGES IN THE TOTAL OPEB LIABILITY

|  |                     |
|--|---------------------|
| Balance July 1, 2020                   | \$ 5,575,683        |
| Changes for the Year:                  |                     |
| Service Cost (OPEB Expense)            | 401,496             |
| Interest                               | 151,223             |
| Changes in Assumptions or Other Inputs | 348,515             |
| Benefit Payments                       | <u>(87,652)</u>     |
| Net Changes                            | <u>813,582</u>      |
| Balance June 30, 2021                  | <u>\$ 6,389,265</u> |

\* GASB No. 75 requires an actuarial valuation or calculation using the specified alternative measurement method or actuarial valuation of the total OPEB liability to be performed at least once every two years and roll forward procedures on the off years. Accordingly, the School District did not perform a valuation of their total OPEB liability as of June 30, 2021 and the liability displayed is based on the measurement date of June 30, 2020 with changes based on roll forward procedures. The roll forward procedure adds the annual normal costs and subtracts the benefits payments.

Changes in assumptions and other inputs amounting to \$348,515 were due to changes in the interest rate.



LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

10. h. SENSITIVITY ANALYSIS

Discount Rate The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.27%) or 1% higher (3.27%) than the current discount rate:

|                      | 1% Decrease  | Discount Rate | 1% Increase  |
|----------------------|--------------|---------------|--------------|
| Total OPEB Liability | \$ 8,035,885 | \$ 6,389,265  | \$ 5,152,993 |

Health and Dental Care Cost Trend Rates The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 2.80% and 2.00% decreasing to 1.00%, respectively) or 1% higher (7.50% increasing to 4.80% and 4.00% decreasing to 3.00%, respectively) than the current healthcare cost trend rates:

|                      | 1% Decrease  | Healthcare Cost<br>Trend Rate | 1% Increase  |
|----------------------|--------------|-------------------------------|--------------|
| Total OPEB Liability | \$ 4,987,581 | \$ 6,389,265                  | \$ 8,329,676 |

10. i. OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2021, the School District reported \$813,582 in expenses related to OPEB.

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

|                        | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| Changes of Assumptions | \$ 348,515                        | \$ 0                             |

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

| Year ended<br>June 30: | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2021                   | \$ 35,602                         | \$ 0                             |
| 2022                   | 35,602                            | 0                                |
| 2023                   | 35,602                            | 0                                |
| 2024                   | 35,602                            | 0                                |
| Thereafter (8 years)   | 206,107                           | 0                                |

NOTE 11. ENCUMBRANCES

An encumbrance is a portion of a budget set aside for spending the current year budget authority. Like the budget itself, an encumbrance is a projection and not yet an accounts payable or other liability of the School District. When it comes time to pay necessary encumbered funds, the encumbrance disappears in that amount and becomes an actual expenditure of School District.

The School District's encumbrance policy is for fiscal year-end encumbrances exceeding \$1,000 to be considered significant encumbrances. All encumbrances are classified as assigned or restricted in the funds noted below:

| Fund               | Amount           |
|--------------------|------------------|
| <u>Elementary</u>  |                  |
| Building Reserve * | \$ 7,572         |
| <u>High School</u> |                  |
| Building Reserve   | 3,301            |
| Total              | <u>\$ 10,873</u> |

\* Denotes Major Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

**NOTE 12. RISK MANAGEMENT**

The School District, is exposed to distinct types of risk of loss, including:

- Damage to and loss of property and contents
- Employee torts
- Professional liability, e.g., errors and omissions
- Environmental damage
- Workers' compensation, e.g., employee injuries
- Medical insurance costs of employees

Several methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and contents damage, employee torts, professional liabilities, and employee medical insurance. The School District has joined with other School Districts throughout the state into an interlocal common risk pool to insure workers' compensation for all participating School Districts in a self-insurance pool. The Workers Compensation Risk Retention Program is managed by a board of directors elected annually. Members are responsible for fully funding the Workers Compensation Risk Retention Program through the payment of annual premiums accessed. There is no other liability to the School District other than timely payments of premiums. The School District can withdraw from the Workers Compensation Risk Retention Program with 60 days notice at any time. The School District has no coverage for potential losses from environmental damages.

Levels of insurance have not changed materially from the prior year and settlements have not exceeded insurance coverage limits during the current or each of the two previous years.

**NOTE 13. EMPLOYEE RETIREMENT SYSTEM**

The School District participates in two state-wide, cost-sharing multiple employer defined benefit retirement plans which cover all School District employees, except certain substitute teachers and part-time, non-teaching employees. The plans are established under Montana law and are administered by the State. The School District participates in the following Montana administered retirement plans:

- The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aides and
- The Public Employee Retirement System (PERS) covers nonteaching employees and

The plans issue publicly available annual reports, stand-alone financial statements, actuarial valuations, experience studies, and plan audited financial statements. Those reports may be obtained from the following:

| <u><b>Teachers Retirement System</b></u>           | <u><b>Montana Public Employee Retirement Administration</b></u> |
|--|---|
| P.O. Box 200139                                    | P.O. Box 200131   |
| 1500 Sixth Avenue                                  | 100 N. Park Avenue Suite 200                                    |
| Helena, MT 59620-0139                              | Helena, MT 59620-0131   |
| Phone: 406-444-3134                                | Phone: 406-444-3154   |
| <a href="http://www.trs.mt.gov">www.trs.mt.gov</a> | <a href="http://www.mpera.mt.gov">www.mpera.mt.gov</a>          |

**13. a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF RETIREMENT SYSTEMS**

The Montana Public Employee Retirement Administration (MPERA) and the TRS prepare their 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, and information about the fiduciary net position and additions to and deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA and TRS. For this purpose, 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 when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred.

Investments are reported at fair value. MPERA and TRS adhere to all applicable GASB statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

13. b. PUBLIC EMPLOYEE RETIREMENT SYSTEM

The PERS-Defined Benefit Retirement Plan (Defined Benefit plan), administered by the MPERA, is a multiple-employer, cost-sharing plan established July 1, 1945 and is governed by Title 19, chapters 2 & 3, MCA. This plan covers the state, local governments, certain employees of the Montana University System, and school districts.

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

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

13. b. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement:

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

Early Retirement:

(actuarially reduced)

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

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

- Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
  - A 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.
- Retire before January 1, 2016 and accumulate at least 2 years additional service credit:
  - A recalculated retirement benefit based on provision in effect after the initial retirement; and
  - GABA starts on the recalculation benefit in the January after receiving the new benefit for 12 months.
- Retire on or after January 1, 2016 and accumulate 5 or more years additional 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.

Vesting:

5 years of membership service

Member's Highest  
Average

Compensation (HAC):

- Hired prior to July 1, 2011:
  - HAC during any consecutive 36 months.
- Hired on or after July 1, 2011:
  - HAC during any consecutive 60 months.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

|  |   |
|--|---|
| <u>Compensation Cap:</u>                     | <ul style="list-style-type: none"> <li>Hired on or after July 1, 2013: <ul style="list-style-type: none"> <li>110% annual cap on compensation considered as part of a member's HAC.</li> </ul> </li> </ul>  |
| <u>Monthly Benefit Formula:</u>              | <ul style="list-style-type: none"> <li>Hired prior to July 1, 2011: <ul style="list-style-type: none"> <li>Less than 25 years of membership service - 1.785% of HAC per year of service credit; or</li> <li>25 years of membership service or more - 2% of HAC per year of service credit.</li> </ul> </li> <li>Hired on or after July 1, 2011: <ul style="list-style-type: none"> <li>Less than 10 years of membership service - 1.5% of HAC per year of service credit;</li> <li>10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit; or</li> <li>30 years or more of membership service - 2% of HAC per year of service credit.</li> </ul> </li> </ul> |
| <u>Guaranteed Annual Benefit Adjustment:</u> | <p>After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of other adjustments to the member's benefit:</p> <ul style="list-style-type: none"> <li>3% for members hired <b>prior</b> to July 1, 2007</li> <li>1.5% for members hired <b>between</b> July 1, 2007 and June 30, 2013</li> <li>Members hired on or <b>after</b> July 1, 2013: <ul style="list-style-type: none"> <li>1.5% for each year PERS is funded at or above 90%;</li> <li>1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and</li> <li>0% whenever the amortization period for PERS is 40 years or more.</li> </ul> </li> </ul>      |

13. b. 2. OVERVIEW OF CONTRIBUTIONS

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

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.

| Fiscal Year | Member             |                    | State &<br>Universities | Local Government |        | School Districts |        |
|-------------|--------------------|--------------------|-------------------------|------------------|--------|------------------|--------|
|             | Hired<br><07/01/11 | Hired<br>>07/01/11 | Employer                | Employer         | State  | Employer         | State  |
| 2021        | 7.900%             | 7.900%             | 8.770%                  | 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 rates.

2. Employer contributions to the system:

- 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 an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

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For the year ended June 30, 2021

- c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer Contributions:

- a. Special Funding - The State 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.
- 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 amounting to \$33,951,150.

13. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2020 was determined by taking the results of the June 30, 2019 actuarial valuation and applying standard roll forward procedures. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return (net of admin expenses) 7.34%
- Admin Expense as % of Payroll 0.30%
- General Wage Growth (includes inflation at 2.40%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA. After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of all other adjustments to the member's benefit:
    - 3% for members hired prior to July 1, 2007
    - 1.5% for members hired between July 1, 2007 and June 30, 2013
    - Members hired on or after July 1, 2013:
      - 1.5% for each year PERS is funded at or above 90%;
      - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
      - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members and service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP 2000 Combined Employee and Annuitant Mortality Tables with no projections.

13. b. 4. DISCOUNT RATE

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

13. b. 5. TARGET ALLOCATIONS

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



NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

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| <b>Asset Class</b>    | <b>Target Asset<br/>Allocation</b> | <b>Long-Term Expected<br/>Real Rate of Return<br/>Arithmetic Basis</b> |
|-----------------------|------------------------------------|--|
| Cash                  | 2.00%                              | 0.11%  |
| Domestic Equity       | 30.00%                             | 6.19%  |
| International Equity  | 16.00%                             | 6.92%  |
| Private Equity        | 14.00%                             | 10.37%   |
| Natural Resources     | 4.00%                              | 3.43%  |
| Real Estate           | 9.00%                              | 5.74%  |
| Core Fixed Income     | 20.00%                             | 1.57%  |
| Non-Core Fixed Income | <u>5.00%</u>                       | 3.97%  |
| Total                 | 100.00%                            |  |

### 13. b. 6. DEFINED CONTRIBUTION PLAN

The School District contributed to the State of Montana Public Employee Retirement System Defined Contribution Retirement Plan (Defined Contribution plan) for employees that have elected the Defined Contribution plan. The Defined Contribution plan is administered by the Montana Public Employees Retirement Board (PERB) and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the Defined Benefit plan and have a 12-month window during which they may choose to remain in the Defined Benefit plan or join the PERS- Defined Contribution Retirement Plan (Defined Contribution plan) 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 Defined Contribution plan.

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

### 13. c. TEACHERS' RETIREMENT SYSTEM

TRS 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, MCA, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana.

#### 13. c. 1. 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 (AFC). 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:

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

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

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. The GABA for Tier Two members may vary from 0.5% to 1.5% each year 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.

### 13. c. 2. OVERVIEW OF CONTRIBUTIONS

TRS (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 table below shows the legislated contribution rates for TRS members, employers, and the State.

|                               | Members | Employers | General fund | Total employee and 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%                      |

### 13. c. 3. ACTUARIAL ASSUMPTIONS

The TPL as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019. There were several significant assumptions and other inputs used to measure the TPL. The actuarial assumptions used in the July 1, 2019 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% to 7.76% for Non-University members
  - 4.25% for University members
(includes 3.25% general wage increase assumption)
- Investment Return:
  - 7.34%
- Price Inflation:
  - 2.40%

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

- 
- Postretirement Benefit Increases:
- Tier One. If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
  - Tier Two. 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)
- RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
- Mortality:  
(among disabled members)
- Males. RP 2000 Disabled Mortality Table for males, set forward one year, with mortality improvements projected by Scale BB to 2022.
  - Females. RP 2000 Disabled Mortality Table for females, set forward five years, with mortality improvements projected by Scale BB to 2022.

13. c. 4. DISCOUNT RATE

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under MCA. 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 TPL. No municipal bond rate was incorporated in the discount rate.

13. c. 5. TARGET ALLOCATIONS

| <b>Asset Class</b>    | <b>Target Asset Allocation</b> | <b>Long-Term Expected Portfolio Real Rate of Return</b> |
|-----------------------|--------------------------------|---|
| Domestic Equity       | 30.00%                         | 6.19%   |
| International Equity  | 16.00%                         | 6.92%   |
| Private Equity        | 14.00%                         | 10.37%  |
| Natural Resources     | 4.00%                          | 3.43%   |
| Real Estate           | 9.00%                          | 5.74%   |
| Core Fixed Income     | 20.00%                         | 1.57%   |
| Non-Core Fixed Income | 5.00%                          | 3.97%   |
| Cash                  | 2.00%                          | 0.11%   |
| Total                 | 100.00%                        | 5.54%   |

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

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For the year ended June 30, 2021

13. d. SENSITIVITY ANALYSIS

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

| As of measurement date                  | 1.0% Decrease<br>(6.34%) | Current Discount Rate<br>(7.34%) | 1.0% Increase<br>(8.34%) |
|---|--------------------------|----------------------------------|--------------------------|
| <u>PERS</u>                             |                          |                                  |                          |
| Net Pension Liability                   | \$ 3,631,341,803         | \$ 2,638,211,389                 | \$ 1,803,988,657         |
| School District's Net Pension Liability | 3,466,023                | 2,518,106                        | 1,721,861                |
| <u>TRS</u>                              |                          |                                  |                          |
| Net Pension Liability                   | \$ 2,995,086,772         | \$ 2,249,458,672                 | \$ 1,625,618,226         |
| School District's Net Pension Liability | 12,940,320               | 9,718,822                        | 7,023,509                |

13. e. 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 PERS and TRS. Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective NPL, Pension Expense, and Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, PERS and TRS have special funding situations in which the State of Montana is legally responsible for making contributions directly to PERS and TRS that are used to provide pension benefits to the retired members. Due to the existence of this 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 Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

| As of measurement date  | NPL                  |                     | Percent of<br>Collective NPL<br>as of 6/30/20 | Percent of<br>Collective NPL<br>as of 6/30/19 | Change in<br>Percent of<br>Collective NPL |
|---|----------------------|---------------------|---|---|---|
|   | as of 6/30/20        | as of 6/30/19       |   |   |   |
| <u>PERS</u>   |                      |                     |   |   |   |
| School District Proportionate Share                           | \$ 2,518,106         | \$ 2,069,528        | 0.095447%                                     | 0.099006%                                     | (0.003559)%                               |
| State of Montana Proportionate Share associated with Employer | 872,315              | 738,330             | 0.033065%                                     | 0.035322%                                     | (0.002257)%                               |
| Total   | <u>\$ 3,390,421</u>  | <u>\$ 2,807,858</u> | <u>0.128512%</u>                              | <u>0.134328%</u>                              | <u>(0.005816)%</u>                        |
| <u>TRS</u>  |                      |                     |   |   |   |
| School District Proportionate Share                           | \$ 9,718,822         | \$ 8,312,421        | 0.4321%                                       | 0.4311%                                       | 0.0010%                                   |
| State of Montana Proportionate Share associated with Employer | 5,746,200            | 5,033,409           | 0.2554%                                       | 0.2610%                                       | (0.0056)%                                 |
| Total   | <u>\$ 15,465,022</u> | <u>\$13,345,830</u> | <u>0.6875%</u>                                | <u>0.6921%</u>                                | <u>(0.0046)%</u>                          |

At June 30, 2021, the employer recorded a liability for its proportionate share of the NPL of \$2,518,106 and \$9,718,822 for PERS and TRS, respectively. At June 30, 2021, the employer's proportion was 0.095447 percent and 0.4321 percent for PERS and TRS, respectively.

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For the year ended June 30, 2021

The NPL was measured as of June 30, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2019 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.
- TRS – July 1, 2020. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period, July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of TRS' participating employers.

|   | PERS   | TRS  |
|---|--|--|
| <u>Changes in actuarial assumptions, other inputs, and methods:</u> | <ul style="list-style-type: none"> <li>• The discount rate was lowered from 7.65% to 7.34%</li> <li>• The investment rate of return was lowered from 7.65% to 7.34%</li> <li>• 3. The inflation rate was reduced from 2.75% to 2.40%.</li> </ul>   | <ul style="list-style-type: none"> <li>• The discount rate was lowered from 7.50% to 7.34%.</li> <li>• The investment rate of return assumption was lowered from 7.50% to 7.34%.</li> <li>• The inflation rate was reduced from 2.50% to 2.40%.</li> </ul>   |
| <u>Changes in benefit terms:</u>                                    | There have been no changes in benefit terms since the previous measurement date.   | There have been no changes in benefit terms since the previous measurement date.   |
| <u>Changes in proportionate share:</u>                              | There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known. | There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known. |

13. f. PENSION EXPENSE

|   | Pension Expense<br>as of 6/30/20 | Pension Expense<br>as of 6/30/19 |
|---|----------------------------------|----------------------------------|
| <u>PERS</u> (as of measurement date)  |                                  |                                  |
| School District's Proportionate Share   | \$ 210,934                       | \$ 163,618                       |
| Employer Grant Revenue – State of Montana Proportionate Share with the Employer | <u>142,660</u>                   | <u>50,125</u>                    |
| Total   | <u>\$ 353,594</u>                | <u>\$ 213,743</u>                |
| <u>TRS</u>  |                                  |                                  |
| School District's Proportionate Share   | \$ 1,195,074                     | \$ 923,869                       |
| State of Montana Proportionate Share associated with the Employer               | <u>761,349</u>                   | <u>613,964</u>                   |
| Total   | <u>\$ 1,956,423</u>              | <u>\$ 1,537,833</u>              |

At June 30, 2021, the employer recognized a pension expense of \$353,594 and \$1,956,423 for its proportionate share of the PERS and TRS Pension Expense, respectively. The employer also recognized grant revenue of \$142,660 and \$761,349 for the support provided by Montana for its proportionate share of the Pension Expense that is associated with the employer for PERS and TRS, respectively.



LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

13. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2021, the employer reported its proportionate share of PERS and TRS deferred outflows of resources and deferred inflows of resources related to PERS and TRS from the following sources:

|   | PERS                           |                               | TRS                            |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected economic experience   | \$ 40,647                      | \$ 71,996                     | \$ 94,214                      | \$ 0                          |
| Changes in actuarial assumptions  | 174,369                        | 0                             | 509,019                        | 11,177                        |
| Difference between projected and actual investment earnings   | 218,045                        | 0                             | 680,846                        | 0                             |
| Changes in proportion and differences between actual and expected contributions                               | 0                              | 0                             | 0                              | 111,332                       |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 0                              | 203,029                       | 0                              | 0                             |
| Contributions paid subsequent to the measurement date – FY 2020 Contributions *                               | 137,767                        | 0                             | 594,700                        | 0                             |
| Total   | <u>\$ 570,829</u>              | <u>\$ 275,025</u>             | <u>\$ 1,878,779</u>            | <u>\$ 122,509</u>             |

\* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2021.

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

|                    | PERS  | TRS        |
|--------------------|---|------------|
| Year Ended June 30 | Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense |            |
| 2021               | \$ (87,326)   | \$ 341,577 |
| 2022               | 114,700   | 335,170    |
| 2023               | 76,187  | 313,949    |
| 2024               | 54,476  | 170,873    |
| 2025               | 0   | 0          |
| Thereafter         | 0   | 0          |

13. h. EMPLOYER'S PROPORTION OF PENSION AMOUNTS

|                                | PERS                           | TRS                            |                                  |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
|                                | Employer's Proportionate Share | Employer's Proportionate Share | Employer's Total Pension Amounts |
| Total Pension Liability        | \$ 8,096,804                   | \$ 27,726,039                  | \$ 35,822,843                    |
| Fiduciary Net Position         | <u>5,578,698</u>               | <u>18,007,217</u>              | <u>23,585,915</u>                |
| Net Pension Liability          | 2,518,106                      | 9,718,822                      | 12,236,928                       |
| Deferred Outflows of Resources | 570,829                        | 1,878,779                      | 2,449,608                        |
| Deferred Inflows of Resources  | 275,025                        | 122,509                        | 397,534                          |
| Pension Expense                | 353,594                        | 1,956,423                      | 2,310,017                        |

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

NOTE 14. SPECIAL EDUCATION COOPERATIVE

The School District is a member of the Central Montana Learning Resource Center Cooperative (the Cooperative), a Special Education Cooperative. The financial records of the Cooperative are prepared and maintained by the Cooperative Clerk. The financial records of the Cooperative are separate from those of the School District, and the financial statements of the Cooperative are not included in the School Districts' financial statements. The Cooperative's financial statements are audited separately from those of the School District. All revenue received, including federal, state, or other types of grant payments, and the financial support provided by each of the Cooperative's members are deposited into the Cooperative's funds, which are maintained in the custody of the Fergus County Treasurer. The Superintendent of Public Instruction may directly deposit to the Cooperative the state and federal portion of any participating member School District's budgeted costs for contracted special education services. All capital assets of the Cooperative are included in the Cooperative's financial statements.

A Joint Board of Directors governs the Cooperative. The Joint Board has the power to set policies, enter into contracts, review the performance of the Cooperative annually, review the fiscal management of the Cooperative annually, and set and approve the annual fiscal budget of the Cooperative.

NOTE 15. SUBSEQUENT REPORTABLE EVENTS

Due to the COVID-19 pandemic, the School District may realize delayed collections and receipts in future periods. The likelihood and impact of the potential delays are uncertain.

NOTE 16. JOINT VENTURE AGREEMENTS

Joint ventures are legal entities or other organizations that result in a contractual arrangement and that are owned, operated, or governed by two or more participants. Each participant retains both an ongoing financial interest and an ongoing fiscal responsibility.

## 16. a. MULTIDISTRICT COOPERATIVE

Section 20-3-363, MCA allows for the creation of a multidistrict cooperative between any School District and other public entities under Title 20, Chapter 9 Part 7, MCA. The parties in a multidistrict cooperative may mutually agree to perform any services, activities, and undertakings of the participants and provide for the joint funding and operation and maintenance of all participants in the agreement.

## 16. a. 1. TECHNICAL SUPPORT

The School District was a party to an agreement with Lewistown Elementary, Fergus High School, Grass Range Elementary, Grass Range High School, Harlowton K-12 School, Ayers Elementary, Roy K-12 Schools, Winifred K-12 Schools, Moore Elementary, Moore High School, Deerfield Elementary, Spring Creek Colony Elementary, King Colony Elementary, Hobson K-12 Schools, Judith Gap Elementary, Judith Gap High School, Stanford K-12 Schools, Central Montana Learning Resource Center Cooperative, and Central Montana Head Start to provide technology services to each participating school district and cooperative.

Fergus High School is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the Fergus High School.

## 16. a. 2. INTERLOCAL AGREEMENT FUND

The School District was a party to an agreement with Lewistown Elementary and Lewistown High School, for the purpose of jointly purchasing/paying for salaries, technology, curriculum, utilities and supplies for the participating districts. Lewistown High School is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the Lewistown High School. During fiscal year ended June 30, 2021 Lewistown Elementary general fund and Lewistown High School general fund transferred \$116,866 and \$198,743, respectively into the high school's Interlocal agreement fund.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended June 30, 2021

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NOTE 17. EVELYN ECCLES FOUNDATION ENDOWMENT

The School District has an endowment from the Evelyn Eccles Foundation. The objective of the foundation was to assist ambitious youth attain worthwhile heights of accomplishment through higher education. At June 30, 2021, the endowment fund amounted to \$118,259 and there was one outstanding loan balance amounting to \$5. The School District administers the endowment in accordance with the endowment directives as follow:

- At the end of each school year, the School District's Board of Trustees may "select from the graduating class a student or students, male or female, who have best demonstrated his/her ability to conduct scientific research of any kind or character which looks to the advancement of the best interests of society" and provide a loan from the fund to aid in their securing higher education.
- If a student is selected, the Board of Trustees will determine an amount of the loan "sufficient to materially aid and enable students to attend an Institution of higher learning." A no-Interest promissory note will be executed which shall become due and payable at such time as may be arranged, but not in excess of ten years after the loan agreement has been made.

NOTE 18. CITY OF LEWISTOWN

The School District and the City of Lewistown entered into an agreement whereby the School District would use the Lewistown Civic Center for activities such as basketball, volleyball, softball, soccer, floor hockey, superstars, badminton, snowshoeing, roller skating, cross country skiing, and table tennis. For the year ended June 30, 2020, School District payments to the City under the terms of the agreement amounted to \$5,452. The District also paid the City \$50,050 for a resource officer in fiscal year 2020.

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF FUNDING PROGRESS  
Other Postemployment Benefits Other Than Pensions  
For the year ended June 30, 2021

| <b><u>CHANGE IN LIABILITY</u></b> |                                 |                         |   |   |                                     |   |   |  |
|-----------------------------------|---------------------------------|-------------------------|---|---|-------------------------------------|---|---|--|
| <b>Fiscal<br/>Year<br/>End</b>    | <b>Service<br/>Cost<br/>(a)</b> | <b>Interest<br/>(b)</b> | <b>Changes<br/>in Benefit<br/>Terms<br/>(c)</b> | <b>Changes in<br/>Assumptions<br/>or Other<br/>Inputs<br/>(d)</b> | <b>Benefit<br/>Payments<br/>(e)</b> | <b>Net Change in<br/>Total OPEB<br/>Liability<br/>Sum of<br/>(a) to (e)=(f)</b> | <b>Total OPEB<br/>Liability<br/>Beginning<br/>(g)</b> | <b>Total OPEB<br/>Liability<br/>Ending<br/>(f)+(g)=(h)</b> |
| 6/30/18                           | \$ 263,917                      | \$ 16,658               | \$ 0  | \$ 2,330,713  | \$ (77,880)                         | \$ 2,677,408  | \$ 1,392,046  | \$ 4,069,454   |
| 6/30/19                           | 271,452                         | 147,140                 | 0   | 325,669   | (113,183)                           | 631,078   | 4,069,454   | 4,700,532  |
| 6/30/20                           | 311,070                         | 175,965                 | (462,123)                                       | 925,660   | (75,421)                            | 875,151   | 4,700,532   | 5,575,683  |
| 6/30/21                           | 401,496                         | 151,223                 | 0   | 348,515   | (87,652)                            | 813,582   | 5,575,683   | 6,389,265  |

| <b><u>PAYROLL RATIO</u></b>    |   |   |
|--------------------------------|---|---|
| <b>Fiscal<br/>Year<br/>End</b> | <b>Covered<br/>Employee<br/>Payroll<br/>(i)</b> | <b>Total OPEB Liability<br/>as a Percentage of<br/>Covered Employee Payroll<br/>(h)/(i)=(j)</b> |
| 6/30/18                        | \$ 5,903,289                                    | 68.94%  |
| 6/30/19                        | 6,124,663                                       | 76.75%  |
| 6/30/20                        | 5,669,468                                       | 98.35%  |
| 6/30/21                        | 5,867,899                                       | 108.89%   |

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
(Determined as of the measurement date)  
For the year ended June 30, 2021

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Employer's<br>Proportion<br>of the Net<br>Pension<br>Liability | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(a) | State of<br>Montana's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(b) | Total<br>(a)+(b)=(c) | Employer's<br>Covered<br>Payroll<br>(d) | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Its Covered<br>Payroll<br>(a)/(d) | Plan<br>Fiduciary<br>Net Position<br>as a Per-<br>centage of<br>the Total<br>Pension<br>Liability |
|------------------------|--|--|---|----------------------|---|--|---|
| 2014                   | 0.139359%  | \$ 1,736,425   | \$ 81,172   | \$ 1,817,597         | \$ 1,632,445                            | 111.22%  | 79.87%  |
| 2015                   | 0.138464%  | 1,935,544  | 90,951  | 2,026,495            | 1,670,709                               | 115.85%  | 78.40%  |
| 2016                   | 0.141463%  | 2,409,599  | 112,614   | 2,522,214            | 1,751,664                               | 137.56%  | 74.71%  |
| 2017                   | 0.135932%  | 2,647,456  | 121,958   | 2,769,414            | 1,742,460                               | 151.94%  | 73.75%  |
| 2018                   | 0.101152%  | 2,111,191  | 777,302   | 2,888,492            | 1,718,275                               | 122.87%  | 73.47%  |
| 2019                   | 0.099006%  | 2,069,528  | 738,330   | 2,807,857            | 1,686,719                               | 122.70%  | 73.85%  |
| 2020                   | 0.095447%  | 2,518,106  | 872,315   | 3,390,421            | 1,656,550                               | 152.01%  | 68.90%  |

**TEACHERS RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Employer's<br>Proportion<br>of the Net<br>Pension<br>Liability | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(a) | State of<br>Montana's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated<br>with the<br>Employer<br>(b) | Total<br>(a)+(b)=(c) | Employer's<br>Covered<br>Payroll<br>(d) | Employer's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Its Covered<br>Payroll<br>(a)/(d) | Plan<br>Fiduciary<br>Net Position<br>as a Per-<br>centage of<br>the Total<br>Pension<br>Liability |
|------------------------|--|--|---|----------------------|---|--|---|
| 2014                   | 0.4362%  | \$ 6,712,796   | \$ 4,599,979  | \$ 11,312,755        | \$ 5,501,106                            | 122.03%  | 70.36%  |
| 2015                   | 0.4441%  | 7,296,596  | 4,891,615   | 12,188,211           | 5,537,456                               | 131.77%  | 69.30%  |
| 2016                   | 0.4424%  | 8,081,164  | 5,267,725   | 13,348,889           | 5,651,304                               | 143.00%  | 66.69%  |
| 2017                   | 0.4434%  | 7,476,217  | 4,745,760   | 12,221,977           | 5,848,407                               | 127.83%  | 70.09%  |
| 2018                   | 0.4363%  | 8,099,052  | 5,034,660   | 13,133,712           | 5,828,310                               | 138.96%  | 69.09%  |
| 2019                   | 0.4311%  | 8,312,421  | 5,033,409   | 13,345,830           | 5,851,796                               | 142.05%  | 68.64%  |
| 2020                   | 0.4321%  | 9,718,822  | 5,746,200   | 15,465,022           | 5,946,911                               | 163.43%  | 64.95%  |

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.



LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS  
(Determined as of the reporting date)  
For the year ended June 30, 2021

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Contractually<br>Required<br>Contributions<br>(a) | Plan Choice<br>Rate Required<br>Contribution<br>(b) | Contributions<br>in Relation to<br>Contractually<br>Required<br>Contributions<br>(c) | Contribution<br>Deficiency<br>(Excess)<br>(a)+(b)-<br>(c)=(d) | Employer's<br>Covered<br>Payroll<br>(e) | Contributions as<br>a Percentage of<br>Covered<br>Payroll<br>((a)+(b))/(e) |
|------------------------|---|---|--|---|---|--|
| 2015                   | \$ 133,157  | \$ 478  | \$ 133,635   | \$ 0  | \$ 1,670,709                            | 8.00%  |
| 2016                   | 141,634   | 295   | 141,929  | 0   | 1,751,664                               | 8.10%  |
| 2017                   | 141,142   | 0   | 141,142  | 0   | 1,742,460                               | 8.10%  |
| 2018                   | 140,899   | 0   | 140,899  | 0   | 1,718,275                               | 8.20%  |
| 2019                   | 140,499   | 0   | 140,499  | 0   | 1,686,719                               | 8.33%  |
| 2020                   | 140,308   | 0   | 140,308  | 0   | 1,656,550                               | 8.47%  |
| 2021                   | 137,767   | 0   | 137,767  | 0   | 1,620,783                               | 8.50%  |

**TEACHERS RETIREMENT SYSTEM**

| Year Ended<br>June 30: | Contractually<br>Required<br>Contributions<br>(a) | Contributions<br>in Relation to<br>Contractually<br>Required<br>Contributions<br>(b) | Contribution<br>Deficiency<br>(Excess)<br>(a)-(b)=(c) | Employer's<br>Covered<br>Payroll<br>(d) | Contributions<br>as a Percentage<br>of Covered<br>Payroll<br>(a)/(d) |
|------------------------|---|--|---|---|--|
| 2015                   | \$ 520,550  | \$ 520,550   | \$ 0  | \$ 5,537,456                            | 9.40%  |
| 2016                   | 601,312   | 601,312  | 0   | 5,651,304                               | 10.64%   |
| 2017                   | 592,541   | 592,541  | 0   | 5,848,407                               | 10.13%   |
| 2018                   | 553,234   | 553,234  | 0   | 5,828,310                               | 9.49%  |
| 2019                   | 553,772   | 553,772  | 0   | 5,851,796                               | 9.46%  |
| 2020                   | 604,525   | 604,525  | 0   | 5,946,911                               | 10.17%   |
| 2021                   | 594,700   | 594,700  | 0   | 6,066,716                               | 9.80%  |

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS  
(As of Measurement Date)  
For the year ended June 30, 2021

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**NOTE 1. PUBLIC EMPLOYEE RETIREMENT SYSTEM**

**1. a. CHANGES OF BENEFIT TERMS**

The following changes to the Public Employee Retirement System (PERS) 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.

**Changes in Actuarial Assumptions and Methods**

**Method and assumptions used in calculations of actuarially determined contributions**

The following Actuarial Assumptions were adopted from the June 2019 Experience Study:

|                               |  |
|-------------------------------|--|
| General Wage Growth*          | 3.50%  |
| Investment Rate of Return*    | 7.65%  |
| *Includes inflation at        | 2.75%  |
| Merit salary increase         | 0.00% 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 |

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS (continued)  
(As of Measurement Date)  
For the year ended June 30, 2021

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|                               |  |
|-------------------------------|--|
| Mortality (Disabled members)  | For Males and Females: RP 2000 Combined Mortality Table, with no projections |
| Admin Expense as % of Payroll | 0.30%  |

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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.

NOTE 2. TEACHERS' RETIREMENT SYSTEM

2. a. CHANGES OF BENEFIT TERMS

The following changes to the Teachers' Retirement System (TRS) plan provisions were made as identified:

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

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

- (1) **Final Average Compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- (2) **Service Retirement:** Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- (3) **Early Retirement:** Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- (4) **Professional Retirement Option:** if the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
- (5) **Annual Contribution:** 8.15% of member's earned compensation
- (6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
  - 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.

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%.

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS (continued)  
(As of Measurement Date)  
For the year ended June 30, 2021

- 
- The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
  - Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
  - Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

**Changes in actuarial assumptions and other inputs:**

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

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

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

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

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

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

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

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

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

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

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS (continued)  
(As of Measurement Date)  
For the year ended June 30, 2021

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
  - For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
  - For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members was updated to the following:
  - For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
  - For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Method and assumptions used in calculations of actuarially determined contributions:

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



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

|  | General (Elem.)    |                  |                   | Flexibility (Elem.) |                  |                   |
|--|--------------------|------------------|-------------------|---------------------|------------------|-------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual            | Original<br>Budget  | Final<br>Budget  | Actual            |
| REVENUES:  |                    |                  |                   |                     |                  |                   |
| District Levies                                      | \$ 1,895,054       | \$ 1,895,054     | \$ 1,897,636      | \$ -                | \$ -             | \$ -              |
| Interest   | 12,146             | 12,146           | 4,980             | -                   | -                | 1,177             |
| Other  | -                  | -                | -                 | -                   | -                | 20                |
| State  | 4,836,784          | 4,836,784        | 4,836,784         | -                   | -                | -                 |
| Total Revenues                                       | <u>6,743,984</u>   | <u>6,743,984</u> | <u>6,739,400</u>  | <u>-</u>            | <u>-</u>         | <u>1,197</u>      |
| EXPENDITURES:  |                    |                  |                   |                     |                  |                   |
| Current:   |                    |                  |                   |                     |                  |                   |
| Instructional Services                               |                    |                  | 4,036,460         |                     |                  | 7,887             |
| Support Services - Students                          |                    |                  | 170,098           |                     |                  | 250               |
| Support Services - Instructional                     |                    |                  | 153,098           |                     |                  | -                 |
| General Administrative Services                      |                    |                  | 1,077,420         |                     |                  | 1,002             |
| Operation and Maintenance Services                   |                    |                  | 802,895           |                     |                  | 1,019             |
| Transportation Services                              |                    |                  | 5,274             |                     |                  | -                 |
| School Food Services                                 |                    |                  | 129,752           |                     |                  | 1,274             |
| Extracurricular                                      |                    |                  | 70,528            |                     |                  | -                 |
| Capital Outlay                                       |                    |                  | 17,623            |                     |                  | -                 |
| Intergovernmental                                    |                    |                  | 59,755            |                     |                  | -                 |
| Total Expenditures                                   | <u>6,743,984</u>   | <u>6,743,984</u> | <u>6,522,903</u>  | <u>113,019</u>      | <u>113,019</u>   | <u>11,432</u>     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>-</u>           | <u>-</u>         | <u>216,497</u>    | <u>(113,019)</u>    | <u>(113,019)</u> | <u>(10,235)</u>   |
| OTHER FINANCING SOURCES (USES):                      |                    |                  |                   |                     |                  |                   |
| Fund Transfers (Out)                                 |                    |                  | (116,866)         |                     |                  | -                 |
| Total Other Financial Sources (Uses)                 | <u>-</u>           | <u>-</u>         | <u>(116,866)</u>  | <u>-</u>            | <u>-</u>         | <u>-</u>          |
| Net Change in Fund Balance                           | -                  | -                | 99,631            | (113,019)           | (113,019)        | (10,235)          |
| FUND BALANCE:  |                    |                  |                   |                     |                  |                   |
| Beginning of the Year                                |                    |                  | 534,394           |                     |                  | 113,019           |
| End of the Year                                      |                    |                  | <u>\$ 634,025</u> |                     |                  | <u>\$ 102,784</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Budget and Actual  
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

|  | General (HS)       |                  |                   | Flexibility (HS)   |                  |                   |
|--|--------------------|------------------|-------------------|--------------------|------------------|-------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual            | Original<br>Budget | Final<br>Budget  | Actual            |
| REVENUES:  |                    |                  |                   |                    |                  |                   |
| District Levies                                      | \$ 1,080,110       | \$ 1,080,110     | \$ 1,081,849      | \$ -               | \$ -             | \$ -              |
| Interest   | 5,393              | 5,393            | 2,472             | -                  | -                | 1,357             |
| Other  | 25                 | 25               | -                 | -                  | -                | 9                 |
| State  | 2,184,660          | 2,184,660        | 2,184,660         | -                  | -                | -                 |
| Total Revenues                                       | <u>3,270,188</u>   | <u>3,270,188</u> | <u>3,268,981</u>  | <u>-</u>           | <u>-</u>         | <u>1,366</u>      |
| EXPENDITURES:  |                    |                  |                   |                    |                  |                   |
| Current:   |                    |                  |                   |                    |                  |                   |
| Instructional Services                               |                    |                  | 1,472,647         |                    |                  | 1,377             |
| Support Services - Students                          |                    |                  | 90,661            |                    |                  | -                 |
| Support Services - Instructional                     |                    |                  | 102,324           |                    |                  | -                 |
| General Administrative Services                      |                    |                  | 631,684           |                    |                  | 2,754             |
| Operation and Maintenance Services                   |                    |                  | 545,923           |                    |                  | 2,038             |
| Transportation Services                              |                    |                  | 22,437            |                    |                  | 2,421             |
| School Food Services                                 |                    |                  | 23,019            |                    |                  | 2,548             |
| Extracurricular                                      |                    |                  | 169,422           |                    |                  | -                 |
| Capital Outlay                                       |                    |                  | -                 |                    |                  | -                 |
| Intergovernmental                                    |                    |                  | 13,327            |                    |                  | -                 |
| Total Expenditures                                   | <u>3,270,188</u>   | <u>3,270,188</u> | <u>3,071,444</u>  | <u>172,787</u>     | <u>172,787</u>   | <u>11,138</u>     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>-</u>           | <u>-</u>         | <u>197,537</u>    | <u>(172,787)</u>   | <u>(172,787)</u> | <u>(9,772)</u>    |
| OTHER FINANCING SOURCES (USES):                      |                    |                  |                   |                    |                  |                   |
| Fund Transfers (Out)                                 |                    |                  | (198,743)         |                    |                  | -                 |
| Total Other Financial Sources (Uses)                 | <u>-</u>           | <u>-</u>         | <u>(198,743)</u>  | <u>-</u>           | <u>-</u>         | <u>-</u>          |
| Net Change in Fund Balance                           | -                  | -                | (1,206)           | (172,787)          | (172,787)        | (9,772)           |
| FUND BALANCE:  |                    |                  |                   |                    |                  |                   |
| Beginning of the Year                                |                    |                  | 304,497           |                    |                  | 172,787           |
| End of the Year                                      |                    |                  | <u>\$ 303,291</u> |                    |                  | <u>\$ 163,015</u> |

The accompanying NOTES TO THE FINANCIAL STATEMENTS are an integral part of these statements.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the year ended June 30, 2021

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NOTE 1. BUDGETS

Budgets are adopted in accordance with Montana budget laws which are consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the following:

- General fund
- Budgeted special revenue funds
  - Transportation
  - Bus Depreciation
  - Tuition
  - Retirement
  - Adult Education
  - Technology
  - Flexibility
- Debt Service funds
- Budgeted capital project funds
  - Building Reserve

All annual appropriations lapse at fiscal year-end, unless the School District elects to encumber supplies and personal property ordered but not received at year end.

1. a. GENERAL BUDGET POLICIES

The School District's funds are either budgeted or non-budgeted in accordance with Montana statutes. Budgeted funds are those for which a legal budget must be adopted to have expenditures as noted above. All other funds are non-budgeted, meaning a legal budget is not required in order to have expenditures. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual has been prepared on the modified accrual basis of accounting and contains financial information for only the major general and special revenue fund budgeted funds. The Building Reserve fund is a major fund but is not included because it is not a special revenue fund. The School Food and Interlocal Agreement funds are not included because they are non-budgeted funds.

1. b. BUDGET OPERATIONS

The School District operates within the budget requirements for School Districts as specified by Montana law. The financial report reflects the following budgetary standards:

- By the second Monday in July, the Fergus County Assessor transmits a statement of the assessed valuation and taxable valuation of all property in the School District's borders.
- Before the fourth Monday in July, the Fergus County Superintendent estimates the revenue required for each fund.
- Before the fourth Monday in August, the Board of Trustees (Board) must meet to legally adopt the final budget. The final budget for the General fund is fund total only.
- Once adopted, the budget can be amended by subsequent Board action. An increase of the total budget of a given fund requires the adoption of an amended budget in accordance with Montana statutes. Montana statutes prohibit the expenditures of a budgeted fund to exceed the adopted budget.

NOTE 2. BUDGET AMENDMENT

The original budgets were not amended so the original budget and the final budget are the same.

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (continued)  
For the year ended June 30, 2021

**NOTE 3. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SUB-FUNDS OF THE GENERAL FUND**

|   | Sub-funds         |                     |                                 |                   |                   |                              | Total General Fund  |
|---|-------------------|---------------------|---------------------------------|-------------------|-------------------|------------------------------|---------------------|
|   | General (Elem.)   | Flexibility (Elem.) | Metal Mines Tax Reserve (Elem.) | General (HS)      | Flexibility (HS)  | Metal Mines Tax Reserve (HS) |                     |
| REVENUES:   |                   |                     |                                 |                   |                   |                              |                     |
| District Levies                                   | \$ 1,897,636      | \$ -                | \$ -                            | \$ 1,081,849      | \$ -              | \$ -                         | \$ 2,979,485        |
| Interest  | 4,980             | 1,177               | 1,027                           | 2,472             | 1,357             | 1,431                        | 12,444              |
| Other   | -                 | 20                  | -                               | -                 | 9                 | -                            | 29                  |
| State   | 4,836,784         | -                   | -                               | 2,184,660         | -                 | -                            | 7,021,444           |
| Total Revenues                                    | 6,739,400         | 1,197               | 1,027                           | 3,268,981         | 1,366             | 1,431                        | 10,013,402          |
| EXPENDITURES:                                     |                   |                     |                                 |                   |                   |                              |                     |
| Current:  |                   |                     |                                 |                   |                   |                              |                     |
| Instructional Services                            | 4,036,460         | 7,887               | -                               | 1,472,647         | 1,377             | -                            | 5,518,371           |
| Support Services - Students                       | 170,098           | 250                 | -                               | 90,661            | -                 | -                            | 261,009             |
| Support Services - Instructional                  | 153,098           | -                   | -                               | 102,324           | -                 | -                            | 255,422             |
| General Administrative Services                   | 1,077,420         | 1,002               | -                               | 631,684           | 2,754             | -                            | 1,712,860           |
| Operation and Maintenance Services                | 802,895           | 1,019               | -                               | 545,923           | 2,038             | -                            | 1,351,875           |
| Transportation Services                           | 5,274             | -                   | -                               | 22,437            | 2,421             | -                            | 30,132              |
| School Food Services                              | 129,752           | 1,274               | -                               | 23,019            | 2,548             | -                            | 156,593             |
| Extracurricular                                   | 70,528            | -                   | -                               | 169,422           | -                 | -                            | 239,950             |
| Capital Outlay                                    | 17,623            | -                   | -                               | -                 | -                 | -                            | 17,623              |
| Intergovernmental                                 | 59,755            | -                   | -                               | 13,327            | -                 | -                            | 73,082              |
| Total Expenditures                                | 6,522,903         | 11,432              | -                               | 3,071,444         | 11,138            | -                            | 9,616,917           |
| Excess (Deficiency) of Revenues Over Expenditures | 216,497           | (10,235)            | 1,027                           | 197,537           | (9,772)           | 1,431                        | 396,485             |
| OTHER FINANCING SOURCES (USES):                   |                   |                     |                                 |                   |                   |                              |                     |
| Fund Transfers (Out)                              | (116,866)         | -                   | -                               | (198,743)         | -                 | -                            | (315,609)           |
| Total Other Financial Sources (Uses)              | (116,866)         | -                   | -                               | (198,743)         | -                 | -                            | (315,609)           |
| Net Change in Fund Balance                        | 99,631            | (10,235)            | 1,027                           | (1,206)           | (9,772)           | 1,431                        | 80,876              |
| FUND BALANCE:                                     |                   |                     |                                 |                   |                   |                              |                     |
| Beginning of the Year                             | 534,394           | 113,019             | 96,089                          | 304,497           | 172,787           | 178,290                      | 1,399,076           |
| End of the Year (GAAP)                            | 634,025           | 102,784             | 97,116                          | 303,291           | 163,015           | 179,721                      | <u>\$ 1,479,952</u> |
| Less Current Year Encumbrances                    | -                 | -                   | -                               | -                 | -                 | -                            | -                   |
| End of the Year - Budget Basis                    | <u>\$ 634,025</u> | <u>\$ 102,784</u>   | <u>\$ 97,116</u>                | <u>\$ 303,291</u> | <u>\$ 163,015</u> | <u>\$ 179,721</u>            |                     |

In the General sub-funds combining schedule above, the elementary and high school General funds, elementary and high school Metal Mines Tax Reserve funds, and elementary and high school Flexibility funds are added together to get to the aggregate General fund shown as a major fund on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds. The elementary and high school Flexibility funds and elementary and high school Metal Mines Tax Reserve funds are maintained as separate funds for accounting purposes. However, for external financial reporting purposes, they are added to the General fund because they, like the General fund, have unassigned fund balance(s).

On the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, all budgeted major governmental funds display budgeted information for the General and major special revenue funds of the School District. The above General sub-funds display budget and actual information, except for the elementary and high school Metal Mines Tax Reserve funds which are non-budgeted special revenue funds.

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES  
STUDENT ACTIVITY FUNDS  
For the year ended June 30, 2021

| High School Activity              | Beginning<br>Balance<br>7/1/2020 | Revenues       | Expenses       | Transfers | Ending<br>Balance<br>6/30/2021 |
|-----------------------------------|----------------------------------|----------------|----------------|-----------|--------------------------------|
| ANNUAL                            | \$ 1,591                         | \$ 2,750       | \$ 1,538       | \$ -      | \$ 2,803                       |
| AP TESTING                        | 4,138                            | 4,762          | 3,777          | -         | 5,123                          |
| BAND                              | -                                | 15             | -              | -         | 15                             |
| BPA                               | 3,120                            | 1              | 15             | -         | 3,106                          |
| CT MT MENTORS                     | 221                              | -              | -              | -         | 221                            |
| CHEERLEADERS                      | 6,095                            | 20             | 680            | -         | 5,435                          |
| NHS/CLAWS                         | 156                              | 509            | 665            | -         | -                              |
| CONCESSIONS                       | 7,295                            | -              | 1,927          | -         | 5,368                          |
| EAGLE RENAISSANCE                 | 3,299                            | -              | 354            | -         | 2,945                          |
| FCLUB                             | 1,706                            | 1              | -              | -         | 1,707                          |
| FFA                               | 10,564                           | 10,345         | 7,524          | -         | 13,385                         |
| FCCLA                             | 3,860                            | 2,085          | 1,869          | -         | 4,076                          |
| OUTDOOR CLUB                      | 1,038                            | -              | -              | -         | 1,038                          |
| SPANISH CLUB                      | 1,970                            | 20             | -              | -         | 1,990                          |
| HOW CLUB                          | 143                              | -              | -              | -         | 143                            |
| VICA/SKILLS USA                   | 436                              | -              | -              | -         | 436                            |
| KEY CLUB                          | 3,415                            | 575            | 1,131          | -         | 2,859                          |
| ART CLUB                          | 2,225                            | -              | -              | -         | 2,225                          |
| SCIENCE CLUB                      | 1,995                            | -              | 352            | -         | 1,643                          |
| SKI CLUB                          | 3,356                            | 2,400          | 2,408          | -         | 3,348                          |
| STUDENT COUNCIL                   | 4,452                            | 3,733          | 4,738          | -         | 3,447                          |
| DRAMA CLUB                        | 1,081                            | -              | -              | -         | 1,081                          |
| TROPHY                            | 2,237                            | -              | -              | -         | 2,237                          |
| VOCAL MUSIC                       | 161                              | -              | -              | -         | 161                            |
| DIST. 8 MUSIC FESTIVAL            | 3,324                            | 1              | -              | -         | 3,325                          |
| WEIGHT CLUB                       | 205                              | -              | -              | -         | 205                            |
| AP GOVT                           | 746                              | -              | -              | -         | 746                            |
| CAREER FAIR                       | 2,002                            | -              | -              | -         | 2,002                          |
| EAGLE WEAR                        | 2,526                            | -              | -              | -         | 2,526                          |
| MODEL UN                          | 35                               | -              | -              | -         | 35                             |
| LEADERSHIP                        | 258                              | -              | -              | -         | 258                            |
| ASTRONOMY CLUB                    | 236                              | -              | -              | -         | 236                            |
| GAY-STRAIGHT ALLIANCE             | 97                               | -              | -              | -         | 97                             |
| CLASS OF 2020                     | 2,598                            | -              | 2,598          | -         | -                              |
| CLASS OF 2021                     | 4,721                            | 1,249          | 4,332          | -         | 1,638                          |
| CLASS OF 2022                     | 414                              | 11,099         | 10,255         | -         | 1,258                          |
| CLASS OF 2023                     | 122                              | -              | -              | -         | 122                            |
| CLASS OF 2024                     | -                                | 115            | -              | -         | 115                            |
| CLASS OF 2025                     | -                                | 353            | -              | -         | 353                            |
| SCHOOL SPONSORED EXTRACURRICULAR  | 18,568                           | 101,073        | 119,641        | -         | -                              |
| GIRLS SOFTBALL/BOYS CROSS COUNTRY | 31,938                           | 21,264         | 29,650         | -         | 23,552                         |
| <b>Subtotal</b>                   | <b>132,344</b>                   | <b>162,370</b> | <b>193,454</b> | <b>-</b>  | <b>101,260</b>                 |



LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES  
STUDENT ACTIVITY FUNDS (continued)  
For the year-ended June 30, 2021

| Junior High Activity     | Beginning<br>Balance<br>7/1/2020 | Revenues          | Expenses          | Transfers   | Ending<br>Balance<br>6/30/2021 |
|--------------------------|----------------------------------|-------------------|-------------------|-------------|--------------------------------|
| GENERAL ACTIVITIES       | 64,648                           | 10,046            | 9,461             | -           | 65,233                         |
| LC SERVICE COUNCIL       | 1,232                            | 63                | -                 | -           | 1,295                          |
| BUILDERS CLUB            | 148                              | -                 | 49                | -           | 99                             |
| CHEERLEADERS             | 303                              | 2,990             | 3,293             | -           | -                              |
| CONSUMER TECH            | 744                              | 929               | 1,000             | -           | 673                            |
| FACS                     | 659                              | 1,291             | 1,114             | -           | 836                            |
| BC, SC STORE             | 1,685                            | 2,457             | 3,890             | -           | 252                            |
| MUSIC                    | 310                              | -                 | -                 | -           | 310                            |
| PHOTO CLUB               | 3,091                            | 3,049             | 2,538             | -           | 3,602                          |
| SERVICE LEARNING         | 386                              | -                 | -                 | -           | 386                            |
| SKI CLUB                 | 820                              | 6,466             | 4,516             | -           | 2,770                          |
| STUDENT COUNCIL          | 482                              | 187               | 155               | -           | 514                            |
| NEWS                     | 170                              | -                 | -                 | -           | 170                            |
| GIS CLUB                 | 1,313                            | 316               | 199               | -           | 1,430                          |
| COMPUTER SERV LEARNING   | 129                              | -                 | -                 | -           | 129                            |
| FIELD TRIP/SKI DAY       | 858                              | -                 | -                 | -           | 858                            |
| ROBOTICS CLUB            | 439                              | -                 | -                 | -           | 439                            |
| SCIENCE OLYMPIAD         | 157                              | -                 | -                 | -           | 157                            |
| EXPEDITION YELLOWSTONE   | 4,312                            | -                 | -                 | -           | 4,312                          |
| UNRECONCILED DIFFERENCES | -                                | (630)             | -                 | -           | (630)                          |
| <b>Subtotal</b>          | <u>81,886</u>                    | <u>27,164</u>     | <u>26,215</u>     | <u>-</u>    | <u>82,835</u>                  |
| <b>Total</b>             | <u>\$ 214,230</u>                | <u>\$ 189,534</u> | <u>\$ 219,669</u> | <u>\$ -</u> | <u>\$ 184,095</u>              |

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF REPORTED ENROLLMENT  
For the year ended June 30, 2021

| Fall Enrollment – October 2020    |                    |            |          |                    |           |           |           |          |          |
|-----------------------------------|--------------------|------------|----------|--------------------|-----------|-----------|-----------|----------|----------|
|                                   | Full-time Students |            |          | Part-time Students |           |           |           |          |          |
|                                   | Reported           | Audited    | Variance | Less Than          |           |           |           | Audited  | Variance |
|                                   |                    |            |          | 181 hours          | 359 hours | 539 hours | 719 hours |          |          |
| <u>Elementary</u>                 |                    |            |          |                    |           |           |           |          |          |
| Kindergarten Full                 | 108                | 108        | 0        | 0                  | 0         | 1         | 0         | 1        | 0        |
| Grade 1 - 6                       | 544                | 544        | 0        | 0                  | 0         | 0         | 3         | 3        | 0        |
| Grade 7 - 8                       | <u>165</u>         | <u>165</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u> | <u>0</u> |
| Total                             | <u>817</u>         | <u>817</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>1</u>  | <u>3</u>  | <u>4</u> | <u>0</u> |
| <u>High School</u>                |                    |            |          |                    |           |           |           |          |          |
| Grade 9 - 12                      | <u>332</u>         | <u>332</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>0</u>  | <u>1</u>  | <u>1</u> | <u>0</u> |
| 19-year old                       | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Youth Challenge                   | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Job Corps                         | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Early Graduates                   | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Spring Enrollment – February 2021 |                    |            |          |                    |           |           |           |          |          |
|                                   | Full-time Students |            |          | Part-time Students |           |           |           |          |          |
|                                   | Reported           | Audited    | Variance | Less Than          |           |           |           | Audited  | Variance |
|                                   |                    |            |          | 181 hours          | 359 hours | 539 hours | 719 hours |          |          |
| <u>Elementary</u>                 |                    |            |          |                    |           |           |           |          |          |
| Kindergarten Full                 | 110                | 110        | 0        | 0                  | 0         | 0         | 0         | 0        | 0        |
| Grade 1 - 6                       | 556                | 556        | 0        | 0                  | 0         | 0         | 1         | 1        | 0        |
| Grade 7 - 8                       | <u>167</u>         | <u>167</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>0</u>  | <u>1</u>  | <u>1</u> | <u>0</u> |
| Total                             | <u>833</u>         | <u>833</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>0</u>  | <u>2</u>  | <u>2</u> | <u>0</u> |
| <u>High School</u>                |                    |            |          |                    |           |           |           |          |          |
| Grade 9 - 12                      | <u>329</u>         | <u>329</u> | <u>0</u> | <u>0</u>           | <u>0</u>  | <u>0</u>  | <u>0</u>  | <u>0</u> | <u>0</u> |
| 19-year old                       | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Youth Challenge                   | 1                  | 1          | 0        |                    |           |           |           |          |          |
| Job Corps                         | 0                  | 0          | 0        |                    |           |           |           |          |          |
| Early Graduates                   | 0                  | 0          | 0        |                    |           |           |           |          |          |

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2021

| Federal Grantor/ Pass-Through<br>Grantor/ Program or Cluster Title                     | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Amount<br>Passed to<br>Subrecipients | Federal<br>Expenditures |
|--|---------------------------|-------------------------------------|--------------------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE<br>PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION: |                           |                                     |                                      |                         |
| National School Lunch Program (Donated Food) (fn2)                                     | 10.555                    | N/A                                 | \$ -                                 | \$ 29,202               |
| National School Lunch Program (fn1)  | 10.555                    | N/A                                 | -                                    | 32,480                  |
| Summer Food Service Program for Children   | 10.559                    | N/A                                 | -                                    | 490,820                 |
| Total Child Nutrition Cluster  |                           |                                     | -                                    | 552,502                 |
| Total U.S. Department of Agriculture   |                           |                                     | \$ -                                 | \$ 552,502              |
| U.S. DEPARTMENT OF TREASURY<br>PASSED THROUGH MONTANA GOVERNORS OFFICE:                |                           |                                     |                                      |                         |
| CARES-Governor's Coronavirus Relief Fund   | 21.019                    | N/A                                 | -                                    | \$ 511,063              |
| CARES-Governor's Coronavirus Relief Fund Transportation                                | 21.019                    | N/A                                 | -                                    | \$ 10,000               |
| Total U.S. Department of Treasury  |                           |                                     | \$ -                                 | \$ 521,063              |
| U.S. DEPARTMENT OF EDUCATION<br>DIRECT:  |                           |                                     |                                      |                         |
| Title V, Part B, Subpart 1, Small Rural Schools Achievement                            | 84.358                    | S358A202189                         | -                                    | 11,642                  |
| PASSED THROUGH CENTRAL MONTANA LEARNING RESOURCE CENTER COOPERATIVE:                   |                           |                                     |                                      |                         |
| Special Education Grants to States   | 84.027                    | 14-9691-56-12-259a                  | -                                    | 58,500                  |
| PASSED THROUGH MONTANA DEPARTMENT OF HEALTH AND HUMAN SERVICES:                        |                           |                                     |                                      |                         |
| Special Education Grants to States   | 84.126                    | 19-01-175-0034                      | -                                    | 27,300                  |
| PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:                                   |                           |                                     |                                      |                         |
| Title I Grants to Local Education Agencies<br>- Part A, Improving Basic Programs       | 84.010                    | 14-0258-32-2021                     | -                                    | 419,522                 |
| CARES-ESSER I State School Emergency Relief Funds                                      | 84.425                    | 14-0258-92-2020                     | -                                    | 256,986                 |
| CARES-ESSER II State School Emergency Relief Funds                                     | 84.425                    | 14-0258-92-2021                     | -                                    | 148,354                 |
| CARES-ESSER III State School Emergency Relief Funds                                    | 84.425                    | 14-0258-93-2021                     | -                                    | 16,042                  |
| Subtotal CARES   |                           |                                     | -                                    | 421,382                 |
| Carl Perkins   | 84.048                    | 14-0259-81-2021                     | -                                    | 23,257                  |
| Total U.S. Department of Education   |                           |                                     | \$ -                                 | \$ 961,603              |
| <b>Total Federal Financial Assistance</b>  |                           |                                     | \$ -                                 | \$ 2,035,168            |

LEWISTOWN SCHOOL DISTRICT NO. 1

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2021

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NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Lewistown School District No. 1 (School District) under programs of the federal government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as used in the governmental financial statements. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The School District elected to use the indirect cost rate of .0405% allowed under the Uniform Guidance for the ESSER I and II grants.

NOTE 4. FOOTNOTES

Fn1 – No separate funds or accounts maintained; the School District assumes first in first out for program money.

Fn2 – The value of commodities (revenues, expenses or inventory) are not displayed in the basic financial statements.

N/A – Not applicable/available.

3203 3<sup>rd</sup> Ave N. Suite 208  
PO Box 1980  
Billings, MT 59103

Phone: 406-252-2765  
E-mail: [audit@stromcpa.net](mailto:audit@stromcpa.net)

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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*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Lewistown School District No. 1  
Fergus County  
Lewistown, Montana 59457

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Lewistown School District No. 1 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lewistown School District No. 1's basic financial statements and have issued our report thereon dated December 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lewistown School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lewistown School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Lewistown School District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, which we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lewistown School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Lewistown School District No. 1's Response to Findings**

Lewistown School District No. 1's response to the findings identified in our audit is included in the accompanying Corrective Action Plan. The Lewistown School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



STROM & ASSOCIATES, PC  
Billings, Montana  
December 13, 2021



# STROM & ASSOCIATES, P.C.

*Certified Public Accountants*

3203 3<sup>rd</sup> Ave N. Suite 208  
PO Box 1980  
Billings, MT 59103

Phone: 406-252-2765  
E-mail: [audit@stromcpa.net](mailto:audit@stromcpa.net)

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
*Uniform Guidance*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Lewistown School District No. 1  
Fergus County  
Lewistown, Montana 59457

**Report on Compliance for Each Major Federal Program**

We have audited Lewistown School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lewistown School District No. 1's major federal programs for the year ended June 30, 2021. Lewistown School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lewistown School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lewistown School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lewistown School District No. 1's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Lewistown School District No. 1's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of Lewistown School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lewistown School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lewistown School District No. 1's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



STROM & ASSOCIATES, PC  
Billings, Montana  
December 13, 2021

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2021

---

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor, Strom & Associates, PC, has issued an unmodified opinion on Lewistown School District No. 1 (School District)'s financial statements as of and for the year ended June 30, 2021.
2. Our audit did not identify any material weaknesses relating to internal controls over financial reporting and its operation.
3. Our audit identified significant deficiencies in internal controls over financial reporting and its operation.
4. Our audit did not identify any noncompliance which was material to the financial statements.

Federal Awards

5. Our audit did not identify any material weaknesses relating to internal controls over federal programs.
6. Our audit did not identify any significant deficiencies in internal controls over federal programs.
7. The auditor, Strom & Associates, PC, has issued an unmodified opinion on the School District's compliance with major federal awards programs as of and for the year ended June 30, 2021.
8. The audit disclosed no audit findings which are required to be reported under section 200.516 of Uniform Guidance.
9. The major programs for the School District for the year ended June 30, 2021 were:

| <b>CFDA Number</b> | <b>Name of Federal Program or Cluster</b>  |
|--------------------|--|
| 21.019             | Coronavirus Aid, Relief, and Economic Security Act (CARES) - Governor's Coronavirus Relief Fund Transportation |
| 21.019             | CARES - Governor's Coronavirus Relief Fund   |

10. The threshold used to distinguish between Type A and Type B programs was \$750,000. The no Type A programs.
11. The School District qualifies as a low risk audit client.

LEWISTOWN SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
For the year ended June 30, 2021

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B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED  
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

**Prior year findings/status**

There were no findings or recommendations in the prior audit period.

**Current year findings**

| <b>2021-001</b> | <b>Obtaining Bids for Major Expenditures</b>   |
|-----------------|--|
| Criteria:       | MCA 20-9-204(3) and MCA 18-1-102 indicate that purchases in excess of \$80,000 should be made by contract to the lowest responsible bidder after bids were advertised. |
| Condition:      | The School District made one purchase exceeding the \$80,000 threshold for which bids were not obtained.   |
| Effect:         | The School District was not in compliance with MCA 20-9-204(3) and MCA 18-1-102.   |
| Context:        | The School District purchased air filtration systems for school buildings which amounted to \$99,430.  |
| Cause:          | The School District was not aware that this applied to purchases other than buildings.   |
| Recommendation: | We recommend that the District advertise for bids for items in excess of \$80,000 per state code.  |

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The audit disclosed no findings or questioned costs relating to federal awards as defined in section 200.516 of Uniform Guidance in the prior audit report or for the fiscal year ended June 30, 2021.



LEWISTOWN SCHOOL DISTRICT NO. 1

CORRECTIVE ACTION PLAN  
For the year ended June 30, 2021



**LEWISTOWN PUBLIC SCHOOLS**

SCHOOL DISTRICT NUMBER ONE  
215 7TH AVENUE SOUTH • LEWISTOWN, MONTANA 59457  
PHONE: (406) 535-8777 • FAX: (406) 535-7292

November 10, 2021

STROM & ASSOCIATES, PC  
3203 3rd Ave N Suite 208  
Billings, Montana 59101

Mr. Strom,

Below is my response to the audit finding for Fiscal Year 2020-2021.

FINDING NUMBER 1:


| 2021-001          | Obtaining Bids for Major Expenditures  |
|-------------------|--|
| Criteria:         | MCA 20-9-204(3) and MCA 18-1-102 indicate that purchases in excess of \$80,000 should be made by contract to the lowest responsible bidder after bids were advertised. |
| Condition:        | The School District made one purchase exceeding the \$80,000 threshold for which bids were not obtained.   |
| Effect:           | The School District was not in compliance with MCA 20-9-204(3) and MCA 18-1-102.   |
| Context:          | The School District purchased air filtration systems for school buildings which amounted to \$99,430.  |
| Cause:            | The School District was not aware that this applied to purchases other than buildings.   |
| Recommendation:   | We recommend that the District advertise for bids for items in excess of \$80,000 per state code.  |
| Auditee Response: | Views of responsible officials and planned corrective actions: (Include contact persons' title of who will correct and probable timeframe)                             |

DISTRICT RESOLUTION: It is the normal practice of the district to obtain bids for purchases over \$80,000 under MCA 20-9-204(3) and MCA 18-1-102. Due to the limited timeframe of spending all Coronavirus Relief Funds by December 30, 2021, the District was unable to obtain bids. In addition, the air filtration systems were under the \$80,000 when separated by High School and Elementary LEA's. Knowing that this is viewed as one project, the District will immediately follow the practice of obtaining bids for similar projects in the future that exceed the \$80,000 threshold.

If you have any further questions, please do not hesitate to contact me at 406-535-8777 x1116.

Sincerely,

  
Rebekah Rhoades  
Business Manager

  
Thom Peck  
Superintendent

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

10

☐ Minutes/Claims    ☐ Board of Trustees    ☒ Superintendent's Report    ☐ Action - Consent  
☐ Action - Indiv.

**ITEM TITLE:** REPORT—ELECTION INFORMATION

**Requested By:** Superintendent    **Prepared By:** Rebekah Rhoades

**SUMMARY:**

Rebekah Rhoades, Business Manager/District Clerk, will report on the election calendar and procedures for 2022.

Attached are the Terms of Office Listing and the 2022 School Election Calendar.

**SUGGESTED ACTION:** Informational


☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

## SCHOOL ELECTION CALENDAR 2022

| Days From Election  | Deadlines  | Event<br>(Special Instances Identified in Green)  | MCA Citation   |
|---|--|---|--|
| No earlier than 145 days, or later than 40 days before                        | <b>Thursday, December 9 through Thursday, March 24</b> | <b>Trustee candidates file for election.</b> A Declaration of Intent and Oath of Candidacy must be filed with district clerk (regardless of who is running the election). <b>NO CANDIDATE MAY APPEAR ON THE BALLOT UNLESS THE CANDIDATE MEETS THIS DEADLINE.</b><br><br><i>Candidate should be registered to vote at the time the Oath is filed.</i>  | <a href="#">13-10-201</a><br><a href="#">20-3-305</a>  |
| At least 70 days before   | <b>Tuesday, February 22</b>                            | <b>Trustees call for an election.</b> The trustees must pass a resolution stating: 1) the date of the election; 2) the purpose of the election; 3) whether the election will be by mail or poll; 4) the voting locations and boundaries for each location, if there are multiple locations within a district (if changed from a previous school election the new locations must be specifically noted); and 5) the time the polls will open, if before noon. The trustees do NOT have to set levy amounts at this time; however, they must be set in time for the clerk to certify the ballot (not less than 30 days before the election). The resolution must be delivered to the county election administrator within 3 days of passage, but it need NOT be posted. The trustees must also appoint three election judges per precinct.<br><ul style="list-style-type: none"><li>• <b>Bond Elections</b> are subject to additional requirements (see <a href="#">20-9-422</a>, MCA).</li><li>• <b>Request for a mail ballot election</b> must be sent from trustees to the election administrator. Exception: Even if no request is received, the election administrator could decide to request a mail ballot election.</li></ul> | <a href="#">13-19-202</a><br><a href="#">13-19-203</a><br><a href="#">20-9-422</a><br><a href="#">20-20-201</a><br><a href="#">20-20-203</a> |
| At least 67 days before (within 3 days of passage of the election resolution) | <b>Friday, February 25</b>                             | <b>Last day to file resolutions for school election with county election administrator.</b> To assist with the provisions of late registration, include the name and best contact number for the district's election administrator with the resolution.   | <a href="#">20-20-201(2)(a)</a>  |
| At least 60 days before   | <b>Friday, March 4</b>                                 | <b>Election administrator sends mail ballot election plan/timetable/sample instructions</b> to the Secretary of State's Office so that it is received by this deadline (e.g., fax, mail, or e-mail to SOS office (not post marked)). One plan must be submitted for each election. As soon as the plan (and any amendments are approved), forward a copy of the mail ballot plan to the county election administrator. Link to instructions: <a href="#">Mail Ballot Plan Timetable and Instructions</a>  | <a href="#">13-19-205</a>  |
| 4 weeks preceding the close of regular registration                           | <b>Monday, March 7</b>                                 | <b>Notice of close of regular registration.</b> The county election administrator publishes the notice of close of regular registration for school districts at least 3 times in the 4 weeks preceding the close of regular registration. Contact the county election administrator to coordinate that publication.   | <a href="#">13-2-301</a>   |
| Not later than 5pm the day before ballot certification                        | <b>Thursday, March 31 (by 5 p.m.)</b>                  | <b>Last day trustee candidates may withdraw from the election.</b> Any candidate that has already filed for election, but wishes to withdraw their name, may do so by sending a statement of withdrawal to the election administrator.  | <a href="#">20-3-305(3)(a)</a>   |
| Not later than 5pm the day before ballot certification                        | <b>Thursday, March 31 (by 5 p.m.)</b>                  | <b>Deadline for write-in candidate for a trustee position on a school board to file Declaration of Intent</b> (must be filed with the district clerk, regardless of who is running the election).   | <a href="#">20-3-305(2)(b)</a>   |
| No later than the 30th day before   | <b>Friday, April 1</b>                                 | <b>Deadline to notify election judges of appointment.</b>   | <a href="#">13-4-101</a>   |

| Days From Election  | Deadlines   | Event<br>(Special Instances Identified in Green)   | MCA Citation   |
|---|---|--|--|
| Not less than 30 days before  | <b>Friday, April 1</b>                              | <b>Election administrator certifies ballot.</b> The election administrator prepares the final ballot form, listing all candidates and propositions to be voted upon. The ballot must then be delivered to the election administrator, if other than the clerk. <i>Trustees must pass a resolution stating exact levy amounts by this date for the clerk to certify the ballot.</i> This resolution must include the durational limit, if any, on the levy.   | <a href="#">20-20-401</a><br><a href="#">15-10-425</a> |
| Not less than 30 days before  | <b>Friday, April 1</b>                              | <b>Election by Acclamation and Cancellation of Election - Notice.</b> If the number of candidates filing a nomination petition or filing a declaration of intent to be a write-in candidate is equal to or less than the number of open trustee positions to be elected, the trustees may cancel the election. They must then give notice that a trustee election will not be held. The trustee election may not be declared by acclamation until all candidate filing deadlines have passed. <b>Send a copy to the county election administrator to aid with the provisions of late registration.</b><br><br><i>**A trustee election held in single-member or trustee nominating district is considered a separate trustee election for declaring the election by acclamation.</i>  | <a href="#">20-3-313</a>                               |
| 30 days before any election   | <b>Monday, April 4</b>                              | <b>Close of regular voter registration.</b> Registration forms postmarked by this date and received within 3 days are accepted for regular registration. Late registration must be completed at the county election office.  | <a href="#">13-2-301</a>                               |
| Not more than 30 days before  | <b>Monday, April 4</b>                              | <b>Contact your county election administrator</b> for the absentee ballot list.  | <a href="#">13-13-212</a><br><a href="#">20-20-312</a> |
| Day after Close of Regular Registration                                     | <b>Tuesday, April 5</b>                             | <b>Start of Late Registration.</b> Late voter registration starts and continues through noon on the day before the election. Late registration must be completed at the office of the county election administrator.   | <a href="#">13-2-304</a>                               |
| Not less than 10 days, or more than 40 days before                          | <b>Thursday March 24 Through Saturday, April 23</b> | <b>Notice of election is posted.</b> The election notice must be published in a newspaper of general circulation in the district, if available, posted in at least three public places in the district AND posted on the district's website for the 10 days prior to the election, if the district has an active website. Notice using any other recognized media may be used to supplement the posting. The notice must include: 1) the date and voting locations for the election; 2) voting location hours; 3) each proposition to be considered by the electorate; 4) the number of trustee positions, if any, subject to election and the length of the terms for those positions; 5) where and how absentee ballots may be obtained; and 6) where and how late registrants may obtain a ballot on election day. <ul style="list-style-type: none"><li>• If the polling place has changed from the previous school election, that change must be referred to in the notice.</li><li>• If more than one proposition will be considered in the same district, each proposition must be set apart and identified, or placed in separate notices.</li></ul> | <a href="#">20-20-204</a>                              |
| At least 20 days before   | <b>Wednesday, April 13</b>                          | <b>Absentee ballots available.</b> The election administrator prepares ballots for absentee voters. Remember to enclose four things in the absentee package. <ul style="list-style-type: none"><li>• The ballot (with stubs removed);</li><li>• Instructions for voting and returning the ballot;</li><li>• A secrecy envelope, free of marks that would identify the voter; and</li><li>• A self-addressed, return envelope with affirmation printed on the back.</li></ul>   | <a href="#">13-13-214</a><br><a href="#">20-20-401</a> |
| Not before the 20 <sup>th</sup> day nor later than the 15 <sup>th</sup> day | <b>Wednesday, April 13 through Monday, April 18</b> | <b>Mail ballots mailed.</b> If mail ballot election is used, all ballots must be mailed on the same day (the day noted in the district's mail ballot plan), except that if an inactive elector reactivates after the ballots are mailed, the elector should be provided with or mailed a ballot. If the elector reactivates after noon on the day before election day, the elector must come in on election day to receive a ballot.   | <a href="#">13-19-207</a>                              |

| Days From Election   | Deadlines                                       | Event<br>(Special Instances Identified in Green)   | MCA Citation  |
|--|---|--|---|
| Not more than 10 days or less than 2 days before   | <b>Saturday, April 23 through Sunday, May 1</b> | <b>Absentee/Mail Ballot Counting Notice.</b> Districts must publish in a newspaper of general circulation in the county a notice indicating the method that will be used for counting absentee/mail ballots and the place and time that the absentee/mail ballots will be counted on election day. <i>If the district publishes their notice of election on the 10<sup>th</sup> day prior to the election, in a newspaper of general circulation in the county, this information may be included in that notice.</i>   | <a href="#">13-15-105</a>   |
| Not more than 10 days or less than 2 days before   | <b>Saturday, April 23 through Sunday, May 1</b> | <b>Polling Location Accessibility Notice.</b> Districts must publish in a newspaper of general circulation in the county a statement of the location of the polling places and whether each location is accessible or inaccessible. <i>This notice may be combined with the notice above, and with the notice of election if the notice is published on the 10<sup>th</sup> day prior to the election.</i>   | <a href="#">13-3-105</a><br><a href="#">13-3-207</a>  |
| Day before (by Noon)   | <b>Monday, May 2</b>                            | <b>Deadline for absentee ballot requests.</b> Voters who wish to vote absentee may request an absentee ballot in writing or in person until noon the day before the election.  | <a href="#">13-13-211</a><br><a href="#">13-13-214</a>  |
| Day before   | <b>Monday, May 2</b>                            | <b>Deliver certified copy of the lists of registered electors.</b> Before the day of election, the county election administrator shall deliver a certified copy of the lists of registered electors for each voting location to the district. The district shall deliver them to the election judges prior to the opening of a voting location.  | <a href="#">20-20-313</a>   |
| Day before (at noon)   | <b>Monday, May 2 (by noon)</b>                  | <b>Late registration closed.</b> Late registration is closed at noon the day before the election. Electors must late register at the office of the county election administrator by noon and return their certificate of late registration to the election administrator (the school district clerk if the school district is running the election) by 8:00 pm on election day.  | <a href="#">13-2-304</a>  |
| Election Day<br> | <b>Tuesday, May 3</b>                           | <b>ELECTION DAY.</b> The election administrator must prepare the polling places, printed ballots, ensure election judges are present, and conduct a fair and unbiased election.<br><br><b>Notify election judges of the names of write-in candidates</b>   | <a href="#">Title 13</a><br><a href="#">20-20-105</a><br><a href="#">20-20-401</a><br><a href="#">20-20-411</a> |
| No sooner than 3pm on the 6 <sup>th</sup> day after the election                                   | <b>Monday, May 9</b>                            | <b>The first date that provisional ballots may be counted.</b> Following the election, unresolved provisional ballots are sealed. These ballots may not be opened until after 3pm on the 6 <sup>th</sup> day after election. The election judges convene, and a determination is made as to whether the ballots are counted. If there are provisional ballots in a school election, the canvass may not occur until after all provisional ballots are resolved.  | <a href="#">13-15-107</a>   |
| Following receipt of the tally sheets from all polls and within 25 days after the election         | <b>By Friday, May 27</b>                        | <b>Trustees canvass the votes, issue certificates of election, and publish results.</b> Trustees review the tally sheets compiled by the election judges to ascertain their accuracy. Recounts are ordered, if necessary. If tally is complete and accurate, trustees issue certificates of election to successful candidates. The canvassed results shall be published immediately in a newspaper that will give notice to the largest number of people in the district. <i>If the election was called by acclamation the trustees should still canvass results and issues certificates of election at this time.</i> | <a href="#">20-20-415</a><br><a href="#">20-20-416</a>  |
| Within 5 days after the official canvass   | <b>Monday, May 9 through Wednesday, June 1</b>  | <b>Deadline for filing a petition for recount.</b> When a question submitted to a vote of the people is decided by a margin not exceeding ¼ of 1% of the total votes cast for and against the question, a petition for recount must be filed within 5 days after the official canvass.   | <a href="#">13-16-201</a>   |
| Within 5 days of receipt of notice from the election administrator                                 | <b>Monday, May 9 through Monday, June 6</b>     | <b>Deadline for convening the School Recount Board.</b> When a tie vote has been certified to the election administrator or conditions have been met for filing a recount petition, the board shall convene at its usual meeting place to perform a recount. The recount must be completed within 5 days of receipt of official canvass or recount petition.   | <a href="#">13-16-204</a><br><a href="#">20-20-420</a>  |



| Days From Election                                      | Deadlines          | Event<br>(Special Instances Identified in Green)  | MCA Citation  |
|---|--------------------|---|---|
| Within 25 days of election                              | By Friday, May 27  | Deadline for trustees to hold organizational meeting to elect chair and appoint clerk.  | <a href="#">20-3-321</a>  |
| June 1  | Wednesday, June 1  | <b>Deadline for trustees to request county election administrator to conduct school elections for next year.</b> The school district clerk/election administrator is designated the election administrator for school elections. However, the trustees of any district may request the county election administrator to become the election administrator for school elections. The request must be made by a resolution of the board of trustees. If the county accepts, then the county must perform all the duties the school clerk would have. The school district must assume all costs of the election. | <a href="#">20-20-417</a>   |
| Within 15 days after receipt of certificate of election | By Friday, June 10 | <b>Candidate completes and files Oath of Office</b> with the County Superintendent.<br><i>*Newly elected trustees may not be seated until the oath is filed. The issuance and the oath may be administered at the organizational meeting but must be completed within 15 days of issuance.</i><br><i>**In the event of a recount, the deadline for a candidate to complete and file the oath is 15 days from receipt of the certificate of election.</i>  | <a href="#">20-3-307</a><br><a href="#">20-1-202</a><br><a href="#">1-6-101</a> |

[1-1-307](#), MCA. Postponement of day appointed for an action when it falls on a holiday or Saturday. Whenever any act of a secular nature, other than a work of necessity or mercy, is appointed by law or contract to be performed upon a particular day, which day falls upon a holiday or a Saturday, such act may be performed upon the next business day with the same effect as if it had been performed upon the day appointed.

***If the deadline, as read in statute, is phrased "not later than..." the deadline does not move to a later date but an earlier one.***

#### Additional References:

Sample forms can be found at this address: [School Finance Election Webpage](#)

Election Manual: [School Election Handbook](#)

MT Secretary of State's Office: [Secretary of State's Election Webpage](#)

**NOTE:** Candidates for trustee positions in (1) a first-class district located in a county with populations of 15,000 or more, OR (2) a county high school district with an enrollment of 2,000 or more are required to file a C-1-A Statement of Candidate within 5 days of becoming a candidate. For reporting dates and instructions contact the Montana Commissioner of Political Practices at: [Commissioner of Political Practices Webpage](#).

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD MEMBERS TERMS OF OFFICE**

As currently exists, Board members terms of office are as follows:

|                           | <b>Expire<br/>2022</b>                  | <b>Expire<br/>2023</b>                            | <b>Expire<br/>2024</b>      |
|---------------------------|---|---|-----------------------------|
| <b>SCHOOL DISTRICT #1</b> | Phillip R. Koterba<br>Jennifer Thompson | Kris Birdwell<br>Jeff Southworth<br>Doreen Heintz | CJ Bailey<br>Zane Fulbright |

**School District #1 -- Two (2) 3-Year Terms:**

\_\_\_\_\_ 3-year term (to expire in 2025)

\_\_\_\_\_ 3-year term (to expire in 2025)

**Declaration of Intent Filed for Nomination of School Board Trustee:**

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

11

☐ Minutes/Claims   ☒ Board of Trustees   ☐ Superintendent's Report   ☐ Action – Consent  
☐ Action – Indiv.

ITEM TITLE: REPORT—BUDGET INFORMATION

Requested By: Superintendent   Prepared By: Rebekah Rhoades

**SUMMARY:**

Rebekah Rhoades, Business Manager/District Clerk, will report on Fiscal Year 2022-2023 budget projections.

**SUGGESTED ACTION:** Informational

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☒ Additional Information Attached   Estimated cost/fund source \_\_\_\_\_

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NOTES:

## 2022-2023 PRELIMINARY BUDGET PROJECTIONS As of 12/20/2021

### ELEMENTARY

|                                     |                |   |
|-------------------------------------|----------------|---|
| Current Year (2021-2022) Budget     | \$6,746,787.80 |   |
| 2022-2023 Projected Budgets         | \$6,985,762.33 | without a vote  |
|                                     | \$7,040,480.89 | with a vote   |
| FY22 Budget vs FY23 Budget          | \$238,974.53   | higher without a vote   |
|                                     | \$293,693.09   | higher with a vote  |
| FY23 Projected Expenditures         | \$7,155,715.02 | includes certified salary increase (years of service & proposed matrix) |
| <u>Preliminary</u> Budget Shortfall | (\$169,952.69) | without a vote  |
|                                     | (\$115,234.13) | with a vote   |

### HIGH SCHOOL

|                                     |                |   |
|-------------------------------------|----------------|---|
| Current Year (2021-2022) Budget     | \$3,293,146.00 |   |
| 2022-2023 Projected Budgets         | \$3,369,863.65 | without a vote  |
|                                     | \$3,369,863.65 | with a vote   |
| FY22 Budget vs FY23 Budget          | \$76,717.65    | lower without a vote  |
|                                     | \$76,717.65    | higher with a vote  |
| FY23 Projected Expenditures         | \$3,601,326.11 | includes certified salary increase (years of service & proposed matrix) |
| <u>Preliminary</u> Budget Shortfall | (\$231,462.46) | without a vote  |
|                                     | (\$231,462.46) | with a vote   |

Unknowns: Health Insurance, Spring Enrollment, Retirements/Staff Resignations, Kindergarten Enrollment, SRSA Grant, Title I Funding

Projections include: 10% Health Insurance increase for all staff, All Staff moved in Years of Experience, 2% increase to matrix for all Classified, 4% increase for all Classified Admin (no salary matrix)

#### ESSER Funds Used

ESSER II - 1.5 fte (\$30,000 HS /\$75,000 Elem) + 1.0 fte Tech (\$58,000)  
ESSER III - 2 fte (\$65,000 HS) + \$125,000 Curriculum (\$40,000 HS/\$85,000 Elem)  
**TOTAL ESSER: \$353,000**  
(ESSER Funds can be used to recruit/retain and to address budget shortfalls)

#### OTHER NOTES not included in budget above

Teacher Incentive Program: FHS 3 staff x \$3,472 = \$10,416 and Elem 8 staff x \$3,472 = \$27,776  
(to qualify for additional quality ed payment, teacher must be in first 3 years of teaching)  
Additional ANB for Home School Students in Activities: 4 at FHS and 3 at JHS

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

12

☐ Minutes/Claims

☐ Board of Trustees

☒ Superintendent's Report

☐ Action - Consent

☐ Action - Indiv.

ITEM TITLE: REPORT—INVESTMENT

Requested By: Superintendent Prepared By: Rebekah Rhoades

**SUMMARY:**

Interest earned and distributed for December 2021 was not available at the time of posting.

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached

Estimated cost/fund source

NOTES:



**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

13

☐ Minutes/Claims    ☐ Board of Trustees    ☒ Superintendent's Report    ☐ Action - Consent  
☐ Action - Indiv.

**ITEM TITLE:** REPORT ---SUPERINTENDENT

**Requested By:** Superintendent    **Prepared By:** Thom Peck

**SUMMARY:**

Time is provided on the agenda for the Superintendent to discuss with the Board any calendar items, concerns, correspondence, future agenda items, and announcements.

- ❖ No School—Monday, January 17, 2022—Vacation Day
- ❖ Bond Update – Design Teams and GC/CM
- ❖ Calendar Committee – Wednesday, January 19?
- ❖ Safety Committee Progress
- ❖ Quarterly Meetings for Special Education Case Managers
- ❖ 2022 MHSA Annual Meeting – January 16-17, 2022 Hybrid meeting in Butte
- ❖ Booster Fall-Winter Booster Feed – Monday, January 17, 2022 @ Elks 5:30 p.m.
- ❖ Winter Assessments
- ❖ Community COVID Team Update
- ❖ Principals Conference @ Bozeman, Sunday-Tuesday, January 23-25
- ❖ Staffing Update
- ❖ KUDOS for Maintenance and Transportation
- ❖ Home Athletic Games/Meets
  - WR v. Fergus Invitational – Tuesday, January 11 (Park, Havre, Sidney)
  - FHS BB v. Hardin – Friday, January 14
  - JH BBB v. Hardin – Saturday, January 15
  - GBB v. Billings Central – Tuesday, January 18
  - Class 'A' Duels – Friday/Saturday, January 21-22
  - Divisional Speech, Debate & Drama @ Havre, January 21-22
  - State Speech, Debate & Drama @ Corvallis, January 28-29
  - BB v. Laurel – Friday, January 28
  - BB v. Havre (Billings Metra) – Saturday, January 29
  - FFA Mechanics Competition – FHS, Saturday, January 29
  - JH BBB v. Lockwood – Thursday, February 3
  - GBB v. Glendive – Friday, February 4
  - WR Divisionals @ Laurel – Saturday, February 5
  - JH BBB v. Malta – Saturday, February 5
  - FHS GBB v. Miles City – Saturday, February 5
  - FHS BBB v. Sidney – Friday, February 11
  - WR State @ Billings Metra – Friday/Saturday, February 11-12

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached

**NOTES:**

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

14

☐ Minutes/Claims    ☒ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☐ Action - Indiv.

**ITEM TITLE:** RECOGNITION OF PARENTS, PATRONS, AND OTHERS WHO WISH TO ADDRESS  
THE BOARD ON NON-AGENDA ITEMS

**Requested By:** Superintendent    **Prepared By:** \_\_\_\_\_

**SUMMARY:**

Time is provided on the agenda for anyone who wishes to address the Board.

**SUGGESTED ACTION:** Informational

☐ Additional Information Attached

**NOTES:**

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

15

☒ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☐ Action - Indiv.

**ITEM TITLE:** MINUTES

**Requested By:** Board of Trustees    **Prepared By:** Rebekah Rhoades

**SUMMARY:**

The following minutes are attached for your approval:

- Minutes of the December 13, 2021, Regular Board Meeting
- Minutes of the December 20, 2021 Special Board Meeting
- Minutes of the January 5, 2022 Special Board Meeting

**SUGGESTED ACTION:** Approve Minutes as Presented

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

|                            | Motion | Second | Aye | Nay | Abstain | Other |
|----------------------------|--------|--------|-----|-----|---------|-------|
| <b><i>Board Action</i></b> |        |        |     |     |         |       |
| Bailey                     |        |        |     |     |         |       |
| Birdwell                   |        |        |     |     |         |       |
| Koterba                    |        |        |     |     |         |       |
| Southworth                 |        |        |     |     |         |       |
| Thompson                   |        |        |     |     |         |       |
| Heintz                     |        |        |     |     |         |       |
| Fulbright                  |        |        |     |     |         |       |

**MINUTES  
LEWISTOWN PUBLIC SCHOOLS  
BOARD OF TRUSTEES**

**LINCOLN BOARD ROOM and Via Google Meet**

215 Seventh Avenue South  
Lewistown, Montana 59457

**MONDAY, December 13, 2021**

**REGULAR BOARD MEETING**

**CALL TO ORDER (6:00 p.m.)**

1. **ROLL CALL**

**TRUSTEES PRESENT:**

Kris Birdwell, Jennifer Thompson, Phil Koterba, Zane Fulbright, Doreen Heintz, CJ Bailey, Jeff Southworth

**TRUSTEES ABSENT:**

**STAFF PRESENT:**

Superintendent Thom Peck, Business Manager/District Clerk Rebekah Rhoades, Tim Majerus, Matt Ventresca and various others via Google Meet.

**OTHERS PRESENT:**

Heidi Weber – KXLO Radio, Dusty Rixford, Seth Hawkins and other interested parties, including via Google Meet.

2. **PLEDGE OF ALLEGIANCE**

3. **MOTION TO SET AGENDA – Approved Unanimously (Bailey/Koterba)**

4. **Recognition – Fergus High School Football Team and Coaches**

Derek Lear, Head Football Coach, recognized his team and assistant coaches for their season accomplishments.

5. **Recognition - Fergus High School Volleyball Team and Coaches**

Adrienna DeCock, Head Volleyball Coach, recognized her team and assistant coaches for their season accomplishments.

6. **Presentation - Dusty Rixford and Seth Hawkins, American Prairie Field School Student Opportunities**

Dusty Rixford and Seth Hawkins presented information about the American Prairie Field School, how their educational program works with school districts at no cost and information regarding the Discovery Center in Lewistown.

7. **Presentation - Post Bond Election Progress, Tony Houtz and Bridget Ekstrom**

Tony Houtz, Cushing Terrell, updated the Board on the progress of the design phase of the bond. He is working with Lewis & Clark first, with the Junior High following shortly after.

Bridget Ekstrom, DA Davidson, reported on the progress of the Bond Finance Committee and a timeline for bond related activities. The bond rating presentation will be taking place on Thursday, December 16<sup>th</sup>.

Superintendent Peck updated the Board on the progress on the Owner's Rep RFQ and Construction Rep RFQ. RFQ's for the Owner's Rep are due on Thursday, December 16<sup>th</sup>. A Special Board Meeting will be held on Monday, December 20, 2021 at 6:30pm to review those RFQ's. Discussion ensued

regarding that Special Board Meeting and determining whether or not to hire an Owner's Rep. It was decided to move forward with reviewing the RFQ's. If any Owner's Reps are chosen to interview, the Special Board Meeting will be held on Wednesday, January 5, 2021.

8. Presentation - School Board Round Tables at each School  
Superintendent Peck stated that the Faculty Council has requested to hold School Board Roundtables. Discussion ensued regarding whether or not to reinstate roundtables. Trustees expressed their concern over the purpose of the roundtables and wanted to ensure that the roundtables do not become a venue to avoid the process for concerns. The trustees were in agreement that they do need to participate in events at the school and that the faculty is welcome to celebrate successes at Board Meetings. It was decided not to pursue roundtables at this time.
9. Report—Student Representative  
Malorie Woollett, Student Representative to the Board, was not at the meeting to present. A video was presented for the Distinguished School Award that the High School recently won.
10. Report – LEA  
Luke Brandon, President of the Lewistown Education Association (LEA) was not available to report.
11. Report—Committees of the Board  
The Gaining Committee has met two times. Progress is being made, with one of the major changes being considered is an adjustment to the certified salary matrix. Other items on the bargaining table were shared with the Board. The Board also discussed the possibility of the 4 day work week and increased PIR days, and how that would affect the District calendar and days/hours worked negotiated in Gaining.  
  
The Activities Committee met with Paul Bartos, Athletic Director, who updated the Board on student activities and the winter sports schedule.  
  
The Bond Finance Committee met last week and will meet again this week.  
  
The calendar committee will need to begin meeting in January.
12. Calendar Items, Concerns, Correspondence, Etc.  
Mr. Peck handed out the following correspondence:
  - Montana Safe Schools Center Pilot Program
  - School Nutrition Equipment Assistance Grant
  - OPI State Fall enrollment numbers
  - DRAFT Community Survey on FHS Bond – Thom requested the Board provide feedback by the first of the year
  - Principal 20-Day Plans
13. Report—Election Information  
Rebekah Rhoades, Business Manager/District Clerk, presented to the Board the 2022 School Election Calendar and advised them of the Trustee seats that will be up for election in 2022 – Jennifer Thompson and Phil Koterba.
14. Report—Budget  
Rebekah Rhoades, Business Manager/District Clerk, presented to the Board information regarding the 2023 Budget. In addition, funds that can be used toward Major Maintenance were discussed as the Board makes decisions in regards to re-running the High School Bond.  
  
The Building and Grounds Committee will meet once the survey results have been received. Missy Aldrich expressed her wish that some small fixes be made without increasing taxes to show that the district is working to improve the facility.
15. Report—Investment

Interest earned and distributed for October was \$602.20 for the Elementary and \$604.67 for the High School for a total of \$1,206.87.

Interest earned and distributed for November was \$277.36 for the Elementary and \$318.15 for the High School for a total of \$595.51.

16. Report—Superintendent

Superintendent Thom Peck reported that the District School Food department assisted with the Denton Fire Relief. The District will be applying for a MTSS Grant. The Safety Committee will be meeting in the near future. Mr. Peck updated the Board on staffing throughout the District and reported that two Principals will be attending the MSU Teacher Career Fair. The NHS held a successful blood drive. Tim Majerus reported on how the \$20,000 Distinguished school award will be spent. Lead Samples were taken throughout the District and have been sent off for testing. Diane Oldenburg will be retiring at the end of the year, so transition discussion are taking place. Mr. Peck updated the Board on various events taking place in the District.

**PUBLIC PARTICIPATION**

17. Recognition of Parents, Patrons, and Others Who Wish to Address the Board

James Aldrich reported that there is a speech and debate meet on Saturday and they are looking for judges for that event.

**ACTION ITEMS  
MINUTES**

18. Minutes of the November 8, 2021, Regular Board Meeting  
Minutes of the November 15, 2021 Special Board Meeting  
With the correction to note that Jennifer Thompson as Board Chair on the November 8, 2021 minutes.  
– Approved unanimously (Birdwell/Koterba)

**APPROVAL OF CLAIMS**

19. Claims -- Approved unanimously (Bailey/Heintz)  
Claims Committee for October through December 2021 is Board Chair Jennifer Thompson, CJ Bailey, Zane Fulbright and Jeff Southworth. The new Claims Committee for January through March 2022 will be Board Chair Jennifer Thompson, Kris Birdwell, Doreen Heintz, and Jeff Southworth.

**INDIVIDUAL ITEMS**

20. Amend the ESSER Re-opening Plan on page 12, Part IV to say “each regular meeting of the Board of Trustees in December and June or as needed throughout the 2021-24 school years.” – Approved Unanimously (Heintz/Birdwell)  
21. Approve Second Reading New Board Policy #3413F3 – School Conditional Attendance Form – Approved Unanimously (Birdwell/Fulbright)  
22. Approve Additions to the Substitute List for the 2021-2022 School Year – Approved Unanimously (Bailey/Fulbright)  
23. Approve Personnel Report – See Exhibit A – Approved unanimously (Fulbright/Bailey)

**EXECUTIVE SESSION**

24. Board Chair Jennifer Thompson called for an Executive Session at 8:38 p.m. to conduct the Superintendent’s evaluation stating that the individual’s right to privacy clearly exceeds the public’s right to know.



**ADJOURNMENT**

The meeting was adjourned at 9:45 p.m (Thompson). The next regular meeting will be held at 6:00 p.m. on Monday, January 10, 2022, at the Lincoln Board Room.

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**JENNIFER THOMPSON**  
**BOARD CHAIR**

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**REBEKAH RHOADES**  
**BUSINESS MANAGER/CLERK**

**EXHIBIT 'A'**  
**LEWISTOWN PUBLIC SCHOOLS**  
**LEWISTOWN, MONTANA**  
**Monday December 13, 2021**

| <i>EMPLOYEE NAME</i>                | <i>POSITION</i>                        | <i>LOCATION</i>                                | <i>RECOMMENDED ACTION</i>  | <i>EFFECTIVE DATE</i> | <i>RECOMMENDED BY</i>        | <i>COMMENTS</i>     |
|-------------------------------------|--|--|--|-----------------------|------------------------------|---------------------|
| <b>AGOSTINELLI, Robert</b>          | Paraprofessional                       | Lewistown Jr. High School                      | Approve appointment on schedule -- Step 0 for up to 7.5 hours per day for up to 109 days | 12/14/2021            | Jeff Friesen                 | New Position        |
| <b>EXTRA CURRICULAR ASSIGNMENTS</b> | Jr. High School amd Fergis High School | Approve appointment on schedule as recommended | Approve appointment on schedule as recommended   | 12/14/2021            | Paul Bartos and Jeff Friesen | See Attached Memo   |
| <b>KONERT, Shawna</b>               | Paraprofessional                       | Highland Park Elementary School                | Accept Letter of Resignation   | 12/22/2021            | Matthew Ventresca            | See Attached Letter |
| <b>WILLEMS, Laurie</b>              | Paraprofessional                       | Lewistown Jr. High School                      | Accept Letter of Resignation   | 12/20/2021            | Jeff Friesen                 | Verbal Resignation  |
|                                     |  |  |  |                       |                              |                     |
|                                     |  |  |  |                       |                              |                     |
|                                     |  |  |  |                       |                              |                     |
|                                     |  |  |  |                       |                              |                     |
|                                     |  |  |  |                       |                              |                     |

**MINUTES  
LEWISTOWN PUBLIC SCHOOLS  
BOARD OF TRUSTEES**

Lincoln Board Room and via Google Meet  
215 Seventh Avenue South  
Lewistown, Montana 59457

**Monday, December 20, 2021**

**SPECIAL BOARD MEETING**

**CALL TO ORDER (5:30 P.M.)**

1. ROLL CALL

TRUSTEES PRESENT:

Board Chair Jennifer Thompson, Phil Koterba, Zane Fulbright, Doreen Heintz, CJ Bailey

TRUSTEES ABSENT:

Kris Birdwell, Jeff Southworth

STAFF PRESENT:

Superintendent Thom Peck, Business Manager Rebekah Rhoades, Jason Fry

OTHERS PRESENT:

2. PLEDGE OF ALLEGIANCE

The group recited the Pledge of Allegiance.

**DISCUSSION**

3. DISCUSSION – REVIEW OWNER’S REP RFQ’S

Superintendent Peck reminded the Board of important dates in regards to the Bond timeline for the bond financing, owner’s representative, and construction representative.

Owner’s Construction Representative Request for Qualifications were received from the following:

1. Building, Mind and Body, LLC
2. Hulteng CCM, Inc.
3. Montana Construction Management
4. QuEst Services Corp

Discussion ensued regarding whether or not to hire an Owner’s Representative. It was agreed upon to pursue interviews for an Owner’s Rep.

The Board made the decision to interview the following Owner’s Representatives at a Special Board Meeting on Wednesday, January 5, 2022 at 4:00pm.

1. Building, Mind and Body, LLC
2. Hulteng CCM, Inc.
3. QuEst Services Corp

## **PUBLIC PARTICIPATION**

4. RECOGNITION OF PARENTS, PATRONS, AND OTHERS WHO WISH TO ADDRESS THE BOARD

There was no public comment.

## **ADJOURNMENT**

The meeting was adjourned at 6:49 p.m. (Heintz – unanimous).

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**JENNIFER THOMPSON**  
**BOARD CHAIR**

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**REBEKAH RHOADES**  
**BUSINESS MANAGER**

**MINUTES  
LEWISTOWN PUBLIC SCHOOLS  
BOARD OF TRUSTEES**

Lincoln Board Room and via Google Meet  
215 Seventh Avenue South  
Lewistown, Montana 59457

**Monday, January 5, 2022**

**SPECIAL BOARD MEETING**

**CALL TO ORDER (4:00 P.M.)**

1. ROLL CALL

TRUSTEES PRESENT:

Board Chair Jennifer Thompson, Phil Koterba, Zane Fulbright, Doreen Heintz, CJ Bailey, Kris Birdwell, Jeff Southworth

TRUSTEES ABSENT:

STAFF PRESENT:

Superintendent Thom Peck, Business Manager Rebekah Rhoades, Jason Fry

OTHERS PRESENT:

Dan McGee – Building, Mind and Body, LLC, Shane Swandal – Hulting CCM, Inc

2. PLEDGE OF ALLEGIANCE

The group recited the Pledge of Allegiance.

**Motion to Set Agenda in Reverse Order – Approved Unanimously (Fulbright/Bailey)**

**PUBLIC PARTICIPATION**

3. RECOGNITION OF PARENTS, PATRONS, AND OTHERS WHO WISH TO ADDRESS THE BOARD

There was no public comment.

**ACTION ITEMS**

4. APPROVE PERSONNEL REPORT TO REMOVE JOANN GRIFFITH – See Exhibit A – Approved Unanimously (Fulbright/Bailey)

**Meeting Recessed at 4:15pm**

**Jennifer Thompson arrived at 4:33pm. Kris Birdwell arrived at 5:00pm.**

**DISCUSSION (5:00pm)**

5. INTERVIEWS FOR OWNER'S REPRESENTATIVE

The following Owner's Representatives were interviewed. QuEst Services Corp withdrew their RFQ due to a time conflict and inability to come to the interview.

1. Building, Mind and Body, LLC – Dan McGee (5:00pm)
2. Hulteng CCM, Inc. – Shane Swandal (6:00pm)

Each of the candidates presented information about their company and what they do. Following the presentation, a list of questions was asked by the Board.

The Board discussed whether or not to pursue and Owner's Representative. It was determined to add the approval of an Owner's Representative for pre-construction services to the January 10, 2022 Regular Board Agenda.

The Board scored both interviews and references will be called allowing a recommendation to be brought forward at the January 10, 2022 Regular Board Agenda.

## **ADJOURNMENT**

The meeting was adjourned at 7:14 p.m. (Heintz – unanimous).

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**JENNIFER THOMPSON**  
**BOARD CHAIR**

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**REBEKAH RHOADES**  
**BUSINESS MANAGER**



**EXHIBIT 'A'**

**LEWISTOWN PUBLIC SCHOOLS  
LEWISTOWN, MONTANA**

**Wednesday January 5, 2022**

| <i>EMPLOYEE NAME</i>   | <i>POSITION</i>             | <i>LOCATION</i>           | <i>RECOMMENDED ACTION</i>  | <i>EFFECTIVE DATE</i> | <i>RECOMMENDED BY</i> | <i>COMMENTS</i>                     |
|------------------------|-----------------------------|---------------------------|--|-----------------------|-----------------------|-------------------------------------|
| <b>NEUMAN, Rachael</b> | Special Ed Paraprofessional | Lewistown Jr. High School | Approve appointment on schedule - PARA<br>EDUCATOR - Step 0 for up to 7.5 hours per day for<br>up to 97 days | 1/5/2022              | Jeff Friesen          | Replacing MacKenzie<br>Garlinghouse |
|                        |                             |                           |  |                       |                       |                                     |
|                        |                             |                           |  |                       |                       |                                     |
|                        |                             |                           |  |                       |                       |                                     |

**LEWISTOWN PUBLIC SCHOOLS**  
**Lewistown, Montana**

**BOARD AGENDA ITEM**

**Meeting Date**

01/10/2022

**Agenda Item No.**

16

☒ **Minutes/Claims**    ☐ **Board of Trustees**    ☐ **Superintendent's Report**    ☐ **Action - Consent**  
☐ **Action - Indiv.**

**ITEM TITLE:** CLAIMS

**Requested By:** Board of Trustees    **Prepared By:** LuAnn Schrauth

**SUMMARY:**

Approve claims paid through January 7, 2022, as approved by the Finance Committee.

Members of the Finance Committee for January-March 2022 include: Board Chair Phil Koterba, Kris Birdwell, Doreen Heintz and Jeff Southworth.

**SUGGESTED ACTION:** Approve Claims as Presented

☐ **Additional Information Attached**    **Estimated cost/fund source** \_\_\_\_\_

**NOTES:**

|                            | Motion | Second | Aye | Nay | Abstain | Other |
|----------------------------|--------|--------|-----|-----|---------|-------|
| <b><i>Board Action</i></b> |        |        |     |     |         |       |
| Bailey                     |        |        |     |     |         |       |
| Birdwell                   |        |        |     |     |         |       |
| Koterba                    |        |        |     |     |         |       |
| Southworth                 |        |        |     |     |         |       |
| Thompson                   |        |        |     |     |         |       |
| Heintz                     |        |        |     |     |         |       |
| Fulbright                  |        |        |     |     |         |       |

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

17

☐ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☒ Action - Indiv.

ITEM TITLE: APPROVE SUPERINTENDENT CONTRACT

Requested By: Board of Trustees    Prepared By: Thom Peck

**SUMMARY:**

**SUGGESTED ACTION:**

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

NOTES:

|                     | Motion | Second | Aye | Nay | Abstain | Other |
|---------------------|--------|--------|-----|-----|---------|-------|
| <i>Board Action</i> |        |        |     |     |         |       |
| Bailey              |        |        |     |     |         |       |
| Birdwell            |        |        |     |     |         |       |
| Koterba             |        |        |     |     |         |       |
| Southworth          |        |        |     |     |         |       |
| Thompson            |        |        |     |     |         |       |
| Heintz              |        |        |     |     |         |       |
| Fulbright           |        |        |     |     |         |       |

## SUPERINTENDENT EMPLOYMENT CONTRACT LEWISTOWN SCHOOL DISTRICT

THIS AGREEMENT, is made and entered into by and between the Board of Trustees (the "Board") of Lewistown School District (the "District") and Thom Peck (the "Superintendent").

1. **Term.** The Board, by and on behalf of the District, employs the Superintendent, and the Superintendent accepts employment as District Superintendent for the District for a term of ~~three~~ **two** years from July 1, 2024~~2~~, to June 30, 2024.
2. **Record of Authorization for Contract.** This contract was approved by the Board at a properly noticed regular board meeting dated ~~April 12, 2024~~ **January 10, 2022**. Such approval shall be reflected in the official minutes of such meeting, which shall be available for review by the public upon request.
3. **Renewal.** This Contract, together with the salary agreed to herein, shall be reviewed on or before February 1 in the final year of the contract for consideration of renewal for an additional term of 1 or 2 years, at which time the Board shall make a determination to extend or not to extend the Contract. Should this Contract be renewed by the Board, the salary as stated herein shall be determined in accordance with section 8.
4. **Duties.** The Superintendent is the chief executive officer of the District and shall perform the duties of District Superintendent for the District as prescribed in the job description and as may be assigned by the Board. The Superintendent shall comply with legal Board directives, § 20-4-402, MCA, and other applicable state and federal law, District policies as they exist or may hereafter be adopted or amended, which are incorporated in and made a part of this Contract as though fully set forth herein, except to the extent that any district policy directly conflicts with a specific provision of this contract, in which case, the contract language shall control. The Superintendent shall perform the duties of the Superintendent of schools for the District with reasonable care, skill, and expertise, and in a thorough, prompt, and efficient manner. The Superintendent agrees to devote his time and energy to the performance of these duties in a competent manner.
5. **Professional Activities.** The Superintendent may attend and participate in appropriate professional meetings at the local, state and national levels with the reasonable expenses for such attendance to be borne by the District, including membership fees and dues of the Superintendent in such organization. "Appropriate" and "reasonable" shall include those meetings and expenses incorporated into the budget or otherwise pre-approved by the Board. The Board encourages the Superintendent to attend at least one, but not limited to one, national conference through the duration of this contract.

**6. Professional Certification and Records.** This Agreement is conditioned on the Superintendent's providing the necessary certification and experience records and other records required for the personnel files or for payroll purposes. Failure to provide necessary certification shall render this Agreement void. Any material misrepresentation may be grounds for dismissal. The term "material" as used herein means any misrepresentation other than minor or insignificant deviation(s) that would not have a bearing on the veracity of the Superintendent or the decision of Board to extend an offer of employment to the Superintendent.

**7. Reassignment.** The Superintendent shall not be reassigned from the position of Superintendent to another position during the term of the Contract without the mutual written consent of the parties. Reassignment shall not be construed, however, as including the assignment of additional administrative duties as part of a reduction in the number of administrators in the district. In the event that additional duties and responsibilities are required of the Superintendent beyond those anticipated by the parties at the time of execution of this Agreement, the salary of the Superintendent may be renegotiated commensurate with said additional duties and responsibilities.

**8. Compensation.** For fiscal year 2024-2023, the Board agrees to pay the Superintendent for Superintendent's services an annual salary of One Hundred ~~Eleven~~ **Sixteen** Thousand Three Hundred Dollars and no cents (\$1146,300.00), paid in equal bi-monthly installments unless otherwise agreed to by the parties. The salary referenced in this section shall be paid on the basis of a Two Hundred and Sixty (260) day Contract, with a corresponding daily rate of pay of Four Hundred ~~Twenty-Eight~~ **Forty-Seven** Dollars and ~~eight~~ **thirty-one** cents (\$428.08 **447.31**).

**9. Salary Adjustment.** The Board shall review the Superintendent's salary on an annual basis in conjunction with the evaluation of performance referenced in section 10, and in its discretion increase the salary.

**10. Evaluation.** The Board shall evaluate and assess in writing the performance of the Superintendent at least once each school year, prior to January 31.

**11. Holidays.** The Superintendent is entitled to days off with pay on those holidays specified in section 20-1-305, MCA, subject to the provisions of that section.

**12. Vacation Leave and Accrual.** The Superintendent is entitled to vacation leave benefits and subject to the cap on accumulation of annual vacation leave under Title 2, Chapter 18, Part 6, MCA. The Superintendent shall inform the Clerk in advance of use of vacation leave or any absences from the District up to five (5) days. The Superintendent shall inform the Board Chair in advance of use of vacation leave or any absences from the District beyond five (5) days. Vacation days taken by the Superintendent shall be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Agreement.

**13. Personal Leave.** The Superintendent shall be entitled to five (5) days of personal leave per Contract year.

The personal leave days shall not accumulate or carryover, nor shall they be subject to cash payout upon retirement, resignation, or Contract termination.

**14. Sick Leave and Accrual.** The Superintendent is entitled to the sick leave benefits under Title 2, Chapter 18, Part 6, MCA. The Superintendent shall inform the clerk in advance of use of sick leave, if practical, from the District up to five (5) days. The Superintendent shall inform the board chair in advance of use of sick leave, if practical, from the District beyond five (5) days. The Superintendent shall promptly report all absences due to sick leave to the clerk.

**15. Professional Dues.** The Board shall pay the Association dues of the Superintendent for the American Association of School Administrators, the School Administrators of Montana, and the SAM Region in which the School District is located, as well as other appropriate affiliations, and civic and social memberships as approved by the Board.

**16. Travel Reimbursement.** The Board shall reimburse the Superintendent for use of his automobile in conducting business on behalf of the District in accordance with section 2-18-503, MCA.

**17. Medical Insurance.** The District will pay the full premium for a family medical/dental insurance program equivalent to the District's insurance program currently in effect.

If dental insurance and a high deductible health insurance plan is elected, the difference in the premium value of the lowest deductible major medical insurance and dental insurance chosen, less the premium for the high deductible plan with the same individuals covered, will be paid to a Health Savings Account up to maximums set by the IRS.

If a high deductible health insurance plan and no dental insurance is elected, the difference in the plan value of the lowest deductible major medical insurance and dental insurance, less the premium for the high deductible plan with the same individuals covered, will be paid to a Health Savings Account up to maximums set by the IRS.

The School District Clerk will maintain a spreadsheet with the latest premiums and rates. This spreadsheet is available for review upon request.



**18. Consultation Activities.** The Superintendent shall be permitted to undertake writing, teaching, speaking engagements and personal investment activities, provided these activities are not deemed by the Trustees to be in conflict with the performance of the Superintendent's duties for the School District. Any consulting work undertaken by the Superintendent for compensation, must be accomplished on the Superintendent's annual leave days, holidays or other non-duty days and/or at times that are considered non-business hours.

**19. Professional Liability.** The Board shall provide for the immunization, defense, and indemnification of the Superintendent as provided in section 2-9-305, MCA.

**20. Termination by Mutual Agreement.** This Contract may be terminated by mutual agreement of the Superintendent and the Board in writing upon such terms and conditions as may be mutually agreed.

**21. Retirement, Death, Disability.** This Agreement shall be terminated upon the death of the Superintendent or upon the Superintendent's retirement. "Retirement" shall mean cessation of services in all states as a superintendent or other administrator in a position requiring certification. If the Superintendent becomes unable to perform the essential functions of the job with reasonable accommodation by the District for a period of time in excess of the Superintendent's accrued vacation and sick leave, this agreement may be terminated.

**22. Dismissal for Cause.** The Board may dismiss the Superintendent during the term of this Contract for good cause following a hearing before the Board. The Superintendent is entitled to all protections governing dismissal proceedings granted by Montana and federal law. The costs of any legal representation secured by the Superintendent for counsel during dismissal proceedings shall be paid by the Superintendent.

**23. Controlling Law.** This Contract will be governed by the laws of the state of Montana.

**24. Complete Agreement.** This Contract embodies the complete agreement of the parties hereto, superseding all oral and written previous and contemporary agreements between the parties. No alteration or modification of this Contract shall be valid unless evidenced by a writing signed by the parties to this Contract.

**25. Savings Clause.** In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

**26. Successors and Assigns.** This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns, including any change of membership of the Board.

**27. Notices.** All notices, consents, request, instructions approvals or other communications provided for herein shall be in writing and delivered by personal delivery or regular U.S. mail, return receipt requested, to the last known address of the party being provided such notice.

**28. Acceptance.** This offer shall expire unless signed and returned to the Board or its authorized representative by 5:00 p.m., the 31<sup>st</sup> day of January, 2021.

LEWISTOWN SCHOOL DISTRICT

\_\_\_\_\_  
BOARD OF TRUSTEES CHAIR

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DISTRICT SUPERINTENDENT

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DISTRICT CLERK

\_\_\_\_\_  
DATE

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

18

☐ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☒ Action - Indiv.

ITEM TITLE: APPROVE SELECTION OF OWNER'S REPRESENTATIVE THROUGH PRE-CONSTRUCTION PLANNING PHASES

Requested By: Board of Trustees    Prepared By: Thom Peck

**SUMMARY:**

At the Special Board Meeting on January 5, 2022, the Board scored interviews for two candidates and references will be checked. A recommendation will be made at the Regular Board Meeting.

**SUGGESTED ACTION:**

☐ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

|                            | Motion | Second | Aye | Nay | Abstain | Other |
|----------------------------|--------|--------|-----|-----|---------|-------|
| <b><i>Board Action</i></b> |        |        |     |     |         |       |
| Bailey                     |        |        |     |     |         |       |
| Birdwell                   |        |        |     |     |         |       |
| Koterba                    |        |        |     |     |         |       |
| Southworth                 |        |        |     |     |         |       |
| Thompson                   |        |        |     |     |         |       |
| Heintz                     |        |        |     |     |         |       |
| Fulbright                  |        |        |     |     |         |       |

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

19

☐ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☒ Action - Indiv.

ITEM TITLE: APPROVE ADDITIONS TO THE SUBSTITUTE LIST FOR THE 2021-2022 SCHOOL YEAR

Requested By: Board of Trustees    Prepared By: Christy Rogers

**SUMMARY:**

The Board of Trustees needs to approve the additions to the substitute list for the 2020-2021 School Year as listed below:

Substitute School Food  
Tracy Nichols

Substitute/Activity Bus Driver:  
Michael Overcast

**SUGGESTED ACTION:** Approve additions to the substitute list for the 2021-2022 school year

☐ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

|                            | Motion | Second | Ave | Nay | Abstain | Other |
|----------------------------|--------|--------|-----|-----|---------|-------|
| <b><i>Board Action</i></b> |        |        |     |     |         |       |
| Bailey                     |        |        |     |     |         |       |
| Birdwell                   |        |        |     |     |         |       |
| Koterba                    |        |        |     |     |         |       |
| Southworth                 |        |        |     |     |         |       |
| Thompson                   |        |        |     |     |         |       |
| Heintz                     |        |        |     |     |         |       |
| Fulbright                  |        |        |     |     |         |       |

LEWISTOWN PUBLIC SCHOOLS  
Lewistown, Montana

**BOARD AGENDA ITEM**

Meeting Date

01/10/2022

Agenda Item No.

20

☐ Minutes/Claims    ☐ Board of Trustees    ☐ Superintendent's Report    ☐ Action - Consent  
☒ Action - Indiv.

ITEM TITLE: APPROVE PERSONNEL REPORT

Requested By: Board of Trustees    Prepared By: Christy Rogers

**SUMMARY:**

Attached is the Personnel Report for your review.

**SUGGESTED ACTION:** Approve all items

☒ Additional Information Attached    Estimated cost/fund source \_\_\_\_\_

**NOTES:**

|                     | Motion | Second | Aye | Nay | Abstain | Other |
|---------------------|--------|--------|-----|-----|---------|-------|
| <i>Board Action</i> |        |        |     |     |         |       |
| Bailey              |        |        |     |     |         |       |
| Birdwell            |        |        |     |     |         |       |
| Koterba             |        |        |     |     |         |       |
| Southworth          |        |        |     |     |         |       |
| Thompson            |        |        |     |     |         |       |
| Heintz              |        |        |     |     |         |       |
| Fulbright           |        |        |     |     |         |       |

**LEWISTOWN PUBLIC SCHOOLS  
LEWISTOWN, MONTANA**

**Monday January 10, 2021**

| <i>EMPLOYEE NAME</i>           | <i>POSITION</i>       | <i>LOCATION</i>    | <i>RECOMMENDED ACTION</i>  | <i>EFFECTIVE DATE</i> | <i>RECOMMENDED BY</i> | <i>COMMENTS</i>         |
|--------------------------------|-----------------------|--------------------|--|-----------------------|-----------------------|-------------------------|
| <b>DECOCK, Adrienna</b>        | Head Volleyball Coach | Fergus High School | Approve appointment on schedule --(0.145) - FALL 2022  | 7/1/2022              | Paul Bartos           |                         |
| <b>LEAR, Derek</b>             | Head Football Coach   | Fergus High School | Approve appointment on schedule --(0.145) - FALL 2022  | 7/1/2022              | Paul Bartos           |                         |
| <b>MAJERUS, Tim</b>            | Principal             | Fergus High School | Accept Letter of Resignation   | 7/1/2022              | Thom Peck             | See Attached Letter     |
| <b>STANSBERRY, Christopher</b> | Bus Driver            | Transportation     | Approve appointment on schedule --<br>TRANSPORTATION Step 0 for up to 4 hours per day<br>for up to 94 days | 1/11/2022             | Rob Odermann          | Replacing Gregory Mikat |
| <b>THACKERAY, Brett</b>        | Head Golf Coach       | Fergus High School | Approve appointment on schedule --(0.090) - FALL 2022  | 7/1/2022              | Paul Bartos           |                         |
|                                |                       |                    |  |                       |                       |                         |
|                                |                       |                    |  |                       |                       |                         |
|                                |                       |                    |  |                       |                       |                         |
|                                |                       |                    |  |                       |                       |                         |





# FERGUS HIGH SCHOOL

1001 CASINO CREEK DRIVE, LEWISTOWN, MT 59457

Phone: (406) 535-2321

Fax: (406) 535-3835

[www.lewistown.k12.mt.us](http://www.lewistown.k12.mt.us)

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TIM MAJERUS, PRINCIPAL

PAUL BARTOS, ASST. PRINCIPAL/ACT. DIRECTOR

January 5, 2022

Dear Mr. Peck,

Over the last 32 years I've felt blessed to be involved in the education of countless students from kindergarten through high school and remote islands to urban communities. I believe few careers are more rewarding than that of educating our youth. However, the time has come for me to step from my comfort zone and explore other career options.

With this letter I offer my resignation as Fergus High School Principal effective at the end of my 2021-22 contract.

I extend my gratitude to the LPS staff, board of trustees, and Central Montana community for their support during my eighteen years with Lewistown Public Schools. Most importantly, my appreciation goes out to the three decades of students who have humbled me with their dedication, resilience, and unpredictable youthful energy. It's been an honor to call myself an educator.

Sincerely,

TIM MAJERUS

## **School District #1 Mission Statement:**

***Excellence Today, Success Tomorrow***

### **Core Values of the Lewistown Public Schools:**

1. **High Standards:** Lewistown Public Schools upholds high standards and expectations for the Board, staff and students of the district. We strive to provide challenging curriculum taught by innovative leaders in the field of education, utilizing research-based curriculum and implementing best practices.
2. **Student-Centered:** The motivation for everything we do is based upon what is right and best for the children of our community. We ensure the development, well-being and education of students through a variety of academic and extracurricular activities. We assist students in overcoming challenges and help them celebrate their successes, all as part of a plan to maximize the potential of each student.
3. **Effective and Efficient Practices:** Lewistown Public Schools is committed to effective and efficient stewardship of our resources.
4. **Accountability:** Lewistown Public Schools is accountable for all that we do from fiscal management to the performance of students, staff, administration and the Board.
5. **Community Support:** Lewistown Public Schools understands that community support is vital, earned and continually renewed through consistent dedication to quality service. We believe the key to success is found through mutual engagement of the community and the schools, effective interaction between parents, students, staff, administrators, trustees and all elements of the Lewistown Community. We value the trust the community has invested in our public schools and we strive to earn and maintain that trust.
6. **Communication:** Lewistown Public Schools values effective and open communication with parents, students, staff, trustees and the community.

## PUPIL INSTRUCTION

## First Semester

89 days

## Second Semester

90 days

## FIRST QUARTER

## DAYS

|              |         |    |         |   |
|--------------|---------|----|---------|---|
| First Week   | Aug 25  | to | Aug 27  | 3 |
| Second Week  | Aug 30  | to | Sept 3  | 5 |
| Third Week   | Sept 7  | to | Sept 10 | 4 |
| Fourth Week  | Sept 13 | to | Sept 17 | 5 |
| Fifth Week   | Sept 20 | to | Sept 24 | 5 |
| Sixth Week   | Sept 27 | to | Oct 1   | 5 |
| Seventh Week | Oct 4   | to | Oct 8   | 5 |
| Eighth Week  | Oct 11  | to | Oct 15  | 5 |
| Ninth Week   | Oct 18  | to | Oct 20  | 3 |
| Tenth Week   | Oct 25  | to | Oct 29  | 5 |

45

## THIRD QUARTER

## DAYS

|              |          |    |          |   |
|--------------|----------|----|----------|---|
| First Week   | Jan 18   | to | Jan 21   | 4 |
| Second Week  | Jan 24   | to | Jan 28   | 5 |
| Third Week   | Jan 31   | to | Feb 4    | 5 |
| Fourth Week  | Feb 7    | to | Feb 11   | 5 |
| Fifth Week   | Feb 14   | to | Feb 18   | 5 |
| Sixth Week   | Feb 21   | to | Feb 24   | 4 |
| Seventh Week | Feb 28   | to | March 4  | 5 |
| Eighth Week  | March 7  | to | March 11 | 5 |
| Ninth Week   | March 14 | to | March 17 | 4 |

42

## SECOND QUARTER

## DAYS

|              |        |    |        |   |
|--------------|--------|----|--------|---|
| First Week   | Nov 1  | to | Nov 3  | 3 |
| Second Week  | Nov 8  | to | Nov 12 | 5 |
| Third Week   | Nov 15 | to | Nov 19 | 5 |
| Fourth Week  | Nov 22 | to | Nov 24 | 3 |
| Fifth Week   | Nov 29 | to | Dec 3  | 5 |
| Sixth Week   | Dec 6  | to | Dec 10 | 5 |
| Seventh Week | Dec 13 | to | Dec 17 | 5 |
| Eighth Week  | Dec 20 | to | Dec 22 | 3 |
| Ninth Week   | Jan 3  | to | Jan 7  | 5 |
| Tenth Week   | Jan 10 | to | Jan 14 | 5 |

44

## FOURTH QUARTER

## DAYS

|              |          |    |          |   |
|--------------|----------|----|----------|---|
| First Week   | March 21 | to | March 25 | 5 |
| Second Week  | March 28 | to | April 1  | 5 |
| Third Week   | April 4  | to | April 8  | 5 |
| Fourth Week  | April 11 | to | April 15 | 5 |
| Fifth Week   | April 19 | to | April 22 | 4 |
| Sixth Week   | April 25 | to | April 29 | 5 |
| Seventh Week | May 2    | to | May 6    | 5 |
| Eighth Week  | May 10   | to | May 13   | 4 |
| Ninth Week   | May 16   | to | May 20   | 5 |
| Tenth Week   | May 23   | to | May 27   | 5 |

48**Total Days 179**

## PUPIL INSTRUCTION-RELATED DAYS (PIR)

|               |   |            |
|---------------|---|------------|
| August 16     | New Staff Orientation   |            |
| August 23-24  | All Staff Orientation/PIR   | 2.0        |
| October 21-22 | Staff Development Days<br><i>Teachers Convention</i>  | 2.0        |
| November 1-4  | Parent-Teacher Conferences<br><i>Schedules vary by school</i><br><i>No school November 4th</i>        | 1.5        |
| March 21-25   | Parent-Teacher Conferences<br><i>Schedules vary by school</i><br><i>Full school days for students</i> | .5         |
| May 9         | PIR Day   | 1.0        |
|               | Floating PIR Day  | <u>1.0</u> |
|               |   | <b>8.0</b> |

HOLIDAYS & VACATIONS *Dates Inclusive*

|                |                                |
|----------------|--------------------------------|
| September 6    | Labor Day                      |
| November 5     | Vacation Day                   |
| November 25-26 | Thanksgiving Vacation          |
| Dec 23-Jan 2   | Winter Break                   |
| January 17     | Vacation Day                   |
| February 25    | Vacation Day                   |
| March 18       | Vacation Day                   |
| April 18       | Easter Vacation                |
| May 30         | Memorial Day                   |
| July 4         | Vacation Day (12-mo employees) |

