FLATHEAD VALLEY COMMUNITY COLLEGE
FLATHEAD COUNTY, MONTANA

Fiscal Years Ended June 30, 2024 and 2023

AUDIT REPORT

Board of Trustees

District Officials

Financial Section

June 30, 2024 and 2023

Flathead Valley Community College

Independent Auditor's Report

The Board of Trustees
Flathead Valley Community College
Kalispell, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Flathead Valley Community College (the College) as of and for the years ended June 30, 2024 and 2023, and the discretely presented component unit as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College as of June 30, 2024 and 2023, and the discretely presented component unit of the College as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Flathead Valley Community College Foundation (the Foundation), which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2024 and 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Flathead Valley Community College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flathead Valley Community College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the schedule of changes in College's total OPEB liability, the schedule of employer's share of net pension liability, schedule of employer contributions - pensions, and the notes to required supplementary information, as noted in the table of contents, 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 or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Organization section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

Eide Bailly LLP

Spokane, Washington
January 31, 2025

Overview

The following Management Discussion and Analysis (MD&A) is required supplementary information under the Governmental Accounting Standards Board (GASB) reporting model. Flathead Valley Community College's (the College) MD&A presents an overview of its financial condition and results of operations for the fiscal years ended June 30, 2024 and 2023. The MD&A's purpose is to aid readers in understanding the accompanying financial statements through analysis of the College's financial activities based on currently known facts and conditions. This MD&A should be read in conjunction with the accompanying financial statements and footnote disclosures.

Financial Highlights

In fiscal year 2024, the operating loss was $20.8 million compared with $19.5 million in 2023. Non-operating revenues including capital contributions and gain/loss on sale of capital assets increased to $24.3 million in 2024 compared to $23.1 million in 2023, resulting in a change in net position of $3.5 million in 2024 and $3.6 million in 2023.

These results were achieved during a consistent decline in enrollment and reflect the College's ability to adjust spending appropriately and reaction to the changing higher education landscape while responding to the needs of students and the community.

How the Financial Statements Relate to Each Other

The financial statements included are the:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows

The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting simply means that the transaction is recognized (recorded) when an exchange takes place. An exchange can be defined as a situation in which each party receives and gives something of equal value. For example, a student registers for a class on July 1st and sets up a payment plan to pay tuition and fees in full by July 31st. On July 1st, there is no cash presented, however, because the registration (exchange) takes place (reserved seat in class equals commitment to pay), revenue is recognized on July 1st. An offsetting student receivable is set up to track the amount the student owes. As the student pays for the tuition and fees, the receivable is reduced by the same increment.

The financial statements referred to above are interrelated and should be viewed in their entirety. The Statement of Net Position presents a snap-shot of the financial condition of the College on June 30. The Statement of Revenues, Expenses, and Changes in Net Position presents the results of activities for the College throughout the fiscal year. The Statement of Cash Flows indicates where and how cash was utilized and provided in order to operate throughout the fiscal year.

Statement of Net Position

The Statement of Net Position presents the College’s assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position as of the fiscal year end. The purpose of this statement is to present to the financial statement readers a snapshot of the College’s financial position at June 30, 2024, 2023 and 2022. The data presented in the Statement of Net Position aids in determining the assets available to continue the College’s operations. It also allows readers to determine how much the College owes to vendors and creditors. Finally, the Statement of Net Position provides a picture of net position and its availability for expenditure by the College. Assets and liabilities are presented in a classified format. This format differentiates between current and non-current assets and liabilities. Current assets and liabilities are those expected to be realized or expended within the next twelve months.

Net position is presented in three categories applicable to the College:

- Net Investment in Capital Assets
- Restricted – Expendable
- Unrestricted

This statement is one way of measuring the College's financial position at the end of the fiscal year. Improvements or deterioration of financial position can be measured over time by analyzing the change in net position.

The following is a summary of the Statements of Net Position at June 30, 2024, 2023 and 2022:

	2024	2023	2022
Current Assets	$ 19,997,377	$ 15,536,161	$ 14,081,202
Capital Assets	69,737,499	71,743,073	66,912,165
Total assets	89,734,876	87,279,234	80,993,367
Deferred Outflow of Resources	3,689,597	4,164,626	4,470,175
Current Liabilities	4,576,101	4,287,345	4,535,527
Non-Current Liabilities	31,785,561	32,886,303	27,523,362
Total liabilities	36,361,662	37,173,648	32,058,889
Deferred Inflow of Resources	3,126,155	3,866,996	6,557,275
Net Investment in Capital Assets	55,168,806	55,640,221	53,738,623
Restricted - Expendable	1,102,950	1,213,506	1,065,041
Unrestricted	(2,335,100)	(6,450,511)	(7,956,286)
Total net position	$ 53,936,656	$ 50,403,216	$ 46,847,378

Current assets include the College's cash, taxes, grants, student loans, accounts receivables, inventories and other assets expected to benefit the College within one year. Current assets increased $4.5 million in 2024 compared to 2023. The increase was primarily in cash due to strong operational results as well as payments from the Foundation. Current assets increased $1.5 million in 2023 compared to 2022. The increase was primarily in cash due to strong operational results as well as timing of grant payments.

Non-current assets includes net capital assets. Non-current assets decreased $2.0 million in 2024 compared to 2023. The decrease was primarily due to annual depreciation expense. Non-current assets increased $4.8 million in 2023 compared to 2022. The increase was primarily due to the continued construction of new buildings, offset by the annual depreciation expense.

Deferred outflow of resources includes pension and other post-employment benefit obligations, which were the result of the implementation of the standards surrounding pension plans and post-employment benefits other than pensions, as well as the deferred charge on refunding of debt, which was the result of the General Obligation Bond refunding that took place in 2015.

Current liabilities include payroll and related liabilities, amounts payable to vendors for goods and services received, student deposit balances and debt principal payments due within one year. Current liabilities increased $289 thousand in 2024 compared to 2023, with minor changes across the various categories. Current liabilities decreased $248 thousand in 2023 compared to 2022, with minor changes across the various categories.

Non-current liabilities include debt, lease, and subscription principal due in greater than one year, accrued compensated absences greater than one year, other post-retirement benefit obligations (OPEB) for employees, and net pension liability. Non-current liabilities decreased $1.1 million in 2024 compared to 2023, driven by principal payments on long-term debt. Non-current liabilities increased $5.4 million in 2023 compared to 2022, driven by an increase in net pension liability, as well as principal drawdown related to the Wachholz College Center.

Deferred inflow of resources includes employer pension and other post-employment benefit assumptions, which was the result of the implementation of the standards surrounding pension plans and post-employment benefits other than pensions.

Net investment in capital assets represents historical cost of capital assets such as buildings and land held by the College less accumulated depreciation and net of debt balances related to the capital assets. The change year over year is primarily from the reduction or addition of long-term liabilities related to capital assets, and additions to capital assets, offset by the annual depreciation.

Restricted-expendable net position represents funds that may be expended by the College but only in accordance with restrictions imposed by an external party, such as a donor, governmental entity, etc. This balance remained consistent year over year and is restricted for debt service.

Unrestricted net position are funds that the College has to use for whatever purpose it determines is appropriate. The increase of $4.1 in 2024 and $1.5 million in 2023 is attributed to strong operational results.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of operations for each fiscal year, distinguishing between operating and non-operating revenues and expenses as defined by GASB Codification Section Co5: Colleges and Universities. GASB has defined appropriations (state and local) as non-operating revenues, thus, the College is showing an operating loss of $20.8 million, $19.5 million, and $19.5 million for 2024, 2023, and 2022, respectively. Once the non-operating revenues, gain/loss on capital assets, and contributions are considered, the results become a change in net position of $3.5 million, $3.6 million and $6.3 million for 2024, 2023 and 2022, respectively. Inclusion of non-operating revenues (certain federal grants and contracts, and state and local appropriations) is a more useful measure of the College's activities.

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024, 2023 and 2022:

	2024	2023	2022
Operating Revenues	$ 15,298,467	$ 13,791,032	$ 12,751,908
Operating Expenses	36,084,003	33,320,597	32,212,357
Operating Loss	(20,785,536)	(19,529,565)	(19,460,449)
Net Non-Operating Revenues	21,102,768	19,920,483	23,717,718
Contributions	3,216,208	3,158,310	2,019,985
Gain on Sale of Capital Assets	-	6,610	7,961
Change in Net Position	$ 3,533,440	$ 3,555,838	$ 6,285,215

Operating revenues include federal and state grants and contracts, tuition, fees and auxiliary activities. Operating revenues increased $1.5 million in 2024 compared to 2023, primarily due to an increase in overall tuition and fees, as well as an increase in federal grants and contracts. Operating revenues increased $1 million in 2023 compared to 2022, primarily due to an increase in auxiliary revenue relating to the new College Center.

Operating expenses increased $2.8 million in 2024 compared to 2023 primarily due to an increase in personnel services and depreciation, as the new College Center was placed into service. Operating expenses increased $1.1 million in 2023 compared to 2022 primarily due to an increase in personnel services. Operating expenses saw increase in nearly every category, offset by a decrease in scholarships and grants due to less COVID funding to pass through to students.

Non-operating revenues (expenses) are comprised of interest income and expense, unrealized gains on investments, state and local appropriations, and certain federal grants and contracts. Non-operating revenue increased $1.2 million in 2024 from 2023 due to a increase in state appropriations, offset by a decrease in federal grants and contracts. Non-operating revenue decreased $3.8 million in 2023 from 2022 due to a decrease in COVID funding.

The College received capital contributions of $3.2 million, $3.2 million, and $2.0 million in 2024, 2023 and 2022, respectively, primarily relating to construction of the Paul D Wachholz College Center.

Capital Assets

The College's investment in capital assets as of June 30, 2024, 2023 and 2022, amounted to $69.7 million, $71.7 million and $66.9 million, respectively, net of accumulated depreciation and amortization. Investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, library equipment, leasehold improvements, information technology equipment, and right-of-use assets. Additional information on the College's capital assets can be found in Note 2 of this report.

Long-Term Liabilities

Total outstanding debt as of June 30, 2024, 2023 and 2022, amounted to $14.3 million, $15.7 million, and $13.2 million, respectively. The outstanding debt consisted of outstanding general obligation bonds, a note payable for construction of the new College Center, and a note payable for prior construction of Founder's Hall. Additional information on the College's long-term obligations can be found in Notes 3, 4 and 6 of this report.

Wachholz College Center (WCC) Placed in Service

During the fiscal year, the Wachholz College Center (WCC) was completed and placed into service, transitioning from construction in progress to a depreciable capital asset. This significant event impacted the financial statements as follows:

Capital Assets: The shift from non-depreciable to depreciable assets resulted in a substantial reclassification within the capital asset categories, reflecting the operational status of the WCC and the commencement of depreciation.

Long-term Liabilities and Cash Flows: In 2023, there was an increase in long-term debt, as $4,000,000 in debt was used to finance that construction, differing from typical capital debt repayment patterns.

Receivable from Foundation: At June 30, 2024, $2.5 million of the balance due from the Foundation represents financial support associated with the completion and operationalization of the WCC.

These financial impacts reflect the organization's continued investment in long-term infrastructure to support its strategic objectives.

Economic Outlook

Historically, enrollment trends for community colleges are counter-cyclical to economic conditions. The College continues to focus on enrollment management and anticipates a leveling off of the decline in enrollment.

College management believes the College is well positioned to maintain its strong financial condition and to continue to provide excellent service to its students and other constituents. The College's financial position, as evidenced by its strong cash balance, provides a high degree of flexibility and stability to address future challenges. Management will continue to maintain a close watch over resources and expenses to ensure that the College's finances are sustainable, and that the College can plan for and react to future internal or external issues.

	2024	2023
Assets and Deferred Outflow of Resources		
Current Assets		
Cash and cash equivalents	$ 13,305,114	$ 11,068,260
Restricted cash and cash equivalents	1,102,950	1,213,506
Taxes and assessments receivable	350,508	379,710
Grants receivable	1,398,522	1,333,295
Tuition and fees receivable, net of allowance for uncollectible amounts of $314,427 in 2024 and $182,745 in 2023	229,025	215,060
Other accounts receivable	25,590	21,725
Due from Flathead Valley Community College Foundation	3,143,394	785,854
Inventories	134,322	292,733
Other assets	307,952	226,018
Total current assets	19,997,377	15,536,161
Non-Current Assets		
Capital assets		
Capital assets - non-depreciable	5,148,472	36,001,742
Capital assets - depreciable, net	64,316,066	35,298,573
Right-to-use leased assets, less accumulated amortization	57,123	85,076
Right-to-use subscription IT assets, less accumulated amortization	215,838	357,682
Total non-current assets	69,737,499	71,743,073
Total assets	89,734,876	87,279,234
Deferred Outflow of Resources		
Deferred charge on refunding	39,410	59,116
Deferred outflow on PERS liability	1,106,806	928,555
Deferred outflow on TRS liability	1,203,161	1,698,626
Deferred outflow on OPEB liability	1,340,220	1,478,329
Total deferred outflow of resources	3,689,597	4,164,626
Total Assets and Deferred Outflow of Resources	$ 93,424,473	91,443,860

	2024	2023
Liabilities, Deferred Inflow of Resources, and Net Position		
Current Liabilities		
Accounts payable and accrued liabilities	$ 284,729	$ 552,444
Student deposits payable	106,844	149,979
Deposits payable	26,220	32,988
Interest payable	133,844	148,194
Accrued payroll	712,643	678,765
Unearned revenue - tuition and fees	879,205	319,445
Long-term liabilities, current portion	2,432,616	2,405,530
Total current liabilities	4,576,101	4,287,345
Non-Current Liabilities		
Lease liabilities, less current portion	43,768	57,187
Subscription IT liabilities, less current portion	107,947	207,763
Long-term liabilities, less current portion	12,913,451	14,346,282
Compensated absences, less current portion	776,386	780,234
Net pension liability	16,893,242	16,510,971
Obligation for other post-employment benefits	1,050,767	983,866
Total non-current liabilities	31,785,561	32,886,303
Total liabilities	36,361,662	37,173,648
Deferred Inflow of Resources		
Deferred inflow on PERS liability	235,617	446,049
Deferred inflow on TRS liability	948,403	1,360,199
Deferred inflow on OPEB liability	1,942,135	2,060,748
Total deferred inflow of resources	3,126,155	3,866,996
Net Position		
Net investment in capital assets	55,168,806	55,640,221
Restricted - expendable	1,102,950	1,213,506
Unrestricted	(2,335,100)	(6,450,511)
Total net position	53,936,656	50,403,216
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 93,424,473	$ 91,443,860

	2024	2023
Operating Revenues		
Tuition and fees, net of scholarship allowances of $883,206 in 2024 and $897,599 in 2023	$ 6,684,099	$ 6,034,476
Federal grants and contracts	2,777,652	2,343,356
State grants and contributions	932,225	855,919
Private and local grants and contracts	1,467,300	1,420,149
Auxiliary activities	2,999,248	2,782,002
Indirect costs recoveries	89,895	92,430
Other operating revenues	348,048	262,700
Total operating revenues	15,298,467	13,791,032
Operating Expenses		
Personnel services	20,678,958	19,856,277
Supplies	2,242,077	1,839,014
Contracted services	3,495,864	3,066,446
Scholarships and grants	4,833,455	4,578,817
Grant costs	80,606	81,312
Travel	293,704	202,777
Repair and maintenance	220,956	243,952
Utilities	552,344	602,906
Rent	88,811	140,368
Communications	268,363	239,055
Depreciation and amortization	3,015,235	2,249,397
Other	313,630	220,276
Total operating expenses	36,084,003	33,320,597
Operating Loss	(20,785,536)	(19,529,565)
Non-Operating Revenues (Expenses)		
State appropriations	10,320,989	8,721,970
Statewide equalization millage	624,449	606,925
Local appropriations	8,115,594	7,795,886
Federal grants and contracts	2,040,598	3,080,929
Interest revenue	507,603	257,549
Interest expense	(506,465)	(542,776)
Gain on disposal of capital assets	-	6,610
Total non-operating revenues (expenses)	21,102,768	19,927,093
Net Income Before Capital Contributions	317,232	397,528
Capital Contributions	3,216,208	3,158,310
Change in Net Position	3,533,440	3,555,838
Net Position, Beginning of Year	50,403,216	46,847,378
Net Position, End of Year	$ 53,936,656	$ 50,403,216

See Notes to Financial Statements

	2024	2023
Operating Activities		
Tuition and fees	$ 7,229,894	$ 6,120,601
Federal grants and contracts	2,712,425	3,157,777
Other grants and contracts	41,985	2,324,763
Seminars and workshops	89,895	92,430
Auxiliary activities	2,995,383	2,774,224
Other	348,048	262,700
Payments to suppliers	(4,221,026)	(3,531,935)
Payments for contracted services	(3,495,864)	(3,066,446)
Payments for scholarships and grants	(4,914,061)	(4,660,129)
Payments to employees	(20,450,389)	(19,821,547)
Net Cash used for Operating Activities	(19,663,710)	(16,347,562)
Noncapital Financing Activities		
State appropriations	10,320,989	8,721,970
Local appropriations	8,769,245	8,350,412
Federal grants and contracts	2,040,598	3,080,929
Net Cash from Noncapital Financing Activities	21,130,832	20,153,311
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(983,761)	(6,433,957)
Proceeds from the sale of capital assets	-	24,418
Proceeds from new debt	-	3,753,138
Principal paid on capital debt	(1,393,726)	(1,205,000)
Interest paid on capital debt	(501,109)	(479,905)
Principal paid on lease liability	(27,953)	(50,076)
Principal paid on subscription liability	(132,186)	(157,971)
Capital contributions	3,190,308	3,063,668
Net Cash from (used for) Capital and Related Financing Activities	151,573	(1,485,685)
Investing Activities		
Interest on investments	507,603	257,549
Net Cash from Investing Activities	507,603	257,549
Net Change in Cash and Cash Equivalents	2,126,298	2,577,613
Cash and Cash Equivalents, Beginning of Year	12,281,766	9,704,153
Cash and Cash Equivalents, End of Year	$ 14,408,064	$ 12,281,766

	2024	2023
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	$ (20,785,536)	$ (19,529,565)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and amortization	3,015,235	2,249,397
Change in pension related activity	77,257	59,043
Change in OPEB related activity	86,397	78,837
Changes in assets and liabilities		
Grants receivable	(65,227)	814,421
Tuition and fees receivable	(13,965)	(38,018)
Other accounts receivable	(3,865)	(7,778)
Due from Flathead Valley Community College Foundation	(2,357,540)	48,695
Inventories	158,411	350,078
Other assets	(81,934)	7,655
Accounts payable and accrued liabilities	(267,715)	(323,984)
Student deposits payable	(43,135)	(84,484)
Deposits payable	(6,768)	7,148
Accrued payroll	33,878	(44,131)
Unearned revenue - tuition and fees	559,760	124,143
Compensated absences	31,037	(59,019)
Net Cash used for Operating Activities	$ (19,663,710)	$ (16,347,562)
Supplemental Disclosure of Noncash Activity		
Contributions of capital assets	$ 25,900	$ 94,642
Reconciliation of Cash, Restricted Cash and Cash Equivalents and Investments		
Cash and cash equivalents	$ 13,305,114	$ 11,068,260
Restricted cash and cash equivalents	1,102,950	1,213,506
Total cash, restricted cash and cash equivalents and investments	$ 14,408,064	$ 12,281,766

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 226,297	$ 167,511
Investments	25,012,544	21,088,261
Promises to give	3,649,204	4,313,139
Other current assets	33,288	32,600
Total current assets	28,921,333	25,601,511
Property and Equipment, Net	196,918	196,918
	$ 29,118,251	$ 25,798,429
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other liabilities	$ 894,095	$ 3,181,141
Foundation scholarships payable	722,681	711,235
Other scholarships payable	250	225,159
Deferred revenue	20,000	20,000
Total current liabilities	1,637,026	4,137,535
Long-Term Liabilities		
Deferred gift liability	27,775	31,540
Total liabilities	1,664,801	4,169,075
Net Assets		
Without donor restrictions	1,281,444	876,690
Without donor restrictions - board designated	544,197	617,398
With donor restrictions	25,627,809	20,135,266
Total net assets	27,453,450	21,629,354
	$ 29,118,251	$ 25,798,429

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Pledges and other public support	$ 464,328	$ 5,497,428	$ 5,961,756
In-kind donations	305,742	-	305,742
Change in value of split-interest agreements	-	1,230	1,230
Net realized and unrealized investment gains (losses)	253,969	1,203,134	1,457,103
Investment income, net of expenses	156,107	362,033	518,140
Net assets released from restriction	1,571,282	(1,571,282)	-
Total revenues and other support	2,751,428	5,492,543	8,243,971
Allocations and Expenses			
Program services	1,874,144	-	1,874,144
Management and general	114,971	-	114,971
Fundraising	430,760	-	430,760
Total allocations and expenses	2,419,875	-	2,419,875
Change in Net Assets	331,553	5,492,543	5,824,096
Net Assets, Beginning of Year	1,494,088	20,135,266	21,629,354
Net Assets, End of Year	$ 1,825,641	$ 25,627,809	$ 27,453,450

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Pledges and other public support	$ 389,304	$ 4,941,797	$ 5,331,101
In-kind donations	330,244	-	330,244
Change in value of split-interest agreements	-	18,074	18,074
Net realized and unrealized investment gains (losses)	(421,563)	(1,861,355)	(2,282,918)
Investment income, net of expenses	89,661	250,231	339,892
Net assets released from restriction	3,771,717	(3,771,717)	-
Total revenues and other support	4,159,363	(422,970)	3,736,393
Allocations and Expenses			
Program services	4,248,023	-	4,248,023
Management and general	108,298	-	108,298
Fundraising	367,799	-	367,799
Total allocations and expenses	4,724,120	-	4,724,120
Change in Net Assets	(564,757)	(422,970)	(987,727)
Net Assets, Beginning of Year	2,058,845	20,558,236	22,617,081
Net Assets, End of Year	$ 1,494,088	$ 20,135,266	$ 21,629,354

Note 1 - Principal Business Activity and Significant Accounting Policies

Description of Entity

Flathead Valley Community College (the College) was established under Montana law and provides high-quality academic programs taught by some of the nation's brightest faculty. The College also offers the Running Start program for eligible area high school students who want to get a jump start on their college education while saving a significant amount of money on tuition; online classes where students can learn anywhere at any time; classes taught through interactive technology reaching students living in rural communities; select undergraduate and graduate degrees through partnerships with various Montana colleges and universities so students do not have to leave the Flathead Valley; customized workforce training for area businesses; and a wide variety of fun, enriching and affordable non-credit classes for all ages.

Reporting Entity

The College's financial statements for fiscal years ended June 30, 2024 and 2023, are prepared in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles in the United States of America (GAAP).

As defined by GAAP established under GASB, the financial reporting entity consists of the primary government, as well as its component unit, Flathead Valley Community College Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation's financial statements for fiscal years ended December 31, 2023 and 2022, are discretely presented because the College does not have financial accountability for the Foundation.

The Foundation is a private not-for-profit organization that reports its financial statements in accordance with the pronouncements of Financial Accounting Standard Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Accordingly, those financial statements have been reported on separate pages following the financial statements of the College. No modifications have been made to the Foundation's financial information included in the College's report; however significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained by contacting: Flathead Valley Community College Foundation, 777 Grandview Drive, Kalispell, MT 59901.

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return include: property taxes, federal, state and local grants, state appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

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

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

The College's cash, except petty cash, is held by the Flathead County Treasurer (the County) and pooled with other County cash. With the College cash, which is not necessary for short-term obligations, the College participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and funded on a pro rata basis. The County's investment portfolio as of June 30, 2024 and 2023 consisted of certificates of deposit, savings accounts, and U.S. Government Securities.

The College does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Flathead County deposits and investments is available from Flathead County Treasurer's office, 290 A North Main Street, Kalispell, Montana 59901. The Flathead County external investment pool is not rated.

Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions.

Restricted Cash and Cash Equivalents

In accordance with debt covenant restrictions and agency fund requirements, the College is obligated to separately hold cash amounts sufficient to satisfy the upcoming debt payments. These are considered current restricted cash and cash equivalents.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a financial institution, the College's deposits and investments may not be returned to it. At June 30, 2024 and 2023 all of the College's deposits were insured or collateralized. The College does not have a deposit policy for custodial credit risk.

Property Tax Receivable

Property taxes levied through 2024 are recorded as receivables. Property tax levies are set in August, in connection with the budget process, and are based on taxable values listed as of January 1 for all property. Taxable values are established by the Montana Department of Revenue, and a revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value. Real property taxes are generally billed in October and are payable 50% by November 30 and 50% by May 31. After these dates, taxes become delinquent and become a lien on the property. Personal property is assessed and personal property taxes are billed throughout the year, with a significant portion generally billed in May, June, and July. Personal property taxes are based on levies set during the prior August. These taxes become delinquent 30 days after billing.

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

Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable balances are recorded net of estimated uncollectible amounts.

Inventories

Inventories consist mainly of bookstore merchandise and are valued at cost on the first in, first out method. The costs of inventory are recorded as expenditures when consumed.

Capital Assets

Capital assets are stated at cost when purchased or constructed, or if donated, at the estimated acquisition value at the date of the gift. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Buildings and building improvements costing more than $25,000, any land purchases regardless of cost, land improvements and infrastructure costing $10,000 or more, and library books treated as a collection and valued at 3% or more of total capital assets reported by the College are capitalized. Renovations and improvements to buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follow:

Buildings and improvements	40 years
Machinery and equipment	5-20 years
Library equipment	10 years
Leasehold improvements	20 years
Information technology	3-7 years

Right-to-use leased assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the same method amortizing the debt. The amortization period is varies from 3 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the College's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful lives of the underlying asset using the straight-line method. The amortization period varies from 1 to 5 years.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees, prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities on the statement of financial position.

Lease liabilities represent the College’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the College.

Subscription IT liabilities represent the College’s obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the College.

Net Position

The College’s net position is classified as follows:

Net Investment in Capital Assets – This represents the College’s total investment in capital assets including leased assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this section.

Restricted Net Position – Expendable – Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Classification of Revenues

The College has classified its revenues as either operating or non-operating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as: student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, and contracts and federal appropriations.

*Non-Operating Revenue***s** – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Codification Section Co5: Colleges and Universities, such as state appropriations, property taxes and most federal, state and local grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Income Taxes

As a public institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the college of its exempt purpose or function. The College does not have unrelated business income tax to report during the fiscal years ended June 30, 2024 and 2023.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College has three items that qualify for reporting in this category, deferred net pension liability, OPEB liability, and deferred charge on refunding.

In addition to liabilities, the statements of net position will include a separate section for deferred inflows of resources. This separate financial statement element 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 College has two items that qualifies for reporting in this category reported on the statement of net position, deferred net pension liability, and OPEB liability.

Pensions

TRS - 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 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) statement.

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

Other Post-Employment Benefits (OPEB) – Health Insurance Plan

For purposes of measuring the total OPEB liability for the health insurance plan, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the College and additions to/deductions from the College's fiduciary net position have been determined on the same basis as they are reported by the College. For this purpose, the College recognizes benefit payments when due and payable in accordance with the benefit items.

Use of Estimates

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

Note 2 - Capital and Right-To-Use Assets

Capital assets at June 30, 2024 consist of the following:

	Balance June 30, 2023	Additions	Transfers/ Disposals	Balance June 30, 2024
Capital assets not depreciated				
Land	$ 3,296,277	$ -	$ -	$ 3,296,277
Construction in progress	32,705,465	71,383	(30,924,653)	1,852,195
Total capital assets not depreciated	36,001,742	71,383	(30,924,653)	5,148,472
Capital assets being depreciated				
Buildings	49,922,844	352,010	30,924,653	81,199,507
Improvements other than buildings	3,490,801	-	-	3,490,801
Machinery and equipment	9,966,753	525,413	(94,740)	10,397,426
Library equipment	322,637	8,495	(50,862)	280,270
Leasehold improvements	555,045	-	-	555,045
Information technology	2,041,279	52,360	-	2,093,639
Total capital assets being depreciated	66,299,359	938,278	30,779,051	98,016,688
Less accumulated depreciation	31,000,786	2,845,438	(145,602)	33,700,622
Capital assets being depreciated, net	35,298,573	(1,907,160)	30,924,653	64,316,066
Total capital assets, net	$ 71,300,315	$ (1,835,777)	$ -	$ 69,464,538

Capital assets at June 30, 2023 consist of the following:

	Balance July 01, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Capital assets not depreciated				
Land	$ 3,296,277	$ -	$ -	$ 3,296,277
Construction in progress	27,679,612	5,353,439	(327,586)	32,705,465
Total capital assets not depreciated	30,975,889	5,353,439	(327,586)	36,001,742
Capital assets being depreciated				
Buildings	49,574,694	296,223	51,927	49,922,844
Improvements other than buildings	3,430,602	60,199	-	3,490,801
Machinery and equipment	9,264,809	792,644	(90,700)	9,966,753
Library equipment	360,766	9,531	(47,660)	322,637
Leasehold improvements	555,045	-	-	555,045
Information technology	1,762,134	16,563	262,582	2,041,279
Total capital assets being depreciated	64,948,050	1,175,160	176,149	66,299,359
Less accumulated depreciation	29,072,275	2,062,140	(133,629)	31,000,786
Capital assets being depreciated, net	35,875,775	(886,980)	309,778	35,298,573
Total capital assets, net	$ 66,851,664	$ 4,466,459	$ (17,808)	$ 71,300,315

Right-to-use lease assets at June 30, 2024 consist of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Right-To-Use Assets				
Copiers - leases	$ 233,407	$ -	$ -	$ 233,407
Vehicles - leases	65,483	-	-	65,483
Total right-to-use assets	298,890	-	-	298,890
Less Accumulated Amortization	(213,814)	(27,953)	-	(241,767)
Right-To-Use Assets, Net	$ 85,076	$ (27,953)	$ -	$ 57,123

Right-to-use lease assets at June 30, 2023 consist of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Right-To-Use Assets				
Copiers - leases	$ 224,239	$ 9,168	$ -	$ 233,407
Vehicles - leases	-	65,483	-	65,483
Total right-to-use assets	224,239	74,651	-	298,890
Less Accumulated Amortization	(163,738)	(50,076)	-	(213,814)
Right-To-Use Assets, Net	$ 60,501	$ 24,575	$ -	$ 85,076

Right-to-use subscription IT assets at June 30, 2024 consist of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Right-to-use subscription IT assets				
Subscription IT assets	$ 494,863	$ -	$ -	$ 494,863
Less accumulated amortization	(137,181)	(141,844)	-	(279,025)
Right-to-use assets, net	$ 357,682	$ (141,844)	$ -	$ 215,838

Right-to-use subscription IT assets at June 30, 2023 consist of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Right-to-use subscription IT assets				
Subscription IT assets	$ 396,571	$ 98,292	$ -	$ 494,863
Less accumulated amortization	-	(137,181)	-	(137,181)
Right-to-use assets, net	$ 396,571	$ (38,889)	$ -	$ 357,682

Note 3 - Lease Liabilities

The College has entered into various copier leases for 60 months with monthly payments totaling $174 per month, terminating at various dates through 2028. The College also pays a monthly maintenance cost, based on the number of copies run through the machines each month. This expenditure is treated as an ordinary monthly operating cost. The College also has one vehicle lease for 36 months with monthly payments totaling approximately $1,000, with a purchase option at the end of the lease.

The College used an interest rate ranging from 0.062% to 5.25% across these leases, which represents the incremental borrowing rate of the College at the inception of the lease.

Lease liabilities at June 30, 2024 consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Liabilities					
Copier leases	$ 23,457	$ -	$ (16,361)	$ 7,096	$ 1,756
Vehicle leases	61,619	-	(11,592)	50,027	11,599
	$ 85,076	$ -	$ (27,953)	$ 57,123	$ 13,355

Lease liabilities at June 30, 2023 consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Liabilities					
Copier leases	$ 60,501	$ 9,168	$ (46,212)	$ 23,457	$ 16,297
Vehicle leases	-	65,483	(3,864)	61,619	11,592
	$ 60,501	$ 74,651	$ (50,076)	$ 85,076	$ 27,889

Future payments on the lease agreements are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2025	$ 13,355	$ 341	$ 13,696
2026	40,279	238	40,517
2027	1,950	169	2,119
2028	1,539	34	1,573
	$ 57,123	$ 782	$ 57,905

Note 4 - Subscription-Based Information Technology Arrangements (SBITA)

The College has entered into various SBITA contracts for virtual conferencing and management software, with monthly payments totaling approximately $11,000, terminating at various dates through 2027. The College used an interest rate of 5.25%, which represents the incremental borrowing rate of the College at the inception of the SBITA.

Subscription IT liabilities at June 30, 2024 consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Subscription IT liabilities	$ 336,892	$ -	$ (132,186)	$ 204,706	$ 96,759

Subscription IT liabilities at June 30, 2023 consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Subscription IT liabilities	$ 396,571	$ 98,292	$ (157,971)	$ 336,892	$ 129,129

Future payments on the SBITA agreements are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2025	$ 96,759	$ 9,597	$ 106,356
2026	63,307	4,386	67,693
2027	44,640	1,053	45,693
	$ 204,706	$ 15,036	$ 219,742

Note 5 - Compensated Absences

Compensated absences represent vacation and sick leave earned by employees which is payable upon termination.

Compensated absences activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 1,635,028	$ 733,681	$ 702,644	$ 1,666,065	$ 889,679

Compensated absences activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 1,694,047	$ 704,347	$ 763,366	$ 1,635,028	$ 854,794

Note 6 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 3,640,000	$ -	$ 1,040,008	$ 2,599,992	$ 1,075,004
College Center Note	4,075,000	-	153,718	3,921,282	157,819
Note payable	8,025,000	-	200,000	7,825,000	200,000
Total long-term liabilities	$ 15,740,000	$ -	$ 1,393,726	$ 14,346,274	$ 1,432,823

Long-term liability activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 4,655,000	$ -	$ 1,015,000	$ 3,640,000	$ 1,040,000
College Center Note	75,000	4,000,000	-	4,075,000	153,718
Intercap loans	246,862	-	246,862	-	-
Note payable	8,215,000	-	190,000	8,025,000	200,000
Total long-term liabilities	$ 13,191,862	$ 4,000,000	$ 1,451,862	$ 15,740,000	$ 1,393,718

In 2021, the College entered into a Note Purchase Agreement of $9,750,000 with TrailWest Bank at a rate of 2.85% per annum. The Note is payable solely from Paul D. Wachholz College Center pledged revenues, with pledged revenues covenants beginning the first fiscal year following occupancy. The College's occupancy date was during the year ended June 30, 2023. The College drew a total of $4,075,000 on the Note, which has been termed out over 20 years. Pledged revenue totaled approximately $1,477,000 during the year ended June 30, 2024. The College Center Note requires the College to maintain a current ratio at or above 2:1. At June 30, 2024, the College was in compliance with this requirement.

The College Center Note Payable outstanding as of June 30, 2024 and 2023 was as follows:

Loan	Date Issued	Interest Rate	Term	Maturity	Original Principal	2024 Balance	2023 Balance
College Center	1/1/2023	2.85%	20 Years	1/1/2043	$ 4,075,000	$ 3,921,282	$ 4,075,000

Approximate future annual minimum principal and interest payments on the College Center Note as of June 30, 2024, are as follows:

Years Ended June 30,	Principal	Interest	Total
2025	$ 157,819	$ 110,933	$ 268,752
2026	162,660	106,092	268,752
2027	167,329	101,423	268,752
2028	172,131	96,621	268,752
2029	176,814	91,938	268,752
2030-2034	964,334	379,425	1,343,759
2035-2039	1,110,971	232,789	1,343,760
2040-2043	1,009,224	65,783	1,075,007
	$ 3,921,282	$ 1,185,004	$ 5,106,286

In January 2015, the College issued $9,995,000 of General Obligation Bonds and Refunding Bonds to provide funds which were used to pay off the existing General Obligation Bonds, Series 2005 and 2006. This refunding reduced the College's total debt service payments over 10 years by $684,334. As a result, the refunded Bonds have been paid off and the liability for those Bonds has been removed from the College's basic financial statements. The re-acquisition price exceeded the net carrying amount of the old debt by $236,462.

General Obligation Bonds outstanding as of June 30, 2024 and 2023 were as follows:

Bond	Date Issued	Interest Rate	Term	Maturity	Original Principal	2024 Balance	2023 Balance
Series 2015A	1/30/2015	2.15%	10 Years	7/1/2026	$ 4,997,500	$ 1,299,996	$ 1,820,000
Series 2015B	1/30/2015	2.15%	10 Years	7/1/2026	4,997,500	1,299,996	1,820,000
					$ 9,995,000	$ 2,599,992	$ 3,640,000

Approximate future annual minimum principal and interest payments on the General Obligation Bonds as of June 30, 2024, are as follows:

Years Ended June 30,	Principal	Interest	Total
2025	$ 1,075,004	$ 44,344	$ 1,119,348
2026	1,095,000	21,016	1,116,016
2027	429,988	4,623	434,611
	$ 2,599,992	$ 69,983	$ 2,669,975

In September of 2016, the College acquired new debt to fund the construction of new student housing. The College is required to generate fee income equal to at least 1.25 times the annual debt service requirement. In fiscal year 2024, the College was in compliance with this requirement. There was approximately $1,477,000 in pledged revenue generated from the operations of the student housing to cover the debt service costs.

Note payable outstanding as of June 30, 2024 and 2023, was as follows:

Loan	Date Issued	Interest Rate	Term	Maturity	Original Principal	2024 Balance	2023 Balance
Note Payable	9/21/2016	4.00%	30 Years	5/1/2047	$ 9,090,000	$ 7,825,000	$ 8,025,000

Approximate future annual minimum principal and interest payments as of June 30, 2024, are as follows:

Years Ended June 30,	Principal	Interest	Total
2025	$ 200,000	$ 311,000	$ 511,000
2026	220,000	302,800	522,800
2027	225,000	294,000	519,000
2028	230,000	284,900	514,900
2029	240,000	275,600	515,600
2030-2034	1,355,000	1,224,300	2,579,300
2035-2039	1,660,000	926,600	2,586,600
2040-2044	2,020,000	563,700	2,583,700
2045-2048	1,675,000	136,300	1,811,300
	$ 7,825,000	$ 4,319,200	$ 12,144,200

Note 7 - TRS Retirement Plan

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.

Summary of Benefits

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

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - 1.85% x AFC x years of creditable service - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than 1.67% x AFC x years of creditable service)

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

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 the Codification and the State is treated as a non-employer contributing entity in TRS. The System receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The System also receives 0.11% of reportable compensation from the State's general fund for all TRS Employers including State Agency and University System Employers. Finally, the State is also required to contribute $25 million in perpetuity payable July 1st of each year.

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

School District and Other Local Governments

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

Net Pension Liability

In accordance with GASB Codification Section P20 – Pension Activities, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers Retirement System (TRS or the System). This Codification includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with this Codification, 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 fiscal years ended June 30, 2024 and 2023 (reporting dates).

As of reporting date	Net Pension Liability 2024	Net Pension Liability 2023	Percent of Collective NPL 2024	Percent of Collective NPL 2023	Change in Percent Collective NPL
College's Proportionate Share	$ 10,287,328	$ 10,418,175	0.5310%	0.5297%	0.0013%
State of Montana Proportionate Share associated with College	5,560,935	5,753,752	0.2870%	0.2925%	-0.0055%
Total	$ 15,848,263	$ 16,171,927	0.8180%	0.8222%	-0.0042%

At June 30, 2024, the College recorded a liability of $10,287,328 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The College's proportion of the net pension liability was based on the College's contributions received by TRS during the measurement period July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2024, 2023 and 2022, the College's proportion was .5310%, .5297%, and .5493%, respectively.

Pension Expense

	2024	2023
College's Proportionate Share	$ 789,902	$ 706,543
State of Montana Proportionate Share associated with the College	516,512	475,786
	$ 1,306,414	$ 1,182,329

During the years ended June 30, 2024 and 2023, the College recognized Pension Expense of $1,306,414 and $1,182,329, respectively, for its proportionate share of the TRS' pension expense. The College also recognized grant revenue of $516,512 and $475,786, for June 30, 2024 and 2023, respectively, for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the College.

Deferred Inflows and Outflows of Resources

At June 30, 2024 and 2023 the College reports its proportionate share of TRS deferred outflows and inflows of resources from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs expected experience	$ 194,616	$ -	$ 152,703	$ -
Changes in assumptions	149,225	642,677	532,469	952,366
Actual vs. expected investment earnings	22,241	-	243,679	-
Changes in proportion and difference between actual and expected contributions	-	305,726	11,686	407,833
*College's contributions subsequent to the measurement date	837,079	-	758,089	-
	$ 1,203,161	$ 948,403	$ 1,698,626	$ 1,360,199

*Amounts reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2025 and 2024, respectively.

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

Years Ended June 30,	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2025	$ (363,942)
2026	(712,526)
2027	536,137
2028	(41,990)

Actuarial Assumptions

The Total Pension Liability as of June 30, 2024 and 2023, is based on the results of an actuarial valuation date of July 1, 2023. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

- Total Wage Increases* 3.50%-9.00% for Non-University Members and 4.25% for University Members
- Investment Return 7.30%
- Price Inflation 2.75%
- Postretirement Benefit Increases
  - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.50% on January 1st.
  - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.50% but no more than 1.50% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members
  - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
- Mortality among service retired members
  - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
- Mortality among beneficiaries
  - PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
- Mortality among disabled members
  - PUBT-2010 Disabled Retiree mortality table projected to 2021.

*Total Wage Increases include 3.50% general wage increase assumption.

Changes in Actuarial Assumption and Other Inputs

There have been no changes in actuarial assumptions since the previous measurement date.

Changes in Benefit Terms

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

Changes in Proportionate Share

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

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute $25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2132. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real-Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	3.00%	-0.33%
	100.00%	

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

Sensitivity Analysis

In accordance with the Codification regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

	2024		
	1% Decrease 6.30%	Discount Rate 7.30%	1% increase 8.30%
Net pension liability	$ 14,532,716	$ 10,287,328	$ 6,737,526

	2023		
	1% Decrease 6.50%	Discount Rate 7.30%	1% increase 8.50%
Net pension liability	$ 14,552,590	$ 10,418,175	$ 6,958,191

TRS Stand-Alone Statements

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

Note 8 - PERS Retirement Plan

Plan Description

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

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

Summary of Benefits

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

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 of 65, 5 years of membership service; or
  - Age 70, regardless of membership service.

Early retirement:

- 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 a PERS-covered employer or PERS service):

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

Member's highest average compensation (HAC)

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

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as 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.
- Member hired on or after July 1, 2011:
    - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
    - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
    - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

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

<u>Overview of Contributions</u>

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

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

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

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

	Member		State &				
Fiscal	Hired	Hired	Universities	Local Government		School Districts	
Year	<07/01/11	>07/01/11	Employer	Employer	State	Employer	State
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

2. Employer contributions to the System:
    a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
    b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
    c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non Employer Contributions:
    a. Special Funding
        i. The State contributes 0.1% of members' compensation on behalf of local government entities.
        ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
        iii. The State contributed a Statutory Appropriation from the General Fund of $34,979,900.

Pension Liability

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2023, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the College's and the state of Montana's NPL for June 30, 2024 and 2023 are displayed below. The College's proportionate share equals the ratio of the College's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The College recorded a liability of $6,605,914 and $6,092,796 as of June 30, 2024 and 2023, respectively. At June 30, 2024, 2023 and 2022, the College's proportion was .270695%, .256228%, and .239163%, respectively.

As of reporting date	Net Pension Liability 2024	Net Pension Liability 2023	Percent of Collective NPL 2024	Percent of Collective NPL 2023	Change in Percent Collective NPL
College's Proportionate Share	$ 6,605,914	$ 6,092,796	0.270695%	0.256228%	0.014467%
State of Montana Proportionate Share associated with College	1,822,064	1,816,572	0.074664%	0.076394%	-0.001730%
Total	$ 8,427,978	$ 7,909,368	0.345359%	0.332622%	0.012737%

Pension Expense (Benefit)

For the years ended June 30, 2024 and 2023, the College recognized a benefit of $651,647 and $512,857, respectively, for its proportionate share of the Plan’s pension expense. The employer also recognized grant revenue of $170,937 and $188,289 in 2024 and 2023, respectively, for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

	2024	2023
College's Proportionate Share	$ 651,647	$ 512,857
State of Montana appropriation for employer	170,937	188,289
	$ 822,584	$ 701,146

Deferred Outflow of Resources and Deferred Inflow of Resources

At June 30, 2024 and 2023, the College reports its proportionate share of PERS deferred outflows and inflows of resources from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. expected experience	$ 263,102	$ -	$ 77,671	$ -
Changes in assumptions	16,761	-	179,065	-
Actual vs. expected investment earnings	-	235,617	227,055	446,049
Changes in proportion and difference between actual and expected contributions	357,341	-	47,179	-
College's contributions subsequent to the measurement date	469,602	-	397,585	-
	$ 1,106,806	$ 235,617	$ 928,555	$ 446,049

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

Years Ended June 30,	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2025	$ 63,584
2026	(12,519)
2027	390,618
2028	(40,096)

Actuarial Assumptions

The total pension liability as of June 30, 2024 and 2023 was determined on the results of an actuarial valuation date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of admin expense) 7.30%
- General Wage Growth* 3.50%
  *includes Inflation at 2.75%
- Merit Increases 0% to 4.80%
- 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%;
      - 0% whenever the amortization period for PERS is 40 years or more.
    - Mortality:
      - Active Participants - PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
      - Disabled Retirees - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.

- Contingent Survivors – PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021
- Healthy Retirees - PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Discount Rate

The discount rate used to measure the June 30, 2024 and 2023 TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under the Montana Code Annotated. The State contributes 0.10% of salaries for local governments and 0.37% for school districts. In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the 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 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	100.00%	

Changes in Benefit Terms

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

Changes in Proportionate Share

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

Sensitivity Analysis

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	2024		
	1% Decrease 6.30%	Current Rate 7.30%	1% increase 8.30%
Net pension liability	$ 9,542,219	$ 6,605,914	$ 4,142,617

	2023		
	1% Decrease 6.30%	Current Rate 7.30%	1% increase 8.30%
Net pension liability	$ 8,783,049	$ 6,092,796	$ 3,835,705

Pension Plan Fiduciary Net Position

The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620- 0131, (406) 444-3154 or are available on the MPERA website at https://mpera.mt.gov/about/annualreports1/annualreports.

Defined Contribution Retirement Plan

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

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

Member and employer 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, 2023, the PERS-DCRP employers did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 348 employers that have participants in the PERS-DCRP totaled $1,409,309.

During the years ended June 30, 2024 and 2023, the College contributed $40,418 and $28,702, respectively, to the plan, with the employees contributing $35,204 and $25,278, respectively.

Note 9 - Other Post Employment Benefits (OPEB)

Plan Description

The healthcare plan provides for, and Montana State Law (§2-18-704) requires local governments to allow employees with at least 5 years of service and who are at least age 50 along with surviving spouses and dependents to stay on the government's health care plan as long as they pay the same premium. Since retirees are usually older than the average age of the plan participants they receive a benefit of lower insurance rates. This benefit is reported as the Other Post-Employment Benefits (OPEB) liability, and is considered a single employer plan. Actuaries Northwest has prepared for the Montana University System the Total OPEB Liability (TOL) under Governmental Accounting Standards Boards. The above described OPEB plan does not provide a stand-alone financial report.

Funding Policy

The College pays OPEB liability costs on a pay-as-you-go basis. No assets are accumulated in a trust that meet the criteria in Paragraph 4 of GASB 75.

Total OPEB Liability

The total OPEB liability at June 30, 2024 and 2023, was determined by an actuarial valuation as of December 31, 2022, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date of March 31, 2024 and 2023, respectively. There have been no significant changes between the valuation date and the fiscal year end.

The following actuarial methods and assumptions were used:

June 30, 2024	
Valuation date	December 31, 2022
Measurement date	March 31, 2024
Interest/Discount rate	4.12%
Average salary increase	3.50%
Participant percentage:	
Future retirees assumed to elect coverage at retirement	40.00%
Future eligible spouses of future retires assumed to elect coverage	70.00%
June 30, 2023	
Valuation date	December 31, 2022
Measurement date	March 31, 2023
Interest/Discount rate	3.98%
Average salary increase	3.50%
Participant percentage:	
Future retirees assumed to elect coverage at retirement	40.00%
Future eligible spouses of future retires assumed to elect coverage	70.00%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Such events include assumptions about future employment, mortality rates, and healthcare cost trends. Amounts are subject to continual review and revision as actual results are compared with past expectations and new estimates are made.

Changes in Total OPEB Liability

Balance at March 31, 2022 (Measurement Date)	$ 1,517,111
Service cost	77,397
Interest on total OPEB liability	52,778
Differences between expected and actual experience	340,816
Effect of changes in assumptions or inputs	(1,004,236)
Balance at March 31, 2023 (Measurement Date)	983,866
Service cost	76,354
Benefit payments	25,377
Interest on total OPEB liability	42,697
Effect of changes in assumptions or inputs	(77,527)
Balance at March 31, 2024 (Measurement Date)	$ 1,050,767

For the year ended June 30, 2024 and 2023 the College recognized OPEB expense of $86,397 and $78,837, respectively.

Deferred Outflows and Inflows of Resources

At June 30, 2024 and 2023 the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,742,123	$ -	$ 1,832,155
Changes of assumptions or other inputs	1,340,220	200,012	1,478,329	228,593
	$ 1,340,220	$ 1,942,135	$ 1,478,329	$ 2,060,748

Deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense (revenue) as follows:

Years Ended June 30,		
2025	$	(58,031)
2026		(58,031)
2027		(58,031)
2028		(58,031)
2029		(58,031)
Thereafter		(311,760)

Sensitivity Analysis

The first sensitivity analysis is required to show how the liability will change based on the assumed discount rate. As more assets are set aside to fund OPEB liabilities, your expected investment return may increase, offsetting more of your liability cost. A second sensitivity analysis is required to show how your liability will change based on a change in the healthcare trend rates used in the valuation.

Sensitivity 1: Change in Discount Rate Assumption

Discount rate baseline for the years ended June 30, 2024 and 2023 were 4.12% and 3.98%, respectively.

The OPEB liability calculated using a discount rate 1% greater than and 1% less than the baseline discount rate is shown in the table below.

	2024		
	1% Decrease 3.12%	Current Rate 4.12%	1% Increase 5.12%
Total OPEB liability	$ 1,328,381	$ 1,050,767	$ 841,900

	2023		
	1% Decrease 2.98%	Current Rate 3.98%	1% Increase 4.98%
Total OPEB liability	$ 1,243,804	$ 983,866	$ 788,297

Sensitivity 2: Change in Healthcare Trend Rate

Healthcare Trend rate baseline for the year ended June 30, 2024 and 2023 is 6.10% and 6.50%, respectively.

The OPEB liability calculated using healthcare trend vectors 1% greater than and 1% less than the baseline trends is shown in the table below.

	2024		
	1% Decrease 5.10%	Current Rate 6.10%	1% Increase 7.10%
Total OPEB liability	$ 829,839	$ 1,050,767	$ 1,354,600
	2023		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Total OPEB liability	$ 777,003	$ 983,866	$ 1,268,353

Note 10 - Risk Management

The College is exposed to risks of loss due to liability claims arising from various circumstances including employment actions, automobile accidents, employee theft or forgery, breaches of information security and privacy theft, and damage or destruction of property. The College purchases commercial insurance to mitigate any losses. Coverage limits and deductibles vary by policy. The College has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

Note 11 - Related Party Transactions

During the years ended June 30, 2024 and 2023, the College received $4,871,751 and $4,697,527, respectively, in revenues for scholarships and programs, as well as services from Flathead Valley Community College Foundation. Accounts receivable as of June 30, 2024 and 2023, were $3,143,394 and $785,854, respectively.

Note 12 - Component Unit Flathead Valley Community College Foundation

Nature of Activities and Summary of Significant Accounting Policies

The Flathead Valley Community College Foundation is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Flathead Valley Community College Foundation assists the Flathead Valley Community College in achieving its mission to provide affordable and accessible comprehensive, quality, student-centered academic preparation and innovative vocational training programs. The mission of the Foundation is to assist the College with fundraising and to promote community awareness of campus needs to increase the flow of resources to support excellence in education. The primary sources of revenue for the Foundation are from contributions and investment income.

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; whereby revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Investments

The Foundation invests primarily in certificates of deposit, government bonds and agencies, corporate bonds and bond funds, and equity securities and mutual funds. At December 31, 2023 and 2022, investments are comprised of the following:

	2023		2022	
	Amortized Cost	FMV	Amortized Cost	FMV
Cash and cash equivalents	$ 3,793,815	$ 3,793,815	$ 5,089,122	$ 5,089,122
Certificates of deposit	3,500,000	3,499,623	500,000	500,000
Government bonds and agencies	3,066,014	2,927,896	3,763,725	3,568,406
Corporate bonds and bond funds	3,445,767	3,438,590	2,711,326	2,517,858
Equity securities and mutual funds	9,316,162	11,352,620	8,249,102	9,412,875
	$ 23,121,758	$ 25,012,544	$ 20,313,275	$ 21,088,261

Fair Value Measurements

Assets and liabilities itemized below were measured at fair value during the years ended using the market and income approaches. The market approach was used for Level 1 and Level 2. The income approach was used for Level 3.

		Fair Value Measurements Using		
December 31, 2023	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 25,012,544	$ 25,012,544	$ -	$ -
Promises to give	3,649,204	-	-	3,649,204
Deferred gift liability	27,775	-	27,775	-
	$ 28,689,523	$ 25,012,544	$ 27,775	$ 3,649,204

		Fair Value Measurements Using		
December 31, 2022	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 21,088,261	$ 21,088,261	$ -	$ -
Promises to give	4,313,139	-	-	4,313,139
Deferred gift liability	31,540	-	31,540	-
	$ 25,432,940	$ 21,088,261	$ 31,540	$ 4,313,139

Promises to Give

Pledges receivable represent promises to give, which have been made by donors but have not yet been received by the Foundation. The Foundation estimates the allowance for uncollectible pledges at December 31, 2023 and 2022 was zero. Total unconditional promises to give were as follows:

	2023	2022
In one year or less	$ 1,416,327	$ 1,521,869
Between one year and five years	2,037,896	2,507,903
Between five years and ten years	352,700	472,700
	$ 3,806,923	$ 4,502,472

Pledges that will be received in subsequent years have been discounted by $157,719 and $189,333 using an average discount rate of 4.0% and 4.1% for the years ended December 2023 and 2022, respectively.

Endowment

The Board has established an endowment for the purpose of funding scholarships for students attending Flathead Valley Community College. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetual is classified as temporary in nature until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Foundation and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation; and
(7) The investment policies of the Foundation.

Changes in Endowment Net Assets for the year ended December 31, 2023:

	Board Restricted	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 487,270	$ 15,189,159	$ 15,676,429
Investment return			
Investment income	-	510,020	510,020
Investment management fees	-	(74,207)	(74,207)
Net appreciation (depreciation) (realized and unrealized)	-	1,493,628	1,493,628
Total investment return	-	1,929,441	1,929,441
Contributions	-	2,051,013	2,051,013
Pledges made yet not received	-	50,000	50,000
Appropriation of endowment assets for expenditure	(159,742)	(1,573,933)	(1,733,675)
	$ 327,528	$ 17,645,680	$ 17,973,208

Changes in Endowment Net Assets for the year ended December 31, 2022:

	Board Restricted	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 534,469	$ 17,234,314	$ 17,768,783
Investment return			
Investment income	-	401,756	401,756
Investment management fees	-	(78,384)	(78,384)
Net appreciation (depreciation) (realized and unrealized)	-	(2,249,622)	(2,249,622)
Total investment return	-	(1,926,250)	(1,926,250)
Contributions	-	388,766	388,766
Pledges made yet not received	-	150,455	150,455
Appropriation of endowment assets for expenditure	(47,199)	(658,126)	(705,325)
	$ 487,270	$ 15,189,159	$ 15,676,429

The portion of the endowment whereby the donor has stipulated that the funds be maintained in perpetuity at December 31, 2023 and 2022 were $11,737,349 and $10,764,883, respectively. There were $5,908,331 and $4,424,276 in endowment funds with donor restrictions that are temporary in nature at December 31, 2023 and 2022, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of MUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s).

Required Supplementary Information
June 30, 2024 and 2023

Flathead Valley Community College

Schedule of Changes in the College's Total OPEB Liability
Last 10 - Fiscal Years *

	Reported as of the measurement date of March 31,						
	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 76,354	$ 77,397	$ 129,083	$ 55,041	$ 58,408	$ 67,463	$ 47,294
Interest on total OPEB liability	42,697	52,778	44,384	26,634	29,141	46,661	33,485
Differences between expected and actual experience	-	340,816	-	(434,605)	(165,439)	-	-
Effect of changes in assumptions or inputs	(77,527)	(1,004,236)	(551,676)	1,267,191	(49,691)	42,359	(5,665)
Expected benefit payments	25,377	-	67,780	(373)	39,963	(27,694)	(16,135)
Net change in total OPEB liability	66,901	(533,245)	(310,429)	913,888	(87,618)	128,789	58,979
Total OPEB liability - beginning of year	983,866	1,517,111	1,827,540	913,652	1,001,270	872,481	813,502
Total OPEB liability - end of year	$ 1,050,767	$ 983,866	$ 1,517,111	$ 1,827,540	$ 913,652	$ 1,001,270	$ 872,481
Covered-Employee Payroll	$ 14,263,654	$ 13,781,308	$ 12,910,987	$ 12,596,085	$ 13,323,188	$ 13,486,676	$ 12,967,958
Total OPEB liability as a percentage of covered-employee payroll	7.4%	7.1%	11.8%	14.5%	6.9%	7.4%	6.7%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4. Contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Schedule of Employer's Share of Net Pension Liability
Teacher's Retirement System
Last 10 - Fiscal Years *

As of the measurement date of June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportionate share of the net pension liability	0.5310%	0.5297%	0.5493%	0.5546%	0.5449%	0.5496%	0.5251%	0.4785%	0.4215%	0.4124%
Employer's proportion share of the net pension liability	$ 10,287,328	$ 10,418,175	$ 9,098,850	$ 12,475,623	$ 10,506,410	$ 10,201,872	$ 8,853,215	$ 8,742,314	$ 6,924,803	$ 6,346,285
State of Montana's proportionate share of the net pension liability associated with the Employer	5,560,935	5,753,752	5,191,387	7,376,604	6,361,610	6,340,484	5,619,822	5,698,416	4,642,737	4,348,969
Total	$ 15,848,263	$ 16,171,927	$ 14,290,237	$ 19,852,227	$ 16,868,020	$ 16,542,356	$ 14,473,037	$ 14,440,730	$ 11,567,540	$ 10,695,254
Employer's covered payroll	$ 7,897,988	$ 7,775,397	$ 7,823,238	$ 7,633,790	$ 8,028,673	$ 11,742,933	$ 6,925,595	$ 6,211,704	$ 5,379,430	$ 5,200,760
Employer's proportional share of the net pension liability as a percentage of its covered payroll	130.25%	133.99%	116.31%	163.43%	130.86%	86.88%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

Schedule of Employer's Share of Net Pension Liability
Public Employee's Retirement Systems of Montana
Last 10 - Fiscal Years *

As of the measurement date of June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportionate share of the net pension liability	0.270695%	0.256228%	0.239163%	0.267227%	0.272779%	0.282117%	0.392952%	0.451775%	0.496902%	0.500095%
Employer's proportion share of the net pension liability	$ 6,605,914	$ 6,092,796	$ 4,336,561	$ 7,050,025	$ 5,701,922	$ 5,888,182	$ 7,653,242	$ 7,695,290	$ 6,946,058	$ 6,231,238
State of Montana's proportionate share of the net pension liability associated with the Employer	1,822,064	1,816,572	1,275,390	2,216,910	1,853,100	1,967,948	96,291	94,028	85,321	76,093
Total	$ 8,427,978	$ 7,909,368	$ 5,611,951	$ 9,266,935	$ 7,555,022	$ 7,856,130	$ 7,749,533	$ 7,789,318	$ 7,031,379	$ 6,307,331
Employer's covered payroll	$ 5,032,729	$ 4,462,115	$ 4,221,122	$ 4,483,637	$ 4,500,812	$ 4,662,842	$ 4,874,643	$ 5,411,472	$ 5,798,950	$ 5,661,067
Employer's proportional share of the net pension liability as a percentage of its covered payroll	131.26%	136.55%	102.73%	157.24%	126.69%	126.28%	157.00%	142.20%	119.78%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

**The amounts presented above for each fiscal year were determined as of June 30th, the measurement date.*

Schedule of Employer Contributions
Teacher's Retirement System
Last 10 - Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 837,079	$ 758,089	$ 786,591	$ 737,370	$ 728,510	$ 734,413	$ 705,871	$ 669,868	$ 633,390	$ 603,944
Contributions in relation to the contractually required contributions	837,079	758,089	786,591	737,370	728,510	734,413	705,871	669,868	633,390	603,944
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's pensionable payroll	8,365,218	7,897,988	7,775,397	7,823,238	7,633,790	8,028,673	11,742,933	6,925,595	6,211,704	5,379,430
Contributions as a percentage of pensionable payroll	10.01%	9.60%	10.12%	9.43%	9.54%	9.15%	6.01%	9.67%	10.20%	11.23%

Schedule of Employer Contributions
Public Employees Retirement Systems of Montana
Last 10 - Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 469,602	$ 455,195	$ 400,472	$ 374,375	$ 392,826	$ 387,100	$ 392,971	$ 408,011	$ 461,943	$ 500,326
Contributions in relation to the contractually required contributions	469,602	455,195	400,472	374,375	392,826	387,100	392,971	408,011	461,943	500,326
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Employer's pensionable payroll	5,177,525	5,032,729	4,462,115	4,221,122	4,483,637	4,500,812	4,662,842	4,874,643	5,411,472	5,798,950
Contributions as a percentage of pensionable payroll	9.07%	9.04%	8.97%	8.87%	8.76%	8.60%	8.43%	8.37%	8.54%	8.63%

**The amounts presented above for each fiscal year were determined as of June 30th, the College's most recent fiscal year end. available.*

TRS

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

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

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

PERS

Changes in actuarial assumptions and methods: There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

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

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

Single Audit Section
June 30, 2024

Flathead Valley Community College

EideBailly
CPAs & BUSINESS ADVISORS

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

To the Board of Trustees
Flathead Valley Community College
Kalispell, 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 business-type activities and the discretely presented component unit of Flathead Valley Community College (the College) as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2025. Our report includes a reference to other auditors who audited the financial statements of the Flathead Valley Community College Foundation as described in our report on the College's financial statements. The audits of the financial statements of Flathead Valley Community College Foundation were not performed in accordance *with Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Flathead Valley Community College Foundation.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Spokane, Washington
January 31, 2025

Independent Auditor's Report on Compliance for the Major Federal Programs; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
Flathead Valley Community College
Kalispell, Montana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Flathead Valley Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant FVCC

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-01 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Spokane, Washington
January 31, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assitance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Science Foundation			
Pass-Through Programs			
Research and Development Cluster			
Department of Undergraduate Education			
STEM Core Experience	47.076	NSF 22-527	$ 121,027
Montana State University			
Integrative Activities	47.083	G120-24-WA459	1,317
Subtotal Research and Development Cluster			122,344
Total National Science Foundation			122,344
Small Business Administration			
Pass-Through Programs			
Montana Department of Commerce			
Small Business Development Centers	59.037	OSBDC-2024-02	43,500
Total Small Business Administration			43,500
Department of Education			
Direct Programs			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		44,773
Federal Work Study Program	84.033		35,003
Federal Pell Grant Program	84.063		2,040,598
Federal Direct Student Loans	84.268		1,475,049
Subtotal Student Financial Aid Cluster			3,595,423
TRiO Cluster - Student Support Services	84.042		398,651
Subtotal Department of Education Direct Programs			3,994,074
Pass-Through Programs			
Montana Office of Public Instruction			
Adult Education - Basic Grants to States	84.002	V002A21027	132,879
Office Of Commissioner of Higher Education			
Gear Up First Year Services Grant	84.334	P3343170020	33,115
Vocational Education - Basic Grants to States	84.048A	Perkins Local	246,460
Vocational Education - Basic Grants to States	84.048A	Big Sky Pathways	64,715
Subtotal Vocational Education - Basic Grants to States			311,175
Subtotal Office Of Commissioner of Higher Education			344,290
Subtotal Department of Education Pass-Through Programs			477,169
Total Department of Education			4,471,243

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assitance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Direct Programs			
Sexual Violence Prevention and Victim Services (SVPVS)	93.136		24,462
Pass-Through Programs			
Montana State University			
Biomedical Research and Research Training	93.859	5 P20 GM103474	55,310
Total Department of Health and Human Services			79,772
Department of Agriculture			
Direct Programs			
Wood Uitlization Assistance	10.674		50,000
Total Department of Agriculture			50,000
Total federal financial assistance			$ 4,766,859

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Flathead Valley Community College (the College) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Flathead Valley Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The College has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance:	Yes

Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings – Financial Statement Audit

There were no findings relating to the financial statement audit.

Section III -Findings and Questioned Costs – Major Federal Award Programs Audit

2024-01 **Direct Program - Department of Education**
Student Financial Assistance Cluster
Federal Financial Assistance Listing: 84.007, 84.033, 84.063, 84.268
Award Numbers: P007A232416, P033A232416, R063P232851, P268K242851

Compliance Requirement: Special Tests & Provisions – Disbursement to or on Behalf of Students
Type of Finding: Significant Deficiency in Internal control over Compliance

Criteria: Institutions that implement an affirmative confirmation process (as described in 34 CFR 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan or TEACH Grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than seven days after, crediting the student's account and must give the student 30 days to cancel all or part of the loan.

Condition: In our testing of 60 samples, 12 students did not receive a timely notification of their award from the College.

Cause: In the current fiscal year, the College failed to initiate the notification process timely across 265 students. The issue was discovered internally and corrected by the College, notifying those students during the fiscal year, however it was outside of the 30 day requirement.

Effect: Students were not notified of their student financial aid award within 30 days of crediting the student account.

Questioned Costs: None reported.

Context/Sampling: Nonstatistical sample of 60 students receiving financial aid out of 609 total students receiving financial aid.

Repeat Finding from Prior Year: No.

Recommendation: The College should have a compensating control or process to ensure timely notifications of aid are delivered to students.

Views of Responsible Officials: The College's management agrees with the finding.