

Montana Coal Impact Grant Application

Submitted to the Montana Coal Board

By

Lame Deer Public Schools, District 6

For

Purchase of One School Bus

Date submitted: July 27, 2020

ELIGIBILITY FOR COAL BOARD GRANTS

The governing body of a city, town, county, or school district, any other local or state governmental unit or agency, or the governing body of a federally recognized Indian tribe may apply for a grant to enable it to provide governmental services that are needed as a direct consequence of an increase or decrease of coal development or of an increase or decrease in the consumption of coal by a coal-using energy complex. (90-6-208, Montana Code Annotated)

Under 90-6-209, MCA, the Coal Board may not approve a grant to an Indian tribe unless:

- (a) the governing body of the tribe has agreed:
 - (1) to waive its immunity from suit on any issue specifically arising from the transaction of a grant obtained under this part; and
 - (2) to the adjudication of any dispute arising out of the grant transaction in the district court of the first judicial district of the State of Montana; and
- (b) approval of the transaction has been obtained from the Secretary of the United States Department of the Interior whenever approval is necessary.

CRITERIA FOR AWARD OF COAL IMPACT GRANTS

In accordance with current statute: 90-6-206, MCA Basis for awarding grants:

- (1) Grants must be awarded on the basis of:
 - (a) need;
 - (b) degree of severity of impact from an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex;
 - (c) availability of funds;
 - (d) degree of local effort in meeting these needs; and
 - (e) in addition, State law (90-6-207[5], MCA) requires the Coal Board to give attention “to the need for community planning before the full impact of coal development or decline is realized. Applicants should be able to show how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.” Therefore, pursuant to Sub-Chapter 3 of the Administrative Rules of Montana, ‘planning’ is an additional criterion the Coal Board will apply when judging applications.

AWARDING COAL BOARD FUNDS

(1) Eight applications, one with an original signature, must be submitted to the Department on the date posted on the Coal Board website (<http://comdev.mt.gov/COAL>) to be considered during the applicable board meeting. Applications can be submitted electronically* to DOCCB@mt.gov, but must be received by midnight of the application due date; or can be mailed to Department of Commerce but must be postmarked no later than the application due date. Applications can be mailed to: Coal Board Administrative Officer, Montana Coal Board, Community Development Division, Department of Commerce, P.O. Box 200523, 301 S Park Ave, Helena, MT 59620-0523 (Phone 406-841-2770, e-mail: DOCCB@mt.gov)

Applications are due 45 days prior to the Coal Board meeting. Any application not received or postmarked by the application due date, will be reviewed during the subsequent quarter.

** Applicants who submit applications electronically must mail one signed application and seven (7) copies to the address above to be received within seven days of submittal of the electronic version.*

(2) Applicants must appear before the Coal Board when their application is on the agenda for consideration. Applicants will receive a summary report and an agenda prior to the meeting date. If a representative is not available to speak on behalf of the application request, the application may be tabled until the next board meeting.

(3) The Coal Board may approve, deny or table a grant. The Board may request that an applicant return to the next meeting with additional information. The Board would then move to table the application until that meeting. If the application is tabled pending receipt of the requested information, the applicant can make a request that the Board remove the application from the table after submitting further information. At that time, the application will be placed on the next Coal Board meeting agenda.

4) Coal impact grant funds used for the preparation of plans, studies, analyses, or necessary research for the preparation of a preliminary engineering report must meet the requirements of the most current Uniform Application for Montana Public Facility Projects. Coal impact grant funds used for the preparation of a preliminary architectural report must meet the requirements described in the Coal Impact Grant Application (Appendix A).

PLEASE NOTE: Applications will be evaluated as they are submitted. The Board may table an application if significant changes or new information are presented during the hearing.

DISBURSEMENT OF COAL BOARD FUNDS

Eligible and reasonable expenses will be reimbursed from a Coal Board grant after:

- a. the contract has been fully executed between the Montana Department of Commerce and the Coal Board grant recipient;
- b. the grant recipient has demonstrated that firm commitments exist for any other resources to be involved in the project. In documenting a public commitment, the grant recipient must specify the amount and use of the funds or resources. A letter of commitment from the entity, agency or organization involved must document funds or resources to be provided by a State or federal agency or private organization. The commitment of funds or resources may be contingent on Coal Board funds being awarded for the proposed project;
- c. the grant recipient has documented compliance with the auditing and reporting requirements provided for in the Montana Single Audit Act, Sections 2-7-501 to 523, MCA, and has established a financial accounting system that can properly account for the grant funds according to generally accepted accounting principles. Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133;

- d. the Department has received the signed signatory and depository forms; and
- e. the Department has received the completed Request for Funds form and adequate documentation (copies of statements and invoices) to verify expenditures.

INSTRUCTIONS FOR COMPLETING COAL BOARD GRANT APPLICATION

Instructions and examples to help complete the application are in gray. **Once you have completed the application, please delete all the gray areas** by highlighting the section using the square in the upper left hand corner, then, right clicking on your mouse and selecting "cut". This will shorten the length of the document the board members will need to review.

Boxes and charts in this application have been formatted by WORD Table. Edits can be made using the Table function of WORD.

Applications may be secured with binder clips, large paper clips or staples. The three-ring meeting notebooks sent to Board members will not accommodate binders or plastic covers.

Eight applications, one with an original signature, must be submitted to the Department on the date posed on the Coal Board website (<http://comdev.mt.gov/COAL>) to be considered during the applicable board meeting. Applications can be submitted electronically* to DOCCB@mt.gov, but must be received by midnight of the application due date; or can be mailed to Department of Commerce but must be postmarked no later than the application due date. Applications can be mailed to: Coal Board Administrative Officer, Montana Coal Board, Community Development Division, Department of Commerce, P.O. Box 200523, 301 S Park Ave, Helena, MT 59620-0523 (Phone 406-841-2770, e-mail: DOCCB@mt.gov)

* Electronically submitted applications must be followed with the original and seven (7) signed hard copies that are postmarked by the application deadline.

**THE COAL IMPACT GRANT APPLICATION FORM
SUBMITTED BY (NAME OF APPLICANT)**

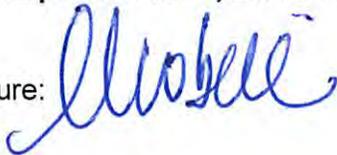
CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

In accordance with Section 90-6-205, MCA, the applicant is eligible for Coal Board grants and has the statutory authority to make expenditures to provide for the particular service or facility.

Name: **Marcy Cobell**

Title: **Superintendent, Lame Deer Public Schools**

Signature: 

Date: 

SUMMARY INFORMATION

1. NAME OF APPLICANT(S):

Lame Deer Public Schools, District #6, Rosebud County, Montana

2. TYPE OF ENTITY:

Public School District

3. FEDERAL TAX ID NUMBER:

81-6000899

4. SENATE AND HOUSE DISTRICTS:

House District #41 Senate District 21

5. AMOUNT OF COAL IMPACT GRANT REQUESTED \$ 100,000.00

6. NAME OF PROJECT:

Purchase of One School Bus

7. TYPE OF PROJECT:

To replace bus for safety reasons

8. POPULATION SERVED BY PROJECT:

Currently we have 554 students enrolled in Lame Deer Public Schools; the area serves two counties located on the Northern Cheyenne Reservation which includes Big Horn and Rosebud Counties.

Population	
Lame Deer	2950
Ashland	824
Busby	745
Birney	137
Total:	4656

9. NUMBER OF HOUSEHOLDS SERVED BY PROJECT:

	Households	Household with Individuals Under Age 18
Lame Deer	743	456
Ashland	285	125
Busby	733	117
Birney	30	19
Total:	1791	717

10. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:

Gerald Chouinard, Superintendent
Lame Deer Public Schools
PO Box 96
Lame Deer, MT 59043
(406) 477-6305 Ext. 1003
gerald.chouinard@lamedeer.k12.mt.us
Fax: (406) 477-6535

11. PRIMARY ENTITY CONTACT PERSON:

Rae Peppers, Federal Programs Director
Lame Deer Public Schools
PO Box 96
Lame Deer, MT 59043
(406) 477-6305 Ext. 1009
rae.peppers@lamedeer.k12.mt.us
Fax: (406) 477-6535

12. OTHER CONTACT PERSONS:

Yolanda Fraser, Business Manager
Lame Deer Public Schools
PO Box 96
Lame Deer, MT 59043
(406) 477-6305 Ext. 1001
Yolanda.fraser@lamedeer.k12.mt.us
Fax: (406) 477-6535

13. MILLAGE RATES:

2010-2011: 51.00 Mills; Mill Value .51. 2019 no changes.

14. AMOUNT OF COAL GROSS PROCEEDS TAX:

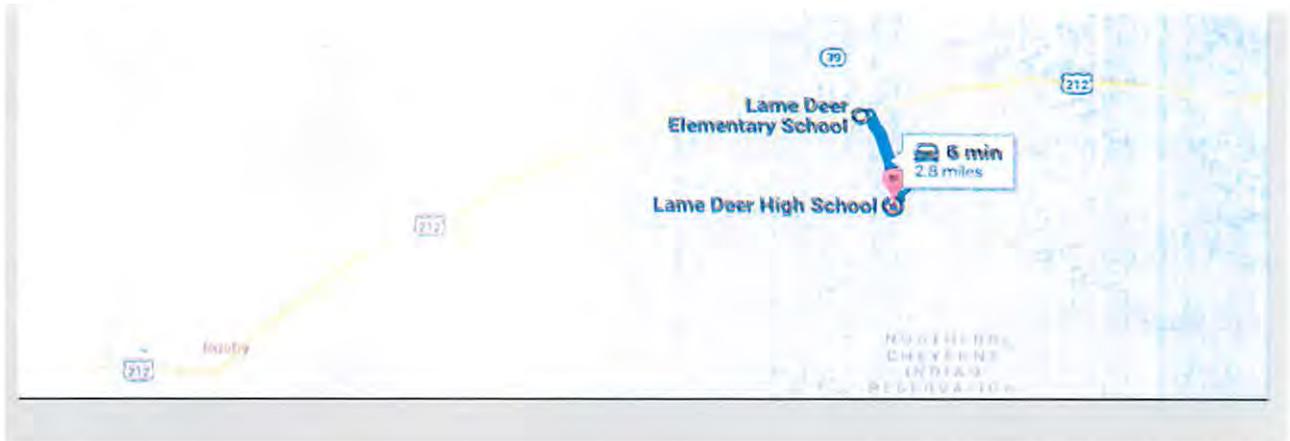
Please provide the following details:

Lame Deer Public Schools receives Zero (0) Coal Gross Proceeds.

15. IMPACTS FROM COAL INDUSTRY:

According to 2017 DataUSA information; the data collected indicates that approximately more than 252 people are continuously employed by the Coal Industry in Colstrip; with a population of over 50 or more Northern Cheyenne members employed in the surrounding coal mines of Colstrip, Decker, Spring Creek and Sarpy Creek which surround the Northern Cheyenne Reservation. Direct impacts are employment of family and relatives of children enrolled in Lame Deer Public Schools and are affected by the closure of Units 1 & 2. Approximately 16% of children in District 6 are impacted directly the coal industry, while the population as a whole are impacted indirectly.

16. MAPS:



17. BRIEF PROJECT SUMMARY:

PROJECT SUMMARY FOR Lamé Deer School District #6

Historical Information:

The Lamé Deer School District is a 60-year-old public school constructed in 1955 as an elementary district and the high school opened its doors in 2010 to accommodate the growing student population. Based on impact aid data, both the high school and elementary school have a total population of 565 students for the 2019-2020 School Year, 329 students from PK-6 in the Elementary School, 95 Junior High students and 141 in the High School. With the continual increase in student population, there has been an increase in students with special needs that require transportation to and from school and for other activities and appointments; our most recent SPED population is 53, 12% of the student population. Five districts exist within the 440,000 acres of the Northern Cheyenne Reservation, with students being picked up in all 5 areas. The average round trip bus distance traveled each day to the 5 districts is 457 miles per day for 5 buses. Ashland/Westside 126 miles; Lamé Deer-Handicap 16 miles; Birney/Sweet Medicine 114 miles; Muddy Cluster/Hwy 39 51 miles; Muddy Creek/Cut Across 62 miles; Busby/Eastside 88 miles.

Problem:

Reasons for Bus Replacement:

District #6 student population continues to change every year and it is expected to increase with changes in the surrounding communities due to socio-economic changes and unfortunate closure of Units 1&2; which is the main reason for replacing or acquiring new buses. The District encompasses two county districts, Big Horn and Rosebud Counties.

The communities of Big Horn County are: Muddy Creek, Busby and Muddy; approximate times spent per day in the county are 3.16 hours and 201 miles per day transporting students in and out of county using 3 buses.

The communities of Rosebud County are: Ashland, Lamé Deer Area and Birney; approximate times spent per day in the County are 4.16 hours and 256 miles per day transporting students in and out of county using 3 buses.

For every square mile there are five people meaning that our bus routes are long and driven in treacherous conditions with some buses driving over 40 miles a day on two lane roads. Montana weather is unpredictable, with temperatures ranging between 20 below in winter to over 90 degrees in summer months. Roads are often snow packed and icy or water drenched creating hazard conditions from wear and tear on the road due to weather conditions. Highway 212 is one of the most dangerous roads in the State of Montana due to out-of-state traffic, tourism and semi traffic, it is a shortcut route from several other states, with vehicle and pedestrian accidents a frequent occurrence. The latest fatality happened on January 31, 2020 with the loss of 2 lives when they hit a school bus.

School bus replacement will serve four main purposes:

- (1) Reducing the operating cost of the bus over the anticipated lifetime;
- (2) Improving the safety of buses through compliance with the latest state and federal standards;
- (3) Reducing emissions and increasing fuel-efficiency; and
- (4) Reducing maintenance costs on constant repairs of buses.

Proposed Solution:

The solution is to purchase an 80 or 84 passenger bus that meet updated state and federal standards and is compatible with current computerized systems. A majority of the buses are outdated and the cameras and radios no longer work due to obsolete software and computer equipment. A new bus will improve fuel mileage and provide safety features such as updated camera/video equipment and radio systems. I-State provided the last bus through a 2018 Coal Board Grant and a new quote is included in the application for review.

18. PROJECT BUDGET AND IMPLEMENTATION SCHEDULE:

A. Project Budget Form:

PROJECT BUDGET FOR Lame Deer School District 6					
Completed by: Rae Peppers For: (location) Lame Deer School District 6, MT Date: February 3, 2020.					
ADMINISTRATIVE/FINANCIAL COSTS	SOURCE: Coal Board Grant	In-Kind SOURCE: Lame Deer School	In-Kind SOURCE:	In-Kind SOURCE:	TOTAL:
Grant Administration	\$ -	\$1,500.00	\$ -	\$ -	\$ 1,500.00
Office Costs	\$	\$	\$	\$	\$ -
Professional Services	\$	\$	\$	\$	\$ -
Legal Costs	\$	\$	\$	\$	\$ -
Travel & Training	\$	\$	\$	\$	\$ -
<u>TOTAL ADMINISTRATIVE/FINANCIAL COSTS</u>	\$	\$1,500.00	\$	\$	\$ 1,500.00
ACTIVITY COSTS:					
Purchase Cost	\$100,000.00	\$	\$	\$	\$100,000.00
Installation/Setup Cost	\$ -	\$	\$	\$	\$ -
Water/Sewer Hookups	\$ -	\$	\$	\$	\$ -
Renovations/Repairs (PER's, studies, etc.)	\$	\$	\$	\$	\$ -
Contingency	\$	\$	\$	\$	\$ -
TOTAL ACTIVITY COSTS	\$100,000.00	\$	\$	\$	\$100,000.00
TOTAL PROJECT COSTS	\$100,000.00	\$1,500.00			\$101,500.00

B. Project Budget Narrative:

BUDGET NARRATIVE FOR
Lame Deer School District 6

ADMINISTRATIVE/FINANCIAL COSTS

Personnel Services/Office Costs:	\$1,500.00
This expense will be considered in-kind due to common daily management of Personnel and Office costs.	
Professional Services:	\$
No expected Professional Services, have experienced facilities staff.	
Legal Costs:	\$
No legal fees anticipated for this project.	
Audit Fees:	\$
No audit fees anticipated for this project.	
TOTAL ADMINISTRATIVE/FINANCIAL COSTS	\$1,500.00

ACTIVITY COSTS

Purchase Cost:	\$100,000.00
The cost of purchase for the purchase of a 80 passenger school bus, including delivery to Lame Deer School. The cost for each unit is \$100,000.00	
Installation/Setup Cost:	\$
None	
Contingency:	\$
None, in-kind Match if needed.	
TOTAL ACTIVITY COSTS:	\$100,000.00
TOTAL PROJECT COSTS:	\$100,000.00

C. Implementation Schedule:

IMPLEMENTATION SCHEDULE FOR Lame Deer Public School District 6												
TASK	QUARTERS 2020				QUARTERS 2021				QUARTERS 2012			
	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH
<u>PROJECT START-UP</u>												
A. Sign contract with Coal Board	X	X										
B. Secure approval of other funding		X										
C. Submit progress reports and drawdown request. (Progress reports quarterly if no draws submitted)			X	X	X	X						
<u>PROJECT CONSTRUCTION</u>												
A. Location Design/Determination												
B. Conduct pre-construction conference												
C. Purchase and installation of units												
D. Monitor Progress												
E. Final Inspection												
<u>PROJECT CLOSE-OUT</u>												
A. Coal Board administrative staff conduct on-site monitoring of the project.						X						
B. Submit project completion report.							X					
C. Include project in audits.							X					

19. DESCRIPTION OF RELATIONSHIP TO COAL BOARD STATUTORY GRANT CRITERIA

The Coal Board does base its awards on the following four statutory criteria (90-6-206, MCA). In addition, State law (90-6-207, (5), MCA) that requires attention be given to the need for community planning before the full impact of coal development or decline is realized.

A. Need

Explain how the assistance that is required to eliminate or reduce a direct and obvious threat to the public health, safety, or welfare that has been caused as a direct result of coal development or decline?" (90-6-206, MCA)

1. Does a serious deficiency exist in a basic or necessary community public facility or service? Examples include emergency services such as police, fire or ambulance services.

Throughout the State of Montana, there is a need for safe school buses; many of our school districts are in very rural areas with only two lane highways. Montana weather is unpredictable and hazardous at all times of the year. Hiring good people is very competitive and due to the decline of coal, qualified people will navigate where the jobs will sustain not only their profession but also the careers of their family members as well. Lame Deer Public Schools realizes the need to offer good safe buses and reasonable pay if they are to retain drivers and other transportation staff.

2. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, safety problems, hazards, or health risks?

Picking up and delivering schoolchildren to the school and home again are based on safety always. Buses need to have the required lighting, crossing and stop arms, flashing lights, cameras and radios should always be available along with having the most updated computer software and hardware to ensure the buses run properly. Even with such safety measures, our buses still have to pick up children on Highway 212 in all kinds of weather conditions, in high semi-trailer traffic with the children having to walk across this dangerous road, often in a 3-lane situation. The previous transportation director has contacted the State Department of Transportation requesting more signs be placed in pickup areas for several reasons, 1) a bus was run into despite the fact it had all the safety equipment available, driver claimed the sun was blinding him, 2) drivers have driven past stopped buses with flashing lights, etc. Such issues create safety problems and our older buses are constantly in repair or have obsolete computer software that is not compatible or cannot be updated.

3. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency or at risk, as opposed to a small percentage of the residents?

All of our communities in District 6 are clearly impacted by transportation issues and highway safety, over 500 students attend Lame Deer Public Schools and it is one of the largest employers on the Northern Cheyenne reservation, with approximately 158 employees from the communities surrounding the school district on and off the reservation. Most homes off school campus have more than one family living in them and our school has a large population of homeless students living with family, friends or others, safe buses are crucial to our community and education system.

4. Is there clear documentation that the current condition of the public facility or service (or lack of a facility or service) violates, or may potentially violate, a state or federal health or safety standard. If the proposed project is necessary to comply with a court order or a state or federal agency directive, describe the directive and attach a copy of it.

Currently there are no violations of state or federal health or safety standards by Lame Deer Public Schools.

5. Does the standard that is being violated, or potentially may be violated; represent a significant threat or potential threat to public health or safety?

No violations exist.

6. Additional information supporting the NEED for this project.

Attached is current list of the buses in our fleet for informational purposes.

B. Degree of Severity of Impact from an Increase or Decrease in Coal Development or In the Consumption of Coal by A Coal-Using Energy Complex

Explain why the proposed project or governmental services or facilities “are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex” (90-6-205, (4) (a), MCA).

1. Describe why the need for the expansion or improvement to the public facility or public service is attributable to coal-related impacts. Additionally, please provide the percentage of the project that is a result of coal impacts.

Lame Deer Public School has been designated by the Coal Board as “Coal Impacted” and the Department of State Lands has certified Rosebud County and the Northern Cheyenne Reservation as being impacted by the Coal Industry.

Approximately 16% of our student population is directly impacted by the coal industry and more will be adversely affected by the decline of coal in the coming years most recently the closing of Units 1 & 2. In addition, a large population of students from the Northern Cheyenne Reservation attends Colstrip Public Schools and we continue to have community members working in the coal industry and in the Colstrip community. The people of the Northern Cheyenne Indian Reservation are impacted directly or indirectly by environmental and socioeconomic conditions surrounding Colstrip. According to recent census data the Native American population contributes largely to the economy of Colstrip through jobs and support the businesses of the community.

2. Name the nearest coal development area or coal-using energy complex to your community and the road miles from your community.

The closest coal-using energy complex is Colstrip, Montana, 21 miles away. The Northern Cheyenne Reservation is designated as a coal impacted area that has affected the surrounding environment, including water and air.

3. Additional information supporting the degree of severity of impact from an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex.

As stated in the Coal Board Staff Report dated December 2016; in 1982, 18.5% of the Lame Deer Public School students had parents who were directly employed in the local coal industry. By 1992, that number had decreased to 10%. According to a survey of approximately 500 Lame Deer school K-12 students conducted by their teachers in May of 2011, 623 students reported having parents or relatives directly employed by a coal mine or coal-using energy facility.

With the continual decline of the coal industry by decreasing demand and supply along with environmental concerns and regulations, these impacts will affect potential funds available to the coal impacted areas such as Lame Deer Schools and to the employment of people living in the surrounding area that work, patronize, and support the businesses in the Colstrip area.

1. Amount requested from the Coal Board: \$ 100,000.00
2. Amount of Coal Board funds available at the time of application \$ _____ (#2 will be completed by Coal Board staff)
3. Explain why a coal impact grant is necessary to make the project feasible and affordable.

The Lame Deer Public Schools has no leverage from property tax mills because the Northern Cheyenne Tribe owns 97% of the land base of the Northern Cheyenne Reservation; limiting our funding capability.

4. What are the other proposed funding sources for the project?

Our main sources of funds come from Federal Impact Aid dollars and from state funding.

FUNDING SOURCES SUMMARY FOR LAME DEER SCHOOL DISTRICT #6				
Source	Type of Fund	Amount	Status of Commitment	Loan Rates & Terms
Coal Board Funding	State of Montana Grant	\$100,000.00	Requested	Zero
Lame Deer Public School District #6	U.S Department of Education	\$5,000,000.00	Pending	Zero

5. If a particular proposed source of funding is not obtained, how will the applicant proceed?

Explain how the funding strategy will change if each proposed funding source is not received. (Discuss how the loss of each of the proposed funding sources would affect the completion of the project. For instance, will the applicant wait and re-apply to the funding source, will the applicant be willing to increase the amount of debt it will incur, or will the project not move forward?)

APPLICANT'S RESPONSE:

Without Coal Board Funding, Lame Deer Public School will continue to maintain its current operations and make the best of the situation. In 2018, the school requesting funding for two buses and received funding for one. It was suggested that LDPS apply for the MDT Diesel Tax Application, which we did and it was determined we did not qualify because a majority of our buses do not use diesel. We will continue to search for funding to meet our needs but we are directly coal impacted and if necessary reapply to the Coal Board.

C. Availability of Funds

D. Degree of Local Effort in Meeting Needs

1. If current millage rates given are lower than the average rates levied during the previous three years, briefly explain why they are lower.

Currently Lame Deer Public Schools millage value per ANB is 0.24, the statewide rate is \$23.80. As stated 98% of land base is owned by the Northern Cheyenne Tribe.

2. Describe any local efforts to meet the public facility or public service needs by providing financial contributions to the project to the extent possible, such as local funding, donations of land, absorbing some or all-administrative costs. For non-profit organizations, describe fund-raising efforts or other in-kind assistance to the proposed project as well as usual program fund-raising efforts.

School District #6 is absorbing the administrative costs and contingency funding for this project. The Northern Cheyenne Tribe is unable to contribute to this project and no other grants exist at this time to help fund this project.

3. Describe past operation and maintenance budgets and practices over the long-term, including any reserves for repair and replacement.

Due to limited funds, there are no reserves set-aside for bus purchases, all projects are financed through the General Fund. With the help of the Coal Board Grant, District #6 is hopeful that we can reverse this cycle and increase our budget to fund this project. Because federal funding is not always timely, the school administration keeps approximately \$2 million unobligated to ensure that an adequate cash flow is in place for payroll and district expenditures.

4. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, explain the circumstances and describe the actions that management will take in the future to assure that the problem will not reoccur.

This is not the consequence of recent origin, nor because of inadequate support services, this is a problem that developed as our student and employee population continues to increase along with our bus usage.

5. If the project involves water, wastewater or solid waste, provide the current and projected monthly household user charges, including operation and maintenance:

- a. What is the current monthly household user charge? \$ 0
- b. What is the projected monthly user charge (including operation and maintenance) when the project is complete? \$ 0

6. What are your current debt obligations?

As a public school, we depend mainly on Federal Impact Aid Funding and State funding such as Title monies and various grant funding to support the operations of the school district. We have no outstanding debt obligations.

APPLICANT'S RESPONSE: <u>CURRENT DEBT SUMMARY FOR Lame Deer School District #6</u>								
Year Issued	Purpose	Type of Bond/ Security	Amount	Maturity Date (mo./yr.)	Debt Holder	Coverage Required	Annual Payment Amount	Outstanding Balance
								0
								0

7. What are your current assets?

Enclosed are the documents from Lame Deer School District's last audit for FY 2017-2018 school year. A final copy of our last audit for 2018-2019 can be provided when ready.

8. What financial accounting system do you use? Tyler Tech Accounting Software-Citrix and Maefairs.

The Board is required to ensure conformity to generally accepted accounting principles. Examples include Quick Books and MBARS.

9. Is the applicant in compliance with the auditing and annual financial reporting requirements provided for in the Montana Single Audit Act, 2-7-501 to 522, MCA? (Tribal governments must comply with auditing and reporting requirements provided for in OMB Circular A-133).

Yes X No ___ Date of last completed audit or financial report 2017-2018 School Year

10. If there have been audit findings within the last five years, have they been satisfactorily addressed?

No findings had been found and were addressed immediately. Documentation is included.

11. Additional information supporting the degree of local effort in meeting needs.

Paid expenses and documented support by the community and staff of Lame Deer School is a continuous local effort that is supported by LDPS.

E. Planning & Management

State law (90-6-207, (5), MCA) requires the Coal Board to give attention “to the need for community planning before the full impact of coal development or decline is realized. Applicants should be able to show how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.” Therefore, pursuant to Sub-Chapter 3 of the Administrative Rules of Montana, Planning is an additional criterion the Coal Board will apply when judging applications.

1. Describe how your grant request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems related to coal impacts.

With the decline of the coal industry, this impact will have a major effect on the communities due to employment reduction and increase in student population due to decrease in out-of-district student allowance. Our school district is preparing to take on more students should they need too and is in dire need of adequate and safe busing solutions. Our Transportation Director is constantly working on eliminating safety problems and finding solutions to cut unnecessary costs while ensuring that our school children have safe transportation. To request Coal Board funding support for the busing needs for Lame Deer School would offer a solution to a growing problem.

2. Describe how the proposed project is consistent with current plans.

Enclosed is a copy of our transportation policies for the Lame Deer School District.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

STATEMENT OF NET POSITION

June 30, 2018

ASSETS:

Current Assets

Cash and equivalents	9,371,691
Taxes receivable	1,692
Due from other governments	267,385
Total current assets	<u>9,640,768</u>

Capital Assets:

Land	2,322
Other capital assets, net of depreciation	18,827,130
Total capital assets	<u>18,829,452</u>
Total assets	<u>28,470,220</u>

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



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – CONTINUED

June 30, 2018

LIABILITIES:

Accounts payable and accrued expenses	2,723
Advances from grantors	72,358
Long-term liabilities:	
Due within one year:	
Compensated absences	76,900
Due in more than one year:	
Compensated absences	307,596
Net pension liability	5,966,251
Total liabilities	<u>6,425,828</u>

DEFERRED INFLOWS OF RESOURCES:

Pension related differences and changes	<u>212,784</u>
Total deferred inflows of resources	<u>212,784</u>

NET POSITION:

Net investment in capital assets	18,829,452
Restricted for:	
Capital projects	25,083
Other fund activities	471,402
Unrestricted	3,638,149
Total net position	<u>22,964,086</u>

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



BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Expenses	Program Revenue		Net (Expense) Revenue
		Charges for Services	Operating Grants	
Primary government				
Instruction:				
Regular programs	4,011,744	0	971,418	4,129
Special programs	180,645	0	340,285	0
Vocational programs	0	0	35,509	0
Supporting services	3,101,783	0	0	0
Operations & maintenance	1,018,061	0	0	0
Student transportation	433,203	0	102,802	0
Community services	135,575	0	0	0
Food services	578,257	7,836	390,353	0
Extracurricular	226,132	0	0	0
Unallocated depreciation	958,899	0	0	0
Total governmental activities	<u>10,644,299</u>	<u>7,836</u>	<u>1,840,367</u>	<u>4,129</u>
General revenues:				
Property taxes, levied for general purposes				33,308
County retirement distribution				739,825
State aid				3,775,820
Impact aid				6,023,683
Interest				122,465
Miscellaneous				135,700
Total general revenues				<u>10,830,801</u>
Change in net position				2,038,834
Net position - beginning				<u>20,925,252</u>
Net position - ending				<u><u>22,964,086</u></u>

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



BASIC FINANCIAL STATEMENTS

Fund Financial Statements

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Elementary Miscellaneous Programs	High School Miscellaneous Programs	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	8,861,646	0	53,822	456,223	9,371,691
Taxes receivable, net	1,692	0	0	0	1,692
Due from other funds	206,119	0	0	0	206,119
Due from other governments	0	248,805	18,580	0	267,385
Total assets	<u>9,069,457</u>	<u>248,805</u>	<u>72,402</u>	<u>456,223</u>	<u>9,846,887</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	255	0	0	2,468	2,723
Due to other funds	0	206,119	0	0	206,119
Advances from grantors	0	1,940	70,418	0	72,358
Total liabilities	<u>255</u>	<u>208,059</u>	<u>70,418</u>	<u>2,468</u>	<u>281,200</u>
Deferred inflow:					
Unavailable tax revenue	1,692	0	0	0	1,692
Total deferred inflow of resources	<u>1,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,692</u>
Fund balances:					
Restricted for:					
Capital projects funds	0	0	0	25,083	25,083
Other fund activities	0	40,746	1,984	428,672	471,402
Unassigned	9,067,510	0	0	0	9,067,510
Total fund balances	<u>9,067,510</u>	<u>40,746</u>	<u>1,984</u>	<u>453,755</u>	<u>9,563,995</u>
Total liabilities, deferred inflow of resources and fund balances	<u>9,069,457</u>	<u>248,805</u>	<u>72,402</u>	<u>456,223</u>	<u>9,846,887</u>

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



BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2018

Total fund balance, governmental funds	9,563,995
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	18,829,452
Property taxes receivable that are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	1,692
Some liabilities, such as notes payable, compensated absences and net pension liability, are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	(6,350,747)
Deferred outflow of resources (pension contributions and related differences and changes) and inflows (pension related differences and changes) of resources are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	919,694
Net position of governmental activities in the statement of net position.	<u>22,964,086</u>

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



BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Elementary Miscellaneous Programs</u>	<u>High School Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes for general purposes	33,081	0	0	0	33,081
Intergovernmental:					
County	0	0	0	789,633	789,633
State	3,661,344	58,754	0	166,555	3,886,653
Federal	6,023,683	961,968	241,011	393,921	7,620,583
Interest on investments	118,843	0	0	3,622	122,465
Food services	0	0	0	7,836	7,836
Other	37,672	13,438	1,482	83,108	135,700
Total revenues	<u>9,874,623</u>	<u>1,034,160</u>	<u>242,493</u>	<u>1,444,675</u>	<u>12,595,951</u>
EXPENDITURES					
Current:					
Instruction	2,681,687	917,719	137,972	329,619	4,066,997
Supporting services	2,411,845	98,160	80,035	219,725	2,809,765
Operations and maintenance	942,464	0	0	75,597	1,018,061
Student transportation	266,287	0	0	166,916	433,203
Community services	65,080	0	0	70,495	135,575
Food services	156,902	0	0	421,355	578,257
Extracurricular	212,363	0	0	13,769	226,132
Capital outlay	232,451	12,000	24,448	126,102	395,001
Total expenditures	<u>6,969,079</u>	<u>1,027,879</u>	<u>242,455</u>	<u>1,423,578</u>	<u>9,662,991</u>
Excess (deficiency) of revenues over expenditures	2,905,544	6,281	38	21,097	2,932,960
Fund balances - beginning	<u>6,161,966</u>	<u>34,465</u>	<u>1,946</u>	<u>432,659</u>	<u>6,631,036</u>
Fund balances - ending	<u>9,067,510</u>	<u>40,746</u>	<u>1,984</u>	<u>453,755</u>	<u>9,563,995</u>

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



BASIC FINANCIAL STATEMENTS

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

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds: 2,932,960

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. (958,899)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. 227

Statement of activities report expenses that the governmental funds do not and are not reported as expenditures in the governmental funds:
Compensated absences expense (196,706)

Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in the statement of activities:
Capital outlays, not including capital assets under leases 395,001
Pension expense, net of state on-behalf payment (133,749)
Change in net position of governmental activities 2,038,834

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



BASIC FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION AND CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2018

	PRIVATE PURPOSE TRUST STUDENT ACTIVITY FUND
FIDUCIARY NET POSITION	
Assets:	
Cash	177,975
Total assets	<u>177,975</u>
Net Position:	
Held in trust for student activities	177,975
Total net position	<u><u>177,975</u></u>
CHANGES IN FIDUCIARY NET POSITION	
Additions	
Revenue	<u>72,728</u>
Deductions	
Expenses	<u>52,834</u>
Change in net position	19,894
Net position, beginning of year	<u>158,081</u>
Net position, end of year	<u><u>177,975</u></u>

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

Note A Description of the School District and Reporting Entity

1 Reporting Entity

Lame Deer Public School District No. 6 was established under Montana law to provide educational services below the college and university level to residents of the District. The District actually consists of two separate legal entities, high school and elementary districts. Accounting records of both districts must be maintained separately per State Law because of differences in funding and tax base. Each district is managed by a Board of Trustees, elected by the citizens and by a central administration appointed by and responsible to the Boards.

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

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

The District functions in a fiduciary capacity relating to the student extracurricular fund.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Note B Summary of Significant Accounting Policies

The financial statements of Lame Deer Public School District No. 6 have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

1. Basis of Presentation

a. Government-Wide Financial Statements

The statement of net position and the statement of activities show information about the overall financial position and activities of the District with the exception of the extracurricular fund. The extracurricular fund, which accounts for the extracurricular activities of the District's students, is reported as a private purpose trust fund in the statement of fiduciary net position and changes in fiduciary net position.

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

b. Fund Financial Statements

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

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

2. Governmental Funds

The District reports the following major governmental funds:

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

Elementary and High School Impact Aid – The impact aid fund (Title VIII) Authorized by Section 20-9-514, MCA for the purpose of the receipt and expenditure of Public Law 81-874 Impact Aid.

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

Elementary and High School Miscellaneous Programs – The miscellaneous programs fund is used for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for others and are therefore not available to support District programs. The reporting focus is on net position and changes in net position and are reported using generally accepted accounting principles similar to business in the private sector.

The District's fiduciary funds are presented in the statement of fiduciary net position and statement of changes in fiduciary net position by type (private purpose and agency). Because by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

4. Basis of Accounting and Measurement Focus

a. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

b. Fund Financial Statements

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

The District recognizes property taxes as a receivable at the time an enforceable legal claim is established and considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes, special assessments, grants, interest revenue, and charges for services. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

5. Cash and Investments

Cash resources of the District for all funds other than the extracurricular fund, are combined with cash resources of other school districts within Rosebud County to form a pool of cash and cash equivalents that is managed by the Rosebud County Treasurer. Investments of the pooled cash consist primarily of certificates of deposit and repurchase agreements and are carried at cost, which approximates fair value. Among the instruments which state statutes authorize the District to invest in are direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state; in a repurchase agreement or Montana short-term investment pool. Interest income received as a result of pooling is distributed to the appropriate governmental entity utilizing a formula based on the respective entity's previous month's ending balance of cash and cash equivalents. The County Treasurer then distributes interest income to each fund utilizing a formula based on the fund's previous month's ending balance of cash and cash equivalents.

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

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

	<u>Payroll Clearing</u>	<u>Claims Clearing</u>
Cash	<u>102,566</u>	<u>232,615</u>
Warrants payable	<u>102,566</u>	<u>232,615</u>

Information regarding the collateral and security for cash and cash equivalents is not available to the District. Montana state statute requires that collateral to secure deposits of public funds be held in direct obligations of the United States government or its agencies.

Extracurricular Fund cash of \$182,134 at June 30, 2018 is held at First Interstate Bank. The First Interstate Bank balance is insured by the FDIC up to \$250,000.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

6. Capital Assets

Capital assets, including land, buildings, improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 the life of the asset are not capitalized.

Buildings, improvements, and equipment are depreciated using the straight-line depreciation method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	5-50 Years
Machinery and equipment	2-50 Years

7. Short-term Interfund Receivables and Payables

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

8. Compensated Absences

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

9. Pensions

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

10. Deferred Outflows of Resources

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

11. Deferred Inflows of Resources

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

12. Fund Balances

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

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

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

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

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

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

Unassigned – The residual classification for the government's general fund that includes all amounts that are not contained in the other classifications.

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

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. All encumbrances are classified as either assigned fund balance or committed fund balance. At June 30, 2018, there were no encumbrances.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

13. Net Position

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

14. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

15. Date of Management Review

Management has evaluated the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2018. Management has performed this evaluation through December XX, XXXX, the date the financial statements were available to be issued.

Note C Property Taxes

Property taxes are collected by Rosebud County who remits to the District their respective share of the collections. The 2017 property tax levy, which was perfected and became a receivable in October 2017, was levied to finance District operations during the year ended June 30, 2018. The tax levy was collectible in November 2017 and May 2018. As of May 31, 2018 uncollected property taxes became delinquent. Property taxes are attached as an enforceable lien on the underlying property. After a period of three years, Rosebud County, the collecting agent, may begin foreclosure proceedings and sell the property at auction. The District receives its share of the sale proceeds from Rosebud County.

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Note D Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
CAPITAL ASSETS BEING DEPRECIATED AT COST:				
Buildings and improvements	32,208,316	341,403	0	32,549,719
Machinery and equipment	2,366,319	53,598	0	2,419,917
	<u>34,574,635</u>	<u>395,001</u>	<u>0</u>	<u>34,969,636</u>
OTHER CAPITAL ASSETS:				
Land	<u>2,322</u>	<u>0</u>	<u>0</u>	<u>2,322</u>
Total	<u>34,576,957</u>	<u>395,001</u>	<u>0</u>	<u>34,971,958</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings and improvements	13,379,323	839,008	0	14,218,331
Machinery and equipment	1,804,284	119,891	0	1,924,175
Total accumulated depreciation	<u>15,183,607</u>	<u>958,899</u>	<u>0</u>	<u>16,142,506</u>
Total	<u>19,393,350</u>			<u>18,829,452</u>

Depreciation expense was unallocated:

Unallocated depreciation	<u>958,899</u>
Total depreciation expense	<u>958,899</u>



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Note E Long-Term Debt

The following is a summary of changes in current and long-term obligations for the year ended June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Due Within One Year</u>	<u>Long Term</u>
Compensated absences payable	187,790	196,706	0	384,496	76,900	307,596
Net pension liability	5,478,639	487,612	0	5,966,251	0	5,966,251
Total	<u>5,666,429</u>	<u>684,318</u>	<u>0</u>	<u>6,350,747</u>	<u>76,900</u>	<u>6,273,847</u>

The compensated absences liability will be liquidated by several of the governmental funds.

Note F Employee Benefit Pension Plans

1 Teachers Retirement System of Montana

a. Plan Description

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

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

b. Summary of Benefits

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

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

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

c. Overview of Contributions

The System receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the State's general fund for school districts and other employers. The System also receives 0.11% of reportable compensation from the State's general fund for all TRS employees 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.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

The following tables show the history of legislated contributions for TRS members, employers and the State.

School District and Other Employers

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

State and University Employers

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

d. TRS Stand-Alone Statements

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

e. Actuarial Assumptions

The total pension liability as of June 30, 2017, is based on the results of an actuarial valuation date of July 1, 2017. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of the last actuarial experience study, dated May 1, 2014. Among those assumptions were the following:

- Total wage increase* 4%-8.51% for non-university members and 5% for university members
- Investment return 7.75%
- Price inflation 3.25%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for the at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than .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: 1992 Base Rates from the RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and 1992 Base Rates 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: 1992 Base Rates from the RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and 1992 Base Rates from 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
 - 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.

*Total wage increases include 4.00% general wage increase assumption.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

f. Discount Rate

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 non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. 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. Target Allocations

Asset Class	Target Asset Allocation (a)	Real Rate of Return Arithmetic Basis (b)	Long-Term Expected Portfolio Real Rate of Return* (a x b)
Broad US Equity	36.00%	4.80%	1.73%
Broad International Equity	18.00%	6.05%	1.09%
Private Equity	12.00%	8.50%	1.02%
Intermediate Bonds	23.40%	1.50%	0.35%
Core Real Estate	4.00%	4.50%	0.18%
High Yield Bonds	2.60%	3.25%	0.08%
Non-Core Real Estate	4.00%	7.50%	0.30%
	100.00%		4.75%
		Inflation	3.25%
		Expected arithmetic nominal return	8.00%

*The long-term expected nominal rate of return above of 8.00% differs from the total TRS long-term rate of return assumption of 7.75%. The assumed rate is comprised of a 3.25% inflation rate and a real long-term expected rate of return of 4.50%.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

The assumed long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the System. The most recent analysis, performed for the period covering fiscal years 2009 through 2013, is outlined in a report dated May 1, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were 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. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, is summarized in the above table.

h. Sensitivity Analysis

	1.0% Decrease (6.75%)	Current Discount Rate	1.0% Increase (8.75%)
The District's proportionate share of net pension liability	5,254,072	3,812,738	2,598,833

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

i. Summary of Significant Accounting Policies

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

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

j. Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective net pension liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective net pension liability that is associated with the employer. The following table displays the amounts and the percentages of net pension liability for the fiscal years ended June 30, 2018 and June 30, 2017 (reporting dates).



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL 6/30/2018	Percent of Collective NPL 6/30/2017	Change in Percent of Collective NPL
The District's proportionate share	3,812,738	3,887,148	0.2261%	0.2128%	0.0133%
State of Montana's proportionate share associated with the District	2,420,362	2,535,613	0.1435%	0.1388%	0.0047%
Total	6,233,100	6,422,761	0.3696%	0.3516%	0.0180%

At June 30, 2018, the District recorded a liability of \$3,812,738 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2018, the District's proportion was 0.2261 percent.

Changes in actuarial assumptions and other inputs: There have been no changes in actuarial assumptions and other inputs since the previous measurement date.

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

Change in proportionate share: There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. The District experienced no changes that are expected to have an impact on the net pension liability.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

k. Pension Expense

	<u>Pension Expense as of 6/30/2018</u>
The District's proportionate share	238,161
State of Montana's proportionate share associated with the District	<u>50,812</u>
Total	<u><u>288,973</u></u>

At June 30, 2018, the District recognized pension expense of \$288,973 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$50,812 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

l. Deferred Inflows and Outflows

At June 30, 2018, District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	14,022	5,700
Changes in actuarial assumptions	0	15,940
Difference between projected and actual investment earnings	0	15,089
Changes in proportion & differences between actual and expected contributions	152,173	158,475
*Contributions paid to TRS subsequent to the measurement date - FY 2018 contributions	261,934	0
Total	428,129	195,204



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

* Amounts reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year ended June 30:	Deferred Outflows of Resources (a)	Deferred Inflow of Resources (b)	Amount recognized in Pension Expense as an increase or (decrease) in Pension Expense (a-b)
2019	62,774	200,582	(137,808)
2020	137,153	34,900	102,253
2021	73,840	0	73,840
2022	0	67,295	(67,295)
2023	0	0	0
Thereafter	0	0	0

2. Montana Public Employee Retirement System

a. Plan Description

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

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

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

b. Summary of Benefits

Eligibility for benefit

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

- Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently .77% effective July 1, 2017).
 - No service credit for second employment;
 - Start the same benefit amount the month following termination; and
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

- Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service;
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting

- 5 years of membership service.

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

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

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Guaranteed Annual Benefit Adjustment (GABA)

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

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

c. Overview of Contributions

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

Fiscal Year	Member		State & Universities Employer	Local Governments		School Districts	
	Hired <7/1/11	Hired >7/1/11		Employer	State	Employer	State
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

- 1) Members' contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
- 2) Employer contribution to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% per year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation results that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- 3) Non-Employer Contributions;
 - a. Special Funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - b. Not Special Funding
 - i. The State contributed a portion of Coal Severance Tax income and earnings from the Coal Severance Tax fund.

d. Stand-Alone Statements

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



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

e. Actuarial Assumptions

The total pension liability used to calculate the net pension liability was determined by taking the results of the June 30, 2016, actuarial valuation and applying standard roll forward procedures to update the total pension liability to June 30, 2017. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the June 30, 2017, valuation was based on the results of the last actuarial experience study, dated May 2017 for the six-year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

- | | |
|--|-------------|
| • Investment Return (net of admin expense) | 7.65% |
| • Admin Expense as % of Payroll | 0.26% |
| • General Wage Growth* | 3.50% |
| *includes inflation at | 2.75% |
| • Merit Increase | 0% to 6.30% |
| • Postretirement Benefit Increases: | |

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, **inclusive** of other adjustments to the member's benefit.

- 3.0% for members hired **prior** to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members were based on RP 2000 Combined Mortality Tables with no projections.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

f. Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The State contributed 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. 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. A municipal bond rate was not incorporated in the discount rate.

g. Target Allocations

The long-term expected return on pension plan assets is reviewed as part of the regular experience study prepared for the Plan. The most recent analysis, performed for the period of July 1, 2010 to June 30, 2016, was outlined in a report dated May 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using 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 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 target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized below.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Asset Class	Target Asset Allocation (a)	Real Rate of Return Arithmetic Basis (b)	Long term Expected Real Rate of Return (a x b)
Cash Equivalents	2.60%	4.00%	0.10%
Domestic Equity	36.00%	4.55%	1.64%
Foreign Equity	18.00%	6.35%	1.14%
Fixed Income	23.40%	1.00%	0.23%
Private Equity	12.00%	7.75%	0.93%
Real Estate	8.00%	4.00%	0.32%
Total	<u>100.00%</u>		<u>4.37%</u>
		Inflation	<u>2.75%</u>
		Portfolio Return Expectation	<u>7.12%</u>

The long-term, expected nominal rate of return above 7.12% is an expected portfolio rate of return provided by Board of Investments (BOI), which differs from the total long-term assumed rate of return of 7.65% in the experience study. The assumed investment rate is comprised of 2.75% inflation rate and a real rate of return of 4.90%.

h. Sensitivity Analysis

The sensitivity of the net pension liability to the discount rate is shown in the table below. A small change in the discount rate can create a significant change in the liability. The net pension liability was calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.65%)	Current Discount Rate	1.0% Increase (8.65%)
The District's portion of net pension liability	3,136,407	2,153,513	1,328,447



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

i. Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability; deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and, additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

j. PERS Disclosure for the Defined Contribution Plan

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

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

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

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

At the plan level for the measurement period ended June 30, 2017, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 300 employers that have participants in the PERS-DCRP totaled \$396,650.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

k. Net Pension Liability

The total pension liability minus the fiduciary net position equals the net pension liability. As GASB Statement 68 allows, a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability. The basis for the total pension liability as of June 30, 2017, was determined by taking the results of the June 30, 2016 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Special Funding

The State of Montana, as the non-employer contributing entity, paid to the Plan additional contributions that qualify as special funding. Those employers who received special funding are counties; cities & towns; school districts & high schools; and other governmental agencies.

Not Special Funding

Per Montana law, state agencies and universities paid their own additional contributions. These employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions. The state of Montana, as the non-employer contributing entity, also paid to the Plan coal tax contributions that are not accounted for as special funding for all participating employers.

The proportionate shares of the District's and the state of Montana's NPL for June 30, 2018, and 2017, are displayed below. The District's proportionate share equals the ratio of the District's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The District recorded a liability of \$2,153,513 and the District's proportionate share was 0.1106 percent.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

	Net Pension Liability as of 6/30/2018	Net Pension Liability as of 6/30/2017	Percent of Collective NPL as of 6/30/2018	Percent of Collective NPL as of 6/30/2017	Change in Percent of Collective NPL
The District's proportionate share	2,153,513	1,591,491	0.1106%	0.0934%	0.0171%
State of Montana proportionate share associated with District	100,099	74,379	0.5101%	0.4567%	0.0535%
Total	<u>2,253,612</u>	<u>1,665,870</u>	<u>0.6207%</u>	<u>0.5501%</u>	<u>0.0706%</u>

Changes in actuarial assumptions and methods:

Effective July 1, 2017, the following assumption changes were used:

- Lowered the interest rate from 7.75% to 7.65%
- Lowered the inflation rate from 3.00% to 2.75%
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality table projected to 2020 using scale BB, males set back 1 year
- Increased rates of withdrawal
- Lowered the merit component of the total salary increase
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%
- Decreased the administrative expense load from 0.27% to 0.26%.

Effective July 1, 2017, the following method changes were used:

- Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount will vary from year to year based on the prior year's actual administrative expenses.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization as a level percent of pay was reduced from 4.00% to 3.50%.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Changes in benefit terms

Effective July 1, 2017, the following benefit changes were:

- The interest rate credited to member accounts increased from 0.25% to 0.77%.
- Lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Changes proportionate share: Between the measurement date of the collective net pension liability and the District's reporting date there were no changes in proportion that would have an effect on the District's proportionate share of the collective net pension liability.

I. Pension Expense

	Pension Expense as of 6/30/2018	Pension Expense as of 6/30/2017
The District's proportionate share	293,173	101,394
State of Montana proportionate share associated with the District	5,337	6,233
State of Montana Coal Tax for District	30,806	27,883
Total	<u>329,316</u>	<u>135,510</u>

At June 30, 2018, the District recognized \$293,173 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$5,337 for the state of Montana's proportionate share of the pension expense associated with the District. Additionally, the District recognized grant revenue of \$30,806 from the Coal Severance Tax fund.



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

m. Recognition of Deferred Inflows and Outflows

At June 30, 2018, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. expected experience	53,034	3,117
Projected investment earnings vs actual investment earnings	0	14,463
Changes in assumptions	294,363	0
Changes in proportion and differences between District contributions and proportionate share of contributions	216,949	0
District contributions subsequent to the measurement date - FY 2018 contributions	140,003	0
Total	704,349	17,580



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

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

Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) in pension expense
2019	76,283
2020	168,395
2021	130,975
2022	(45,837)
2023	0
Thereafter	0

Note G Risk Management

The District faces a considerable number of risks of loss, including: a) damage to and loss of property and contents; b) employee torts; c) professional liability, (i.e. errors and omissions); d) environmental damage; e) workers' compensation, (i.e. employee injuries) and f) medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Employee workers' compensation coverage is provided through the Montana Schools Group Workers Compensation Risk Retention Program (WCRRP). Employee medical insurance is provided through the Montana Unified School Trust (MUST) plan. The District does not carry coverage for environmental damages. The risk of potential loss is low and coverage is not cost beneficial.

Note H Due From Other Governments

Due from other governments at June 30, 2018 consists of amounts owed to the District from other governmental entities. These consist of the following:

Elementary miscellaneous programs	248,805
High school miscellaneous programs	18,580
Total	<u>267,385</u>



BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

For the Year Ended June 30, 2018

Note I Interfund Receivables and Payables

Interfund balances at June 30, 2018 consisted of the individual fund receivables and payables listed below. These amounts will be repaid within the next twelve months.

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Elementary miscellaneous programs	0	206,119
Elementary impact aid	206,119	0
Total	<u>206,119</u>	<u>206,119</u>

Note J Non-Monetary Transactions

The District received \$27,743 in USDA Commodities during the 2017-2018 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the fund receiving the commodities.

Note K Contingent Liabilities

The District participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. Such grantor audits of these programs, if any, for or including the year ended June 30, 2018, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements for those programs if audited by grantor agencies will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is subject to various claims and legal proceedings covering a wide range of matters. Management believes that any liability that may ultimately result from the resolution of those matters will not have a material adverse effect on the financial condition or results of operations of the District.





Independent Auditor's Report and
Financial Statements

Lame Deer Public School District No. 6

Rosebud County
Lame Deer, Montana
June 30, 2018

TABLE OF CONTENTS

LAME DEER PUBLIC SCHOOL DISTRICT NO. 6

June 30, 2018

Organization – Board of Trustees and Officials	i
Management’s Discussion and Analysis	1
Independent Auditor’s Report	9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Government-Wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Government-Wide Statement of Activities	18
Statement of Fiduciary Net Position and Changes in Fiduciary Net Position	19
Notes to Financial Statements	20
Required Supplemental Information	
Budgetary Comparison Schedule	55
Notes to Budgetary Comparison Schedule	56
Schedule of Proportionate Share of the Net Pension Liability – Teachers Retirement System of Montana	58
Schedule of Contributions - Teachers Retirement System of Montana	59
Notes to Required Supplementary Information – Teachers Retirement System of Montana	60

TABLE OF CONTENTS

Schedule of Proportionate Share of the Net Pension Liability – Montana Public Employees Retirement System	64
Schedule of Contributions – Montana Public Employees Retirement System	65
Notes to Required Supplementary Information – Montana Public Employees Retirement System	66
Supplemental Information	
Combining Balance Sheet – General Fund	70
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund	71
Schedule of Expenditures of Federal Awards.....	72
Notes to Schedule of Expenditures of Federal Awards.....	74
Extracurricular Fund - Schedule of Cash Receipts, Disbursements and Changes in Net Position.....	75
Schedule of Reported Enrollment	77
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78
Independent Auditor’s Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	80
Schedule of Findings and Questioned Costs	82

ORGANIZATION – BOARD OF TRUSTEES AND OFFICIALS

For the Year Ended June 30, 2018

BOARD OF TRUSTEES

Robert McLean Jr.
Eloise Snow
Reginald Killsnight Sr.
Lu Mary Spang
Joe Fox Jr.
Kim Knobloch
Rosanne Headswift
Tom Mexican Cheyenne
Winslow White Crane

Board Chair
Vice Chair
Trustee
Trustee
Trustee
Trustee
Trustee
Trustee

OFFICIALS

Gerald Chouinard
Yolanda Fraser
Kristine White
Joby Parker
Kathy Fahrenbruck

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

This section of the Lame Deer School District's annual financial report represents the management's discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. It is intended to provide a clear and concise analysis of the activities, financial results, and financial position during the fiscal year, and is a required element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. This management's discussion and analysis (MD&A) should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the District in fiscal year 2017-2018 were primarily positive for individual funds and for the District as a whole. Across the board, individual funds of the District experienced an increase in fund balance during the year. The fund balance of the general fund (which includes the Impact Aid funds) increased from \$6.1 million to \$9.1 million. Approximately half of that increase was due to growth in revenues and half a reduction in expenditures. FY 2017-18 expenditure levels were more indicative of a normal school year when compared to FY 2016-17 which saw the District spend approximately \$2.3 million of its reserve funds in order to complete construction of its new elementary school building.

The net position of the governmental activities increased approximately \$2 million dollars, this was due in large part because of a \$1.8 million increase in Impact Aid funding received during the year. Also contributing to the favorable increase was a more timely collection of grantor reimbursements.

The lone negative financial indicator for the 2017-2018 fiscal year was an increase in the District's compensated absences liability of approximately \$195,000 and a net \$150,000 increase in its pension related liabilities and deferred inflows/outflows.

USING THESE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes for those statements. These statements are organized so the reader can understand School District No. 6 as a complex financial entity. The statement of net position and the statement of activities provide information about the activities of the whole District presenting both an aggregate view of the District's finances and a longer-term view of those finances (they include capital assets and long-term liabilities).

The fund financial statements present a short-term view of the District's activities. They include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future. There is also summarized financial information about the students' activity trust fund for which the District acts as a trustee.



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include different kinds of statements that present both a view of the District as a whole, and individual funds statements that focus on various parts of the District's operation in more detail. The financial statements also include notes that explain some of the information presented in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements

REPORTING THE DISTRICT AS A WHOLE FINANCIAL ENTITY

One important question asked about the District's finances: "Is the District better or worse off as a result of this year's activities?" The information found in the District-wide financial statements helps answer this question. Asset wise, the answer is yes largely due to an increase in Impact Aid funding for the year which elevated the District's cash reserves at year end. From a liability standpoint, the answer is no due to increases in both the compensated absences liability and the net pension liability (TRS and PERS). These statements include all assets and liabilities using the accrual basis of accounting, and report depreciation on capital assets, which is similar to the basis of accounting used by most private –sector companies. Basis of accounting takes into account all of the current year revenues and expenses regardless of when cash was received or dispersed.

The change in net position (the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is important because it tells the reader whether, for the District as a whole, its financial position has improved or diminished. In addition, non-financial factors such as changes in enrollment, changes in the State's funding of education costs, changes in the economy, condition of school buildings, and other facilities must be considered in making an assessment of the overall health of the District.

FUND FINANCIAL STATEMENTS

The District maintains individual governmental funds. Three of these funds are considered major funds: general fund (which includes the elementary impact aid and high school impact aid), elementary miscellaneous programs and high school miscellaneous programs funds. The fund financial statements provide detailed information about the most significant of the District's funds; the District is required to provide detailed information for its major funds.

Major funds are defined as the general fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of total governmental fund amounts.



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

The governmental funds provide a short-term view of the District's operations. They are reported using an accounting method called modified accrual accounting which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

REPORTING DISTRICT'S TRUST AND FIDUCIARY RESPONSIBILITY

Also attached are summarized financial reports about the student activity funds which the District oversees.

BUDGET TO ACTUAL COMPARISON

Only the general, transportation, retirement, and technology funds are required to have budgets. There were no significant variations between budget and actual revenues and expenditures on the budgetary comparison schedule that could not be covered by the fund itself or in our District impact aid funds.

STATEMENT OF NET POSITION

The District experienced a favorable increase in total net position from June 30, 2017 to June 30, 2018. The \$2 million increase in its overall net position was due primarily to the large \$1.8 million increase in Impact Aid funding. The District's cash position increased by approximately \$3.2 million. The District continued to do a better job of managing its grant reimbursements, experiencing an approximate \$357,000 decrease in that receivable account from 2017 to 2018. Current liabilities of the District decreased approximately \$31,000. Pension related liabilities (including deferred inflows and deferred outflows) increased by approximately \$150,000 from 2017 to 2018. Of the overall \$2 million increase in net position, investments in the District's capital assets and restricted monetary streams decreased by approximately \$600,000, while the unrestricted net position of the District experienced an overall increase of approximately \$2.6 million.

During the fiscal year, the District invested approximately \$400,000 to upgrade housing units, security equipment, locker rooms, and roads/parking areas. The annual depreciation allowance on District capital assets of approximately \$960,000 exceeded these additions thereby accounting for the roughly \$560,000 decrease in the District's investment in capital assets as of June 30, 2018.

STATEMENT OF ACTIVITIES

Revenue recognized during the fiscal year increased by approximately \$1.8 million, lifting the 2016-17 level of \$10.9 million up to \$12.7 million for the 2017-18 fiscal year. The majority of the increase was related to higher Impact Aid monies received in 2018.



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

Statement of Net Position

	<u>2018</u>	<u>2017</u>
Net Position:		
Current assets	9,640,768	6,778,317
Capital assets - net	18,829,452	19,393,350
Total assets	<u>28,470,220</u>	<u>26,171,667</u>
Deferred outflows of resources	<u>1,132,478</u>	<u>907,253</u>
Current liabilities	151,981	183,376
Non-current liabilities	<u>6,273,847</u>	<u>5,628,871</u>
Total liabilities	<u>6,425,828</u>	<u>5,812,247</u>
Deferred inflows of resources	<u>212,784</u>	<u>341,421</u>
Net position:		
Net investment in capital assets	18,829,452	19,393,350
Restricted for:		
Capital projects	25,083	21,348
Other fund activities	471,402	447,721
Unrestricted	<u>3,638,149</u>	<u>1,062,833</u>
Total net position	<u>22,964,086</u>	<u>20,925,252</u>

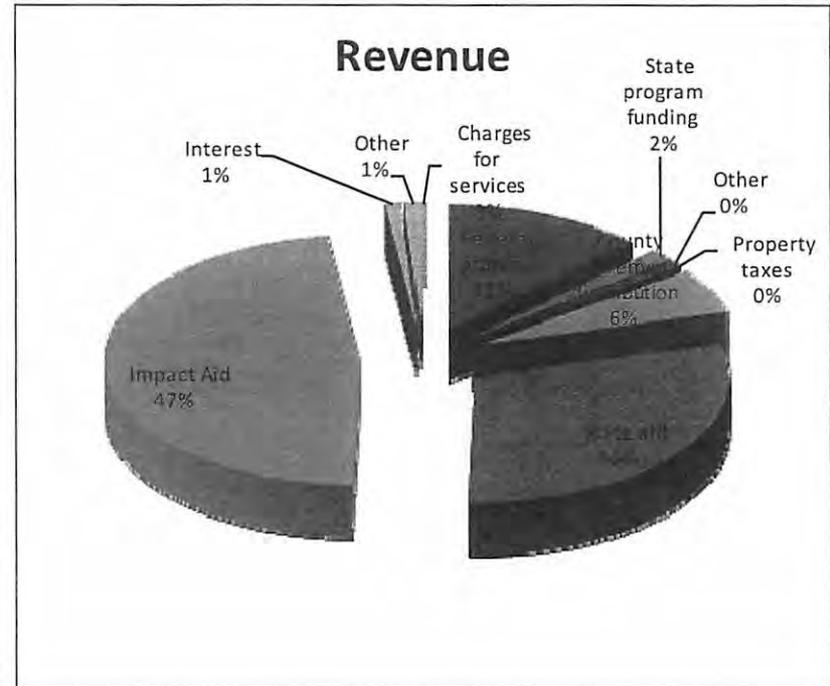


MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

STATEMENT OF ACTIVITIES

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	7,836	6,545
Federal grants	1,596,900	1,501,515
State program funding	197,788	282,017
Other	49,808	78,746
Total program revenues	<u>1,852,332</u>	<u>1,868,823</u>
General revenues:		
Property taxes	33,308	33,955
County retirement distribution	739,825	710,628
State aid	3,775,820	3,862,089
Impact Aid	6,023,683	4,158,632
Interest	122,465	78,504
Other	135,700	193,942
Total general revenues	<u>10,830,801</u>	<u>9,037,750</u>
Total Revenues	<u><u>12,683,133</u></u>	<u><u>10,906,573</u></u>

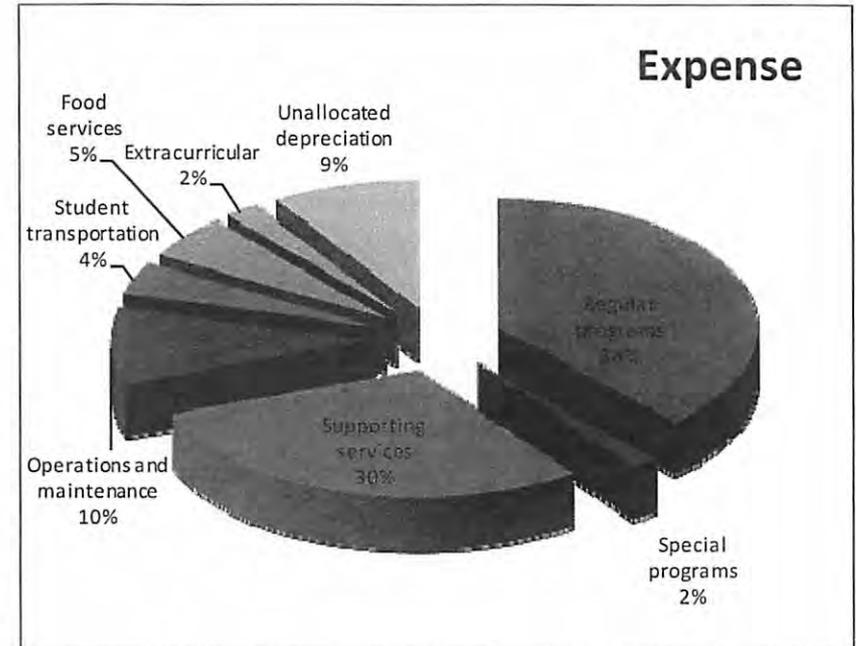


MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

STATEMENT OF ACTIVITIES – CONTINUED

	2018	2017
Expenses:		
Regular programs	4,011,744	3,696,969
Special programs	180,645	407,275
Supporting services	3,101,783	2,572,949
Operations and maintenance	1,018,061	922,983
Student transportation	433,203	396,146
Community services	135,575	623
Food services	578,257	576,212
Extracurricular	226,132	236,391
Unallocated depreciation	958,899	864,349
Total expenses	10,644,299	9,673,897



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

DISTRICT COMPARISONS

In Montana schools, the average teacher to student ratio is one teacher for every 12 students. Lame Deer Public Schools average above that ratio, sitting currently at one teacher for every sixteen students, but continues to try to lower it as revenue will allow; such is a difficult undertaking in a time of teacher shortage in the state of Montana.

The last census shows a very young average population in our District and a high rate of unemployment as compared to other Districts, with the exception of other Montana schools on reservations. We have no reasonable expectation to run a mill levy or sell bonds based on our extremely low taxpayer base.

Due to our low income levels, our District qualifies for Title I Schoolwide funding.

THE FUTURE OF THE DISTRICT

No Child Left Behind (NCLB) has been replaced by Every Student Succeeds Act (ESSA). As the ESSA is a new law, and may be pulled back, the impact of such on the District is yet to be determined, although it's testing requirements are currently being implemented.

Lame Deer JH/HS utilizes the program Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). The goals of GEAR UP are to encourage and prepare students to stay in school, set high academic expectations, study hard, and take college/trade school prep courses. GEAR UP emphasizes community and parental involvement. There is a parent support group with monthly meetings and a parent center, with the goal to raise student achievement district-wide.

In the continued effort to improve student performance, Lame Deer Public Schools utilizes an electronic student management system called Infinite Campus, which provides easy access to attendance and academic performance to students, parents, and teachers over the school website. This website also contains downloadable student handbooks and school board policies. The school calendar and current school newsletter are available online, as well as the school food menu. This website promotes community outreach. Currently, we are in the process of a major upgrade to our website, and plan to implement the new website as we begin the new 2018-2019 school year.

A federal impact aid construction grant of approximately 4.2 million was utilized to construct the 2nd phase of the elementary construction during the 2016-2017 school year. Although the District applied for the Impact Aid Discretionary Construction Program Grant for FY 2017, we received notice on March 19, 2018 that we will not be awarded the grant, and thus, our elementary building remains unfinished.



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2018

CONTACTING THE DISTRICT CONCERNING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact School District No. 6, P.O. Box 96, 103 West Boundary Street, Lame Deer, MT 59043.



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lame Deer Public School District No. 6
Rosebud County
Lame Deer, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lame Deer Public School District No. 6 (the District), as of and for the year ended June 30, 2018, and 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 an opinion 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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, the Budgetary Comparison Schedule, the Schedules of Proportionate Share of the Net Pension Liability, the Schedules of Contributions, and the Notes to the Schedules, 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 supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 supplementary information, including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, 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 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.

Anderson Zurmuehlen + Co, P.C.

Billings, Montana
March 29, 2019

LAME DEER SCHOOL DISTRICT
8000 SERIES
NONINSTRUCTIONAL OPERATIONS

TABLE OF CONTENTS

8000	Goals
8100	Transportation
8105	School Bus Replacement
8110	Bus Routes and Schedules
8111	Transportation of Students with Disabilities
8121	District-Owned Vehicles
8122	Mileage
8123	Driver Training and Responsibility
8124	Student Conduct on Buses
8125	School Bus Emergencies
8132	Activity Trips
R 8200	Food Services
8225	Tobacco Free Policy
8300	Risk Management
8301	District Safety
8320	Property Damage
8400	Sale of Real Property
8410	Operation and Maintenance of District Facilities
8420	District-Wide Asbestos Program
8421	Lead Renovation
8425-8425P	Service Animals
8425F	Service Animals in School District Facilities Form
R 8430	Records Management
8440	Computer Software

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8000

4
5 Goals

6
7 In order for students to obtain the maximum benefits from their educational program, a complex
8 set of support services must be provided by the District. These services are essential to the
9 success of the District, and the staff that provides them is an integral part of the educational
10 enterprise. Because resources are always scarce, all assets of District operations, including
11 noninstructional support services, shall be carefully managed in order to obtain maximum
12 efficiency and economy. To that end, the goal of the District is to seek new ways of supporting
13 the instructional program, which shall maximize the resources directly available for students'
14 learning programs.
15
16
17

18 Policy History:

19 Adopted on: 12/14/98

20 Reviewed on: 11/09/2010

21 Revised on:

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8100

4
5 Transportation

6
7 The District may provide transportation to and from school for a student who:

- 8
- 9 1. Resides three (3) or more miles, over the shortest practical route, from the nearest operating
- 10 public elementary or public high school;
- 11
- 12 2. Is a student with a disability, whose IEP identifies transportation as a related service; or
- 13
- 14 3. Has another compelling and legally sufficient reason to receive transportation services.
- 15

16 The District may elect to reimburse the parent or guardian of a student for individually transporting any
17 eligible student.

18
19 The District may provide transportation by school bus or other vehicle or through individual
20 transportation such as paying the parent or guardian for individually transporting the student. The Board
21 may pay board and room reimbursements, provide supervised correspondence study, or provide
22 supervised home study. The Board may authorize children attending an approved private school to ride a
23 school bus, provided that space is available and a fee to cover the per-seat cost for such transportation is
24 collected. The District may transport and charge for an ineligible public school student, provided the
25 parent or guardian pays a proportionate share of transportation services. Fees collected for transportation
26 of ineligible students shall be deposited in the transportation fund. Transportation issues that cannot be
27 resolved by the trustees may be appealed to the county transportation committee.

28
29 Homeless students shall be transported in accordance with the McKinney Homeless Assistance Act and
30 state law.

31
32 In-Town Busing

33
34 In-town busing is defined as the busing of students within three (3) miles of their school. In-town busing
35 is a privilege the District can discontinue at any time. The Superintendent will establish guidelines under
36 which a student may request in-town busing.

37		
38	Legal Reference:	§ 20-10-101, MCA
39		§ 20-10-121, MCA
40		
41		§ 20-10-122, MCA
42		
43		§ 20-10-123, MCA
44		
45		10.7.101, et seq., ARM
46		10.64.101-700, et seq., ARM
47		No Child Left Behind Act of 2001 (P.L. 107-110)
		Definitions
		Duty of trustees to provide transportation – types
		of transportation – bus riding time limitation
		Discretionary provision of transportation and
		payment for this transportation
		Provision of transportation for nonpublic school
		children
		Pupil Transportation

48 Policy History:

49 Adopted on: 12/14/98
50 Reviewed on: 11/09/2010

1 Revised on: 10/15/02, 03/09/04, 10/11/05

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8105

4
5 **School Bus Replacement**

6
7 The Board of Trustees understands the importance of safety when transporting students. The
8 Board also understands that having safe, well maintained, efficient buses in the fleet is important
9 for the safety of the students and driver.

10
11 There comes a time when the replacement of a bus is necessary for the safety of all involved.
12 Therefore, the Board of Trustees will use the Bus Depreciation Schedule, as a guide, when
13 determining the time for bus replacements.

14		
15		
16		
17	Legal Reference:	Definitions
18	§ 20-10-101, MCA	Power of trustees
19	§ 20-10-107(1), MCA	School bus purchase – contract – bids
20	§ 20-10-110, MCA	Bus depreciation reserve fund
21	§ 20-10-147, MCA	

22 **Policy History:**

23 **Adopted on:** 11/09/2010

24 **Reviewed on:**

25 **Revised on:**

4
5 Bus Routes and Schedules

6
7 The Superintendent's designee is responsible for scheduling bus transportation, including
8 determination of routes and bus stops. Such routes are subject to approval of the county
9 transportation committee. The purpose of bus scheduling and routing is to achieve maximum
10 service with a minimum fleet of buses consistent with providing safe and reasonably equal
11 service to all bus students.

12
13 In order to operate the transportation system as safely and efficiently as possible, the following
14 factors shall be considered in establishing bus routes:

- 15
16 1. A school bus route shall be established with due consideration of the sum total of local
17 conditions affecting the safety, economic soundness, and convenience of its operation,
18 including road conditions, condition of bridges and culverts, hazardous crossings,
19 presence of railroad tracks and arterial highways, extreme weather conditions and
20 variations, length of route, number of families and children to be serviced, availability of
21 turnaround points, capacity of bus, and related factors.
22
23 2. The District may extend a bus route across another transportation service area, if it is
24 necessary in order to provide transportation to students in the District's own
25 transportation service area. A district may not transport students from outside its
26 transportation service area.
27
28 3. No school child attending an elementary school shall be required to ride the school bus
29 under average road conditions more than one (1) hour without consent of the child's
30 parent or guardian.
31
32 4. School bus drivers are encouraged to make recommendations in regard to establishing or
33 changing routes.
34
35 5. Parents should be referred to the Superintendent for any request of change in routes,
36 stops, or schedules.
37

38 The Board reserves the right to change, alter, add, or delete any route at any time such changes
39 are deemed in the best interest of the District, subject to approval by the county transportation
40 committee.

41
42 Bus Stops

43
44 Buses should stop only at designated places approved by school authorities. Exceptions should
45 be made only in cases of emergency and inclement weather conditions.
46

1
2
3
4 Bus stops shall be chosen with safety in mind. Points shall be selected where motorists
5 approaching from either direction will have a clear view of the bus for a distance of at least three
6 hundred (300) to five hundred (500) feet.
7

8 School loading and unloading zones are to be established and marked to provide safe and orderly
9 loading and unloading of students. The principal of each building is responsible for the conduct
10 of students waiting in loading zones.
11

12 Delay in Schedule

13
14 The driver is to notify the administration of a delay in schedule. The administration will notify
15 parents on routes and radio stations, if necessary.
16

17 Responsibilities - Students

18
19 Students must realize that safety is based on group conduct. Talk should be in conversational
20 tones at all times. There should be no shouting or loud talking which may distract the bus driver.
21 There should be no shouting at passersby. Students should instantly obey any command or
22 suggestions from the driver and/or his/her assistants.
23

24 Responsibilities - Parents

25
26 The interest and assistance of each parent is a valued asset to the transportation program.
27 Parents' efforts toward making each bus trip a safe and pleasant experience are requested and
28 appreciated. The following suggestions are only three of the many ways parents can assist:
29

- 30 1. Ensure that students are at the bus stop in sufficient time to efficiently meet the bus.
- 31 2. Properly prepare children for weather conditions.
- 32 3. Encourage school bus safety at home. Caution children regarding safe behavior and
33 conduct while riding the school bus.
34

35 Safety

36
37 The Superintendent will develop written rules establishing procedures for bus safety and
38 emergency exit drills and for student conduct while riding buses.
39

40 If the bus and driver are present, the driver is responsible for the safety of his/her passengers,
41 particularly for those who must cross a roadway prior to loading or after leaving the bus. Except
42 in emergencies, no bus driver shall order or allow a student to board or disembark at other than
43 his/her assigned stop unless so authorized by the Superintendent. In order to assure the safety of
44 all, the bus driver may hold students accountable for their conduct during the course of
45 transportation and may recommend corrective action against a student. Bus drivers are expressly
46 prohibited from using corporal punishment.

The bus driver is responsible for the use of the warning and stop signaling systems and the consequent protection of his/her passengers. Failure to use the system constitutes negligence on the part of the driver.

Inclement Weather

The Board recognizes the unpredictability and resulting dangers associated with weather in Montana. In the interest of safety and operational efficiency, the Superintendent is empowered to make decisions as to emergency operation of buses, cancellation of bus routes, and closing of school, in accordance with his or her best judgment. The Board may develop guidelines in cooperation with the Superintendent to assist the Superintendent in making such decisions.

NOTE: To receive full state/county reimbursement, budgets must have enough funds to cover the costs of any changes to the route.

NOTE: The county transportation committee has authority to establish transportation service areas, should circumstances and/or geography (demographics) warrant.

Legal Reference:	§ 20-10-106, MCA	Determination of mileage distances
	§ 20-10-121, MCA	Duty of trustees to provide transportation – types of transportation – bus riding time limitation
	§ 20-10-132, MCA	Duties of county transportation committee

Policy History:

Adopted on: 12/14/98

Reviewed on: 11/09/2010

Revised on: 10/11/05

4
5 Transportation of Students With Disabilities

6
7 Transportation shall be provided as a related service, when a student with a disability requires
8 special transportation in order to benefit from special education or to have access to an
9 appropriate education placement. Transportation is defined as:

- 10
11 (a) Travel to and from school and between schools;
- 12
13 (b) Travel in and around school buildings or to those activities that are a regular part of the
14 student's instructional program;
- 15
16 (c) Specialized equipment (such as special or adapted buses, lifts, and ramps) if required to
17 provide special transportation for a student with disabilities.

18
19 The Evaluation Team that develops the disabled student's Individualized Education Program will
20 determine, on an individual basis, when a student with a disability requires this related service.
21 Such recommendations must be specified on the student's IEP. Only those children with
22 disabilities who qualify for transportation as a related service under the provisions of the IDEA
23 shall be entitled to special transportation. All other children with disabilities in the District have
24 access to the District's regular transportation system under policies and procedures applicable to
25 all District students. Utilizing the District's regular transportation service shall be viewed as a
26 "least restrictive environment."

27
28 Mode of Transportation

29
30 One of the District's special education buses will be the preferred mode of transportation.
31 Exceptions may be made in situations where buses are prohibited from entering certain
32 subdivisions due to inadequate turning space, or when distance from school may seriously
33 impact bus scheduling. In such situations other arrangements, such as an individual
34 transportation contract, may be arranged with parents. Such voluntary agreement will stipulate
35 in writing the terms of reimbursement.

36
37
38 Cross Reference: 3300P Corrective Actions and Punishment

39
40 Legal Reference: 10.16.3820, ARM Transportation for Special Education Students with
41 Disabilities

42
43 Policy History:

44 Adopted on: 12/14/98

45 Reviewed on:

46 Revised on: 03/09/04, 10/11/05, 11/09/2010

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8121

4
5 District-Owned Vehicles

6
7 The District owns and maintains certain vehicles. Included among them are pickups, school
8 buses, and vans. These are for use by properly authorized personnel of the District for District
9 business purposes. School Board Trustees are not employees; they are elected officials and
10 thereby prohibited from utilizing district vehicles.

11
12 Any driver who receives a citation for a driving violation while operating a District vehicle shall
13 personally pay all fines levied. All citations received while the driver is a District employee,
14 whether operating a District vehicle or not, must be reported and may result in disciplinary action
15 up to and including termination.

16
17 Bus and Vehicle Maintenance, District

18
19 Buses used in the District's transportation program shall be in safe and legal operating condition.
20 All buses shall be inspected by the Department of Justice, Montana Highway Patrol, before the
21 beginning of each semester. The Superintendent will establish a specific list of tasks bus drivers
22 will perform on a daily basis. All other District vehicles shall be maintained following
23 established programs developed by the Superintendent.

24
25
26 Policy History:

27 Adopted on: 12/14/98

28 Reviewed on:

29 Revised on: 03/09/04, 06/08/04, 11/09/2010

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8122

4
5 Mileage

6
7 One school district vehicle will be for primary use of the Superintendent. If this vehicle is not being used
8 for out-of-district travel, staff will be allowed to use it for out-of-district travel.

9
10 **In-District:**

11
12 In-district mileage will only be paid to employees whose position required regular in-district travel, and
13 **only if no school vehicle is available.** Employees must maintain documentation including date,
14 beginning odometer reading, ending odometer reading and purpose of the travel. Positions requiring
15 regular in-district travel include:

16
17 Superintendent
18 Director of School Safety
19 Home School Coordinators*
20 Truant Officer
21 Inter-district Mail Clerk
22 Security Personnel
23 Itinerant Teachers – teachers assigned to work both in the elementary or junior high and high school

24
25 ***Will use their own vehicle and will be paid mileage.**

26
27 **Out-of-District:**

28
29 **School district travel will be primarily through the use of school owned vehicles.** If the District does
30 not have a vehicle available, the Lame Deer Schools will pay mileage at the state recommended rate for
31 use of personal vehicles for school district business. **All mileage claims must have pre-approval of the**
32 **Superintendent prior to the trip being taken.** Mileage claims for mileage will be based on map miles
33 unless documentation on beginning and ending odometer mileage is provided. When submitting
34 odometer mileage that is substantially different than map miles, the employee must document how the
35 additional mileage was school related.

36
37 In incidences when one or more school employee is traveling for school district business, and a district
38 vehicle is available, mileage will not be paid. If a school district vehicle is not available, full mileage will
39 be paid for one vehicle. If more than one vehicle is taken, the state recommended mileage rate will be
40 divided equally among all drivers.

41
42 **All supplies that are needed from Billings will routinely be picked up by the property and supply or**
43 **maintenance departments. Please notify property supply far enough in advance so your supplies**
44 **will arrive when needed.**

45
46
47 Policy History:

48 Adopted on: 05/14/02

49 Reviewed on:

50 Revised on: 03/09/04, 11/09/2010

5 **Driver Training and Responsibility**

7 Bus drivers shall observe all state statutes and administrative rules governing traffic safety and
8 school bus operation. At the beginning of each school year, the District will provide each driver
9 with a copy of the District’s written rules for bus drivers and for student conduct on buses.

11 School bus drivers must hold a valid Montana school bus certificate in order for a district to
12 receive state reimbursement for that driver’s bus routes. Qualifications for bus drivers are
13 prescribed by 20-10.103, MCA, and by the board of Public Education in Arm 10.64.201. The
14 first aid certificate required by ARM 10.64.201 must include certification in CPR, be signed by a
15 certified instructor, and be received after an initial in-person training of at least four hours with
16 annual renewals.

18 A school bus driver is prohibited from operating a school bus while using a cellular phone,
19 including hands free cellular phone devices, except:

- 20 (1) During an emergency situation;
- 21 (2) To call for assistance if there is a mechanical breakdown or other mechanical
- 22 problem;
- 23 (3) When the school bus is parked.

25 A driver may not operate a school bus without a valid, current certificate.

27 A teacher, coach, or other certified staff member assigned to accompany students on a bus will
28 have primary responsibility for behavior of students in his or her charge. The bus driver has final
29 authority and responsibility for the bus. The Superintendent will establish written procedures for
30 bus drivers.

34	Legal Reference:	§ 20-10-103, MCA	School bus driver qualifications
35		10.7.111, ARM	Bus Drivers
36			Certification Requirement for
37			Reimbursement
38		10.64.201, ARM	School Bus Driver Qualifications
39			National Highway Traffic Safety Administration

41 **Policy History:**

42 Adopted on: 12/14/98

43 Reviewed on:

44 Revised on: 09/17/02, 01/11/06, 11/09/2010, 09/14/16

1 **Lame Deer Public Schools**

2
3 **NONINSTRUCTIONAL OPERATIONS**

8124

4
5 **Student Conduct on Buses**

6
7 The Superintendent will establish written rules of conduct for students riding school buses. Such
8 rules will be reviewed annually by the Superintendent and revised if necessary. If rules are
9 substantially revised, they will be submitted to the Board for approval.

10
11 At the beginning of each school year, a copy of the rules of conduct for students riding buses will
12 be provided to students, and the classroom teacher and bus driver will review the rules with the
13 students. A copy of the rules will be posted in each bus and will be available upon request at the
14 District office and in each building principal's office.

15
16 The bus driver is responsible for enforcing the rules and will work closely with a parent and
17 building principal to modify a student's behavior. Rules shall include consistent consequences
18 for student misbehavior. A recommendation for permanent termination of bus privileges,
19 accompanied by a written record of the incident(s) that led to the recommendation, shall be
20 referred to the Superintendent for final determination. The student's parent or guardian may
21 appeal a termination to the Board. No further appeal shall be allowed.

22
23
24
25 **Cross Reference:** 3310 Student Discipline
26 8111 Transportation of Students with Disabilities

27
28 **Legal Reference:** § 20-4-302, MCA Discipline and punishment of pupils – definition of
29 corporal punishment – penalty – defense
30 § 20-5-201, MCA Duties and sanctions

31
32 **Policy History:**

33 Adopted on: 12/14/98

34 Reviewed on: 11/09/2010

35 Revised on:

5 **School Bus Emergencies**

7 In the event of an accident or other emergency, the bus driver shall follow the emergency
8 procedures developed by the Superintendent. A copy of the emergency procedures will be
9 located in every bus. To ensure the success of such emergency procedures, every bus driver will
10 conduct an emergency evacuation drill as early as possible within the first six (6) weeks of each
11 school semester. The District will conduct such other drills and procedures as may be necessary.
12

15 **Policy History:**

16 Adopted on: 12/14/98

17 Reviewed on:

18 Revised on: 11/09/2010

5 Activity Trips

7 The use of school buses is strictly limited to school activities. Buses may not be loaned or leased
8 to non-school groups, unless permission is specifically granted by the Board. Buses will be
9 operated by a qualified bus driver on all activity runs, and only authorized activity participants,
10 professional staff, and chaperones assigned by the administration may ride the bus.

12 A duplicate copy of the passenger list will be made for all activity trips. One (1) copy will
13 remain with the professional staff member in charge on the bus, and one (1) copy will be given
14 to the Secretary before the bus departs.

18 Policy History:

19 Adopted on: 12/14/98

20 Reviewed on: 11/09/2010

21 Revised on:

Transportation is requesting this information and support due to safety and other issues:

1. Need to be able to get in to OPI Transportation website to keep abreast of meetings and other details. Lacking password.
2. Food should not be given to kids when they are leaving school for the day. Food, wrappers and trash are being shoved into corners or into seats.
3. During off-campus trips, teachers and AD should remain awake to monitor students under their supervision.
4. Athletic Director should provide a list of students traveling for any event. This is a safety issue and if riding home with family or others or not attending; should be checked off of the list by AD and driver should be informed of any changes.
5. Athletic Director, principals, teachers and other staff should notify Transportation director when planning to use vehicles or buses at least give 3 to 10 day notice. This eliminates conflict and opens up communication on status of a vehicle or bus. It may be down, need repairs or is unsafe.
6. We are requesting a tentative plan from Athletic Director for school activities and events for the school year. This will help with planning and communication.
7. When ordering food for students and staff while on trips, it should be fairly accurate and this eliminates waste and over spending of Food Service funds.
8. Monthly pictures of odometers will be taken to determine fuel usage and mileage which will help with future needs and budgeting.
9. Once bus usage has been completed, we are requesting that an inspection be taken by person requesting usage to see if items are not left on bus and to ensure that bus is in good condition with no trash and/or food left behind.



REQUIRED SUPPLEMENTAL INFORMATION

Lame Deer Public School District No. 6

Rosebud County
Lame Deer, Montana
June 30, 2018

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2018

	GENERAL FUND	
	ORIGINAL AND FINAL BUDGET	ACTUAL
REVENUES		
Taxes	32,809	33,081
Intergovernmental - State	3,674,227	3,661,344
Interest on investments	925	0
Other revenue	300	11,949
Total revenues before reappropriations	3,708,261	3,706,374
Budgeted reappropriations	0	
Total revenues and reappropriations	3,708,261	
EXPENDITURES		
Current:		
Instruction	3,708,261	1,915,648
Supporting services	0	1,540,723
Operations and maintenance	0	184,560
Total expenditures	3,708,261	3,640,931
Excess (deficiency) of revenues over expenditures	0	65,443
Fund balances, beginning (Non-GAAP budgetary basis)		256,807
Fund balances, ending (Non-GAAP budgetary basis)		322,250
Adjustments to generally accepted accounting principles		
Current year encumbrances included in expenditures		0
Fund balances, ending (GAAP basis)		322,250

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2018

1 Budgetary Process

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

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULE - CONTINUED

For the Year Ended June 30, 2018

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

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

2 Budgetary policy follows:

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

Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if unperformed purchase orders or contracts in process at year-end were completed. They do not constitute expenditures or liabilities, and will not until performance is essentially complete. The District has no encumbrances at June 30, 2018.

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – TEACHERS RETIREMENT SYSTEM OF MONTANA

For the Year Ended June 30, 2018

Determined as of the measurement date

	2018	2017	2016	2015
District's proportion of net pension liability	0.2261%	0.2128%	0.2176%	0.2408%
District's proportionate share of the net pension liability associated with the District	3,812,738	3,887,148	3,574,388	3,705,275
State of Montana's proportionate share of the net pension liability associated with the District	2,420,362	2,535,613	2,400,054	2,540,253
Total	6,233,100	6,422,761	5,974,442	6,245,528
District's covered payroll	2,982,586	2,761,967	2,776,700	3,036,452
District's proportionate share of the net pension liability as a percentage of its covered payroll	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	70.09%	66.69%	69.30%	70.36%

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - TEACHERS RETIREMENT SYSTEM OF MONTANA**For the Year Ended June 30, 2018****Determined as of the reporting date**

	2018	2017	2016	2015
Contractually required contributions	261,934	287,236	244,044	238,612
Contributions in relation to the contractually required contributions	261,934	287,236	244,044	238,612
Contribution deficiency (excess)	0	0	0	0
District's covered payroll	2,882,313	2,982,586	2,761,967	2,776,700
Contributions as a percentage of covered payroll	9.09%	9.63%	8.84%	8.59%

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – TEACHERS RETIREMENT SYSTEM OF MONTANA

For the Year Ended June 30, 2018

Changes of Benefit Terms:

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

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

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

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – TEACHERS RETIREMENT SYSTEM OF MONTANA – CONTINUED

For the Year Ended June 30, 2018

- **Guaranteed Annual Benefit Adjustment (GABA):**

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

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

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

Changes in actuarial assumptions and other inputs:

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

- The normal cost method has been updated to align to 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 cost over future compensation.

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – TEACHERS RETIREMENT SYSTEM OF MONTANA – CONTINUED

For the Year Ended June 30, 2018

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

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

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

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

See independent auditor’s report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – TEACHERS RETIREMENT SYSTEM OF MONTANA – CONTINUED

For the Year Ended June 30, 2018

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, open
Remaining amortization period	22 years
Asset valuation method	4-year smoothed market
Inflation	3.25%
Salary increase	4.00% to 8.51%, including inflation for non-university members and 5.00% for university members;
Investment rate of return	7.75%, net of pension plan investment expense, and including inflation

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Year Ended June 30, 2018

Determined as of the measurement date

	2018	2017	2016	2015
District's proportion of net pension liability (percentage)	0.1106%	0.0934%	0.0862%	0.0948%
District's proportionate share of the net pension liability (amount)	2,153,513	1,591,491	1,204,355	1,181,186
State of Montana's proportionate share of the net pension liability associated with the District (amount)	100,099	74,379	56,592	55,216
Total	2,253,612	1,665,870	1,260,947	1,236,402
District's covered payroll	1,417,582	1,156,938	1,039,567	1,110,251
District's proportionate share of the net pension liability as a percentage of its covered payroll	151.91%	137.56%	115.85%	106.39%
Plan fiduciary net position as a percentage of the total pension liability	73.75%	74.71%	78.40%	79.87%

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Year Ended June 30, 2018

Determined as of the reporting date

	2018	2017	2016	2015
Contractually required contributions	140,003	114,808	93,546	82,854
Contributions in relation to the contractually required contributions	140,003	114,808	93,546	82,854
Contribution deficiency (excess)	0	0	0	0
District's covered payroll	1,640,117	1,417,582	1,156,938	1,039,567
Contributions as a percentage of covered payroll	8.54%	8.10%	8.09%	7.97%

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

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Year Ended June 30, 2018

Changes of Benefit Terms:

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

2015 Legislative Changes:

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

Second Retirement Benefit - for PERS

- Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts the January after receiving recalculated benefit for 12 months.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment plus regular interest (currently 0.25%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again the January immediately following second retirement.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
 - member receives same retirement benefit as prior to return to service;
 - member receives second retirement benefit for second period of service based on laws in effect at second retirement;
 - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

For the Year Ended June 30, 2018

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

Employer Contributions and Defined Contribution Plan – for PERS and MUS-RP

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

2017 Legislative Changes:

General Revisions – House Bill 101, effective July 1, 2017.

Working Retiree Limitations – for PERS

If 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.

Terminating Employers – Recovery of actuarial cost – for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine the liability.

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) Trust, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), The FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

For the Year Ended June 30, 2018

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.

PERS Statutory Appropriation – House Bill 648, Effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriate to the PERS defined benefit trust fund will be replaced with the following statutory appropriations:

- 1) FY 2018 - \$31.386 million
- 2) FY 2019 - \$31.958 million
- 3) Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
 - a. FY 2020 - \$32.277 million
 - b. FY 2021 - \$32.600 million
 - c. FY 2022 - \$32.926 million
 - d. FY 2023 - \$33.255 million
 - e. FY 2024 - \$33.588 million
 - f. FY 2025 - \$33.924 million

See independent auditor's report.



REQUIRED SUPPLEMENTAL INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MONTANA PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

For the Year Ended June 30, 2018

Changes in Actuarial Assumptions and Methods**Method and assumptions used in calculation of actuarial determined contributions**

The following actuarial assumptions were adopted from the June 30, 2017 actuarial valuation:

General wage growth*	3.50%
Investment rate of return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0.00% to 6.30%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy members)	For males and females: RB 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
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.

See independent auditor's report.





SUPPLEMENTAL INFORMATION

Lame Deer Public School District No. 6

Rosebud County
Lame Deer, Montana
June 30, 2018

SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – GENERAL FUND

June 30, 2018

	General Fund			Total General Fund
	General Fund	Impact Aid Elementary	Impact Aid High School	
ASSETS				
Cash and cash equivalents	322,250	2,952,222	5,587,174	8,861,646
Taxes receivable, net	1,692	0	0	1,692
Due from other funds	0	206,119	0	206,119
Total assets	<u>323,942</u>	<u>3,158,341</u>	<u>5,587,174</u>	<u>9,069,457</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>0</u>	<u>2</u>	<u>253</u>	<u>255</u>
Total liabilities	<u>0</u>	<u>2</u>	<u>253</u>	<u>255</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow:				
Unavailable tax revenue	<u>1,692</u>	<u>0</u>	<u>0</u>	<u>1,692</u>
Total deferred inflow of resources	<u>1,692</u>	<u>0</u>	<u>0</u>	<u>1,692</u>
Fund balances:				
Unassigned	<u>322,250</u>	<u>3,158,339</u>	<u>5,586,921</u>	<u>9,067,510</u>
Total fund balances	<u>322,250</u>	<u>3,158,339</u>	<u>5,586,921</u>	<u>9,067,510</u>
Total liabilities, deferred inflow of resources and fund balances	<u>323,942</u>	<u>3,158,341</u>	<u>5,587,174</u>	<u>9,069,457</u>

See independent auditor's report.



SUPPLEMENTAL INFORMATION

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND

For the Year Ended June 30, 2018

	General Fund			Total General Fund
	General Fund	Impact Aid Elementary	Impact Aid High School	
REVENUES				
Property taxes for general purposes	33,081	0	0	33,081
Intergovernmental:				
State	3,661,344	0	0	3,661,344
Federal	0	2,924,990	3,098,693	6,023,683
Interest on investments	0	42,653	76,190	118,843
Other	11,949	16,976	8,747	37,672
Total revenues	<u>3,706,374</u>	<u>2,984,619</u>	<u>3,183,630</u>	<u>9,874,623</u>
EXPENDITURES				
Current:				
Instruction	1,915,648	495,869	270,170	2,681,687
Supporting services	1,540,723	572,689	298,433	2,411,845
Operations and maintenance	184,560	395,818	362,086	942,464
Student transportation	0	214,443	51,844	266,287
Community services	0	46,063	19,017	65,080
Food services	0	154,490	2,412	156,902
Extracurricular	0	44,934	167,429	212,363
Capital outlay	0	193,760	38,691	232,451
Total expenditures	<u>3,640,931</u>	<u>2,118,066</u>	<u>1,210,082</u>	<u>6,969,079</u>
Excess (deficiency) of revenues over expenditures	65,443	866,553	1,973,548	2,905,544
Fund balances - beginning	256,807	2,291,786	3,613,373	6,161,966
Fund balances - ending	<u>322,250</u>	<u>3,158,339</u>	<u>5,586,921</u>	<u>9,067,510</u>

See independent auditor's report.



SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Agriculture Programs:			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553		100,700
National School Lunch Program	10.555		230,250
Summer Food Service Program	10.559		21,178
Non-Cash Assistance:			
National School Lunch Program - Commodities	10.555		27,743
Total Child Nutrition Cluster			<u>379,871</u>
Fresh Fruit and Vegetable Program	10.582		9,584
Total Department of Agriculture Programs			<u><u>389,455</u></u>

See independent auditor's report.



SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Education Programs:			
Impact Aid	84.041		3,187,712
Indian Education - Grants to Local Educational Agencies	84.060		117,976
Passed through Montana Office of Public Instruction:			
Title IV-B 21st Century Community Learning Centers	84.287	044 0792 17 18	51,600
Special Education Cluster (IDEA):			
Preschool Grants (IDEA Preschool)	84.173	044 0792 79 18	8,069
Grants to States (IDEA, Part B)	84.027	044 0792 77 18	187,983
Total Special Education Cluster			<u>196,052</u>
Title I, Part A, Schoolwide Programs	84.010	044 0792 32 17	82,405
Title I, Part A, Schoolwide Programs	84.010	044 1230 32 17	29,037
Title I, Part A, Schoolwide Programs	84.010	044 0792 32 18	399,931
Title I, Part A, Schoolwide Programs	84.010	044 1230 32 18	103,185
Title I, Part A, Improving Basic Programs (St Labre)	84.010	044 1230 31 17	9,645
Title I, Part A, Improving Basic Programs (St Labre)	84.010	044 1230 31 18	29,899
Title I, School Support	84.010	044 0792 33 18	48,391
Title I, School Support	84.010	044 1230 33 18	16,066
			<u>718,559</u>
Vocational Education - Basic Grants to States	84.048	044 1230 81 18	35,509
Title II, Part A, Teacher and Principal Training and Recruiting	84.367	044 1230 14 18	14,881
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		65,613
Total Department of Education Programs			<u>4,387,902</u>
Total Expenditures of Federal Awards			<u>4,777,357</u>

See independent auditor's report.



SUPPLEMENTAL INFORMATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Note A Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lame Deer Public School District No. 6 and is presented on the modified accrual basis of accounting including encumbrances. The information in this schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule differ from amounts presented in or used in the preparation of the financial statements.

Note B Nonmonetary Transactions

The District received \$27,743 in USDA Commodities during the 2017-2018 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the fund receiving the commodities.

Note C Indirect Cost Rate

The District had elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Note D Subrecipients

The District passed through \$39,544 in Title I Part A, CFDA #84.010, funds to subrecipients.

See independent auditor's report.



SUPPLEMENTAL INFORMATION

EXTRACURRICULAR FUND - SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION

For the Year Ended June 30, 2018

Student Activity	Net Position July 1, 2017	Disbursements	Receipts	Net Position June 30, 2018
Class of 2014	(2,618)	0	0	(2,618)
Class of 2015	1,631	0	0	1,631
Class of 2016	1,120	0	0	1,120
Class of 2017	5,526	0	0	5,526
Class of 2018	858	7,285	7,942	1,515
Class of 2019	3,335	2,349	2,630	3,616
Class of 2020	1,162	0	587	1,749
Class of 2021	743	303	458	898
Class of 2022	823	0	327	1,150
Class of 2023	0	322	2,462	2,140
Adventure Club	84	0	0	84
English/Communication Club	473	0	0	473
FCCLA	40	0	0	40
HS Athletics	25,144	7,310	8,674	26,508
HS Cheerleading	808	0	0	808
HS Computer Business	2,440	0	0	2,440
HS Concessions	13,841	12,058	14,071	15,854
HS FFA	9,387	0	850	10,237
HS Football	0	0	1,130	1,130
HS General Fund	2,350	0	0	2,350
HS Girls Basketball	31,333	8,043	8,674	31,964
HS Girls Volleyball	1,236	0	816	2,052
HS Golf Club	616	0	0	616
HS/JH Band	90	0	0	90
HS/JH Incentives	625	0	0	625
HS Library	1,006	0	0	1,006
HS Morning Star Store Acct	1,113	0	0	1,113
HS Special Education	434	0	0	434
HS Student Council	2,592	0	177	2,769
HS Welding	0	0	552	552
HS Yearbook	1,152	0	37	1,189
Subtotal	107,344	37,670	49,387	119,061

See independent auditor's report.



SUPPLEMENTAL INFORMATION

EXTRACURRICULAR FUND - SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION - CONTINUED

For the Year Ended June 30, 2018

Student Activity	Net Position July 1, 2017	Disbursements	Receipts	Net Position June 30, 2018
Balance from previous page	107,344	37,670	49,387	119,061
JMG Leadership	1,171	0	0	1,171
1st Grade	232	0	0	232
2nd Grade	(63)	0	0	(63)
3rd Grade	534	0	0	534
4th Grade	133	0	241	374
5th Grade	771	0	0	771
6th Grade	1,080	0	0	1,080
AISES Club	4,957	1,907	195	3,245
Cafeteria	125	0	0	125
Elementary General	1,061	0	767	1,828
Elementary Library	1,418	0	0	1,418
Elementary Special Education	328	0	0	328
JH Boys Basketball	578	0	1,380	1,958
JH Boys Football	2,544	0	864	3,408
JH Cheerleading	317	0	0	317
JH Concessions	12,565	12,032	7,996	8,529
JH Cultural Club	93	0	0	93
JH Girls Basketball	3,588	698	1,395	4,285
JH Girls Volleyball	347	0	723	1,070
JH Student Council	139	0	0	139
JH Yearbook	1,177	0	0	1,177
Kindergarten	5	0	0	5
Lame Deer Morning Star Math Club	2,089	0	559	2,648
Music/Art	11,217	0	7,500	18,717
Native American Club	1,879	0	674	2,553
Outdoor Club	596	527	991	1,060
Parent Center	1,187	0	56	1,243
Pre School	22	0	0	22
Science Fair	35	0	0	35
Student Incentive	612	0	0	612
	158,081	52,834	72,728	177,975

See independent auditor's report.



SUPPLEMENTAL INFORMATION

SCHEDULE OF REPORTED ENROLLMENT

For the Year Ended June 30, 2018

Grade	Fall		Spring	
	Enrollment Per FR-4	Enrollment Per District Record	Enrollment Per FR-4	Enrollment Per District Record
K-6	309	309	326	326
7-8	93	93	96	96
9-12	153	153	142	142
Totals	<u>555</u>	<u>555</u>	<u>564</u>	<u>564</u>

See independent auditor's report.



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

Lame Deer Public School District No. 6
Rosebud District
Lame Deer, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lame Deer Public School District No. 6 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; 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*.

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.

Anderson Zurmuehlen & Co, P.C.

Billings, Montana
March 29, 2019

INDEPENDENT AUDITOR'S REPORT
COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lame Deer Public School District No. 6
Rosebud District
Lame Deer, Montana

Report on Compliance for Each Major Federal Program

We have audited Lame Deer Public School District No. 6's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson Zurmuehlen & Co, P.C.

Billings, Montana
March 29, 2019

LAME DEER PUBLIC SCHOOL DISTRICT NO. 6
 CURRENT STATUS OF PRIOR YEAR FINDINGS
 Year Ended June 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance over major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CRF section 200.516(a)	No

Identification of major programs:

Impact Aid Cluster	84.041
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings:

The audit report for the year ended June 30, 2018, reported no findings.

Section III – Federal Award Findings and Questioned Costs:

The audit disclosed no findings, which were required to be reported under the provisions of the Uniform Guidance.

LAME DEER PUBLIC SCHOOL DISTRICT NO. 6
CURRENT STATUS OF PRIOR YEAR FINDINGS
Year Ended June 30, 2018

#2017-001 Review and approval of payroll timecards and allocation of time: Implemented

#2017-002 Cybersecurity Policy: Implemented

LAME DEER PUBLIC SCHOOL TRANSPORTATION

BUS ON HAND

x1. Bus (wheel chair assessable) 29-39 ml cap 54 2000 vin 1GBL7T1CXYJ515665

2. Charter 29-134 blue bird ml 140616.6 cap 60 2009 vin FA3RE1081203135527

x3. Bus 29-57 blue bird ml 1213309.4 cap 84 2009 vin 1BABNCPH39F266672

X4. Bus 29-9952B Thomas ml 8179.2 cap 87 2019 vin 4DRBUC8N5GB271371

X5. Bus 29-3914 blue bird ml cap 71 2016 vin 4DRBU8P5GB734482

***6. Bus 29- 193 blue bird ml cap 84 2009 vin 1BABNCPH39F266673**

7. Bus 29-101 blue bird ml 153280.0 cap 72 2009 vin 1BAKGCKA3AF268884

X8. Bus 29-3966 blue bird ml 78320 cap 84 2015 vin 4DRBUC8N6GB271371

9. Bus 29-121 blue bird ml 212818.2 cap 84 2003 vin 1BAANCPA03F206999

10. Bus 29-128 blue bird ml 2731103.7 cap 78 2002 vin 1BABNBA12F206376

11. Bus 29-277(wheel chair assessable) blue bird ml 183874 mini bus 2001

cap 14 vin 1GBJG31F8Y1238821

***12. Bus 29-111 blue bird ml cap 78 2003 vin 1BABNCPA09F262874**

***13. Bus 29-306 blue bird ml cap 72 2000 vin 1BAAHCPH3YF093514**

X Are primary bus use

*bus that are out of service for now



Customer Quotation

Prepared For:

LAME DEER PUBLIC SCHOOLS
BOX 96
LAME DEER, MT 59043

Prepared By :

Nick Clawson
I State Truck Center
4600 S. Frontage rd
Billings, MT 59101
406-252-5121/ F:406-252-5910

Quote Number:
364662

Quote Date:
8/12/2020

Customer Order No:
LD 83EFX

Model Profile: MVP-EF 1418S

Product Type:	School Transportation
Year:	2021
Chassis Model:	CHS8
Chassis MFG:	THOS
GVWR:	GVWR
Passenger Capacity:	83
Headroom:	78
Wheelbase:	231
Brake Type:	AIR
Engine Type:	CUMMINS B6.7 260 DIESEL, 6 Cyl, 260 HP, 2600 RPM
Fuel Type:	DIESEL
Fuel Tank Capacity:	100
Transmission Type:	AUTOMATIC
Axle, Front:	13200-lb Capacity
Axle, Rear:	23000-lb Capacity
Tires, Front:	MICHELIN 11R22.5 16(H) PLY XZE2
Tires, Rear:	MICHELIN 11R22.5 16(H) PLY XDN2
Suspension Front:	Taperleaf
Suspension Rear :	Airliner

Total for 1 complete unit(s):
Delivery Cost:

\$ 117,484.00
Pickup Included

Includes the Following Equipment:

**DEALER ADD On's
EQUIPMENT**

- 1 Cam sys
- 1 RF Comm radio
- 1 on spot chains

Meets all FMVSS requirements in effect at the time of manufacture.

Total for 1 complete unit(s):
Delivery Cost:

\$ 117,484.00
Pickup Included

Additional options you may want to consider:
[ADDITIONAL EQUIPMENT]

\$ [COST]

Terms and Conditions:
Quote Expires: 9/12/2020

Customer Signature: _____ Date: _____

Dealer Signature: *Nick Clawson* Date: 8/12/2020

AttachedDetail

Optional Equipment - Body:

1	[A000000172] 2019 CUMMINS ENGINE TARIFF
1	[A200100000] PDI IDENTIFIER-DEALER PERFORMED
1	[B132401000] PAINT STANDARD SASH FLAT BLACK
1	[B134000000] RED HANDLE - EMERGENCY DOOR(S)
1	[B144020000] DECAL-"DIESEL FUEL ONLY"
1	[B144032000] LABEL-APPROVED FUEL INSTRUCTIONS
1	[B144200000] LABEL - DIESEL EXHAUST FLUID (DEF) - ENGLISH
1	[B145005000] BATTERY BOX LETTERING
1	[B145505000] LABEL - 2010 EPA EXHAUST REGENERATION - ENGLISH
1	[B147502100] YELLOW REFLEXITE - 2", PERIMETER OF REAR BUS BODY
1	[B147503300] YELLOW "SCHOOL BUS" SIGN - FRONT HOOD - EFX
1	[B147504000] YELLOW "SCHOOL BUS" SIGN - REAR HOOD
6	[B147508000] YELLOW REFLEXITE-PERIMETER OF PUSHOUT SASH (28.5" HIGH SASH)
1	[B147515000] YELLOW REFLEXITE - PERIMETER OF REAR EMERGENCY DOOR
1	[B147600141] YELLOW REFLEXITE - 2", FLOOR LINE - BOTH SIDES OF BUS BODY
56	[B147906000] LETTERING - 6" HIGH
1	[B1506333032] GRAY KOROSAL STEP TREADS - OUTWARD OPENING ENT DOOR - EFX
1	[B150800000] SEALING-ENTRANCE DOOR STEP TREADS
1	[B151163000] STEPWELL GUARD - EFX
1	[B152100000] TUFF COAT - FRONT BUMPER
1	[B152700000] SEALING - FLOOR COVERING
1	[B153520141] DARK GRAY VINYL FLOOR WITH 13" CENTER AISLE
1	[B157154200] VESTIBULE FLOOR COVERING - GRAY MARBLE,CENTER - EFX
1	[B158006141] MARINE GRADE PLYWOOD FLOOR
1	[B161106141] TINTED TEMPERED GLASS - COMPLETE - EFX
1	[B162410000] TINTED WINDSHIELD W/5" BAND - EFX
3	[B164410000] TINTED TEMPERED PUSHOUT-LEFT SIDE,VERTICAL HINGE
3	[B164411000] TINTED TEMPERED PUSHOUT-RIGHT SIDE,VERTICAL HINGE
1	[B170008000] STORM GLASS (TEMP)-DRIVER'S WINDOW, BLACK FINISH WIND FRAME
1	[B173100000] STORM GLASS (TEMPERED)-RIGHT SIDE
1	[B175100000] STORM GLASS (TEMPERED)-LEFT SIDE
1	[B183011000] THERMOPANE CLEAR TEMPERED OUTWARD OPENING ENT DR,UPPER/LOWER
1	[B200000000] CHILD REMINDER - NONE
1	[B202001000] FIRE EXTINGUISHER - 5 LB.
1	[B2050MT000] KIT - FIRST AID, 24 UNIT, COMPLIES W/MONTANA STATE SPECS
1	[B2060MT000] KIT - BODY FLUID CLEAN-UP, COMPLIES WITH MONTANA STATE SPEC
1	[B209007000] REFLECTORIZED TRIANGLES (3)-REAR OF ENTRANCE DOOR STEPWELL
1	[B214501000] SEAT BELT CUTTER - TIE TECH
1	[B216019000] TWC(2)DEFROSTER FANS MOUNTED OVER CENTER WINDSHIELD
1	[B231015000] BACKING ALARM - HEAVY DUTY - 112DB
1	[B231020000] MIRROR - INTERIOR 6" X 30" BACK UP CAMERA
1	[B241021000] ACRYLIC VISOR - LEFT SIDE - EFX
1	[B258001400] OUTSIDE SPEAKER HORN - CHASSIS-MOUNTED (TRANSIT)
1	[B259119000] GPS - ZONAR SYSTEM, EFX
1	[B259208000] CELLULAR PHONE POWER OUTLET REAR END WALL OF SWITCH CABINET
1	[B260305008] PREMIUM SPEAKERS - EIGHT (8)
1	[B260405001] RADIO - AM/FM DEAS10 DELPHI, TRANSIT W/PAGE
1	[B283614300] EFX - OPEN VIEW ES HEATED REAR VIEW MIRRORS
1	[B287906300] EF - EYE-MAX HEATED CROSSVIEW MIRRORS
1	[B293406000] SIGN-STOP,ELECTRIC LED FRONT SE1-7970
1	[B293548000] SIGN-STOP,ELECTRIC LED REAR SE1-7971
1	[B303000001] SWITCH BANK - 1, 1 THRU 5
1	[B319007141] LED LIGHT MONITOR - 16 LIGHT SYSTEM
1	[B320001000] ADDITIONAL DOME LIGHTS (TWO)
1	[B320202141] STANDARD DOME LAMPS MVP-EF
1	[B323006000] DRIVER'S DOME LIGHT
1	[B325000000] DOME LIGHT SWITCH
1	[B329001002] ENTRANCE DOOR LIGHT - HOODED
1	[B329018000] STEP LIGHT SWITCH (MARKER LIGHTS ON) - EFX
1	[B329100000] HOODED STEP LIGHT
1	[B333113000] 7" LED FRONT DIRECTIONAL LIGHTS - EFX
1	[B336002000] LAMPS-STOP/TAIL/DIRECTIONAL AMBER/REVERSE LED
1	[B339401000] LAMPS-4" BACKUP LED
1	[B339503000] LAMPS-LICENSE PLATE ILLUMINATION LED - ONE (1)
1	[B34220001] SIDE DIRECTIONAL-LED AMBER TURN,CENTER FRONT WHEEL

2 [B700702002] TINT TEMP GLASS-COMP(28.5")+10
 1 [B700900003] WINDOW STOPS (12")
 1 [D136800000] DECAL-BATTERY DISCONNECT
 1 [D505302141] UNDERCOATING-UNDERGUARD
 1 [D50601F141] PAINT-EXTerior ROOF WHITE 6"
 1 [D506113141] PAINT-EXT WINDOW AREA BLACK
 1 [D506347000] PAINT-EXT GRD RAIL @ WINDOW BLACK
 1 [D506447000] PAINT-EXT GRD RAIL @ SEAT BLACK
 1 [D506547000] PAINT-EXT GRD RAIL @ FLOOR BLACK
 1 [D506647000] PAINT-EXT GRD RAIL @ SKRT BLACK
 1 [D506747002] PAINT-EXT BUMPERS FRT/RR BLACK
 1 [D510646141] PAINT-SOLID COLOR YELLOW
 1 [D622300000] LABEL-GHG CERTIFICATION ENGLISH
 1 [D900104001] SEAT-DRIVER NATIONAL W/HEAT
 1 [D900302001] ARMREST NATIONAL DRVR'S ST. BOTH SIDES
 1 [D900403003] UPH DR.ST.FABRIC BLK NATIONAL
 1 [D900503007] PEDESTAL-NATIONAL AIR W/2 SHOCKS
 1 [D900602001] COVER PEDASTAL NATIONAL NONE
 1 [D900702001] SLIDE STOP NATIONAL DR.ST. NONE
 1 [D900802001] RETAINER NATIONAL DR.ST.BELT NONE
 1 [D900902001] POUCH-DR.ST.STORAGE NONE
 1 [D901200003] RISER-DRIVERS SEAT, NATIONAL NONE
 1 [D901600001] ELEC-PEDESTAL, HEATED SEAT NAT
 1 [D980126000] S3C 26"LS 2-PASSENGER WALL MOUNT
 13 [D980139000] SC3 39"LS 3-PASSENGER WALL MOUNT
 14 [D980239000] S3C 39"RS 3-PASSENGER WALL MOUNT
 28 [D980410166] FIREBLOCK BLUE UPHOLSTERY - S3C PASSENGER SEAT
 28 [D989002000] S3C WALL MOUNT HARDWARE - TRANSIT

Optional Equipment - Chassis:

- 1 [C115301000] AUTOMATIC AIR TANK DRAIN - HEATED,EF
- 1 [C115806000] AIR DRYER-BENDIX AD9 W/HEATER CUMMINS ISB-200 2013 EPA
- 1 [C117202000] AIR ACCESSORY SYSTEM (MVP-EF EQUIPPED WITH AIR BRAKES)
- 1 [C135402000] LCE-NVLE 200 AMP PAD-MTD ALT CUMMINS-ISB 2013 EPA
- 1 [C145634000] AXLE - REAR, DET 23K, 5.87 RATIO
- 1 [C181618000] TRIPLE 12-VOLT BATTERIES CUMMINS ISB EFX - 2013 EPA
- 1 [C206504000] HEAVY DUTY AIR BRAKES - 8 5/8 REAR BRAKES, 6 FRONT BRAKES
- 1 [C207030000] ANTILOCK BRAKES(AIR)-MERITOR/WABCO FOR REAR AXLE (8)
- 1 [C207211000] ELECTRONIC STABILITY CONTROL - EFX AIR BRAKES
- 1 [C207905000] CUMMINS ISB TURBO BRAKE
- 1 [C221003000] CRUISE CONTROL - CUMMINS ISB ENGINE
- 1 [C221275000] VEHICLE SPEED LIMITING(75 MILES PER HOUR SETTING)
- 1 [C230006000] COOLANT RECOVERY BOTTLE - MVP-EF
- 1 [C230539000] FUEL/WATER SEPARATOR WITH HEATER - EFX, CUMMINS ISB
- 1 [C231605000] BLOCK HEATER - 750 WATT, 120 VOLT (CUMMINS ISB02)
- 1 [C231610000] 6 BLOCK HEATER ELECTRIC CORD - FRONT/REAR RECEPTACLE
- 1 [C236920000] HOSES-RBR,ADVANCED GRD(GATES BLU STRIPE)W/CONSTNT TRQ CLMP
- 1 [C241014280] CUMMINS B6.7-260 ENGINE (EFX) 2013 EPA
- 1 [C336501000] 100 GALLON FUEL TANK BETWEEN THE RAILS
- 1 [C340501000] TOW HOOKS, FRONT - TWO (2)
- 1 [C341507000] 163 3/8 REAR FRAME OVERHANG
- 1 [C361504000] AMMETER, 300 AMP, DASH-MOUNTED (8)
- 1 [C362302000] SOLID STATE ELECTRONIC FLASHER FOR HAZARD LIGHTS
- 1 [C386006000] SYNTHETIC LUBE STD W/AXLE
- 1 [C386006000] SYNTHETIC LUBE STANDARD W/FRONT AXLE
- 1 [C440501000] FREIGHTLINER AIRLINER RR SUSPENSION-8 5/8 BRAKES,23K LBS
- 4 [C531151000] MICHELIN 11R22.5 16(H) PLY XDN2
- 2 [C531603000] MICHELIN 11R22.5 16(H) PLY XZE2
- 1 [C597100000] TIRE BALANCING
- 1 [C597101000] NON LEAD TIRE WEIGHT
- 1 [C599305000] CUMMINS 2017 MODEL YEAR
- 1 [C599343EFX] EFX CHASSIS ADJUSTMENT
- 1 [C600001000] PARKING BRAKE INTERLOCK
- 1 [C602808129] ALLISON 3000 PTS TRANSMISSION CUMMINS ISB-260 2013 EPA
- 1 [C602912129] 6SPEED SHIFT CONTRL-3000 PTS
- 1 [C605000101] ALLISON FUEL SENSE-BASIC, DSS MED
- 1 [C656501000] HUB-PILOTED WHEEL EQUIPMENT - 23,000 LB AXLE
- 6 [C656601000] MAXION-8.25 X 22.5,10 HUB PILOTED,5 HOLE - BLACK
- 1 [C8-WAG-103] WARRANTY TOWING 2Y UNLIMITED



Customer Quotation

Prepared For:

LAME DEER PUBLIC SCHOOLS
BOX 96
LAME DEER, MT 59043

Prepared By :

Nick Clawson
I State Truck Center
4600 S. Frontage rd
Billings, MT 59101
406-252-5121/ F:406-252-5910

Quote Number:
368853

Quote Date:
8/12/2020

Customer Order No:
LD-84HDX

Model Profile: Saf-T-Liner HDX 141YS

Product Type:	School Transportation
Year:	2021
Chassis Model:	CHSY
Chassis MFG:	THOS
GVWR:	GVWR
Passenger Capacity:	84
Headroom:	78
Wheelbase:	277
Brake Type:	AIR W/REAR AIR SUSPENSION (23K
Engine Type:	CUMMINS L9 300 DIESEL, 6 Cyl, 300 HP, 2200 RPM
Fuel Type:	DIESEL
Fuel Tank Capacity:	100
Transmission Type:	AUTOMATIC
Axle, Front:	13200-lb Capacity
Axle, Rear:	23000-lb Capacity
Tires, Front:	MICHELIN 11R22.5 16(H) PLY XZE2
Tires, Rear:	MICHELIN 11R22.5 16(H) PLY XDN2
Suspension Front:	Taperleaf
Suspension Rear :	Air

Total for 1 complete unit(s):	\$ 134,869.00
Delivery Cost:	Pickup Included

Includes the Following Equipment:

**DEALER ADD On's
EQUIPMENT**

- 1 Kenwood radio installed
- On spot Chains
- Cam system

Meets all FMVSS requirements in effect at the time of manufacture.

Total for 1 complete unit(s):	\$ 134,869.00
Delivery Cost:	Pickup Included

Additional options you may want to consider: [ADDITIONAL EQUIPMENT]	\$ [COST]
---	------------------

Terms and Conditions:
Quote Expires: 9/12/2020

Customer Signature: _____ **Date:** _____

Dealer Signature: Nick Clawson **Date:** 8/12/2020

AttachedDetail

Optional Equipment - Body:

1	[A000000058] DECAL-UNITED AUTO WORKERS
1	[A000000172] 2019 CUMMINS ENGINE TARIFF
1	[A200100000] PDI IDENTIFIER-DEALER PERFORMED
1	[B132401000] PAINT STANDARD SASH FLAT BLACK
1	[B134000000] RED HANDLE - EMERGENCY DOOR(S)
1	[B144032000] LABEL-APPROVED FUEL INSTRUCTIONS
1	[B144200000] LABEL - DIESEL EXHAUST FLUID (DEF) - ENGLISH
1	[B145050000] LABEL - 2010 EPA EXHAUST REGENERATION - ENGLISH
1	[B147502100] YELLOW REFLEXITE - 2", PERIMETER OF REAR BUS BODY
1	[B147503000] YELLOW "SCHOOL BUS" SIGN - FRONT HOOD
1	[B147504000] YELLOW "SCHOOL BUS" SIGN - REAR HOOD
5	[B147508000] YELLOW REFLEXITE-PERIMETER OF PUSHOUT SASH (28.5" HIGH SASH)
1	[B147513000] YELLOW REFLEXITE - PERIMETER OF REAR PUSHOUT WINDOW
1	[B147600141] YELLOW REFLEXITE - 2", FLOOR LINE - BOTH SIDES OF BUS BODY
42	[B147906000] LETTERING - 6" HIGH
1	[B150200000] ELECTRICALLY HTD STEP TRD - FRT ENT DOOR (HDX)
1	[B150504017] STEP TREAD,RIBBED RUBBER,DK GRAY,W/WHITE NOSING,DP STEP,MET
1	[B150800000] SEALING-ENTRANCE DOOR STEP TREADS
1	[B151109000] ENTRANCE DOOR STEPWELL - 15" DEEP FIRST STEP
1	[B152700000] SEALING - FLOOR COVERING
1	[B153520141] DARK GRAY VINYL FLOOR WITH 13" CENTER AISLE
1	[B158000141] PLYWOOD FLOOR - 5/8" THICKNESS
1	[B161101141] TINTED TEMPERED GLASS - COMPLETE
1	[B162009000] TINTED WINDSHIELD WITH 5" BAND FOR MVP-ER, ER TRANSIT
2	[B164410000] TINTED TEMPERED PUSHOUT-LEFT SIDE,VERTICAL HINGE
3	[B164411000] TINTED TEMPERED PUSHOUT-RIGHT SIDE,VERTICAL HINGE
1	[B170008000] STORM GLASS (TEMP)-DRIVERS WINDOW, BLACK FINISH WIND FRAME
1	[B172105000] THERMOPLANE GLASS - OUTWARD OPENING ENTRANCE DOOR, UPPER/LOWE
1	[B173100000] STORM GLASS (TEMPERED)-RIGHT SIDE
1	[B175100000] STORM GLASS (TEMPERED)-LEFT SIDE
1	[B202001000] FIRE EXTINGUISHER - 5 LB.
1	[B2050MT000] KIT - FIRST AID, 24 UNIT, COMPLIES W/MONTANA STATE SPECS
1	[B2060MT000] KIT - BODY FLUID CLEAN-UP, COMPLIES WITH MONTANA STATE SPEC
1	[B209010000] REFLECTORIZED TRIANGLES - 3 BENEATH FIRST SEAT ON LEFT SIDE
1	[B214501000] SEAT BELT CUTTER - TIE TECH
1	[B216010000] TWC(2)DEFROSTER FANS MOUNTED OVER CENTER WINDSHIELD
1	[B230000000] AIR HORN - BENEATH FLOOR
1	[B231015000] BACKING ALARM - HEAVY DUTY - 112DB
1	[B231020000] MIRROR - INTERIOR 6" X 30" BACK UP CAMERA
1	[B241000000] ACRYLIC VISOR - LEFT SIDE
1	[B259119001] GPS - ZONAR SYSTEM, HDX
1	[B259205000] CELLULAR PHONE POWER OUTLET REAR WALL OF SWITCH CABINET
1	[B260305008] PREMIUM SPEAKERS - EIGHT (8)
1	[B260405001] RADIO - AM/FM DEAS10 DELPHI, TRANSIT W/PAGE
1	[B287599999] CROSSVIEW MIRROR INCLUDED IN REARVIEW MIRROR ASSEMBLY
1	[B289903000] ROSCO INTEGRATED STYLE - REMOTE CONTROL HEATED MIRROR
1	[B293046000] SIGN-STOP,ELECTRIC LED FRONT SE1-7970
1	[B293046000] SIGN-STOP,ELECTRIC LED REAR SE1-7970
1	[B308006012] COMPARTMENT LIGHTS(6)-125" THROUGH,DELUXE COMPART
1	[B319004140] LED LIGHT MONITOR-16 LIGHT SYS
1	[B320001000] ADDITIONAL DOME LIGHTS (TWO)
1	[B320201141] STANDARD DOME LAMP HDX
1	[B323001000] DELUXE DRIVER'S DOME LIGHT
1	[B325000000] DOME LIGHT SWITCH
1	[B329000000] STEP LIGHT SWITCH
1	[B329001002] ENTRANCE DOOR LIGHT - HOODED
1	[B329100000] HOODED STEP LIGHT
1	[B333108000] 7" LED DIRECTIONAL LIGHTS - FRONT
1	[B336002000] LAMPS-STOP/TAIL/DIRECTIONAL AMBER/REVERSE LED
1	[B339401000] LAMPS-4" BACKUP LED
1	[B339502000] LAMPS-LICENSE PLATE ILLUMINATION - ONE (1)
1	[B342200010] SIDE DIRECTIONAL-LED AMBER TURN,CENTER FRONT WHEEL
1	[B342200010] SIDE DIRECTIONAL-LED AMBER TURN,CENTER REAR WHEEL
1	[B349501000] FOUR (4) ENGINE COMPARTMENT LIGHTS
1	[B357602000] STROBE LIGHT(S) WIRED TO WARNING LIGHTS
1	[B358028009] LED WARNING LIGHTS - FOUR (4) AMBER AND FOUR (4) RED LENS

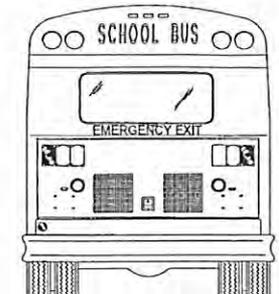
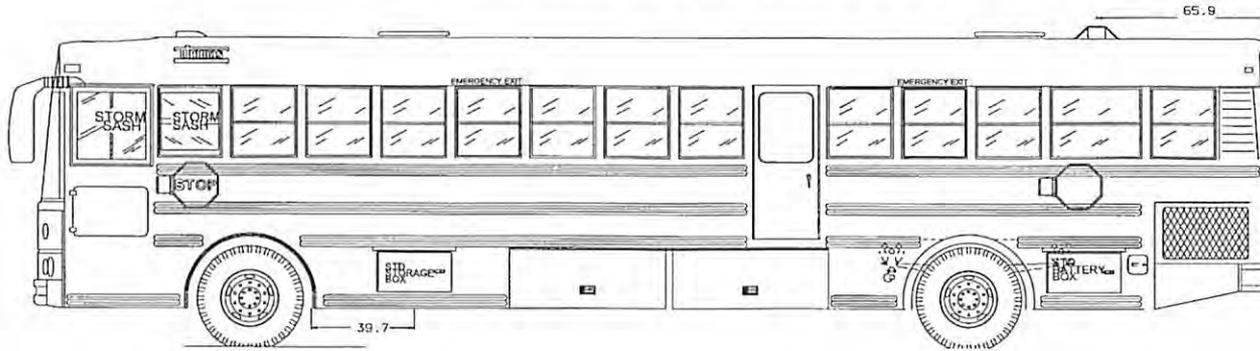
[B358204000] HALOGEN 8-LIGHT WARNING SYSTEM
 [B364039000] ID LAMPS - LED
 [B364040000] MARKER LAMPS - LED
 [B364041000] MID-MARKER LAMPS - LED
 [B365505000] HEADLIGHTS -LED,W/HEATER TRANSIST
 [B371501006] STROBE LIGHT CLEAR, 2ND SECTION FROM REAR, CENTERED
 [B371600000] STROBE LIGHT GUARD
 [B380022000] CONVOLUTED CONDUIT FOR WIRING - BACKUP ALARM
 [B380504000] RECEPTACLE - REAR, ENGINE HEATER (HDX)
 [B382903000] SWITCH - ENTRANCE DOOR, THREE POSITION
 [B383100000] CROSSING ARM DEACTIVATION SWITCH - ELECTRIC
 [B383300000] NOISE SUPPRESSION SWITCH
 [B384002000] LUGGAGE COMPARTMENT LIGHT SWITCH (4) THRU, DELUXE, 95"125"
 [B403004000] HEATER 15,000 BTU - DRIVER'S COMPARTMENT
 [B411203000] GROCO CENTRIFUGAL BOOSTER PUMP
 [B411704141] SILICONE HEATER HOSE - FRONT CENTER HEATER
 [B412005050] 84,000 BTU HEATER - 5TH SECTION LEFT SIDE
 [B412007050] 84,000 BTU HEATER - 7TH SECTION LEFT SIDE
 [B412013050] 84,000 BTU HEATER - 13TH SECTION LEFT SIDE
 [B412107000] SERIES HEATER CONNECTION - REAR HEATERS THREE(3)
 [B415101000] SERIES HEATER CONNECTION - REAR HEATER ONE(1)
 [B420507000] PLUMBING AT SIDE DOOR WITH PLYWOOD FLOOR
 [B420603000] CONSTANT TORQUE CLAMPS - THREE (3) REAR UNDERSEAT HEATERS
 [B429000000] SIDE DOOR RAMP OVER HEATER HOSE
 [B503002000] EXTERIOR DOOR HANDLE
 [B504600502] 141Y28, LI-24-S000
 [B505500000] RIGHT SIDE DOOR - NONE
 [B515500000] 24" SIDE EMERGENCY DOOR LS
 [B518206000] VANDALOCK - AIR-OPERATED OUTWARD OPENING ENTRANCE DOOR
 [B518602000] VANDALOCK - SIDE EMERGENCY DOOR WITH INTERLOCK & BARREL BOLT
 [B518800000] VANDALOCK - REAR PUSHOUT WINDOW, WITH DAVENPORT SHELF
 [B519015000] LATCH-LOCK DEF ACCESS DOOR
 [B525240002] RF HATCH-TRANSPEC,LO PRO"TRIPLE VALUE" W/STAT VNT, WH,EN(2)
 [B531000141] 78" HEADROOM
 [B532013000] SPECIAL URETHANE FOAM INSULATION
 [B533101000] POLYESTER INSULATION - RAFTER CAVITIES
 [B533603141] ACOUSTIC HEADLINING - COMPLETE WITH POLYESTER INSULATION
 [B537000000] COVER LOCK
 [B537003000] LOCK - BATTERY BOX DOOR
 [B542001000] 20 GAUGE REEDED SIDE SHEETS
 [B548300141] SEVERE SERVICE PACKAGE FOR BODY
 [B548400000] CORROSION RESISTANT SEALER, REAR DOOR
 [B548801000] BRACKET - MOUNTING, LICENSE PLATE, FRONT
 [B560000000] SEALING, EXTERIOR JOINT EDGE
 [B560600000] SEALANT - PLYWOOD FLOOR EDGES
 [B566001000] MUD FLAPS - FRONT, RUBBER, 15"W WITH LOGO
 [B566005000] REAR RUBBER MUD FLAPS 22.5W W/LOGO
 [B571001000] FENDERRETTES - FOUR (4)
 [B574127141] PADDED RAILS - BLACK FIRE BLOCK UPHOLSTERY
 [B575603000] ASSIST RAIL - RIGHT SIDE, HDX (A,D,A)
 [B579101000] STATIC VENT FRONT - TRANSIT, STANDARD
 [B583000000] CERTIFICATE HOLDER - 4" X 6"
 [B583175000] LABEL - U.S. CERTIFICATION
 [B585738000] ELECTRIC OPERATING CROSSING CONTROL ARM
 [B596810000] LUGGAGE COMPARTMENT-THROUGH DELUXE-125"
 [B598700001] SEALED STORAGE COMPARTMENT W/LOCK, LEFT SIDE FRONT
 [B598700002] SEALED STORAGE COMPARTMENT W/LOCK, RIGHT SIDE FRONT
 [B599000004] BATTERY HOLD DOWN BRACKET - DELUXE 3 BATTERY
 [B599063000] BATTERY BOX - STANDARD
 [B599334000] BODY ADJUSTMENT-HDX 2010 EPA
 [B599348000] BODY ADJUSTMENT-HDX 2013 EPA
 [B599900001] APPLICATION - SCHOOL
 [B610000095] BELT-ELR SHOULDERS/PUSH BUTTON LAP
 [B620000079] LEFT SIDE BARRIER IMMEDIATELY BEHIND DRVR MOVED REARWARD 2"
 [B620001077] BARRIER STORAGE POUCH, RIGHT SIDE AT ENTRANCE DOOR
 [B620039090] KICK PLATE/MODESTY PANEL-39"VERT, WALL-MTD BARRIER,RT SIDE
 [B640139200] 39" BARR-VERT,WALL MT 45"H RS 2009
 [B642329000] 39"8DEG BARR-REV, WALL-MT 45"H 2009
 [B660010121] PROFORM EDO BLUE UPHOLSTERY-45"HIGH RECESSED BARRIER

18 [B700701002] TINT TEMP GLASS-COMP (28.5")
 2 [B700702002] TINT TEMP GLASS-COMP(28.5")+10
 1 [B700900003] WINDOW STOPS (12")
 1 [B817002000] ANTIFREEZE-34F, EXTENDED LIFE COOLANT (HDX)
 1 [D136800000] DECAL-BATTERY DISCONNECT
 1 [D505302141] UNDERCOATING-UNDERGUARD
 1 [D50601F141] PAINT-EXTERIOR ROOF WHITE 6"
 1 [D5061SC141] PAINT-EXT WDO AREA SAME AS BODY
 1 [D506347000] PAINT-EXT GRD RAIL @ WINDOW BLACK
 1 [D506447000] PAINT-EXT GRD RAIL @ SEAT BLACK
 1 [D506547000] PAINT-EXT GRD RAIL @ FLOOR BLACK
 1 [D506647000] PAINT-EXT GRD RAIL @ SKRT BLACK
 1 [D506747002] PAINT-EXT BUMPERS FRT/RR BLACK
 1 [D510646141] PAINT-SOLID COLOR YELLOW
 1 [D622300000] LABEL-GHG CERTIFICATION ENGLISH
 1 [D900104001] SEAT-DRIVER NATIONAL W/HEAT
 1 [D900302001] ARMREST NATIONAL DRVR'S ST. BOTH SIDES
 1 [D900403003] UPH DR.ST.FABRIC BLK NATIONAL
 1 [D900503007] PEDESTAL-NATIONAL AIR W/2 SHOCKS
 1 [D900602001] COVER PEDASTAL NATIONAL NONE
 1 [D900702001] SLIDE STOP NATIONAL DR.ST. NONE
 1 [D900802001] RETAINER NATIONAL DR.ST.BELT NONE
 1 [D900902001] POUCH-DR.ST.STORAGE NONE
 1 [D901200003] RISER-DRIVERS SEAT, NATIONAL NONE
 1 [D901600001] ELEC-PEDESTAL, HEATED SEAT MAT
 1 [D980139000] SC3 39"LS 3-PASSENGER WALL MOUNT
 1 [D980139100] S3C 39"LS 3-PASSENGER FLOOR MOUNT
 13 [D980239000] S3C 39"RS 3-PASSENGER WALL MOUNT
 1 [D980339104] S3C 39"LS 3-PASSENGER FLIP FLOOR MOUNT
 26 [D980410166] FIREBLOCK BLUE UPHOLSTERY - S3C PASSENGER SEAT
 1 [D980410266] FIREBLOCK BLUE UPH - S3C DAVENPORT
 1 [D980539039] S3C 39"/39" DAVENPORT
 24 [D988002000] S3C WALL MOUNT HARDWARE - TRANSIT
 1 [D989102100] S3C FLOOR MOUNT HARDWARE - TRANSIT
 1 [D989502600] S3C FLIP SEAT HARDWARE - TRANSIT

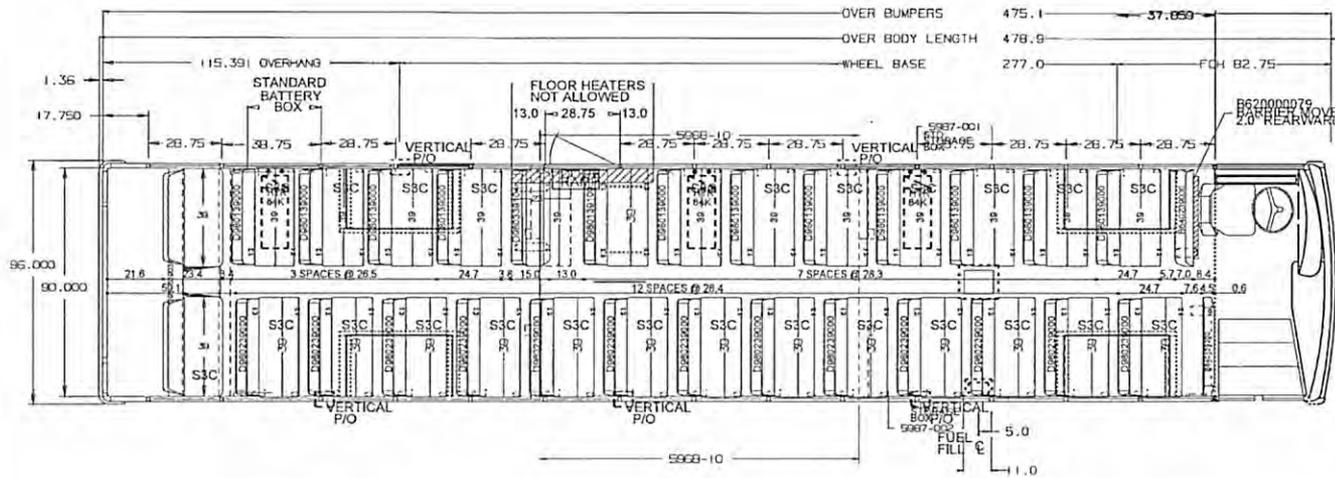
Optional Equipment - Chassis:

[C11440000] SCHRAEDER VALVE LOCATED IN ENGINE COMPARTMENT (5,K) 1
[C11511000] AUTO AIR TANK HEATED (1) - HDX 1
[C11660000] AIR DRYER - BENDIX AD9EP WITH HEATER - HDX 1
[C117504000] RELOCATE AIR TANKS - HDX 1
[C136600000] LEECE-NEVILLE 200 AMP ALTERNATOR-PAD MOUNTED - HDX 1
[C145122000] AXLE - REAR, DANA 22060S, 5.29 RATIO 1
[C182900000] TRIPLE 12-VOLT GROUP 31 BATTERIES - HDX 1
[C207035000] ANTILOCK BRAKES - MERTOR/WABCO (HDX) 1
[C207210000] ELECTRONIC STABILITY CONTROL - HDX 1
[C207812000] EXHAUST BRAKE - HDX, CUMMINS ISL 1
[C221112000] CRUISE CONTROL - HDX (CUM ISL) 1
[C221275000] VEHICLE SPEED LIMITING(75 MILES PER HOUR SETTING) 1
[C222800000] ADJUSTABLE PEDAL SYSTEM - HDX 1
[C230541000] FUEL PRO 245 DAVCO FUEL WATER SEPARATOR - HDX 1
[C230605000] COOLANT RECOVERY BOTTLE - HDX 1
[C231610000] 6' BLOCK HEATER ELECTRIC CORD - FRONT/REAR RECEPTACLE 1
[C231812000] BLOCK HEATER - HDX (CUM ISL) 1
[C235820000] HOSES - GATES BLUE STRIPE W/STAINLESS PIPES - HDX 1
[C242600300] CUMMINS L9-300 ENGINE (HDX) 2013 EPA 1
[C336504000] 100 GALLON FUEL TANK, BETWEEN THE RAILS, RIGHT HAND FILL 1
[C340006227] CHASSIS FRAME RAIL - HIGH STRENGTH (110KSI) HDX (277WB) 1
[C340202000] STEPWELL GUARD (HDX) 1
[C340600000] FRONT TOWBAR (HDX) 1
[C343000000] ENGINE SKID BAR 1
[C343001000] PROTECTIVE PLATE- ENG OIL PAN 1
[C361507000] AMMETER, 300 AMP, DASH-MOUNTED (HDX) 1
[C362302000] SOLID STATE ELECTRONIC FLASHER FOR HAZARD LIGHTS 1
[C362900000] MULTI-FUNCTION GAUGE-REAR PANEL HDX 1
[C386006000] SYNTHETIC LUBE STANDARD W/FRONT AXLE 1
[C443000000] HENDRICKSON COMFORT AIR SINGLE AXLE AIR SUSPENSION-23K AXL 1
[C531151000] MICHELIN 11R22.5 16(H) PLY XDZ2 4
[C531603000] MICHELIN 11R22.5 16(H) PLY XZE2 2
[C597100000] TIRE BALANCING 1
[C599305000] CUMMINS 2017 MODEL YEAR 1
[C600001000] PARKING BRAKE INTERLOCK 1
[C602808318] ALLISON 3000 PTS TRANSMISSION - CUMMINS ISL-300 (HDX) 2013 1
[C602910318] 6 SPEED SHIFT CONTROL - 3000 PTS TRANSMISSION 1
[C605000101] ALLISON FUEL SENSE-BASIC, DSS MED 1
[C656007000] DISC WHEEL - 8.25 X 22.5, 5H (BLACK) 6
[C656701000] HUB-PILOTTED WHEEL EQUIPMENT - 23K (HDX) 1
[C7-WAG-103] TOWING EXTENDED WARRANTY - 2 YEARS/UNLIMITED MILES 1

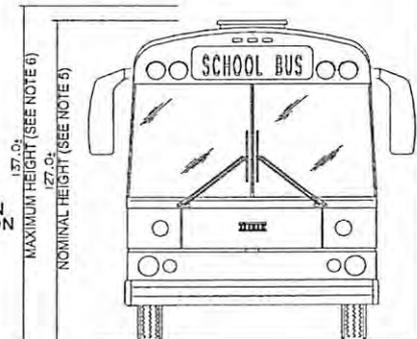
SEATING CAPACITY: 84 + DRIVER



CAUTION - LEFT SIDE BARRIER IS NOT IN STANDARD LOCATION, SEE SEATING PLAN.
 CAUTION - RIGHT SIDE BARRIER IS NOT IN STANDARD LOCATION, SEE SEATING PLAN.



EQUIPPED WITH ALLISON TRANSMISSION



NOTES:
 UNIT EQUIPPED WITH PLYWOOD FLOOR

ALL DIMENSIONS ARE FOR REFERENCE ONLY

GENERAL NOTES

- SOME ITEMS, SUCH AS OVERBUMPERS, ROOF LUGGAGE RACKS, AND OTHER ITEMS, ARE SHOWN IN ONE VIEW ONLY FOR CLARITY.
- THIS DRAWING IS A REPRESENTATION ONLY AND MAY NOT HAVE ALL ITEMS REQUIRED.
- PLEASE REFER TO ORDER FOR DIMENSIONS OF UNDERBODY COMPARTMENTS AND GROUND WILL VARY ACCORDING TO THE SIZE, BUS LONG, AND SUSPENSION TYPE.
- THE MAXIMUM WIDTH AT BELT LINE OVER GUARD RAIL IS 88".
- THE NOMINAL BUS HEIGHT IS BASED ON A STANDARD BODY AND LARGEST SIZE TIRE.
- THE MAXIMUM BUS HEIGHT IS BASED ON BODY WITH OPTIONS SUCH AS AUG LIGHTS, STROBE LIGHT, LARGEST SUSPENSION ETC.
- "OVER BUMPER" DIMENSION DOES NOT TAKE INTO ACCOUNT OPTIONS THAT MAY ADD TO THE TOTAL LENGTH OF THE BUS, SUCH AS MIRRORS, LIGHTS AND CROSSING ARMS.

Model: Saf-T-Liner HDX
 Quote Number: 368853
 Locality: MT

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THOMAS BUILT BUSES, INC	
HIGH POINT, NC	
TITLE	PLAN AND ELEVATION BODY 141YS
DATE	08-13-20
BY/T. Dean	BY/T. Dean
SCALE	3/8"=12"
STAMP	S 826970
Program Version:	14.4.201

MEMO

To: Coal Board Members and Commerce Staff
From: Division Engineer
Subject: Lame Deer Schools
Meeting: September 2020

History –Lame Deer School District currently has a population of 554 students (page 6) or 565 students (page 8). The School District has thirteen school buses in their fleet, three of which are described as “out of service for now.”

Problem – Problems identified in the application included the following:

- some of the buses are outdated and require excessive maintenance;
- some of the busts have outdated software and computer equipment so the cameras and radios no longer work;
- some of the buses lack safety features that comply with current state and federal standards; and
- some of the buses have higher emissions and lack fuel-efficiency when compared to newer buses.

Solution – The project is for purchase of one 80 to 84 passenger school bus.

The purpose of the proposed purchase is to reduce the operating costs, improve safety through compliance with the latest standards, and reduce emissions/increase fuel efficiency.

The Coal Board grant request is for \$100,000. The budget submitted in the application was \$101,500 with the School District contributing \$1,500. However, the quote submitted shows the bus will cost \$117,484. The applicant did not identify how the \$15,984 difference will be covered.

No information was found as to whether the District planned on advertising for bids. The following are unknowns regarding the condition of the buses in the fleet:

- The mileage of existing buses was not found.
- Service issues with existing buses were not found.
- No explanation was provided for why three of the thirteen buses are out of service. All three were listed on the inventory provided in the 2018 bus grant.

Coal Board Grant Applicant #0910-Lame Deer Public Schools Staff Report / June 2020 Meeting

Applicant: Lame Deer Public Schools

Project: Purchase of one school bus for Lame Deer Public Schools

Coal Board Funds Requested: \$100,000

Total Project Cost: \$101,500

Project Information: The applicant is requesting \$100,000, of a total project cost of \$101,500, in Coal Board funds to purchase one school bus. **The applicant is a designated unit.**

Categories:

Need:

- **Applicant:**
 - Applicant states school district is in a very rural area and weather is unpredictable and hazardous at all times of the year.
 - Applicant states buses need to have the required lighting, crossing and stop arms, flashing lights, cameras and radios along with the most updated computer software and hardware to ensure the buses run properly.
 - Applicant states that all of the communities in District 6 are clearly impacted by transportation issues and highway safety.
 - No environmental review documentation was provided in the application.
- **Staff Review:**
 - Staff has determined that the environmental process is incomplete.
 - No bid or estimate for new bus was included in the original application but was sent prior to the ten-day requirement. The bid that was received is for \$15,984 more than project total in application.
 - The mileage of existing buses was not found.
 - Service issues with existing buses were not found.
 - No explanation was provided for why three of the thirteen buses are out of service. All three were listed on the inventory provided in the 2018 bus grant.

Degree of Severity of Impact:

- **Applicant:**
 - Applicant states that Lame Deer Public School has been designated by the Coal Board as "Coal Impacted".
 - Applicant states the closest coal-using energy complex is Colstrip, Montana, 21 miles away.
 - Applicant states with the continual decline of the coal industry by decreasing demand and supply along with environmental concerns and regulations, these impacts will affect potential funds available to the coal impacted areas such as Lame Deer Schools and to the employment of people living in the surrounding area that work, patronize and support the businesses in the Colstrip area.
- **Staff Review:**
 - Documentation regarding severity of impact included in the narrative responses to Severity of Impact questions in the application.

Availability of Funds:

- **Applicant:**
 - Applicant states without Coal Board funding, Lame Deer Public Schools will continue to maintain its current operations and make the best of the situation.
- **Staff Review:**
 - Applicant is a designated unit.
 - It appears that this page of the application is missing content in the documents provided.
 - Revenues related to the Coal Natural Resource account are not sufficient to fund the costs associated with this project request.

Degree of Local Effort in Meeting Needs:

- **Applicant:**
 - Applicant states the millage value per ANB is 0.24, the statewide rate is \$23.80.
 - Applicant states School District #6 is absorbing the administrative costs and contingency funding for this project.
 - Applicant states the Northern Cheyenne Tribe is unable to contribute to this project and no other grants exist at this time to help fund this project.
 - Applicant states due to limited funds, there are no reserves set-aside for bus purchases, all projects are financed through the General Fund.
 - Applicant states this is not the consequence of recent origin, nor because of inadequate support services but rather a problem that developed as their student and employee population continues to increase along with the bus usage.
 - Applicant states they have no outstanding debt obligations.
- **Staff Review:**
 - Millage rates provided by MDOR data demonstrates the average millage rates for the previous three years are lower than the current year millage rates. MDOR data years: 2016-2017, 2017-2018, 2018-2019.
 - No millage rates were provided by the applicant for comparison.

Planning & Management:

- **Applicant:**
 - Applicant states with the decline of the coal industry, this impact will have a major effect on the communities due to employment reduction and increase in student population due to decrease in out-of-district student allowance.
- **Staff Review:**
 - Applicant states that it has been unable to build a reserve from long-term O&M budgets due to lack of resources.
 - Applicant states that is preparing for the potential increase of students due to the decline of the coal industry and a decrease in out-of-district allowance.
 - Project conforms to Applicant's transportation plan.
 - Applicant, with assistance from County, has a history of planning including a recent PAR for Chief Dullknife College.
 - The public school's transportation needs were considered in the 2013 Rosebud County Growth Policy and Land Use Plan.

Grant History:

Since 2009, the applicant has been awarded 4 projects totaling \$587,655.00.

For more information on Coal Board projects for this or any other applicant, please visit the Commerce Grants Database at <https://commerce.mt.gov/About/FundedProjects>

Supplemental Documents (not included in this staff report): Lame Deer Schools Basic Financials, Lame Deer Schools Policies, Lame Deer Schools Supplemental Information, Lame Deer Schools Financial Statements.

Staff Summary:

See engineer memo.

No environmental review documentation was included in the application.

“The applicant must provide documentation of the completed environmental review process and include with the application all documentation of the public review process, including but not limited to, the public notice for and minutes of a public hearing at which the environmental review was discussed, the public comments received, and the final decision on the environmental determination made during a public meeting” (Montana Coal Board Application, pg 27).

The environmental review record in this application is incomplete. The Board may categorically exclude projects from MEPA requirements which apply to Coal Board regulations. The proposed project could fall under a Coal Board categorical exclusion (ARM 8.2.304(5)). Therefore, the board has two options. The board may postpone action on the project for failure to complete the application. Or the board may designate the project as categorically excluded from MEPA review (see ARM 8.101.203) during a public meeting. To facilitate the opportunity for the board to make this decision, the agenda has included public notice concerning this environmental review decision.

Further, staff does not recommend funding until environmental review record regulations have been met. Staff does not recommend funding due to the statutory criteria: Availability of Funds. Staff does not recommend awarding contingent upon available revenue as there is insufficient revenue to award projects currently. Staff recommend awarding projects based on revenue received to meet the Availability of Funds statutory criteria.