

AMSTERDAM SCHOOL DISTRICT NUMBER 75

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

AMSTERDAM SCHOOL DISTRICT NUMBER 75

TABLE OF CONTENTS

JUNE 30, 2020

	PAGE
Reports	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Fiduciary Funds	
Statement of Net Position.....	15
Statement of Changes in Net Position.....	16
Notes	
Notes to the Financial Statements.....	17
Required Supplementary Information	
Budgetary Comparison Information	
Budget and Actual - General Fund.....	35
Budget and Actual - Flexibility Fund.....	36
Pension Plan Information	
Schedule of Proportionate Share of Net Pension Liability.....	37
Schedule of Contributions.....	38
Notes to Required Supplementary Information.....	39
Supplementary Information	
Schedule of School District Enrollment.....	45
Schedule of Additions, Deductions and Balances.....	46
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.....	47
Schedule of Findings & Questioned Costs.....	49
Schedule of Prior Year Findings & Questioned Costs.....	50

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Amsterdam School District Number 75

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 Amsterdam School District Number 75 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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 the District as of June 30, 2020, and the respective changes in financial position 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 and budgetary comparison information on pages 4–9 and 35–38 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 the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of School District Enrollment and the Schedule of Additions, Deductions, and Balances - Extracurricular Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of School District Enrollment and the Schedule of Additions, Deductions, and Balances - Extracurricular Funds 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 Schedule of School District Enrollment and the Schedule of Additions, Deductions, and Balances - Extracurricular Funds 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 June 04, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Holmes & Turner
Bozeman, Montana
June 04, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The discussion and analysis of School District Number 75's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights:

Key financial highlights for fiscal year 2020 include:

1. Grant funding through the United Way was renewed and remains the sole operating money for the Amsterdam afterschool program; \$9,000 was requested and approved. However, the program ended mid-March when school went online due to COVID. Therefore, only \$5,359 in expenses were submitted and subsequently reimbursed by United Way.
2. FY20 enrollment increased slightly from 139 to 143. These figures are as of October 2018, and October 2019, respectively. The Board accepted new out-of-district students into Kindergarten and new in-district families were added from the new subdivision. We continued to accept those out-of-district students previously enrolled. The combo class moved from K-1 to 1-2.
3. The PE teacher did not return so a new 0.4 PE teacher was hired. The combo 1-2 class was taught by the other 1st grade teacher this year. No additional teachers were offered tenure for FY20. All of the aides split one-on-one hours for the Special Needs student who was retained in Kindergarten, so as to avoid burnout. The maintenance man took over the shared custodial duties in the new part of the building. Administration remained split as principal/0.8 and superintendent/0.2 FTE.
4. The number of Special Education students remained at 8 and the caseload of speech students remained at 3 (reflected in the total SPED number). One Kindergarten student was accommodated on a part-time basis with a one-on-one aide. Our special education teacher was needed to do assessments and Child Find at Manhattan Christian School at the end of the year. This assignment will continue into the future.
5. Funding available in the general fund at the end of FY20 was used to purchase supplies for FY21 as the budget will be tight. The Board approved increasing the teacher base salary for FY21 to \$30,000. A mill levy for \$25,000 was run in May to support the FY21 budget, but did not pass.
6. No operating or Voted Building Reserve levies were sought during this school year. The board utilized the permissive levy in the Building Reserve fund to levy \$14,919.45 to be matched by the State Major Maintenance Fund.
7. The District continued to contract hot lunch and bus transportation out to Manhattan Christian School. Food service still needed to be supported in part by the General Fund. The lunch program ended when the building was closed in mid-March. Students needing food support were able to obtain meals through the Summer Lunch program. Bus transportation also ended mid-March. Amsterdam paid Manhattan Christian the regular amount for March bussing, but only \$3,000 each for April and May. This allowed us to assist them to continue to pay their drivers during COVID.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

8. Fifth and sixth grade athletics were continued. Volleyball and boy's and girl's basketball were offered; boys also were able to participate in Manhattan Christian's cross-country program. Volunteer coaches were utilized, students paid an activity fee to participate, and sponsorships of banners were sold for the gym. PAC provided uniforms for the teams.
9. No additional school impact fees were received for lots sold—the prior funds are still being held till growth significantly outpaces the turnaround in ANB.

Using this Annual Financial Report

This annual report consists of a series of financial statements. The government-wide financial statements provide information about the activities of the District as a whole and present a longer-term view of the finances. For governmental activities, fund statements tell how these services were financed in the short term, as well as, what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Overview of the Financial Statements

Government-wide financial statements

One of the most important questions asked about the District's finances is, "is the school district as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the district as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

Fund financial reports provide detailed information about the District's most significant funds – not the district as a whole. Some funds are required to be established by State law. Also, the governing body establishes many other funds to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. We utilize the following funds:

Governmental Funds - governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on nearterm inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds use the accrual basis of accounting. We exclude these activities from the other financial statements because we cannot use these assets to finance our operations. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

The following is a schedule of net position:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 371,049	\$ 331,769	\$ 39,280
Capital assets, net	<u>3,350,034</u>	<u>3,420,732</u>	<u>(70,698)</u>
Total assets	<u>3,721,083</u>	<u>3,752,501</u>	<u>(31,418)</u>
Deferred outflows of resources	<u>138,335</u>	<u>148,400</u>	<u>(10,065)</u>
Other liabilities	4,085	3,137	948
Long-term liabilities outstanding	<u>3,290,248</u>	<u>3,368,041</u>	<u>(77,793)</u>
Total liabilities	<u>3,294,333</u>	<u>3,371,178</u>	<u>(76,845)</u>
Deferred inflows of resources	<u>21,270</u>	<u>54,568</u>	<u>(33,298)</u>
Net position			
Net investment in capital assets	1,006,459	927,918	78,541
Restricted	393,002	208,122	184,880
Unrestricted	<u>(855,646)</u>	<u>(660,885)</u>	<u>(194,761)</u>
Total net position	<u>\$ 543,815</u>	<u>\$ 475,155</u>	<u>\$ 68,660</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The following is a schedule of changes in net position:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 33,556	\$ 34,551	\$ (995)
Operating grants and contributions	70,879	75,878	(4,999)
General revenues			
Taxes	619,105	594,664	24,441
State sources	690,399	667,165	23,234
County sources	119,334	122,039	(2,705)
Interest	5,730	6,573	(843)
Miscellaneous	<u>4,583</u>	<u>35,742</u>	<u>(31,159)</u>
Total revenues	<u>1,543,586</u>	<u>1,536,612</u>	<u>6,974</u>
Expenses:			
Instruction	900,663	859,535	41,128
Support services:			
Student	18,743	17,606	1,137
Instructional staff	66,526	75,571	(9,045)
General administration	12,243	12,022	221
School administration	143,001	137,247	5,754
Business services	33,044	33,750	(706)
Operation and maintenance	121,777	138,600	(16,823)
Student transportation	61,554	76,826	(15,272)
Food services	28,410	33,075	(4,665)
Community services	5,363	6	5,357
Interest on long-term debt	<u>80,602</u>	<u>85,342</u>	<u>(4,740)</u>
Total expenses	<u>1,471,926</u>	<u>1,469,580</u>	<u>2,346</u>
Transfers	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Change in net position	68,660	67,032	1,628
Net position, beginning	<u>475,155</u>	<u>408,123</u>	<u>67,032</u>
Net position, ending	<u>\$ 543,815</u>	<u>\$ 475,155</u>	<u>\$ 68,660</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The Government's Future

Enrollment is expected to increase in the long term as there is an active residential development of 57 lots within the district. Short-term enrollment for FY21 is expected to decrease due to the COVID-19 Pandemic; families are choosing to homeschool instead of sending their children to public schools.

The 1/2 combo class will have students moving into 3rd grade which has an increased number of allowable students, so a combo class will not be needed. A paraprofessional who was at 0.675 FTE for FY20 will be increased to 1.0 FTE to assist in this classroom and help to mitigate learning loss due to off-site instruction in the spring. Kindergarten is expected to exceed the designated size range with the in-district students and the addition of 4 out-of-district families and will need to be split into two classes.

The District has coordinated with Manhattan Christian School to provide Title IA services at that location. A teacher and aide will perform the services that are provided with the District's proportionate share of funding. Title funding continues to decrease as the District is becoming more affluent overall. The equation for determining the Private School's proportionate share has changed and that change has increased the Private School' amount and decreased the amount of Title funding the District receives. The Title IA positions as well as the Title IIA class-size reduction and professional development will be increasingly supported by REAP funds. The district received Title IV funding in FY20; all of those funds were rolled to Title IIA.

The District's 7th and 8th grade students will continue to attend Manhattan Public School under a tuition/transportation/other costs contract.

The COVID-19 Pandemic will impact several functions within the district.

- Students moving into 2nd grade will be in two classes to address COVID academic regression.
- The District will purchase technology and materials to be equipped to provide online instruction for students who cannot attend onsite instruction.
- The District will hire additional custodians and purchase additional cleaning supplies to mitigate the spread of COVID-19.
- The District will not provide lunches, therefore will not contract with Manhattan Christian School. Students will bring lunches from home.
- Due to COVID-19, the district will only transport students who live beyond 3 miles from the school. This will significantly reduce the number of students who ride the bus. The District will continue to contract with Manhattan Christian School for transportation.

The district will not have school sports (volleyball/X-country) in the fall.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Cash and cash equivalents	\$ 345,449
Receivables	
Taxes receivable	24,256
Due from other governments	1,344
Capital assets, nondepreciable	209,708
Capital assets, net of accumulated depreciation	<u>3,140,326</u>
Total assets	<u>3,721,083</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>138,335</u>
LIABILITIES	
Accounts payable and accrued expenses	4,085
Noncurrent liabilities	
Due within one year	190,549
Due in more than one year	<u>3,099,699</u>
Total liabilities	<u>3,294,333</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>21,270</u>
NET POSITION	
Net investment in capital assets	1,006,459
Restricted	
Building reserve	98,128
Debt service	148,585
Retirement	35,325
School food service	494
Technology	1,188
Transportation	33,904
Flexibility	44,057
Tuition	7,129
Miscellaneous programs	24,192
Unrestricted	<u>(855,646)</u>
Total net position	<u><u>\$ 543,815</u></u>

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
GENERAL GOVERNMENT				
Instruction	\$ 900,663	\$ 12,847	\$ 70,879	\$ (816,937)
Support Services	456,887	2,240	-	(454,647)
Food services	28,410	18,469	-	(9,941)
Community services	5,363	-	-	(5,363)
Interest and other costs	80,602	-	-	(80,602)
Total	<u>\$ 1,471,925</u>	<u>\$ 33,556</u>	<u>\$ 70,879</u>	<u>\$ (1,367,490)</u>
GENERAL REVENUES				
				\$ 619,105
				Taxes
				Intergovernmental
				County 119,334
				State aid 385,363
				State other 305,036
				Interest 5,730
				Other 4,582
				Transfers (3,000)
				<u>1,436,150</u>
				Total general revenues
				Change in net position 68,660
				Net position, beginning 475,155
				<u>\$ 543,815</u>
				Net position, ending

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Flexibility	Debt Service	Building Reserve	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 104,145	\$ 44,057	\$ 1	\$ 98,076	\$ 99,173	\$ 345,452
Receivables	11,398	-	8,583	536	5,083	25,600
Total assets	<u>115,543</u>	<u>44,057</u>	<u>8,584</u>	<u>98,612</u>	<u>104,256</u>	<u>371,052</u>
LIABILITIES						
Accounts payable and accrued expenses	2,059	-	-	-	2,026	4,085
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	11,398	-	8,583	536	3,984	24,501
FUND BALANCES (DEFICITS)						
Restricted						
Building reserve	-	-	-	98,076	(484)	97,592
Debt service	-	-	1	-	-	1
Retirement	-	-	-	-	35,325	35,325
School food service	-	-	-	-	494	494
Technology	-	-	-	-	1,011	1,011
Transportation	-	-	-	-	32,409	32,409
Flexibility	-	44,057	-	-	-	44,057
Tuition	-	-	-	-	5,061	5,061
Miscellaneous programs	-	-	-	-	23,947	23,947
Assigned						
Encumbrances	16,220	-	-	-	484	16,704
Unassigned						
Unassigned	85,866	-	-	-	-	85,866
Total fund balances	<u>102,086</u>	<u>44,057</u>	<u>1</u>	<u>98,076</u>	<u>98,247</u>	<u>342,467</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 115,543</u>	<u>\$ 44,057</u>	<u>\$ 8,584</u>	<u>\$ 98,612</u>	<u>\$ 104,257</u>	<u>\$ 371,053</u>

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

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

Total fund balance, governmental funds	\$	342,467
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds balance sheet.		3,350,034
Some liabilities, including compensated absences, are not due and payable in the current period and therefore, are not included in governmental funds.		(40,549)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund.		
Deferred inflows		138,335
Deferred outflows		(21,270)
Net pension liability and related deferred inflows of resources for pension plans are reported in the statement of net position of the governmental activities but are not reported on the fund statements.		(906,124)
Long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the statement of net position.		(2,343,575)
Unavailable tax revenue is recorded in the funds, but is not recorded under the measurement focus used in the statement of net position.		24,497
Total net position of governmental activities	\$	543,815

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Flexibility	Debt Service	Building Reserve	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes						
Taxes	\$ 266,887	\$ -	\$ 228,281	\$ 14,962	\$ 102,804	\$ 612,934
Intergovernmental						
County	-	-	-	-	119,334	119,334
State aid	384,588	775	-	-	-	385,363
State other	211,144	-	-	14,680	16,703	242,527
Federal	-	-	-	-	70,634	70,634
Charge for services	12,847	-	-	-	20,709	33,556
Interest	2,461	-	938	1,278	1,053	5,730
Other	(1,088)	-	-	-	5,671	4,583
Total revenue	<u>876,839</u>	<u>775</u>	<u>229,219</u>	<u>30,920</u>	<u>336,908</u>	<u>1,474,661</u>
EXPENDITURES						
Current						
General government	870,009	-	-	1,216	326,250	1,197,475
Debt service						
Principal	-	-	140,000	-	-	140,000
Interest and other costs	-	-	89,840	-	-	89,840
Capital outlay						
Capital outlay	5,441	253	-	-	6,733	12,427
Total expenditures	<u>875,450</u>	<u>253</u>	<u>229,840</u>	<u>1,216</u>	<u>332,983</u>	<u>(1,439,742)</u>
Excess (deficiency) of revenues over expenditures	1,389	522	(621)	29,704	3,925	34,919
OTHER FINANCING SOURCES (USES)						
Transfers						
Transfers in	-	-	1,389	-	3,276	4,665
Transfers out	(6,276)	(1,370)	-	-	(19)	(7,665)
Total other financing sources (uses)	<u>(6,276)</u>	<u>(1,370)</u>	<u>1,389</u>	<u>-</u>	<u>3,257</u>	<u>(3,000)</u>
Net changes in fund balance	(4,887)	(848)	768	29,704	7,182	31,919
Fund balance, beginning	106,972	44,905	(767)	68,372	91,064	310,546
Fund balances (deficit), ending	<u>\$ 102,085</u>	<u>\$ 44,057</u>	<u>\$ 1</u>	<u>\$ 98,076</u>	<u>\$ 98,246</u>	<u>\$ 342,465</u>

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

Net change in fund balances - total governmental funds	\$	31,919
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(83,125)
Capital outlay		12,427
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.		
		140,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Increase (decrease) in taxes receivable		6,412
State pension aid (on-behalf payment)		62,509
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
(Increase) decrease in compensated absences		(2,489)
Bond premium amortization		9,239
Adjustment to actuarial pension expense		(108,232)
Change in net position of governmental activities	\$	68,660

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Trust Funds			Custodial Funds	
	Private Purpose Trust Fund	Interlocal Agreement Fund	Student Extracurricular Fund	Payroll Clearing Fund	Claims Clearing Fund
ASSETS					
Cash and cash equivalents	\$ 53	\$ 77,028	\$ 19,925	\$ 38,542	\$ 20,145
Capital assets, net of accumulated depreciation	-	6,997	-	-	-
Total assets	<u>53</u>	<u>84,025</u>	<u>19,925</u>	<u>38,542</u>	<u>20,145</u>
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	38,542	20,145
NET POSITION					
Held in trust	53	84,025	19,925	-	-
Total net position	<u>\$ 53</u>	<u>\$ 84,025</u>	<u>\$ 19,925</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Trust Funds		
	Private Purpose Trust Fund	Interlocal Agreement Fund	Student Extracurricular Fund
ADDITIONS			
Contributions			
Contributions from Districts	\$ -	\$ 31,900	\$ -
Investment earnings			
Interest	1	956	271
Net investment earnings	1	956	271
Extracurricular activity receipts	-	-	26,587
Total additions	1	32,856	26,858
DEDUCTIONS			
Program expenses	-	23,714	-
Extracurricular activities	-	-	18,312
Net increase (decrease) in fiduciary net position	1	9,142	8,546
Net position, beginning	52	74,883	11,379
Net position, ending	\$ 53	\$ 84,025	\$ 19,925

The accompanying notes are an integral part of these financial statements.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The District was established under Montana law to provide educational services below the college and university level to residents of the district. The District consists of a kindergarten through sixth grade district which is managed by a central Board of Trustees, elected in a district-wide election and by a central administration appointed by and responsible to the Board.

The County provides substantial services to the District: tax billing, cash collections, debt payments and warrant redemption. The County also maintains the District's cash and invests available funds at the direction of the District. The County Commissioners have a legal obligation to set levy amounts and to approve the budget adopted by the District. However, despite the degree of services provided, the District does not qualify as a component unit of the County.

These financial statements present, as a single reporting entity, all activities of the primary government. A primary government is defined as having a separately elected governing body, being legally separate, and fiscally independent.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges for services which report fees and other charges provided by a given function or identifiable activity 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The general fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major.

- Flexibility Fund - The flexibility fund is for paying salaries, operating expenses, building expenses, and purchasing supplies and equipment. The fund is funded by state grants and voted levies

Additionally, the government reports the following fiduciary fund types:

- A private-purpose trust fund, which includes the student extracurricular fund, which accounts for the extracurricular student activities and the interlocal agreement fund, which accounts for revenues and expenditures related to the interlocal agreement between the District, Gallatin Gateway School District 35, Malmberg School District 47, and Cottonwood School District 22.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- Agency funds are custodial in nature and are used to account for assets that the District holds for others in an agency capacity.

d. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

e. Cash and Cash Equivalents

Cash is held by the County Treasurer and pooled in the County external investment pool. The fair value of the position in the pool is the same as the value of the pool shares. The County Treasurer invests the pooled cash pursuant to state law (MCA 20-9-213[4]). Allowable investments include time and savings deposits with a bank, savings and loan association, or credit union in the state, obligations of the United States Government, securities issued by agencies of the United States, repurchased agreements, and the State Short-Term Investment Pool (STIP).

The audited financial statements of Gallatin County, which include information about the investment pool, are available at <https://lgs.mt.gov>.

f. Receivables

Most property taxes are levied in September of each fiscal year, based on assessments as of the prior January 1. Real property taxes are billed as of November 1 and are payable in two payments, November 30 and May 31. Unpaid taxes become delinquent on December 1 and June 1. Most personal property taxes are due and payable on January 1 and become delinquent February 1. Property taxes are maintained and collected by the County Treasurer. No allowance is made for uncollectible taxes as they are not considered significant.

g. Inventories and Prepaid Items

All inventories are recorded as expenses or expenditures when purchased. Inventories at year-end were immaterial and, therefore, not recorded. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

h. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sidewalks and similar items), are reported in the government-wide financial statements. The District has elected not to report major infrastructure assets retroactively. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation on capital assets is calculated on the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Est. Life</u>
Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Land improvements	20 years

i. Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets have not been capitalized because they meet all of the conditions that qualify them as collections that are not required to be capitalized. These conditions are the collections are held for public exhibition or education in the furtherance of public service, not held for financial gain; the collections are protected, kept unencumbered, cared for, and preserved; and any sale proceeds are expected to be used to acquire other items for the collections.

j. Compensated Absences

Liabilities associated with accumulated vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Classified employees (non-teaching) earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Accumulated vacation is absorbed by the time off from work, or, with certain limitations, may be payable to the employee upon termination. Sick leave is accumulated for classified employees at the rate of 12 days per year. Certified employees start with 12 days of personal leave per year, prorated for part-time employees, and may accumulate up to a maximum of 30 days. Upon retirement or resignation, classified employees are eligible for sick leave compensation at one fourth of the accumulated amount and certified employees are eligible for sick leave at \$80 per day.

k. Long-term Obligations

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts and issuance costs are expensed.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Deferred Outflows and Inflows of Resources

The District recognized net pension liability for the pension plan in which it participates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. 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 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 investment earnings 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.

m. Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets - consists of capital assets (net of accumulated depreciation), plus capital-related deferred outflows of resources, less capital-related borrowings and deferred inflows of resources.
- Restricted - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted - any portion of net position that does not meet the definition of "net investment in capital assets" or "restricted ."

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

n. Fund Balance

In the fund statements, governmental fund equity is classified as fund balance. The fund financial statements include the following fund balances:

- Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Fund Balance (Continued)

- Committed fund balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority (i.e., governing body). The government establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the government considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

p. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

2. CASH AND CASH EQUIVALENTS

As discussed in Note 1, the government's cash and investments, including amounts in the extracurricular fund, are held by the County Treasurer.

The District participates in an investment pool managed by the Gallatin County Treasurer. The pool is not registered with the Securities and Exchange Commission as an investment company and is not subject to regulatory oversight. Investments of the pool consist primarily of repurchase agreements, the State of Montana’s Short-Term Investment Pool (STIP), U.S. Treasury Bills, and securities of the U.S. Government, its agencies, or government sponsored entities and are carried at quoted market prices. The fair value of investments is determined annually, and is based on quoted market prices.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND CASH EQUIVALENTS (CONTINUED)

The District's balance in the investment pool is reported as cash in the accompanying financial statements, as the District has full access to these funds upon request. Interest earnings are allocated to the individual funds of the District based on the District's month end balance in relation to the total pool investments.

Montana law allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the District invests in pool managed by the County Treasurer, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows.

	Balance			Balance
	June 30, 2019	Additions	Deletions	June 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, nondepreciable				
Land	\$ 100,607	\$ -	\$ -	\$ 100,607
Construction-in-progress	96,674	12,427	-	109,101
Total capital assets, nondepreciable	<u>197,281</u>	<u>12,427</u>	<u>-</u>	<u>209,708</u>
Capital assets, depreciable				
Buildings and improvements	3,945,806	-	-	3,945,806
Machinery and equipment	144,302	-	-	144,302
Total capital assets, depreciable	<u>4,090,108</u>	<u>-</u>	<u>-</u>	<u>4,090,108</u>
Less accumulated depreciation for:				
Buildings and improvements	(797,227)	(78,881)	-	(876,108)
Machinery and equipment	(69,430)	(4,244)	-	(73,674)
Total accumulated depreciation	<u>(866,657)</u>	<u>(83,125)</u>	<u>-</u>	<u>(949,782)</u>
Capital assets, net	<u>\$ 3,420,732</u>	<u>\$ (70,698)</u>	<u>\$ -</u>	<u>\$ 3,350,034</u>

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

3. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as follows:

	2020
Instruction	\$ 76,474
Instructional Staff	831
General Administration	2,494
School Administration	1,663
Business Services	1,663
	<u>\$ 83,125</u>

4. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance			Balance		Due Within One Year
	June 30, 2019	Additions	Retirements	June 30, 2020		
Bonds payable	\$ 2,345,000	\$ -	\$ (140,000)	\$ 2,205,000	\$ 150,000	
Premium	147,814	-	(9,238)	138,576	-	
Net pension liability	837,167	68,957	-	906,124	-	
Compensated absences	38,060	2,489	-	40,549	40,549	
Totals	<u>\$ 3,368,041</u>	<u>\$ 71,446</u>	<u>\$ (149,238)</u>	<u>\$ 3,290,249</u>	<u>\$ 190,549</u>	

During 2008, the District issued general obligation bonds in the amount of \$1,181,000 to provide funds for the acquisition and construction of major capital facilities. The bonds carry interest rates of 3.4% to 4.25%, and mature in 2028. The outstanding balance as of June 30, 2020 was \$600,000.

During 2015, the District issued general obligation bonds in the amount of \$1,915,000 to provide funds for the construction of major capital facilities. The bonds carry interest rates of 3.5 to 4%, and mature in 2035. The outstanding balance as of June 30, 2020 was \$1,605,000.

5. RISK MANAGEMENT

The District is exposed to various risks of loss, including damage to and loss of assets, employee torts, professional liability (i.e. errors and omissions), workers compensation (i.e. employee injuries), medical insurance costs, and environmental damage. A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for theft, damage or destruction of assets, professional liabilities and employee medical costs.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. RISK MANAGEMENT (CONTINUED)

The District participates in a state-wide public risk pool, Montana Schools Group Workers' Compensation Risk Retention Program for workers compensation coverage. The District pays a quarterly premium for its employee injury insurance coverage.

The agreement for the formation of the pool provides that it will be self-sustaining through member premiums. There are no deductibles or maximum coverage limits in the plan. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages. Coverage limits and deductibles on the commercial policies have remained relatively constant for the last several years. The District's risk management activities are recorded in the general fund.

6. INTERLOCAL COOPERATIVE

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

7. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any to be immaterial.

At year-end, the District had commitments outstanding, in the form of purchase orders primarily for supplies. These encumbrances are recorded as follows:

	Total Encumbrances
General fund	\$ 7,950

8. RETIREMENT PLANS

a. Plan Descriptions

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

a. Plan Descriptions (Continued)

The Public Employees Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 and 3, MCA) The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. All new members are initially members of the PERS-DB RP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the PERS web site at mpera.mt.gov.

b. Pension Benefits

i. Teachers' Retirement System (TRS)

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

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

b. Pension Benefits (Continued)

i. Teachers' Retirement System (TRS) (Continued)

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

ii. Public Employees' Retirement System (PERS)

Plan members hired prior to July 1, 2011 are eligible to retire at age 60 with 5 years of membership service, age 65 regardless of years of membership service or any age with 30 years of membership service. Benefits are calculated as follows: 1) if less than 25 years of membership service, 1.785% of the member's highest average compensation (HAC) multiplied by years of service credit or 2) if 25 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired on or after July 1, 2011 are eligible to retire at age 65 with 5 years of membership service or age 70 regardless of years of membership service. Benefits are calculated as follows: 1) if less than 10 years of membership service, 1.5% of the member's HAC multiplied by years of service credit, 2) if between 10 and 30 years of membership service, 1.785 of HAC multiplied by years of service credit, or 3) if 30 years of membership service or more, 2% of HAC multiplied by years of service credit.

Plan members hired prior to July 1, 2011 are eligible for early retirement at age 50 with 5 years of membership service or any age under age 60 with 25 years of membership service. Plan members hired on or after July 1, 2011 are eligible for early retirement at age 55 with 5 years of membership service. Benefits are actuarially reduced.

For members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 1). 3% for members hired prior to July 1, 2007, 2). 1.5% for members hired between July 1, 2007 and June 30, 2013 or, 3). Members hired on or after July 1, 2013: a). 1.5% for each year PERS is funded at or above 90%; b). 1.5% is reduced by .1 % for each 2% PERS is funded below 90%; and c). 0% whenever the amortization period for PERS is 40 years or more.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

c. Member and Employer Contributions

i. Teachers' Retirement System (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.

ii. Public Employees' Retirement System (PERS)

All members contribute 7.9% of their compensation. Interest is credited to member accounts at the rates determined by the Board. All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years. Member contributions are made through an "employer pick-up" arrangement that results in deferral of taxes on the contributions.

Employers contributed 8.1 % of each member's compensation. This was temporarily increased from 6.9% on July 1, 2013. Beginning July 1, 2014, employer contributions will increase an additional 0.1 % a year over 10 years, through 2024. The employer additional contributions terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. The State's General Fund contributes an additional .37% of earned compensation. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund. Beginning July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

d. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2020, the District recorded a liability of \$814,606 (TRS) and \$91,518 (PERS) for its proportionate share of the net pension liability.

TRS and PERS have a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS on behalf of the government. Due to the existence of this special funding situation, the government is required to report the portion of the State of Montana's proportionate share of the collective net pension liability.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

d. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

The government's and State of Montana's proportionate share of the net pension liability are presented below:

	Net Pension Liability as of June 30, 2020	Net Pension Liability as of June 30, 2019	% of Collective NPL as of June 30, 2020	% of Collective NPL as of June 30, 2019	Change in % of Collective NPL
TRS					
Employer Share	\$ 814,606	\$ 762,969	\$ 0.0422	\$ 0.0411	\$ 0.0011
State of Montana Share	494,401	479,031	0.0256	0.0258	(0.0002)
Total TRS	<u>1,309,007</u>	<u>1,242,000</u>	<u>0.0678</u>	<u>0.0669</u>	<u>0.0009</u>
PERS					
Employer Share	91,518	74,199	0.0044	0.0036	0.0008
State of Montana Share	32,451	27,211	0.0016	0.0013	0.0003
Total PERS	<u>\$ 123,969</u>	<u>\$ 101,410</u>	<u>\$ 0.0060</u>	<u>\$ 0.0049</u>	<u>\$ 0.0011</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 for TRS and June 30, 2015 for PERS. The government's proportion of the net pension liability was based on the government's contributions received by TRS and PERS during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all TRS and PERS participating employers. At June 30, 2020, the government's proportion was .0422 and .0044 percent for TRS and PERS, respectively.

For the year ended June 30, 2020, the government recognized \$60,306 (TRS) and \$18,312 (PERS) for its proportionate share of the pension expense. The government also recognized grant revenue of \$2,203 (PERS) for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the government. Total pension expense recognized was \$148,434 and \$20,515 for TRS and PERS, respectively.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

d. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

At June 30, 2017, the government reported its proportionate share of TRS and PERS deferred outflows and inflows of resources from the following sources:

	TRS		PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,392	\$ -	\$ 4,340	\$ 4,306
Changes in actuarial assumptions	40,675	1,826	3,885	-
Differences between projected and actual investment earnings	7,896	-	1,110	-
Changes in the proportion and differences between actual and expected contributions	14,343	14,847	-	291
Employer contributions subsequent to measurement date	54,380	-	6,315	-
Total	<u>\$ 122,686</u>	<u>\$ 16,673</u>	<u>\$ 15,650</u>	<u>\$ 4,597</u>

Amounts reported as deferred outflows of resources related to pensions resulting from the government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30,	TRS	PERS
2021	\$ 25,654	\$ 5,517
2022	15,007	(2,188)
2023	4,435	413
2024	6,538	996
2025	-	-
Thereafter	\$ -	\$ -

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

e. Actuarial Assumptions

i. TRS

The Total Pension Liability 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 total pension liability. 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%-7.76% for non-University Members
- Investment Return 7.50%
- Price Inflation 2.50%
- Postretirement Benefit Increases:

Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.

Tier Two Members: the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.

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

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

- Mortality among disabled members:

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

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

e. Actuarial Assumptions (Continued)

ii. Target Allocations

The most recent PERS analysis, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption. These factors include rates of return adopted by similar public sector systems, as well as the utilization of a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the TRS' and PERS' target asset allocation as of June 30, 2019, and are summarized in the following tables:

Asset Class	TRS		PERS	
	Target Asset Allocation	Long-term Expected Real Rate of Return	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	35.00 %	2.12 %	36.00 %	6.05 %
International equity	18.00	1.26	18.00	7.01
Private equity	10.00	1.05	12.00	10.53
Natural resources	3.00	0.12	-	-
Core Real Estate	7.00	0.40	8.00	5.65
TIPS	3.00	0.04	-	-
Intermediate Duration Bonds	19.00	0.41	-	-
High Yield Bonds	3.00	0.12	-	-
Fixed income	-	-	23.00	2.17
Cash	2.00	0.02	3.00	4.09
	100.00	5.54	100.00	35.50
Inflation		2.50		-
Expected arithmetic nominal return		8.04 %		35.50 %

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

f. Discount Rate

i. Teachers' Retirement System (TRS)

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1st of each year. Based on those assumptions, the TRS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

ii. Public Employees' Retirement System (PERS)

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1 % of salaries for local governments and 0.37% for governments. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the PERS' fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2117. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

g. Sensitivity Analysis

The following presents the employer's proportionate share net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

i. TRS

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability, TRS	\$ 1,114,176	\$ 814,606	\$ 563,616

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

8. RETIREMENT PLANS (CONTINUED)

g. Sensitivity Analysis (Continued)

ii. PERS

	1% Decrease (6.65%)	Current Discount (7.65%)	1% Increase (8.65%)
Net pension liability, PERS	\$ 131,485	\$ 91,518	\$ 57,931

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 04, 2021 the date on which these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 270,520	\$ 270,520	\$ 266,887	\$ 3,633
Intergovernmental	595,732	595,732	595,732	-
Charge for services	12,783	12,783	12,847	(64)
Interest	2,572	2,572	2,461	111
Other	8,761	8,761	(1,088)	9,849
Total revenues	<u>890,368</u>	<u>890,368</u>	<u>876,839</u>	<u>13,529</u>
EXPENDITURES				
General government	(881,608)	(881,608)	(870,009)	(11,599)
Capital outlay	-	-	(5,441)	5,441
Total expenditures	<u>(881,608)</u>	<u>(881,608)</u>	<u>(875,450)</u>	<u>(6,158)</u>
OTHER FINANCING SOURCES (USES)				
Transfers			(6,276)	
Net change in fund balance			(4,887)	
Fund balance, beginning			106,972	
Fund balance (deficit), ending			<u>\$ 102,085</u>	

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND
 ACTUAL
 FLEXIBILITY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 45,305	\$ 45,305	\$ -	\$ 45,305
Intergovernmental	-	-	775	(775)
Interest	400	400	-	400
Total revenues	45,705	45,705	775	44,930
EXPENDITURES				
General government	45,305	45,305	-	45,305
Capital outlay	-	-	(253)	253
Total expenditures	45,305	45,305	(253)	45,558
OTHER FINANCING SOURCES (USES)				
Transfers			(1,370)	
Net change in fund balance			(848)	
Fund balance, beginning			44,905	
Fund balance (deficit), ending			\$ 44,057	

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	Employer's Portion of NPL	Employer's Proportionate Share of NPL	State's Proportionate Share of NPL	Total	Employer's Covered Payroll	Employer's Proportionate Share of NPL as % of Covered Payroll	Plan Fiduciary Net Position as a % of TPL
TRS							
2020	0.0422 %	\$ 814,606	\$ 494,401	\$ 1,309,007	\$ 573,478	142.05 %	68.64 %
2019	0.0411	762,969	479,031	1,242,000	549,056	138.96	69.09
2018	0.0398	671,044	426,164	1,097,208	524,942	127.83	70.09
2017	0.0435	795,185	521,401	1,316,586	565,001	140.74	66.69
2016	0.0429	704,306	478,890	1,183,196	547,136	128.73	69.30
2015	0.0383	588,679	405,823	994,502	482,415	122.03	70.36
PERS							
2020	0.0044	91,518	32,451	123,969	74,590	122.69	73.85
2019	0.0036	74,199	27,211	101,410	60,391	122.86	73.47
2018	0.0049	94,701	4,420	99,121	62,457	151.63	73.75
2017	0.0047	79,710	3,725	83,435	57,945	137.56	74.71
2016	0.0038	52,534	3,098	55,632	45,346	115.85	78.40
2015	0.0036 %	\$ 44,642	\$ 2,087	\$ 46,729	\$ 41,961	106.39 %	79.90 %

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as % of Covered Payroll
TRS					
2020	\$ 54,380	\$ 54,380	\$ -	\$ 598,807	9.08 %
2019	51,440	51,440	-	573,478	8.97
2018	49,157	49,157	-	549,056	8.95
2017	46,470	46,470	-	524,942	8.85
2016	49,336	49,336	-	565,001	8.73
2015	47,225	47,225	-	547,136	8.63
PERS					
2020	6,315	6,315	-	75,179	8.39
2019	6,213	6,213	-	74,590	8.33
2018	4,952	4,952	-	60,391	8.20
2017	5,049	5,049	-	62,457	8.08
2016	4,685	4,685	-	57,945	8.13
2015	\$ 3,614	\$ 3,614	\$ -	\$ 45,346	7.97 %

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

TEACHERS RETIREMENT SYSTEM (TRS)

Changes of Benefit Terms:

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

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

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

1. Final Average Compensation: average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
2. Service Retirement: Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
3. Early Retirement: Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
4. Professional Retirement Option: if the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
5. Annual Contribution: 8.15% of member's earned compensation
6. Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
 1. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 2. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 3. 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.
1. 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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

2. Guaranteed Annual Benefit Adjustment (GABA):

1. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board

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

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

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 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%.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

- 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.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

- Mortality among disabled members was updated to the following:

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

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2020

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	31 years
Asset valuation method	4 year smoothed market
Inflation	2.50 percent
Salary increase	3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members
Investment rate of return	7.50 percent, net of pension plan investment expense, and including inflation

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Changes of Benefit Terms

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

2017:

Working Retiree Limitations – for PERS

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

Refunds

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

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

Lump-sum payouts

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2020

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 2016 Experience Study:

General Wage Growth	3.50%
Investment Rate of Return	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Mortality (Healthy Members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of Payroll	0.26%

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.

SUPPLEMENTARY INFORMATION

AMSTERDAM SCHOOL DISTRICT NUMBER 75
 SCHEDULE OF SCHOOL DISTRICT ENROLLMENT
 FOR THE YEAR ENDED JUNE 30, 2020

Students Grade K-8

Full-Time Students:

Fall Enrollment	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	-	-	-
Kindergarten Full Day	18	18	-
Grades 1-6	125	125	-
Grades 7-8	-	-	-

Spring Enrollment	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	-	-	-
Kindergarten Full Day	18	18	-
Grades 1-6	125	125	-
Grades 7-8	-	-	-

Part-Time Students:

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

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

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF ADDITIONS, DEDUCTIONS AND BALANCES
EXTRACURRICULAR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Activity	Beginning Balance	Additions	Deductions	Transfers In (Out)	Ending Balance
PAC for PE	\$ (824)	\$ 6,324	\$ (6,337)	\$ -	\$ (837)
Library	113	3,610	(3,522)	-	201
Original Art	2,408	3,013	(2,046)	-	3,375
Yearbook	442	1,301	(1,180)	-	563
School Athletics	1,121	1,931	(1,380)	-	1,672
Gym Funds	4,731	3,000	(610)	-	7,121
MBI Leadership Funds	49	147	(100)	-	96
Club Cougars	2	-	-	-	2
Miscellaneous	3,446	436	(165)	-	3,717
Scoreboard/Concessions	-	7,409	(3,396)	-	4,013
Total	<u>\$ 11,488</u>	<u>\$ 27,171</u>	<u>\$ (18,736)</u>	<u>\$ -</u>	<u>\$ 19,923</u>

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

To the Board of Trustees
Amsterdam School District Number 75

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amsterdam School District Number 75 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 04, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Please see finding 20-1.

Compliance and Other Matters

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

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District'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.



Holmes & Turner
Bozeman, Montana
June 04, 2021

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

20-1. Segregation of Duties (Repeat of Finding 19-1)

Criteria: Internal controls should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Condition: The District has one person who handles the majority of accounting functions and who has sole access to the accounting software.

Effect: Misstatements may not be detected and corrected in a timely manner.

Cause: Smaller entities often have fewer employees, which may limit the extent to which segregation of duties is practicable. It would be inefficient, considering the size of the District, for the District to hire additional personnel to achieve optimal internal controls.

Recommendation: We recommend that the Board continue to provide oversight of monthly accounting to mitigate the risk of misstatements.

Reponse: The District has numerous compensating controls in place to help prevent mistakes or fraud. The District could always do more to segregate duties, but this would require additional personnel. The District believes the costs of the additional personnel would outweigh the benefits to provide perfect segregation of duties. Many steps have been recommended in the past by auditors and all those steps have been taken to ensure improved segregation of duties with our current personnel.

AMSTERDAM SCHOOL DISTRICT NUMBER 75
SCHEDULE OF PRIOR YEAR FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Finding No.</u>	<u>Description</u>	<u>Status</u>
19-1	Segregation of Duties	Repeat finding