EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS AND CLARK COUNTY
EAST HELENA, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2024

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

EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS AND CLARK COUNTY
EAST HELENA, MONTANA 59635

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EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS AND CLARK COUNTY
EAST HELENA, MONTANA 59635

ORGANIZATION

BOARD OF TRUSTEES

Scott Walter	Chair
Tyrel Murfitt	Vice Chair
Marcia Ellermeyer	Trustee
Martin Balukas	Trustee
Mark Diehl	Trustee
Stacy Baird	Trustee
Tristan Ulmer	Trustee

OFFICIALS

Dan Rispens	Superintendent
Jill Hoogerheide	School District Clerk
Katrina Chaney	County Superintendent
Montana School Boards Association	School District Attorney

The Future of the District

East Helena Public Schools Fiscal

Year Ended June 30, 2024

We are pleased to present the Management Discussion and Analysis (MD&A) for the East Helena Public School District's annual financial audit for the fiscal year ended June 30, 2024. This report is intended to provide an overview of our financial performance and discuss the key factors that have influenced the District's financial condition during the past year.

Financial Highlights

The East Helena Public School District continues to maintain a strong financial position, as evidenced by the following key financial highlights:

- The EHPS District budget operates at 86% of the maximum allowed by Montana State law. We continue to stay steady in this area. FY '24 saw a budget at 86% and FY 23 was 87%. The EHPS school board has been alerted to this status. The community has voted down two mill levy increase requests in the past two school elections (2023 and 2024). Recent double digit increases in housing costs and property taxes have us feeling that passing a local tax increase is unlikely in the current economic environment.
- ANB budget increases have benefitted the district budget in the past as we added high school grades, but we are through that expansion cycle now, and will be relying on state Base Aid % increases and enrollment gains based on inbound student migration for future general fund budget growth. In the past two annual election cycles, the Board considered the passage of a local mill levy for this fiscal year, but the levy request failed to garner enough support to pass at the polls. This lack of local support for budget growth or simply maintaining programs has caused the district to reduce the number of positions from the general fund budget including 5 paras, 2 teachers, and a maintenance position. We will continue to examine the merits of a mill levy or other funding sources based on education provided and prepared by the Central Office and delivered in regular monthly meetings.
- The district has options to intentionally create budget flexibility by increasing revenue with a voted levy, maintain current funding according to **ANB** or choose to decrease expenditures through reductions in supplies and personnel. Past decisions of the board not to ask for 100% of the maximum budget allows the district to have options to grow our budget via voted levies in case a need arises and the community supports us, but also prevents from offering more robust educational programs or expansion of services for the kids of East Helena.

The district continues to witness fluctuations in the proportion of the general fund budget spent on wages and benefits.

- In FY20 the proportion of budget to wages and benefits was 81.1%, while
- in FY21 the proportion is 87.7%.
- FY 22 shows that figure to be 86.74%.
- FY 23 finds our ratio at 84%.
- FY '24 ratio is 84%
- FY 25 ratio is 83%

Wage pressure remains strong with the labor shortage caused by the pandemic and rampant inflation in recent years. The district successfully negotiated wage increases for certified and classified employees in May 2024. These 2- and 3-year agreements provide a roadmap for planning and predicted personnel costs for the next few years. We continue to balance the desire to pay staff appropriately while not exceeding our ability to maintain a balanced budget and leverage non-wage and benefit costs to not exceed 85- 87%.

The Board of Trustees continues to operate in a fiscally responsible manner. Operation costs for the new high school continue to pressure the budget and cause us to re-evaluate priorities. Additional staffing and programs that were being maintained through utilization of federal pandemic assistance funding and MCLSDP grant funding have been eliminated as those funding sources have expired. Additionally, the board has added language to the strategic plan intending to meet staffing expectations at the middle and high schools in accordance with the spirit of CH 55 language capping students assigned to a single teacher at a maximum of 150.

Commercial and residential real estate development within district boundaries has resulted in a significant increase in overall taxable valuation reducing the load on individual taxpayers. Entry level houses are now starting at or above $450,000 which leaves no room for families living below the poverty level to move into the school district. We are aware of the potential of up to 5000+ new housing lots to be developed within district boundaries on the near-term horizon. The district has partnered with SMA Architects to complete a Facility Master Planning cycle to give the board options to consider as we prepare for long term growth. Any capital improvement project will need voted bond support from district taxpayers to be successful.

The district general fund budget and ANB decline only supported minimal increases in the budget for FY '24. The School Funding Bill that was enacted in the 2023 Legislative Session provided increases in funding for FY 23 and 24 that do not keep pace with inflation. Inflationary cost increases not seen in 40 years are additionally creating challenges for the district. We continue to rely on federal funding and grants for a significant number of necessary instructional and support positions throughout the district. Title 1, Title 2 and the MCLSDP Grant alone support approximately 9 full time positions including instructional coaches, tutors, and Title 1 teachers providing nearly $800,000 in additional budget authority. As real estate values and construction costs increase, the poverty level of our student population continues to decrease with that

level settling at around 41% this year. This number is unsettling and a cause for concern as we plan for the financial future and the possibility of reduced resources through ESEA (Title 1 etc.) grant funding.

New this year is the 227 Academy, a public charter school approved by the local school board and the Montana Board of Public Education. The Academy serves students in grades 6 - 12 who would otherwise be enrolled in our traditional schools (EVMS and EHHS). The 227 Academy provides an alternative approach to student learning, seat time, competency measures, grade progression, and credit awards. Approval of the charter school brought additional base aid funding to the FY '25 budget and additional staffing needs. This year we are nearly on target with enrollment and expect growth as interest in the school increases. Since the Academy students are already our own students, there is no ANB growth to be expected. As enrollment increases, pressure could possibly mount for facility considerations such as an offsite location of the academy to be located.

Management Discussion and Analysis Comparison Schedules

NET POSITION	Governmental Activities			
	6/30/2023	6/30/2024	CHANGE	% CHANGE
Current Assets	$ 8,966,695	$ 11,110,466	$ 2,143,771	23.91%
Capital Assets, net	50,211,200	48,966,353	(1,244,847)	-2.48%
Total Assets	59,177,895	60,076,819	898,924	1.52%
Deferred outflows of resources	3,096,262	2,781,364	(314,898)	-10.17%
Current Liabilities	712,482	970,124	257,642	36.16%
Long Term Liabilities	51,416,341	50,074,841	(1,341,500)	-2.61%
Total Liabilities	52,128,823	51,044,965	(1,083,858)	-2.08%
Deferred Inflows of Resources	2,116,702	2,197,991	81,289	3.84%
Net Position:				
Net Investment in Capital Assets	12,996,080	13,664,145	668,065	5.14%
Restricted	4,595,290	6,999,974	2,404,684	52.33%
Unrestricted	(9,562,738)	(11,048,892)	(1,486,154)	15.54%
Total Net Position	8,028,632	9,615,227	1,586,595	19.76%

CHANGES IN NET POSITION	Governmental Activities			
Revenues	6/30/2023	6/30/2024	CHANGE	% CHANGE
Program Revenues:				
Charges for Services	628,397	467,301	(161,096)	-25.64%
Operating Grants	4,788,777	4,516,023	(272,754)	-5.70%
General Revenues:				
District Levies	6,661,118	7,007,254	346,136	5.20%
State Equalization	6,071,782	6,412,312	340,530	5.61%
Other State Revenues	4,710,738	5,220,847	510,109	10.83%
County	1,655,262	1,800,000	144,738	8.74%
Interest	246,394	439,182	192,788	78.24%
Other	112,520	-	(112,520)	-100.00%
Total Revenues	24,874,988	25,862,919	987,931	3.97%
Program Expenses				
Instructional Services	13,334,675	12,667,643	(667,032)	-5.00%
Support Services - Students	989,602	734,683	(254,919)	-25.76%
Support Services - Instructional	420,587	528,555	107,968	25.67%
General Administrative Services	2,106,311	2,177,144	70,833	3.36%
Operation and Maintenance Services	2,582,389	3,042,121	459,732	17.80%
Transportation Services	982,446	1,800,216	817,770	83.24%
School Food Services	890,749	1,093,394	202,645	22.75%
Extracurricular	794,320	807,021	12,701	1.60%
Debt Service:				
Interest and Other Charges	1,365,373	1,295,001	(70,372)	-5.15%
Intergovernmental	32,937	106,089	73,152	222.10%
Total Expenses	23,499,389	24,251,867	752,478	3.20%
Change in Net Position	1,375,599	1,611,052	235,453	

Future Growth Expectations

Student enrollment growth has fluctuated in recent years and defied expectations. The District anticipates a moderate to rapidly growing enrollment (2-10%) over the next two to five years. Special attention has been given to the kindergarten enrollment by limiting the number of out of district students we can accept. Legislative changes enacted in the 2023 session have created additional uncertainty regarding HB 352 and the early enrollment program and the new rules taking effect in 2024 that blur district attendance boundary lines. Grade levels that exceed 150 students create the biggest challenges with staffing and facilities. Overall enrollment has increased approximately 2% in FY25. Planning for future growth has been complicated by the uncertainty of the pace of growth. We know it is coming, just not when it is coming. The Facility

Master Planning process is intended to give the board options to consider when the time comes rather than predicting the pace of growth. The plan can be useful well into the future.

Current subdivisions in the district include:

- Mountain View Meadows (additional phases},
- Red Fox Meadows,
- Vigilante,
- Heron Creek,
- Highland Meadows
- The East Fields Development by the Oakland group
- phase 2 of Canyon Ridge.
- Habitat for Humanity (Rose Hills)

Combined, these subdivisions account for the potential for more than 5000 new homes in varying price ranges all within the boundaries of the East Helena School District. It remains to be seen if historical figures will play out by providing.26 students per home to the district enrollment. The Facility Master Planning process mentioned above should provide the board with some concrete possibilities to manage growth and be prepared for future developments.

The school district continues to support the efficiencies of grade level schools to cut costs and shift some duties to tutors instead of hiring additional teaching staff. The on-going challenges of operating a budget that has to rely on cuts to textbooks and professional development to balance the budget simply clarifies the difficulty faced by school districts from uncertain budget authority every two years from the legislature. The addition of more new classified staff to the district health insurance policy has created financial challenges with only a small increase to the General Fund Budget.

Legislative increases, capped at a max of 3% will not maintain pace with inflation and wage pressure. ANB Increases come with their own set of funding needs associated with additional staffing, supplies, and facility space. This will stress the district to maintain a balanced budget and the quality programming the community has come to expect. We anticipate some limited support from the 2025 legislature by way of funding revisions, but it is too soon to tell the extent or actual impact of any proposed legislation on the FY '26 budget.

Contact for Additional Information

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Helena School District No. 9 (School District) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District'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 consolidated 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 opinion. 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District'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, which raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those in charge of 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

GAAP requires that the Management's Discussion and Analysis (pages 3 - 7), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 46), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 47-51), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 52-56) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, which consisted of inquiries of management about 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 School District's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Balances - Student Activity Funds (pages 57-58), the Schedule of Reported Enrollment (page 59), and the Schedule of Expenditures of Federal Awards (pages 60-61) as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 GAAS. In our opinion, the Schedule of Revenues, Expenses, and Balances - Student Activity Funds, the Schedule of Reported Enrollment, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Other Information for General Obligation Bonds (page 62) 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 hereon.

In connection with our audit of the basic 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 7, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
January 7, 2025

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 10,739,407
Taxes Receivable	110,277
Due from Other Governments	260,782
Total Current Assets	11,110,466
Noncurrent Assets:	
Capital Assets:	
Land	2,645,852
Net Depreciable Assets	46,320,501
Total Noncurrent Assets	48,966,353
Total Assets	60,076,819
DEFERRED OUTFLOWS OF RESOURCES:	
Employer Pension Plan Related	2,643,950
Other Postemployment Benefits Related	137,414
Total Deferred Outflows of Resources	2,781,364
Total Assets and Deferred Outflows of Resources	$ 62,858,183
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 8,756
Due to Other Governments	298,676
Other Current Liabilities	97,695
Current Portion of Compensated Absences	332,085
Current Portion of Premium on General Obligation Bonds	232,912
Total Current Liabilities	970,124
Noncurrent Liabilities:	
Compensated Absences	332,086
Net Pension Accrual	12,983,799
Other Postemployment Benefits	1,689,660
Capital Debt Obligations	32,070,000
Premium on General Obligation Bonds	2,999,296
Total Noncurrent Liabilities	50,074,841
Total Liabilities	51,044,965
DEFERRED INFLOWS OF RESOURCES:	
Employer Pension Plan Related	788,338
Other Postemployment Benefits Related	1,409,653
Total Deferred Inflows of Resources	2,197,991
NET POSITION:	
Net Investment in Capital Assets	13,664,145
Restricted	6,999,974
Unrestricted (Deficit)	(11,048,892)
Total Net Position	9,615,227
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 62,858,183

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Program Revenues: Charge for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government Governmental Activities
GOVERNMENT OPERATIONS:				
Instructional Services	$ 12,667,643	$ 74,670	$ 2,309,556	$ (10,283,417)
Support Services - Students	734,683	-	197,436	(537,247)
Support Services - Instructional	528,555	-	21,999	(506,556)
General Administrative Services	2,177,144	-	51,196	(2,125,948)
Operation and Maintenance Services	3,042,121	-	195,396	(2,846,725)
Transportation Services	1,800,216	-	933,778	(866,438)
School Food Services	1,093,394	-	799,205	(294,189)
Extracurricular	807,021	392,631	7,457	(406,933)
Debt Service:				
Interest and Other Charges	1,295,001	-	-	(1,295,001)
Intergovernmental	106,089	-	-	(106,089)
Total Governmental Operations	24,251,867	467,301	4,516,023	(19,268,543)
GENERAL REVENUES:				
District Levies				$ 7,007,254
State Equalization				6,412,312
Other State Revenues				5,220,847
County				1,800,000
Interest				439,182
Total General Revenues				20,879,595
Change in Net Position				1,611,052
NET POSITION:				
Beginning of the Year				8,028,632
Prior Period Adjustments				(24,457)
End of the Year				$ 9,615,227

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	MAJOR				
	General	Miscellaneous Programs	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	$ 4,056,243	$ 1,362,340	$ 750,845	$ 3,389,178	$ 9,558,606
Taxes Receivable	36,402	-	50,930	22,945	110,277
Due from Other Governments	-	253,757	-	7,025	260,782
Total Assets	4,092,645	1,616,097	801,775	3,419,148	9,929,665
DEFERRED OUTFLOWS OF RESOURCES:					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 4,092,645	$ 1,616,097	$ 801,775	$ 3,419,148	$ 9,929,665
LIABILITIES:					
Current Liabilities:					
Due to Other Governments	$ 297,192	$ 1,484	$ -	$ -	$ 298,676
Other Current Liabilities	90,088	-	-	7,607	97,695
Total Liabilities	387,280	1,484	-	7,607	396,371
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Property Taxes Receivable	36,402	-	50,930	22,945	110,277
Total Deferred Inflows of Resources	36,402	-	50,930	22,945	110,277
FUND BALANCE (DEFICITS):					
Restricted	-	1,614,613	750,845	3,388,596	5,754,054
Assigned	514,708	-	-	-	514,708
Unassigned	3,154,255	-	-	-	3,154,255
Total Fund Balance	3,668,963	1,614,613	750,845	3,388,596	9,423,017
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,092,645	$ 1,616,097	$ 801,775	$ 3,419,148	$ 9,929,665

RECONCILIATION TO THE STATEMENT OF NET POSITION	
Total Fund Balance Reported Above	$ 9,423,017
Internal Service Fund Net Position	1,172,045
Assets and Deferred Outflows of Resources:	
Unavailable Property Taxes Receivable	110,277
Governmental Capital Assets	48,966,353
Employer Pension Plan Related Deferred Outflows of Resources	2,643,950
Other Postemployment Benefits Related	137,414
Liabilities and Deferred Inflows of Resources:	
Compensated Absences	(664,171)
Net Pension Accrual	(12,983,799)
Other Postemployment Benefits	(1,689,660)
Capital Debt Obligations	(32,070,000)
Premium on General Obligation Bonds	(3,232,208)
Employer Pension Plan Related Deferred Inflows of Resources	(788,338)
Other Postemployment Benefits Related	(1,409,653)
Net Position of Governmental Activities	$ 9,615,227

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	MAJOR				
	General	Miscellaneous Programs	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:					
District Levies	$ 2,318,583	$ -	$ 3,215,877	$ 1,482,767	$ 7,017,227
Interest	226,765	-	34,677	105,909	367,351
Charges for Services	53,950	-	-	682,400	736,350
Other	46,000	344,379	-	-	390,379
County	-	-	-	1,870,380	1,870,380
State	11,373,131	293,984	460,064	242,143	12,369,322
Federal	-	1,911,356	-	515,773	2,427,129
Total Revenues	14,018,429	2,549,719	3,710,618	4,899,372	25,178,138
EXPENDITURES:					
Current:					
Instructional Services	8,256,825	1,403,716	-	1,491,872	11,152,413
Support Services - Students	436,504	178,306	-	60,647	675,457
Support Services - Instructional	411,632	-	-	59,051	470,683
General Administrative Services	1,790,278	3,704	-	222,158	2,016,140
Operation and Maintenance Services	1,925,399	750	284	77,794	2,004,227
Transportation Services	17,741	748,612	-	808,522	1,574,875
School Food Services	-	-	-	1,052,389	1,052,389
Extracurricular	409,184	-	-	374,373	783,557
Debt Service:					
Principal	-	-	1,680,000	-	1,680,000
Interest and Other Charges	-	-	1,527,913	-	1,527,913
Capital Outlay	9,747	-	-	106,031	115,778
Intergovernmental	34,314	-	-	71,775	106,089
Total Expenditures	13,291,624	2,335,088	3,208,197	4,324,612	23,159,521
Excess (Deficiency) of Revenues Over Expenditures	726,805	214,631	502,421	574,760	2,018,617
OTHER FINANCING SOURCES (USES):					
Fund Transfers In	1,000,000	-	-	-	1,000,000
Fund Transfers (Out)	(1,000,000)	-	-	-	(1,000,000)
Total Other Financial Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	726,805	214,631	502,421	574,760	2,018,617
FUND BALANCE:					
Beginning of the Year	2,924,548	1,407,860	248,424	2,856,310	7,437,142
Prior Period Adjustments	17,610	(7,878)	-	(42,474)	(32,742)
End of the Year	$ 3,668,963	$ 1,614,613	$ 750,845	$ 3,388,596	$ 9,423,017

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net Changes in Fund Balance		$ 2,018,617
Change in Net Position from Internal Service Funds		62,581
Revenues on the Statement of Activities not Included in Governmental Funds Statement:		
Increase (Decrease) in Taxes Receivable	(9,973)	
State Pension Aid	622,923	612,950
Revenues Reported in the Governmental Funds Statement not Included in the Statement of Activities		
	-	-
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:		
Depreciation Expense	(1,360,625)	
Actuarial Pension Expense	(1,536,329)	
Premium on Bonds	232,912	
(Increase) Decrease in Other Postemployment Benefits	(122,149)	
(Increase) Decrease in Compensated Absence Liability	(92,683)	(2,878,874)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities		
Capital Outlays	115,778	
Principal Payments on Debt	1,680,000	1,795,778
Change in net Position Reported on the Statement of Activities		$ 1,611,052

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Governmental Activities - Internal Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 1,180,801
Total Current Assets	1,180,801
Noncurrent Assets:	
Total Noncurrent Assets	-
Total Assets	1,180,801
DEFERRED OUTFLOWS OF RESOURCES:	
Total Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	$ 1,180,801
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 8,756
Total Current Liabilities	8,756
Noncurrent Liabilities:	
Total Noncurrent Liabilities	-
Total Liabilities	8,756
DEFERRED INFLOWS OF RESOURCES:	
Total Deferred Inflows of Resources	-
NET POSITION:	
Unrestricted (Deficit)	1,172,045
Total Net Position	1,172,045
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,180,801

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Governmental Activities - Internal Service
OPERATING REVENUES:	
Health Insurance Premiums and Contributions	$ 2,116,313
Total Operating Revenues	2,116,313
OPERATING EXPENSES:	
Personal Services	2,125,563
Total Operating Expense	2,125,563
Operating Income (Loss)	(9,250)
NONOPERATING REVENUES (EXPENSES)	
Interest	71,831
Total Nonoperating Revenue (Expenses)	71,831
Change in Net Position	62,581
NET POSITION:	
Beginning of the Year	1,101,179
Prior Period Adjustments	8,285
End of the Year	$ 1,172,045

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Governmental Activities - Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Health Insurance Premiums and Contributions	$ 2,116,313
Health Insurance Benefit Payments	(2,148,423)
Net Cash Provided (Used) by Operating Activities	(32,110)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Non-capital Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	71,831
Net Cash Provided (Used) by Investing Activities	71,831
Net Increase (Decrease) in Cash and Cash Equivalents	39,721
BALANCE:	
Beginning of the Year	1,132,795
Prior Period Adjustments	8,285
End of the Year	$ 1,180,801
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ (9,250)
Changes in Assets and Liabilities:	
Accounts Payable	(22,860)
Net Cash Provided (Used) by Operating Activities	$ (32,110)

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

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2024

	Custodial Funds Aggregate Other Custodial Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 47,503
Total Assets	$ 47,503
LIABILITIES:	
Current Liabilities:	
Due to Individuals and Organizations	$ 47,503
Total Liabilities	47,503
NET POSITION:	
Total Net Position	$ -

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2024

	Custodial Funds Aggregate Other Custodial Funds
ADDITIONS:	
Total Additions	$ -
DEDUCTIONS:	
Total Deductions	$ -
Change in Net Position	-
NET POSITION:	
Beginning of the Year	-
End of the Year	$ -

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

The basic financial statements of the East Helena School District No. 9 (School District) have been prepared on a prescribed basis of accounting that demonstrates compliance with the accounting and budget laws of the State of Montana (State), which conforms to Generally Accepted Accounting Principles (GAAP), as applied to governmental units. The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In fiscal year 2024, the School District adopted the following GASB Statements:

- GASB Statement No. 100 – *Accounting Changes And Error Corrections – An Amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

- GASB Statement No. 101 – *Compensated Absences.* This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2024.

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

- GASB Statement No. 102 – *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The School District plans to implement this Statement once it has identified how it affects the School District and has reviewed the Q&A on this Statement.

- GASB Statement No. 103 – *Financial Reporting Model Improvements.* This Statement:

    - Continues the requirement that the basic financial statements be preceded by management's discussion and analysis, which is presented as required supplementary information (RSI);
    - Describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence;
    - Requires governments to present each major component unit separately in the reporting entity's *Statement of Net Position* and *Statement of Activities* if it does not reduce the readability of the statements; and
    - Requires budgetary comparison information to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts.

The provisions of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The School District plans to implement this Statement once it has identified how it affects the School District and has reviewed the Q&A on this Statement.

Services Provided: The School District provides education for kindergarten through twelfth grade. The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations.

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

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1. GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

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

1. b. 2. FUND ACCOUNTING

The fund financial statements provide information about the government's funds, including its fiduciary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Custodial funds are used to account for resources held for the benefit of parties outside of the School District and are reported as fiduciary funds. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds.

- Revenues are recorded when they are both measurable and available. Available means collectible within the current period – collections that occur after June 30 are generally not material. Unavailable income is recorded in governmental funds for delinquent taxes.

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

- Expenditures are recorded when the related fund liability is incurred or when the flows of current financial resources related to long-term debt items occur. For example, principal and interest on general long-term debt and compensated absence payments. In addition, capital assets are functional expenditures in governmental funds.

Proprietary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to customers for sales and services. Operating expenses for and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund financial statements use the economic resources measurement focus and are reported using the accrual basis of accounting. For fiduciary activities, a liability to the beneficiaries of a fiduciary activity should be recognized when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. For example, a liability is recognized when tax collections for other governments occurs, even though it may not be required to distribute the taxes to those governments until a specified time in the future.

Major fund determination – GASB Statement No. 34 requires the General fund be reported as a major. Other individual governmental funds should be reported in separate columns as major funds based on these criteria:

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

The School District reports the following major governmental funds:

- General Fund – The General fund is the general operating fund of the School District and accounts for all revenues and expenditures of the School District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. In the governmental fund financial statements, the General fund also includes the activities of the following funds since the restrictions on those funds are similar to the General fund:

  - Interlocal Agreement fund and
  - Flexibility fund.

- Miscellaneous Programs Fund – This fund is a special revenue fund established to account for local, state, and federal grants and reimbursements. Also, donations that allow the expenditure of both principal and interest for support of School District programs are deposited in this fund.

- Debt Service Fund – This fund is a debt service fund established to account for the financing needs of the School District to pay interest and principal on outstanding bonds and Special Improvement District assessments.

1. b. 3. OTHER FUND TYPES

Other Proprietary Fund Types

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

Fiduciary Funds

- Custodial Funds report resources, not in a trust, which are held by the School District for other parties outside of School District's reporting entity. The following custodial funds are maintained by the School District.
    - Aggregate Other Custodial Funds – These funds account for the assets held, revenues received, and expenses of other governments, individuals, or organizations.

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

1. c. 1 CASH AND INVESTMENTS

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

- United States government treasury bills, notes, or bonds.
- Certain United States treasury obligations.
- United States government security money market fund, if investments consist of those listed above.
- Time or savings deposits with a bank or credit union which is Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association insured.
- Repurchase agreements as authorized by MCA.
- State of Montana Short-Term Investment Pool (STIP).

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

Clearing Funds – Warrants written but not redeemed are reported in the School District's payroll and claims clearing funds. A warrant is an order by which the drawer (the person with authority to make the order) directs the School District trustee to pay a particular sum of money to a payee (person or entity) from funds in the School District treasury which are or may become available. For financial reporting purposes clearing fund cash balances are reclassified. The *unregistered* warrants are liability payments paid to applicable vendors and the government has no further obligation (like a check) since the cash resulted in financial resources spent by the government. The cash balance relating to unredeemed warrant is just a method for the government to keep track of outstanding warrants that have not cleared the government's financial institution. Other liabilities in the payroll clearing fund and *registered* warrants are reclassified as accruals since those amounts are liabilities of the School District.

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

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

1. c. 2. TAXES

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

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

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

1. c. 3. RECEIVABLES

Accounts receivable represent amounts the School District expects to receive for providing goods or services delivered or used but not yet paid for by customers or amounts due from governmental agencies for costs incurred but not yet reimbursed. All receivables are current and therefore due within one year.

1. c. 4. INVENTORIES

Materials, food inventory, and supplies inventory are reported as expenditures when acquired in governmental funds (using the purchases method) since the focus of governmental funds is on the use of current financial resources. At year-end, inventories were not material.

1. c. 5. CAPITAL ASSETS

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

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

1. c. 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

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

are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

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

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

1. c. 7. LEASE RELATED ACTIVITIES

In accordance with stipulations set out in GASB No. 87, the School District considers leases that meet certain criteria as an exchange of the right to use an underlying nonfinancial asset (e.g., vehicle, building, land, office space). For such qualifying leases, when material, at commencement of the lease term:

- School District as Lessor – The School District recognizes a lease receivable and a deferred inflow of resources on its government-wide financial statements and fund statements. The School District initially measures these elements at the present value of the payments expected to be made during the lease term. The receivable is amortized and the deferred inflow is recognized as the lease payments are made over the lease term.
    - The lessor retains ownership of the underlying asset and continues to report it as a capital asset net of accumulated depreciation in the School District's financial statement during the lease term.
- School District as Lessee – The School District recognizes an intangible right-to-use lease asset and a lease liability on its government-wide financial statements and a capital outlay and other revenue on its governmental funds financial statements. The School District measures these items at the commencement of the lease at the present value of the payments expected to be made during the lease term. The lease liability is amortized over the lease term and the right-to-use lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

1. c. 8. VACATION AND SICK LEAVE

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

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

Certified Employee Staff – Certified School District employees accrue 10 days of sick leave at the beginning of each year. Unused sick leave is accruable without limit. Up to three days personal leave with pay is granted each year. At the end of the school year, up to three days of unused personal leave may be carried over to allow a maximum accumulation of six days. Any excess above the six personal leave days shall revert to sick leave. Upon termination, all payments are made at the employee's current salary.

Reporting – Liabilities incurred because of unused vacation and sick leave are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned on the *Statement of Activities*. At June 30, 2024, the amount expected to be paid within one year related to governmental activities amounted to $332,085.

1. c. 9. NET POSITION AND FUND BALANCE

The *Statement of Net Position* includes the following:

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

Governmental fund financial statements include the following fund balances:

- Restricted – This balance includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Assigned – This balance includes amounts management has set aside for a specific purpose. This includes the executing of a purchase order for a specific purpose such as an encumbrance.
- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

At June 30, 2024, fund balance components other than unassigned fund balance were as follows:

Purpose	Restricted	Assigned
Instructional and Support Services	$ 477,514	$ 113,958
Operations and Maintenance	0	36,595
Student Transportation	232,103	0
Extracurricular	230,685	16,836
School Food	313,291	0
Third Party Grantor Restrictions	1,614,613	0
Employer Retirement Benefits	430,657	0
Future Technology	437,413	0
Future Capital Costs	1,266,933	347,319
Debt Service	750,845	0
Total	$ 5,754,054	$ 514,708

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the School District considers restricted funds to have been spent first. When expenditures are incurred and assigned fund balances are available, the School District considers amounts to have been spent first out of assigned and then unassigned funds as needed, unless the Board of Trustees has provided otherwise.

1. d. OTHER

1. d. 1. USE OF ESTIMATES

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

1. d. 2. COUNTY PROVIDED SERVICES

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

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2024, cash, cash equivalents, and investments for governmental activities and fiduciary funds were as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 9,558,606	$ 1,180,801	$ 47,503	$ 10,786,910

The carrying amounts of cash on hand, deposits, and investments at June 30, 2024 were as follows:

Account Type	Amount
Cash on Hand	$ 200
Demand Accounts	278,189
County Investment Pool	10,508,521
Total	$ 10,786,910

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

Custodial Credit Risk – Deposits – The cash of the extracurricular and Cafeteria/FLEX funds was held separately by the School District and, consequently, the deposits may be subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk**.** At June 30, 2024, the School District's bank balances amounted to $278,467 and $6,318 of that amount was exposed to custodial credit risk because it was uninsured.

NOTE 3. TAXES RECEIVABLE

The School District is permitted by Montana statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2023, upon which the levy for the 2024 fiscal year was based, amounted to $31,600,904 for the School District. The tax rates assessed for the year ended June 30, 2024 to finance School District operations and applicable taxes receivable were as follows:

Fund	Mill Levies	Taxes Receivable
Governmental Funds		
General *	71.44	$ 35,534
Transportation	21.85	10,551
Bus Depreciation	4.83	2,339
Tuition	13.09	6,497
Adult Education	1.00	473
Technology	2.94	1,485
Flexibility *	1.95	868
Debt Service *	101.67	50,930
Building Reserve	3.28	1,600
Totals	222.05	$ 110,277

* Denotes Major Fund

Property taxes assessed may be paid under protest and held by the County Treasurer until the action is finally determined to be in favor of or against the governmental entity levying the tax. Money paid under protest is accounted for by the County in a protested tax fiduciary fund until the final determination. The amount reported above includes $1,126 of taxes paid under protest.

NOTE 4. DUE FROM OTHER GOVERNMENTS

Due from other governments represent amounts due to the School District for costs incurred but not reimbursed by third party governments. The amounts due from other governments as of June 30, 2024 were as follows:

Fund	Amount	Due From	Reason
School Food Services	$ 7,025	Montana	Reimbursement – Summer Food Service Program
Miscellaneous Programs *	4,548	Montana	Reimbursement -Title I, Part A, Improving Basic Programs
Miscellaneous Programs *	32,599	Montana	Reimbursement -21st Century grant
Miscellaneous Programs *	5,129	Montana	Reimbursement - Title V, Rural and Low Income
Miscellaneous Programs *	23,787	Montana	Reimbursement - Montana Tech Talent Search
Miscellaneous Programs *	2,960	Montana	Reimbursement - Montana Comprehensive Literacy State Development Program
Miscellaneous Programs *	182,318	Montana	Reimbursement - Elementary and Secondary School Emergency Relief III
Miscellaneous Programs *	65	Montana	Reimbursement - Title II, Part A, Teacher Recruiting
Miscellaneous Programs *	2,351	Montana	Reimbursement - Title IV, Safe and Drug Free
Total	$ 260,782		

* Denotes Major Fund

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

The schedule of changes in general capital assets for the year ended June 30, 2024 follows:

	Primary Government				
Governmental Activities	Balance July 1, 2023	Additions	Deletions	Adjustments/ Transfers	Balance June 30, 2024
Non-depreciable Capital Assets:					
Land	$ 2,645,852	$ 0	$ 0	$ 0	$ 2,645,852
Depreciable Capital Assets:					
Buildings	53,827,584	0	0	0	53,827,584
Improvements Other than Buildings	2,924,769	0	0	0	2,924,769
Machinery and Equipment	2,479,608	115,778	0	0	2,595,386
Total Depreciable Capital Assets	59,231,961	115,778	0	0	59,347,739
Less Accumulated Depreciation For:					
Buildings	(9,930,099)	(944,929)	0	0	(10,875,028)
Improvements Other than Buildings	(521,286)	(266,945)	0	0	(788,231)
Machinery and Equipment	(1,215,228)	(148,751)	0	0	(1,363,979)
Total Accumulated Depreciation	(11,666,613)	(1,360,625)	0	0	(13,027,238)
Net Depreciable Capital Assets	47,565,348	(1,244,847)	0	0	46,320,501
Net Governmental Activities Capital Assets	$ 50,211,200	$(1,244,847)	$ 0	$ 0	$ 48,966,353

Depreciation expense charged to governmental functions was as follows:

Function *	Amount
Instructional Services	$ 253,963
Support Services	2,725
General Administrative Services	2,270
Operation and Maintenance Services	1,000,368
Transportation Services	92,585
School Food Services	3,718
Extracurricular	4,996
Total Depreciation Expense	$ 1,360,625

* Depreciation and amortization of capital assets held by the School District's internal service funds are charged to the various functions based on their usage of the assets.

NOTE 6. CURRENT LIABILITIES

Current liabilities represent amounts due to creditors, suppliers, or others within a period of time less than one year.

6. a. DUE TO OTHER GOVERNMENTS

Balances reported as due to other governments as of June 30, 2024 were as follows:

Fund	Amount	Due To	Reason
Miscellaneous Programs *	$ 28	Montana	Multi-Tiered Systems of Support overpayment
Miscellaneous Programs *	1,456	Montana	Homeless Grant overpayment
Interlocal Agreement *	297,192	Lincoln School District	Amount due on dissolution of multidistrict agreement
Total	$ 298,676		

* Denotes Major Fund

NOTE 7. LONG-TERM DEBT

7. a. GENERAL LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2024 follows:

Governmental Activities	Balance July 1, 2023	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2024	Amounts Due within One Year
Bonds and Notes Payables:					
General Obligation (GO) Bonds	$ 33,750,000	$ 0	$ (1,680,000)	$ 32,070,000	$ 0
Premium on GO Bonds	3,465,120	0	(232,912)	3,232,208	232,912
Total Bonds and Notes Payables	37,215,120	0	(1,912,912)	35,302,208	232,912
Other Liabilities:					
Compensated Absences *	571,488	92,683	0	664,171	332,085
Accrued Pension	12,192,895	790,904	0	12,983,799	0
Other Postemployment Benefits	1,841,196	0	(151,536)	1,689,660	0
Total Other Liabilities	14,605,579	883,587	(151,536)	15,337,630	332,085
Governmental Activities - Long-term Debt	$ 51,820,699	$ 883,587	$ (2,064,448)	$ 50,639,838	$ 564,997

* Increases and decreases of compensated absences are presented as a net change.

7. a. 1. GENERAL OBLIGATION BONDS

The School District issued GO bonds in prior years for the acquisition and construction of capital facilities. GO bonds are direct obligations of and pledge the full faith and credit of the School District. These bonds were issued for the terms and payment schedules as follows:

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2024
GO School Building Bonds, Series 2017	7/27/17	2.0-4.0%	20 years	7/1/37	$ 12,000,000	$ 8,725,000
GO School Building Bonds, Series 2018	8/8/18	3.0-5.0%	20 years	7/1/38	29,500,000	23,345,000
Totals					$ 41,500,000	$ 32,070,000

Debt service requirements to maturity for principal, Interest, and premium amortization for all bonded long-term obligations were as follows:

For the year ended June 30:	Principle	Interest	Premium * Amortization
2025	$ 0	$ 729,406	$ 232,912
2026	1,745,000	1,419,387	232,912
2027	1,820,000	1,337,262	232,912
2028	1,905,000	1,254,187	232,912
2029	1,985,000	1,170,137	232,912
2030-2034	11,340,000	4,426,013	1,164,560
2035-2039	13,275,000	1,557,929	903,088
Totals	$ 32,070,000	$ 11,894,321	$ 3,232,208

*The School District GO bonds were issued with a reoffering premium. The reoffering premium is a part of the cost of issuing GO bonds and will be amortized in equal installments over the life of the GO bonds.

NOTE 8. DEFERRED INFLOWS OF RESOURCES

The School District reported deferred property taxes at June 30, 2024 as follows:

Fund	Taxes Receivable	Reason
General *	$ 35,534	Taxes Receivable
Transportation	10,551	Taxes Receivable
Bus Depreciation	2,339	Taxes Receivable
Tuition	6,497	Taxes Receivable
Adult Education	473	Taxes Receivable
Technology	1,485	Taxes Receivable
Flexibility	868	Taxes Receivable
Debt Service *	50,930	Taxes Receivable
Building Reserve	1,600	Taxes Receivable
Total	$ 110,277	

* Denotes Major Fund

NOTE 9. ACCOUNTING CHANGES AND ERROR CORRECTIONS

The School District recorded changes in accounting principles and/or error corrections that resulted in adjustments and restatements of beginning net position and fund balances as follows:

	June 30, 2023 Fund Balance (As Previously Reported)	Error Corrections	June 30, 2023 Fund Balance (As Adjusted)
Government-Wide			
Governmental Activities	$ 8,028,632	$ (24,457)	$ 8,004,175
Governmental Funds			
General *	$ 2,924,548	$ 17,610	$ 2,942,158
Miscellaneous Programs *	1,407,860	(7,878)	1,399,982
Debt Service	248,424	0	248,424
Aggregate Remaining	2,856,310	(42,474)	2,813,836
Total	$ 7,437,142	$ (32,742)	$ 7,404,400
* Denotes Major Fund			
Proprietary Funds			
Governmental Internal Service	$ 1,101,179	$ 8,285	$ 1,109,464

Changes to or within the financial reporting entity result from:

- The addition or removal of a fund that results from the movement of continuing operations within the primary government, including its blended component units.
- A change in a fund's classification as major or nonmajor.

9. a. ERROR CORRECTIONS

The School District recorded error corrections that resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

Governmental Funds / Governmental Activities

Fund	Amount	Reason
Governmental Funds		
General *	$ 17,610	To correct for unexpended encumbrances
Transportation	4,285	To correct for unexpended encumbrances
School Food Service	(47,240)	To correct for unexpended encumbrances
Tuition	481	To correct for unexpended encumbrances
Miscellaneous Programs *	(7,878)	To correct for unexpended encumbrances
Total Governmental Funds	(32,742)	
* Denotes Major Fund		
Governmental Internal Service (Net)	8,285	To correct for unexpended encumbrances
Total Governmental Activities	$ (24,457)	

Proprietary Funds / Business Activities

Fund	Amount	Reason
Internal Service	$ 8,285	To correct for unexpended encumbrances

NOTE 10. INTERFUND OPERATING TRANSFERS

The School District recorded interfund transfers during the year ended June 30, 2024 as follows:

Operating Fund - In	Amount	Operating Fund - Out	Purpose
Interlocal Agreement *	$ 1,000,000	General *	Transfer to multi district fund
Less Internal Transactions **	(1,000,000)		
Total	$ 0		

* Denotes Major Fund

** The General and Interlocal Agreement funds are consolidated for financial reporting purposes. As such, the internal transactions described above were eliminated.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

11. a PLAN DESCRIPTION

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

11. b FUNDING POLICY

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

11. c BENEFITS PROVIDED

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

11. d. EMPLOYEES COVERED BY BENEFIT TERMS

At as of June 30, 2024, the measurement date, the following employees were covered by the benefit terms:

Active employees	173
Inactive employees (may include spouses)	15

11. e. TOTAL OPEB LIABILITY

The School District's total OPEB liability amounted to $1,689,660 at June 30, 2024. The liability was measured as of June 30, 2024 and was determined by an Alternative Measurement Method valuation as of that date.

11. f. ASSUMPTIONS AND OTHER INPUTS

The School District obtained an Actuarial valuation to determine the OPEB liability. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 45% of plan participants would elect to continue coverage after retirement.

The total OPEB liability at June 30, 2024 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average salary increases	3.50%
Discount rate	4.34%
Retiree's share of benefit related costs	100.00%
Healthcare cost trend rate	7.40% down to 4.00%

11. g. CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2023	$ 1,841,196
Changes for the Year:	
Service Cost (OPEB Expense)	124,774
Interest	74,356
Changes of Benefit Terms	48,923
Changes in Assumptions or Other Inputs	(351,831)
Benefit Payments	(47,758)
Net Changes	(151,536)
Balance June 30, 2024	$ 1,689,660

Changes in benefit terms and assumptions and other inputs are composed of the following:

- Changes assumptions about the discount rate, expected salary increases, and the cost of healthcare.
- Changes in employee demographics.

11. h. SENSITIVITY ANALYSIS

The following illustrates the estimated effect on the School District's OPEB liability if the *discount rate* and *healthcare cost trend rate* were 1% lower or 1% higher than the current discount rate and healthcare cost trend rate:

	Discount Rate *(4.34%)*		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$ 2,012,469	$ 1,689,660	$ 1,436,060

	Healthcare Cost Trend Rate *(7.40%)*		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$ 1,380,856	$ 1,689,660	$ 2,103,741

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

For the year ended June 30, 2024, the School District reported $(151,536) in expense related to OPEB.

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

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference Between Expected and Actual Experience	$ 101,849	$ 939,698
Changes of Assumptions	35,565	469,955
Total	$ 137,414	$ 1,409,653

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

Year ended June 30:	Net Deferred Outflow/Inflows of Resources
2025	$ (134,390)
2026	(134,390)
2027	(134,390)
2028	(134,390)
2029	(134,387)
Thereafter (8 years)	(366,017)

NOTE 12. ENCUMBRANCES

An encumbrance is a portion of a budget appropriation set aside for spending the current year budget. Like the budget itself, an encumbrance is a projection and not yet an account payable or other liability of the School District. When it comes time to pay necessary encumbered funds, the encumbrance disappears in that amount and becomes an actual expenditure of the School District. All encumbrances are classified as assigned or restricted in the funds noted below:

Fund	Amount
Governmental Activities	
Governmental Funds	
General *	$ 177,297
Transportation	103,182
Bus Depreciation	77,560
School Food Services	43,981
Miscellaneous Programs *	8,971
Flexibility *	704
Interlocal Agreement *	336,707
* Denotes Major Fund	
Proprietary Funds	
Governmental Internal Service	121,997
Total Governmental Activities	$ 870,399

NOTE 13. RISK MANAGEMENT

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

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

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

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

NOTE 14. EMPLOYEE RETIREMENT SYSTEM

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

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

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

Teachers' Retirement System	**Montana Public Employee Retirement Administration**
P.O. Box 200139	P.O. Box 200131
1500 Sixth Avenue	100 N. Park Avenue Suite 200
Helena, MT 59620-0139	Helena, MT 59620-0131
Phone: 406-444-3134	Phone: 406-444-3154
www.trs.mt.gov	www.mpera.mt.gov

14. a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF RETIREMENT SYSTEMS

The Montana Public Employee Retirement Administration (MPERA) and the TRS prepare their financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, and information about the fiduciary net position and additions to and deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA and TRS. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value.

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

14. b. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

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

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

14. b. 1. SUMMARY OF BENEFITS

Eligibility for benefits

Service Retirement:

- Hired prior to July 1, 2011:
  - Age 60, 5 years of membership service;
  - Age 65, regardless of membership service; or

	○ Any age, 30 years of membership service. • Hired on or after July 1, 2011: ○ Age 65, 5 years of membership service; or ○ Age 70, regardless of membership service.
Early Retirement: (actuarially reduced)	• Hired prior to July 1, 2011: ○ Age 50, 5 years of membership service; or ○ Any age, 25 years of membership service. • Hired on or after July 1, 2011: ○ Age 55, 5 years of membership service.
Second Retirement: (requires returning to PERS-covered employer or PERS service)	• Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit: ○ A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018); ○ No service credit for second employment; ○ Start the same benefit amount the month following termination; and ○ Guaranteed Annual Benefit Adjustment (GABA) starts again in January immediately following the second retirement. • Retire before January 1, 2016 and accumulate at least 2 years additional service credit: ○ A recalculated retirement benefit based on provision in effect after the initial retirement; and ○ GABA starts recalculating benefits in the January after receiving the new benefit for 12 months. • Retire on or after January 1, 2016 and accumulate 5 or more years additional service credit: ○ The same retirement as prior to the return to service; ○ A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and ○ GABA starts on both benefits in January after receiving the original and the new benefit for 12 months.
Vesting:	5 years of membership service
Member's Highest Average Compensation (HAC):	• Hired prior to July 1, 2011: ○ HAC during any consecutive 36 months. • Hired on or after July 1, 2011: ○ HAC during any consecutive 60 months.
Compensation Cap:	• Hired on or after July 1, 2013: ○ 110% annual cap on compensation considered as part of a member's HAC.
Monthly Benefit Formula:	• Hired prior to July 1, 2011: ○ Less than 25 years of membership service - 1.785% of HAC per year of service credit; or ○ 25 years of membership service or more - 2% of HAC per year of service credit. • 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; or ○ 30 years or more of membership service - 2% of HAC per year of service credit.
Guaranteed Annual Benefit Adjustment:	After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of other adjustments to the member's benefit: • 3% for members hired **prior** to July 1, 2007 • 1.5% for members hired **between** July 1, 2007 and June 30, 2013 • Members hired on or **after** July 1, 2013: ○ 1.5% for each year PERS is funded at or above 90%; ○ 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and ○ 0% whenever the amortization period for PERS is 40 years or more.

14. b. 2. OVERVIEW OF CONTRIBUTIONS

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

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

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

	Member		State & Universities	Local Government		School Districts	
Fiscal Year	Hired <07/01/11	Hired >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 has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
   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 - The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.
      i. The State contributed 0.10% of the members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of the members' compensation on behalf of school district entities.
      iii. The State contributed a Statutory Appropriation from the General Fund amounting to $34,979,900.

14. b. 3. ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) as of June 30, 2023 was determined by taking the results of the June 30, 2023 actuarial valuation and applying standard roll forward procedures. There were several significant assumptions and other inputs used to measure the TPL. Among those assumptions were the following:

- Investment Return (net of admin expenses) 7.30%
- General Wage Growth (includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA. After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of all other adjustments to the member's benefit:
    - 3% for members hired prior to July 1, 2007
    - 1.5% for members hired between July 1, 2007 and June 30, 2013
    - Members hired on or after July 1, 2013:
      - 1.5% for each year PERS is funded at or above 90%;
      - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
      - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality
  - *Mortality among contributing members* -PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - *Mortality among disabled members* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - *Mortality among beneficiaries* - 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.
  - *Mortality among 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.

14. b. 4. DISCOUNT RATE

The discount rate used to measure the 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 would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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.

14. b. 5. 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 weighing 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%
Total	100.00%	

14. b. 6. DEFINED CONTRIBUTION PLAN

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

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

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

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

At the plan level for the measurement period ended June 30, 2022, the Defined Contribution plan employer did not recognize any net pension liability or pension expense for the Defined Contribution plan. Plan level non-vested forfeitures for the 344 employers that have participants in the PERS-DCRP totaled $1,409,309.

14. c. TEACHERS' RETIREMENT SYSTEM

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

The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20, MCA, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana.

14. c. 1. SUMMARY OF BENEFITS

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

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

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

14. c. 2. OVERVIEW OF CONTRIBUTIONS

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

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

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

14. c. 3. ACTUARIAL ASSUMPTIONS

The TPL as of June 30, 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 TPL. 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: (includes 3.50% general wage increase assumption)	• 3.50% to 9.00% for Non-University members • 4.25% for University members
Investment Return:	• 7.30%
Price Inflation:	• 2.75%

Postretirement Benefit Increases:

- Tier One. If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
- Tier Two. The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.

Mortality:

- *Mortality among contributing members* - PUB-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
- *Mortality among service retired members* - PUB-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
- *Mortality among beneficiaries* - PUB-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
- *Mortality among disabled members* - PUB-2010 Disabled Retiree mortality table projected to 2021.

14. c. 4. DISCOUNT RATE

The discount rate used to measure the 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 MCA. In addition to the contributions, the State general fund will contribute $25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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 TPL. No municipal bond rate was incorporated in the discount rate.

14. c. 5. TARGET ALLOCATIONS

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investment	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%
Total	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.

14. d. SENSITIVITY ANALYSIS

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the below table presents the net pension liability calculated using the discount rate of 7.30% as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
PERS			
Net Pension Liability	$ 3,525,082,234	$ 2,440,353,916	$ 1,530,363,754
School District's Net Pension Liability	1,994,792	1,380,960	866,010
TRS			
Net Pension Liability	2,737,017,492	1,937,462,857	1,268,911,200
School District's Net Pension Liability	16,391,144	11,602,839	7,599,099

14. e. NET PENSION LIABILITY

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, employers are required to recognize, and report certain amounts associated with their participation in the PERS and TRS. Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective NPL, Pension Expense, and Deferred Inflows and Deferred Outflows of resources associated with pensions. In accordance with Statement 68, PERS and TRS have special funding situations in which the State of Montana is legally responsible for making contributions directly to PERS and TRS that are used to provide pension benefits to the retired members. Due to the existence of this special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer.

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023, and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

At June 30, 2024, the employer recorded a liability for its proportionate share of the NPL as noted below:

	NPL		Percent of Collective NPL		Change in Percent of
As of measurement date	as of 6/30/23	as of 6/30/22	as of 6/30/23	as of 6/30/22	Collective NPL
PERS					
School District Proportionate Share	$ 1,380,960	$ 1,370,584	0.056589%	0.057639%	(0.001050)%
State of Montana Proportionate Share associated with Employer	430,024	456,328	0.017621%	0.019191%	(0.001570)%
Totals	$ 1,810,984	$ 1,826,912	0.074210%	0.076830%	(0.002620)%
TRS					
School District Proportionate Share	$11,602,839	$10,822,311	0.5989%	0.5502%	0.0487%
State of Montana Proportionate Share associated with Employer	6,272,253	5,977,024	0.03237%	0.3039%	0.0198%
Totals	$17,875,092	$16,799,335	0.9226%	0.8541%	0.0685%

The NPL was measured as of June 30, 2023, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2023
- TRS – July 1, 2023

	PERS	TRS
Changes in actuarial assumptions, other inputs, 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.	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.	There have been no changes in benefit terms since the previous measurement date.
Changes in proportionate share:	There were no changes to the Plan between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.	There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known..

14. f. PENSION EXPENSE

At June 30, 2024, the employer recognized a pension expense and grant revenue as noted below:

(as of measurement date)	**Pension Expense as of 6/30/23**	**Pension Expense as of 6/30/22**
PERS		
School District's Proportionate Share	$ 162,954	$ 221,292
Employer Grant Revenue – Montana Proportionate Share with the Employer	40,343	47,299
Totals	$ 203,297	$ 268,591
TRS		
School District's Proportionate Share	$ 1,801,513	$ 1,552,919
State of Montana Proportionate Share associated with the Employer	582,580	494,249
Totals	$ 2,384,093	$ 2,047,168

14. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2024, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to PERS and TRS from the following sources:

	PERS		**TRS**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between actual and expected economic experience	$ 55,001	$ 0	$ 219,503	$ 0
Changes in actuarial assumptions	0	49,256	168,307	724,861
Difference between projected and actual investment earnings	3,504	0	25,085	0
Changes in proportion and differences between actual and expected contributions	0	0	1,126,740	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	14,222	0	0
Contributions paid subsequent to the measurement date –FY 2024 Contributions *	103,554	0	936,256	0
Totals	$ 168,059	$ 63,477	$2,475,891	$ 724,861

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2025.

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

Year Ended June 30	PERS	TRS
	Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense	
2024	$ (43,535)	$ 228,299
2025	(34,714)	(336,413)
2026	81,658	823,855
2027	(8,362)	99,033
Thereafter	0	0

14. h. EMPLOYER'S PROPORTION OF PENSION AMOUNTS

	PERS	TRS	
	Employer's Proportionate Share	Employer's Proportionate Share	Employer's Total Pension Amounts
Total Pension Liability	$ 5,297,123	$ 41,072,179	$ 46,369,302
Fiduciary Net Position	3,916,163	29,469,340	33,385,503
Net Pension Liability	1,380,960	11,602,839	12,983,799
Deferred Outflows of Resources	168,059	2,475,891	2,643,950
Deferred Inflows of Resources	63,477	724,861	788,338
Pension Expense	203,297	2,384,093	2,587,390

NOTE 15. SPECIAL EDUCATION COOPERATIVE

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

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

NOTE 16. JOINT VENTURE AGREEMENTS

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

16. a. MULTIDISTRICT COOPERATIVE

Section 20-3-363, MCA allows for the creation of a multidistrict cooperative between any School District and other public entities under Title 20, Chapter 9 Part 7, MCA. The parties in a multidistrict cooperative may mutually agree to perform any services,

activities, and undertakings of the participants and provide for the joint funding and operation and maintenance of all participants in the agreement.

16. b. INTERLOCAL AGREEMENT FUND

The School District set up an Interlocal Agreement fund for the purpose of purchasing/paying for salaries, technology, curriculum, utilities and supplies for the participating districts. The School District is the designated prime agency and is responsible for the financial administration of the Interlocal Agreement fund. The activity of the Interlocal Agreement fund is accounted for in fund 82 of the School District. During fiscal year ended June 30, 2024, the School District transferred $1,000,000 from the General fund into the Interlocal Agreement fund.

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits Other Than Pensions
For the year ended June 30, 2024

CHANGE IN LIABILITY

Fiscal Year End	Service Cost (a)	Interest (b)	Changes in Benefit Terms (c)	Changes in Assumptions or Other Inputs (d)	Benefit Payments (e)	Net Change in Total OPEB Liability Sum of (a) to (e)=(f)	Total OPEB Liability Beginning (g)	Total OPEB Liability Ending (f)+(g)=(h)
6/30/18	$ 154,840	$ 54,196	$ 0	$ 52,926	$ (41,000)	$ 220,962	$1,839,162	$2,060,124
6/30/19	207,766	54,196	0	0	(41,000)	220,962	2,060,124	2,281,086
6/30/20	207,766	54,196	0	0	(41,000)	220,962	2,281,086	2,502,048
6/30/21	207,766	54,196	0	0	(41,000)	220,962	2,502,048	2,723,010
6/30/22	253,960	80,243	(939,698)	(215,738)	(60,581)	(881,814)	2,723,010	1,841,196
6/30/23	0	0	0	0	0	0	1,841,196	1,841,196
6/30/24	124,774	74,356	48,923	(351,831)	(47,758)	(151,536)	1,841,196	1,689,660

PAYROLL RATIO

Fiscal Year End	Covered Employee Payroll (i)	Total OPEB Liability as a Percentage of Covered Employee Payroll (h)/(i)=(j)
6/30/18	$ 6,585,312	31.28%
6/30/19	6,515,313	35.01%
6/30/20	6,473,004	38.70%
6/30/21	8,541,557	31.88%
6/30/22	9,757,789	18.87%
6/30/23	9,757,789	18.87%
6/30/24	8,965,241	18.85%

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

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
(Determined as of the measurement date)
For the year ended June 30, 2024

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.051749%	$ 644,803	$ 30,142	$ 674,945	$ 610,533	111.22%	79.87%
2015	0.050900%	711,521	33,434	744,955	614,166	115.85%	78.40%
2016	0.049866%	849,383	39,696	889,080	617,461	137.56%	74.71%
2017	0.053002%	1,032,281	50,163	1,082,445	684,847	150.73%	73.75%
2018	0.041166%	859,183	317,122	1,176,306	739,232	116.23%	73.47%
2019	0.046405%	970,010	346,088	1,316,098	790,584	122.70%	73.85%
2020	0.052111%	1,374,789	480,472	1,855,261	925,673	148.52%	68.90%
2021	0.057336%	1,039,620	342,557	1,382,177	984,750	105.57%	79.91%
2022	0.057639%	1,370,584	456,328	1,826,912	983,450	139.36%	73.66%
2023	0.056589%	1,380,960	430,024	1,810,984	1,033,426	133.63%	73.93%

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3734%	$ 5,745,490	$ 3,937,503	$ 9,682,993	$ 4,708,411	122.03%	70.36%
2015	0.3755%	6,168,690	4,136,614	10,305,304	4,792,047	128.73%	69.30%
2016	0.3945%	7,206,486	4,697,933	11,904,419	5,120,454	140.74%	66.69%
2017	0.4041%	6,813,539	4,325,135	11,138,674	5,330,005	127.83%	70.09%
2018	0.4146%	7,695,329	4,783,950	12,479,279	5,537,769	138.96%	69.09%
2019	0.4205%	8,108,817	4,910,157	13,018,974	5,682,420	142.70%	68.64%
2020	0.4684%	10,536,385	6,229,721	16,766,106	6,447,193	163.43%	64.95%
2021	0.5215%	8,638,157	4,928,501	13,566,658	7,427,146	116.31%	75.54%
2022	0.5502%	10,822,311	5,977,024	16,799,335	8,076,862	133.99%	70.61%
2023	0.5989%	11,602,839	6,272,253	17,875,092	8,906,467	130.27%	71.75%

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

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS
(Determined as of the reporting date)
For the year ended June 30, 2024

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to Contractually Required Contributions (c)	Contribution Deficiency (Excess) (a)+(b)-(c)=(d)	Employer's Covered Payroll (e)	Contributions as a Percentage of Covered Payroll ((a)+(b))/(e)
2015	$ 48,949	$ 2,222	$ 51,171	$ 0	$ 614,166	8.33%
2016	49,926	1,417	51,343	0	617,461	8.32%
2017	55,033	0	55,033	0	684,847	8.04%
2018	57,341	0	57,341	0	739,232	7.76%
2019	65,853	0	65,853	0	790,584	8.33%
2020	76,603	0	76,603	0	925,673	8.28%
2021	89,750	0	89,750	0	984,750	9.11%
2022	90,087	0	90,087	0	983.450	9.16%
2023	95,158	0	95,158	0	1,033,426	9.21%
2024	103,555	0	103,555	0	1,176,750	8.80%

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Contributions in Relation to Contractually Required Contributions (b)	Contribution Deficiency (Excess) (a)-(b)=(c)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (a)/(d)
2015	$ 443,629	$ 443,629	$ 0	$ 4,792,047	9.26%
2016	476,777	476,777	0	5,120,454	9.31%
2017	472,730	472,730	0	5,330,005	8.87%
2018	548,553	548,553	0	5,537,769	9.91%
2019	560,438	560,438	0	5,682,420	9.86%
2020	587,593	587,593	0	6,447,193	9.11%
2021	751,493	751,493	0	7,427,146	10.12%
2022	884,246	884,246	0	8,076,862	10.95%
2023	884,519	884,519	0	8,906,467	9.93%
2024	936,256	936,256	0	9,236,774	10.14%

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

NOTE 1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms

The following changes to the Public Employees' Retirement System (PERS) plan provision were made as identified:

2017:

Working Retiree Limitations – for PERS

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

Refunds

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

Interest credited to member accounts

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

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0.00% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Active Participants)	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees)	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (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.
Mortality (Health 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, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

NOTE 2. TEACHERS' RETIREMENT SYSTEM

CHANGES OF BENEFIT TERMS

There have been no material changes of benefit terms in the past ten years.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2022:

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

The following changes to the actuarial assumptions were adopted in 2021:

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%.
- Payroll growth assumption was reduced from 4.00% to 3.25%.
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%.

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

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

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

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three-year COLA deferral period for Tier 2 Members.

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- Assumed real wage growth was reduced from 1.00% to 0.75%.
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.

Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

- For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
- For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members was updated to the following:
- For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
- For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
Salary increase	3.25 to 9.00 percent, including inflation for Non-University Members and 4.25% for University Members
Investment rate of return	7.50 percent, net of pension plan investment expense, and including inflation

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General			Flexibility		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES:						
District Levies	$ 2,258,395	$ 2,258,395	$ 2,257,092	$ 61,628	$ 61,628	$ 61,491
Interest	75,831	75,831	125,385	-	-	-
Charges for Services	45,000	45,000	53,950	-	-	-
Other	3,000	3,000	2,000	-	-	-
State	11,221,465	11,221,465	11,221,465	151,666	151,666	151,666
Total Revenues	13,603,691	13,603,691	13,659,892	213,294	213,294	213,157
EXPENDITURES:						
Current:						
Instructional Services			8,160,845			123,332
Support Services - Students			436,504			-
Support Services - Instructional			409,534			-
General Administrative Services			1,731,837			-
Operation and Maintenance Services			1,387,629			-
Transportation Services			17,741			-
Extracurricular			403,852			-
Capital Outlay			20,359			-
Intergovernmental			34,314			-
Total Expenditures	13,603,691	13,603,691	12,602,615	405,058	405,058	123,332
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,057,277	(191,764)	(191,764)	89,825
OTHER FINANCING SOURCES (USES):						
Fund Transfers (Out)			(1,000,000)			
Total Other Financial Sources (Uses)	-	-	(1,000,000)	-	-	-
Net Change in Fund Balance	-	-	57,277	(191,764)	(191,764)	89,825
FUND BALANCE:						
Beginning of the Year			1,084,590			191,764
Prior Period Adjustments			20,140			6,147
End of the Year			$ 1,162,007			$ 287,736

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

NOTE 1. BUDGETS

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

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

All annual appropriations lapsed at fiscal year-end, unless East Helena School District No. 9 (School District) elected to encumber supplies and personal property ordered but not received at year end.

1. a. GENERAL BUDGET POLICIES

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

- The Miscellaneous Programs fund was a major fund but was not included because it is a *non-budgeted special revenue fund*.
- The Debt Service fund was a major fund but was not included because it is *not a special revenue fund.*

1. b. BUDGET OPERATIONS

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

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

NOTE 2. FUND BALANCE RECONCILIATION

The fund balance of the General fund was reported on the *Statement of Revenue, Expenditures, and Changes in Fund Balances* in accordance with GAAP and was different from that on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual due to the reserve for encumbrances. The difference was as follows:

	General
End of the Year (GAAP)	$ 1,339,304
Current-year Encumbrances	(177,297)
End of the Year (Budget)	$ 1,162,007

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, was used control expenditures. Encumbrances were not included as expenditures on the GAAP basis financial statements as they do not meet the GAAP definition of expenditures. The School District reported encumbrances at year end as budgeted expenditures and displayed them as assigned or restricted for fund balances, as applicable.

NOTE 3. BUDGET AMENDMENTS

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

NOTE 4. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SUB-FUNDS OF THE GENERAL FUND

	Sub-funds			
	General	Flexibility	Interlocal Agreement	**Total General Fund**
REVENUES:				
District Levies	$ 2,257,092	$ 61,491	$ -	$ 2,318,583
Interest	125,385	-	101,380	226,765
Charges for Services	53,950	-	-	53,950
Other	2,000	-	44,000	46,000
State	11,221,465	151,666	-	11,373,131
Total Revenues	13,659,892	213,157	145,380	14,018,429
EXPENDITURES:				
Current:				
Instructional Services	8,134,127	122,698	-	8,256,825
Support Services - Students	436,504	-	-	436,504
Support Services - Instructional	411,632	-	-	411,632
General Administrative Services	1,790,278	-	-	1,790,278
Operation and Maintenance Services	1,552,502	-	372,897	1,925,399
Transportation Services	17,741	-	-	17,741
Extracurricular	409,184	-	-	409,184
Capital Outlay	9,747	-	-	9,747
Intergovernmental	34,314	-	-	34,314
Total Expenditures	12,796,029	122,698	372,897	13,291,624
Excess (Deficiency) of Revenues Over Expenditures	863,863	90,459	(227,517)	726,805
OTHER FINANCING SOURCES (USES):				
Fund Transfers In	-	-	1,000,000	1,000,000
Fund Transfers (Out)	(1,000,000)	-	-	(1,000,000)
Total Other Financial Sources (Uses)	(1,000,000)	-	1,000,000	-
Net Change in Fund Balance	(136,137)	90,459	772,483	726,805
FUND BALANCE:				
Beginning of the Year	1,457,831	197,981	1,268,736	2,924,548
Prior Period Adjustments	17,610	-	-	17,610
End of the Year - GAAP Basis	1,339,304	288,440	2,041,219	$ 3,668,963
Less Current Year Encumbrances	(177,297)	(704)	(336,707)	
End of the Year - Budget Basis	$ 1,162,007	$ 287,736	$ 1,704,512	

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

On the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, all budgeted major governmental funds displayed budgeted information for the General and major special revenue funds of the School District. The above General sub-funds displayed budget and actual information, except for the following:

- Interlocal Agreement fund which was a non-budgeted special revenue fund.

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES
STUDENT ACTIVITY FUNDS
For the year ended June 30, 2024

Activity	Beginning Balance 7/1/2023	Revenues	Expenses	Transfers	Ending Balance 6/30/2024
5-8 Band	$ 3,191	$ 29,437	$ 22,568	$ (6,062)	$ 3,998
6-8 Music /Choir	3,774	891	1,910	2,980	5,735
Boys Soccer	1,634	8	115	-	1,527
Community Garden	11	-	-	-	11
Eastgate Book Order	16	-	-	-	16
Eastgate Jeans	2,326	459	-	-	2,785
Eastgate Library	2,837	1,379	1,364	-	2,852
EHHS AG/FFA	4,968	15,477	13,534	-	6,911
EHHS Art Club	4,471	3,885	5,106	(36)	3,214
EHHS Athletics	8,094	76,126	66,786	(6,947)	10,487
EHHS Band	4,416	9,856	8,763	57	5,566
EHHS Baseball	4,551	10,368	9,795	-	5,124
EHHS Boys Basketball	4,093	5,561	4,769	-	4,885
EHHS BPA	8,159	12,998	13,942	(4,265)	2,950
EHHS Cheer	1,012	7,253	1,568	-	6,697
EHHS Choir	5,068	5,056	5,931	956	5,149
EHHS Class of 22-23	7,886	-	-	(7,886)	-
EHHS Class of 23-24	4,336	19	4,355	-	-
EHHS Class of 24-25	2,414	7,885	4,263	-	6,036
EHHS Class of 25-26	6,798	2,808	1,367	-	8,239
EHHS Class of 26-27	3,926	871	1,003	-	3,794
EHHS Class of 27-28	504	3	-	-	507
EHHS Class of 32-33	(3,563)	4	-	3,561	2
EHHS Clay Target Team	-	4,071	3,741	-	330
EHHS Concessions	-	12,047	12,259	6,057	5,845
EHHS Cross Country	1,173	6	-	-	1,179
EHHS Culinary Arts	2,458	1,052	-	-	3,510
EHHS E Sports	918	-	-	(918)	-
EHHS Football	1,151	16,742	23,187	5,890	596
EHHS Girls Basketball	3,472	4,375	5,688	-	2,159
EHHS Golf	1,887	586	1,294	-	1,179
EHHS Industrial Arts	2,735	4,358	3,744	36	3,385
EHHS Jeans	585	1,238	271	-	1,552
EHHS JROTC	286	-	285	-	1
EHHS Key Club	3,663	2,783	4,017	-	2,429
EHHS Library	50	-	-	-	50
EHHS National Honor Society	184	719	122	-	781
EHHS Newspaper	120	1	-	-	121
EHHS Photography	40	-	-	-	40
EHHS Pop	4,175	13,951	14,454	4,205	7,877
EHHS Skills USA	1,499	473	460	-	1,512
EHHS Softball	3,100	9,093	3,373	-	8,820
EHHS Speech & Debate	2,054	647	1,753	-	948
EHHS Student Council	4,190	2,926	2,217	-	4,899

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES
STUDENT ACTIVITY FUNDS (continued)
For the year-ended June 30, 2024

Activity	Beginning Balance 7/1/2023	Revenues	Expenses	Transfers	Ending Balance 6/30/2024
EHHS Swimming	794	4	-	-	798
EHHS Tennis	2,654	4,107	3,767	-	2,994
EHHS Track	2,084	6,449	6,408	-	2,125
EHHS Volleyball	7,873	6,542	8,875	-	5,540
EHHS Wrestling	6,121	20,295	13,361	-	13,055
EHHS Yearbook	7,884	5,263	2,406	-	10,741
EVMS Athletic	3,221	5,417	5,863	-	2,775
EVMS Book Order	32	-	-	-	32
EVMS Choir	-	10	-	-	10
EVMS Field Trip	972	8,846	8,517	-	1,301
EVMS Foods Class	569	574	777	-	366
EVMS Got Life	181	456	365	-	272
EVMS Graduation	462	5,179	4,155	-	1,486
EVMS Home EC	454	2	-	-	456
EVMS Industrial Arts	1,856	926	1,456	-	1,326
EVMS Jeans	2,358	123	121	-	2,360
EVMS Library	278	4,954	4,929	-	303
EVMS Minicamp	972	5	-	-	977
EVMS Photo	262	1	-	-	263
EVMS Pop	1,679	172	-	-	1,851
EVMS Science 6th	468	2	-	-	470
EVMS Science 7th	464	2	-	-	466
EVMS Science 8th	683	411	449	-	645
EVMS Student Council	7,540	3,323	3,544	-	7,319
EVMS Yearbook	1,236	5,399	125	-	6,510
French Club	-	2,524	1,672	-	852
General Account	72	1	-	-	73
Girls Soccer	701	3,177	951	-	2,927
Green Club	465	2	-	-	467
K-4 General Music	682	461	2,184	2,069	1,028
Lifetime Sports	1,416	3,789	3,407	-	1,798
Prickly Pear Book Order	1,062	4,659	4,725	-	996
Prickly Pear Jeans/Field Trips	1,168	921	25	-	2,064
Radley Book Order	1,162	-	-	-	1,162
Radley Enrichment	246	1	-	-	247
Radley Field Trip	1,034	5,044	5,137	-	941
Radley Jeans	1,512	160	704	-	968
Radley Library	3,094	9,024	8,000	-	4,118
Radley Pop	-	84	-	-	84
Science Olympiad	1,630	1,133	1,175	-	1,588
Tiger Robotics Team	1,577	1,709	1,581	-	1,705
Vigilante E Sports	-	4,711	2,625	303	2,389
Vigilante Robotics Team	-	2,661	2,248	-	413
Visiting Vigilantes	-	2,513	-	-	2,513
Reconciling Differences	-	6,183	(30)	-	6,213
Total	$ 181,580	$ 392,631	$ 343,526	$ -	$ 230,685

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REPORTED ENROLLMENT
For the year ended June 30, 2024

Fall Enrollment – October 2023

	Full-time Students			Part-time Students					
				Less Than					
	Reported	Audited	Variance	180 hours	360 hours	540 hours	720 hours	Audited	Variance
Elementary									
Kindergarten	135	135	0	0	0	0	0	0	0
Grade 1 - 6	861	861	0	0	0	0	0	0	0
Grade 7 - 8	322	322	0	0	0	0	1	1	0
Total	1,318	1,318	0	0	0	0	1	1	0
High School									
Grade 9 - 12	583	583	0	1	0	0	4	5	0
19-year old	0	0	0						
Youth Challenge	1	1	0						
Job Corps	0	0	0						
Early Graduates	0	0	0						

Spring Enrollment – February 2024

	Full-time Students			Part-time Students					
				Less Than					
	Reported	Audited	Variance	180 hours	360 hours	540 hours	720 hours	Audited	Variance
Elementary									
Kindergarten	136	136	0	0	0	0	0	0	0
Grade 1 - 6	871	871	0	0	0	0	0	0	0
Grade 7 - 8	324	324	0	0	0	0	5	5	0
Total	1,331	1,331	0	0	0	0	5	5	0
High School									
Grade 9 - 12	569	569	0	0	0	1	3	4	0
19-year old	0	0	0						
Youth Challenge	2	2	0						
Job Corps	1	1	0						
Early Graduates	4	4	0						

East Helena School District No. 9
Lewis and Clark County
East Helena, Montana 59635

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:				
National School Lunch Program (fn1)	10.555	N/A	$ -	$ 447,741
National School Lunch Program (Supply Chain Assistance)	10.555	N/A	-	50,790
Fresh Fruit and Vegetable Program	10.582	N/A	-	53,786
Total Child Nutrition Cluster			-	552,317
Commondity Supplemental Food Program (fn2)	10.565	N/A	-	65,415
Total U.S. Department of Agriculture			$ -	$ 617,732
U.S. DEPARTMENT OF THE TREASURY				
PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:				
Education Stablization Fund (Homeless Children and Youth)	84.425W	025 1240 97 2021		321
Education Stablization Fund (Elementary and Secondary School Emergency Reli	84.425U	025 1240 93 2021	-	748,293
Total U.S. Department of Interior			$ -	$ 748,614
U.S. DEPARTMENT OF EDUCATION				
DIRECT:				
Indian Education_Grants to Local Educational Agencies	84.060	N/A	$ -	$ 35,035
PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:				
Title I Grants to Local Education Agencies (Part A, Improving Basic Programs)	84.010	025 1240 31 2024	-	419,692
TRIO_Student Support Services (Montana Tech Talent Search)	84.042	SB27632-A	-	23,787
Career and Technical Education--Basic Grants to States	84.048	025 1240 81 2024	-	27,774
Twenty-First Century Community Learning Centers (Title IV, Part B)	84.287	025 1240 17 2023	-	28,468
Twenty-First Century Community Learning Centers (Title IV, Part B)	84.287	025 1240 17 2024	-	90,174
Rural Education (Title V, Part B, Subpart 2)	84.358	025 1240 99 2024	-	38,030
Supporting Effective Instruction State Grants	84.367	025 1240 14 2024	-	82,680
Comprehensive Literacy State Developement	84.371	025 1240 39 2023	-	22,500
Comprehensive Literacy State Developement	84.371	025 1240 39 2024	-	349,613
Student Support and Academic Enrichment Program (Title IV, Part A)	84.424	025 1240 52 2024	-	32,396
Total U.S. Department of Education			$ -	$ 1,150,149
Total Federal Financial Assistance			$ -	$ 2,516,495

The accompanying notes to the SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS are an integral part of this schedule.

EAST HELENA SCHOOL DISTRICT NO. 9

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of East Helena School District No. 9 (School District) under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. FOOTNOTES

Fn1 – No separate funds or accounts maintained; the School District assumes first in first out for program money.
Fn2 – The value of commodities (revenues, expenses or inventory) are not displayed in the basic financial statements.
N/A – Not applicable/available.

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF OTHER INFORMATION FOR GENERAL OBLIGATION BONDS
For the year ended June 30, 2024

1. BONDS OUTSTANDING

Fiscal Year	Initial Borrowing	Debt Outstanding		
		Series 2017	Series 2018	Total
2018	$ 12,000,000	$ 11,665,000	$ 0	$ 11,665,000
2019	29,500,000	11,210,000	28,640,000	39,850,000
2020		10,740,000	27,655,000	38,395,000
2021		10,255,000	26,640,000	36,895,000
2022		9,760,000	25,595,000	35,355,000
2023		9,255,000	24,495,000	33,750,000
2024		8,725,000	23,345,000	32,070,000

2. TAX BASE VALUATIONS

Calendar Year	Valuation	
	Market	Taxable
2016	$ 883,939,398	$ 13,756,907
2017	1,004,776,915	15,540,309
2018	1,027,568,503	15,818,417
2019	1,132,285,195	17,294,668
2020	1,174,488,812	18,234,296
2021	1,363,327,680	21,004,564
2022	1,470,822,784	22,688,498
2023	2,142,182,393	31,600,904

3. ENROLLMENT – FALL TERM

School Year	Elementary	Middle	High
2014-2015	914	253	
2015-2016	948	255	
2016-2017	935	267	
2017-2018	957	261	
2018-2019	990	272	
2019-2020	981	282	123
2020-2021	963	282	260
2021-2022	1,031	304	426
2022-2023	1,058	314	581
2023-2024	1,007	324	569

4. TAX COLLECTIONS – GENERAL FUND

Fiscal Year	Levy	Current Collections	Current Collections as a Percent of Levy	Net Collections	Net Collections as a Percent of Levy
2014	$ 1,420,643	$ 1,377,294	96.9%	$ 1,422,279	100.1%
2015	1,411,781	1,375,206	97.4%	1,418,963	100.5%
2016	1,448,965	1,416,146	97.7%	1,449,717	101.1%
2017	1,747,822	1,445,061	98.0%	1,467,146	99.5%
2018	1,559,802	1,522,073	97.6%	1,549,521	99.3%
2019	1,473,657	1,472,212	99.9%	1,499,250	101.7%
2020	1,997,672	1,957,459	97.9%	1,985,791	99.4%
2021	2,047,770	2,008,034	98.1%	2,051,675	100.2%
2022	2,066,092	2,062,787	99.8%	2,059,171	99.7%
2023	2,083,149	2,092,160	100.4%	2,087,517	100.2%
2024	2,258,395	2,254,214	99.8%	2,252,984	99.8%

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
East Helena School District No. 9
Lewis and Clark County
East Helena, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Helena School District No. 9 (School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



STROM & ASSOCIATES, PC
Billings, Montana
January 7, 2025

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE *UNIFORM GUIDANCE*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
East Helena School District No. 9
Lewis and Clark County
East Helena, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Helena School District No. 9 (School District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District'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 School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America (*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 School District 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 School District'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 requirements of law, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District'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 School District'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 that resulting

from error, as fraud may involve collusion, forgery, intentional omission, 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 School District'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 School District'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 School District'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 School District'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

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 which 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 requirements of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
January 7, 2025

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2024

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor, Strom & Associates, PC, has issued an unmodified opinion on East Helena School District No. 9 (School District)'s financial statements as of and for the year ended June 30, 2024.

2. Our audit did not identify any material weaknesses relating to internal controls over financial reporting and its operation.

3. Our audit did not identify any significant deficiencies relating to internal controls over financial reporting and its operation.

4. Our audit did not identify any noncompliance which was material to the financial statements.

Federal Awards

5. Our audit did not identify any material weaknesses relating to internal controls over federal programs.

6. Our audit did not identify any significant deficiencies in internal controls over federal programs.

7. The auditor, Strom & Associates, PC, has issued an unmodified opinion on the School District's compliance with major federal awards programs as of and for the year ended June 30, 2024.

8. The audit disclosed no audit findings which are required to be reported under section 200.516 of *Uniform Guidance*.

9. The major program for the School District for the year ended June 30, 2024 was:

Assistance Listing Number	Name of Federal Program or Cluster
84.425W/U	Education Stabilization Fund

10. The threshold used to distinguish between Type A and Type B programs was $750,000. The School District had no Type A programs

11. The School District qualified as a low-risk auditee.

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

Prior year findings/status

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2024.

2023-001 – Encumbrances	Implemented
2023-002 – Expenditures	Implemented
2023-003 – Bank Account	Implemented

Current year findings

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

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Prior year findings/status

The audit disclosed no findings or questioned costs relating to federal awards as defined in section 200.516 of *Uniform Guidance* for the prior fiscal year.

Current year findings

The audit disclosed no findings or questioned costs relating to federal awards as defined in section 200.516 of *Uniform Guidance* for the fiscal year ended June 30, 2024.