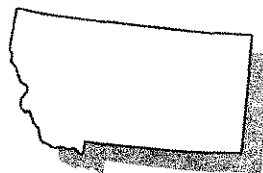


**Hellgate Elementary
School District No. 4
Missoula County
Missoula, Montana**

AUDITED FINANCIAL STATEMENTS

Year ended June 30, 2024



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, PC

Hellgate Elementary
School District No. 4
Missoula County
Missoula, Montana

AUDITED FINANCIAL STATEMENTS

Year ended June 30, 2024

Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana
Year ended June 30, 2024

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Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana

ORGANIZATION

June 30, 2024

BOARD OF TRUSTEES

Thomas McLaughlin	Chair
Jacquelyn Ryan	Vice-Chair
Lori Christensen	Trustee
Tom Cook	Trustee
Kallie Gatzemeier	Trustee
Rod Sharkey	Trustee
Rich Thornock	Trustee

OFFICIALS

Molly Blakely, Ed. D.	School District Superintendent
Justine Reese	District Clerk/Business Manager
Matt Jennings	County Attorney
Erin Lipkind	County Superintendent of Schools



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

INDEPENDENT AUDITORS REPORT

Board of Trustees
School District No. 4
Hellgate Elementary
Missoula, Montana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise School District No. 4's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana, as of June 30, 2024, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District No. 4, Missoula, Montana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about School District No. 4, Missoula, Montana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 School District No. 4, Missoula, Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School District No. 4, Missoula, Montana's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

As described in Note 1 to the financial statements, during the year ended June 30, 2024, School District No. 4 adopted Governmental Accounting Standards Board (GASB) Statement No. 96 - Subscription-based information technology arrangements. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Generally Accepted Accounting Principles require that the Management's Discussion and Analysis, Budgetary Comparison Schedule (page 39), the Schedule of Changes in Total OPEB Liability and Related Ratios (page 41) and the Supplementary Schedules of Proportionate Share of the Net Pension Liability (pages 42-48) 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about consistency with management's response 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 School District No. 4's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.:

Combining Balance Sheet - General Fund (page 49)

The accompanying supplementary information is presented to comply with state and federal requirements and is not a required part of the financial statements.:

Required by the State of Montana

The Schedule of School District Enrollment (page 52) and the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position (page 53) are required by the State of Montana.

Required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (page 50)

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The Combining Balance Sheet - General Fund, the Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet - General Fund, the Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

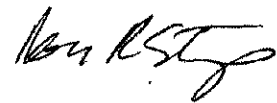
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report therein. Our opinions on the basic financial statements do not cover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

In connection with our audit of the 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 a report dated March 12, 2025 on our consideration of School District No. 4'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 School District No. 4'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 School District No. 4's internal control over financial reporting and compliance.

March 12, 2025



Ross R. Stalcup
Certified Public Accountant



**HELLGATE
ELEMENTARY
SCHOOL**

DISTRICT NO. 4
2385 FLYNN LANE
MISSOULA, MONTANA 59808
(406)728-5626 FAX (406)728-5636

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

This management's discussion and analysis provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. Please read it along with the School's financial statements which begin on page 5.

FINANCIAL HIGHLIGHTS

Revenues exceeded expense for the year for the School by approximately \$1,692,000. The School continued to receive Federal grant funding under the American Rescue Plan Act (ESSER III), which will end September 30, 2024.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the School as a whole with more detailed information for certain School funds. The Statement of Net Position and the Statement of Activities (pages 5 and 6) provide information about the activities of the School as a whole and present a long-term view of the School's finances (they include capital assets and long-term liabilities).

Fund financial statements present a short-term view of the School's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the School's general, miscellaneous programs, debt service, and building reserve funds. There is also financial information about the custodial funds for which the School acts as a trustee.

THE SCHOOL AS A WHOLE

One important question asked about the School's finances is, "Is the financial condition of the School better or worse off as a result the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, changes in the School's tax base, etc.

Changes in the School's net position (rounded to the nearest \$1,000) were as follows:

	2024	2023	Change	%
Current Assets	\$8,306,000	\$7,506,000	\$800,000	11%
Capital Assets - Net	31,577,000	32,037,000	(460,000)	(1)%
Other Assets	111,000	111,000	0	0%
Total Assets	39,994,000	39,654,000	340,000	1%
Deferred Outflows	1,985,000	2,989,000	(1,004,000)	(34)%
Current Liabilities	(2,078,000)	(2,086,000)	8,000	0%
Non-current Liabilities	(33,461,000)	(36,152,000)	2,691,000	(7)%
Total Liabilities	(35,539,000)	(38,238,000)	2,699,000	(7)%
Deferred Inflows	(2,065,000)	(1,834,000)	(231,000)	13%
Net Position	\$4,375,000	\$2,571,000	\$1,804,000	70%
Net Position consists of:				
Net Investment in Capital Assets	\$12,014,000	\$11,892,000	\$122,000	1%
Restricted	4,448,000	3,993,000	455,000	11%
Unrestricted	(12,087,000)	(13,314,000)	1,227,000	(9)%
Net Position	\$4,375,000	\$2,571,000	\$1,804,000	70%

A majority of the change in current assets is due to increased cash balances. The District spent below the appropriated budget for the General Fund and received more in revenues than budgeted, see schedule on page 39. Larger capital projects were paid for with ESSER III grants, private contributions, and insurance claims instead of Building and/or Building Reserve funds. The Retirement fund received additional property taxes from the County. Higher cash balances also led to increased interest earnings.

Changes in the School's program revenues (rounded to the nearest \$1,000) were as follows:

	2024	2023	Change	%
Federal Grants:				
School Food Program	\$484,000	\$424,000	\$60,000	14%
Other Federal Programs	1,877,000	1,839,000	38,000	2%
State Grants	1,387,000	1,430,000	(43,000)	(3)%
Charges for Services:				
School Food Program	247,000	251,000	(4,000)	(2)%
Extracurricular Activities	47,000	51,000	(4,000)	(8)%
Medicaid	742,000	796,000	(54,000)	(7)%
Donations and Other Program Revenue	251,000	229,000	22,000	10%
Total Program Revenues	\$5,035,000	\$5,020,000	\$15,000	0%

There was a minor overall increase in program revenues. Federal school food grants increased as more students participated in both lunch and breakfast programs. The District also received more commodities. Other Federal Programs increased from Learning Loss Grant funding (ESSER

III) and new funding under Title IV, Part A (Stronger Connections Grant). These increases were offset by decreases in funding for Title I, Part C (Migrant Education Program) and Title I, Part A (Improving Basic Programs). A majority of the decrease in State Grants was due to one time only additional funding for Special Education provided in FY23.

Changes in the School's general revenues (rounded to the nearest \$1,000) were as follows:

	2024	2023	Change	%
School Property Taxes	\$7,330,000	\$7,890,000	(\$560,000)	(7)%
State Revenue	7,266,000	7,334,000	(68,000)	(1)%
County Property Taxes	1,804,000	1,601,000	203,000	13%
Investment Earnings and Other	416,000	229,000	187,000	82%
Total General Revenues	16,816,000	17,054,000	(238,000)	(1)%
Total Program Revenues	5,035,000	5,020,000	15,000	0%
Total Revenues	\$21,851,000	\$22,074,000	(\$223,000)	(1)%

There was a minor overall decrease in general revenues. A majority of the decrease in property taxes is from decreased levied amounts for the Transportation and Tuition funds. Detailed historical information about the mills levied for the past ten years is included on page 54. Property taxes collected by the County to support the District's employer-related retirement costs increased.

Changes in the School's expenses (rounded to the nearest \$1,000) were as follows:

	2024	2023	Change	%
Instruction - Regular Programs	\$6,814,000	\$6,948,000	(\$134,000)	(2)%
Instruction - Other Programs	2,990,000	2,705,000	285,000	11%
Support Services	2,325,000	2,162,000	163,000	8%
Administration	2,731,000	2,591,000	140,000	5%
Operation and Maintenance	1,316,000	1,429,000	(113,000)	(8)%
Student Transportation	1,160,000	1,145,000	15,000	1%
School Food	745,000	782,000	(37,000)	(5)%
Depreciation/Amortization Expense	1,100,000	1,037,000	63,000	6%
Interest Expense	804,000	854,000	(50,000)	(6)%
Extracurricular Activities	174,000	138,000	36,000	26%
Total Expenses	20,159,000	19,791,000	368,000	2%
Less Program Revenues	5,035,000	5,020,000	15,000	0%
Net Expenses	15,124,000	14,771,000	353,000	2%
Less General Revenues	16,816,000	17,054,000	(238,000)	(1)%
Change in Net Position	1,692,000	2,283,000	(591,000)	(26)%
Beginning Net Position	2,571,000	288,000	2,283,000	793%
Change in Accounting Principle	112,000		112,000	
Ending Net Position	\$4,375,000	\$2,571,000	\$1,804,000	70%

There was a minor increase in expenses overall. Instruction - other programs increased due to high turnover of paraprofessional positions in FY23 which were filled in FY24. Also, a regular instruction teacher moved to a PAX leadership position with a majority of the salary funded by the Title IV, Part A (Stronger Connections) grant. Support services increased to meet the needs of Special Education students which included: hiring an additional psychologist and an occupational therapy assistant and increasing contract days with an outside occupational therapy vendor.

The change in accounting principle pertains to an adjustment made to include a Subscription Asset purchased for math curriculum, see Note 14 for more details.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the School's funds. The School is required to provide detailed information for its "major" funds. Major funds are defined as the general fund and other funds where the assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures exceed 10% of total governmental fund amounts. In the current fiscal year the miscellaneous programs, debt service, and building reserve funds exceeded at least one of these thresholds. The miscellaneous programs fund accounts for federal and state grants and other local revenues. The debt service fund accounts for tax revenue collected and the subsequent payment of the School's general obligation bonds. The building reserve fund accounts for the voted tax levy and other funds to pay for capital improvements.

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

Total governmental fund balances increased by \$917,000 in 2024 as compared to the government-wide increase in net position of \$1,692,000. See page 10 for a detailed explanation of the differences between the changes in governmental fund balances and changes in net position.

All budgeted fund expenditures were within the budget authority and there were no significant variations between the budget and actual revenues and expenditures which are detailed on the supplemental schedule on page 39.

CAPITAL ASSET AND DEBT ADMINISTRATION

Net Capital Assets decreased by \$460,000 with additions of \$642,000 offset by depreciation/amortization of \$1,102,000. Projects completed include: security access control upgrades to all buildings, remodel of the SPED classroom, playground for building 3, an HVAC system for building 3, and completion of the roof replacement, which was partially reimbursed from insurance claims. The School continues to pay on the general obligation bonds. See Notes 4 and 5 on pages 17 and 18 for more information on the capital assets and long term debt.

THE FUTURE OF THE SCHOOL

The impacts of COVID-19 are becoming even less apparent throughout our school system; however, Hellgate Elementary continues to experience the residual effects of learning loss among much of our student population. The student enrollment for the 2024-2025 school year remained the same, however the district added an Early Literacy Program for four-year-olds and this program has thirty-four students. So, without the addition of this program, our 2024-2025

enrollment would have been less than the previous year. Based on our longitudinal projections for student enrollment, these numbers do not reflect where our enrollment should be for the school district. The global pandemic had a lasting impact on the rate of increased student enrollment, as more families opted for home-school and online academic programs. However, we are beginning to see gradual stabilization as families return to in-person learning.

To create a safe and stable environment for students, the district continues to prioritize student well-being and academic achievement. The school district has implemented outreach efforts targeting home-school parents and students within the Hellgate Elementary boundaries, encouraging re-enrollment in the district. Hellgate Elementary remains committed to a five-day per week in-person schedule, emphasizing student engagement and social skill development through peer-to-peer interactions. The district continues to experience fluctuations in student enrollment, with students moving in and out of the district. As new single-family homes and multi-family apartment units are constructed within the Hellgate Elementary School District and the Mullan/Wye corridor, we anticipate an increase in overall student enrollment for the 2025-2026 school year.

In September 2016, the Hellgate Elementary School District voters supported a bond election for the construction of a new 7th and 8th-grade building to reduce overcrowding and prepare for increased enrollment. While this facility could accommodate an additional 500 students, bringing district enrollment over 2,000, concerns remain among school trustees regarding the need to purchase additional land for potential future expansion. The rapid residential development within district boundaries introduces uncertainty regarding future student enrollment. No city or county agency can provide a precise estimate of how many students will enroll due to new housing construction, nor can they predict how many current families with school-aged children will remain in their homes long-term. District estimates suggest that by the 2027-2028 school year, student enrollment may reach approximately 1,742 students. Over the past two decades, the district's enrollment has increased by over 500 students. Given past trends, it is reasonable to project an increase of an additional 250 students over the next eight years.

The financial outlook for the district remains sound, but challenges persist. The loss of ESSER (Elementary and Secondary School Emergency Relief) funding and economic fluctuations in Montana have continued to impact funding for public schools. While the district has been financially cautious, rising fixed costs for operations, maintenance, and potential future construction remain concerns. Given the state's funding model, which provides only minimal growth in support for public K-12 education, local taxpayers will likely face increasing financial strain in the coming years. The school district will likely have a voted levy this spring. The Hellgate Elementary Board of Trustees remains committed to maximizing taxpayer funds while providing high-quality educational opportunities. Recognizing the impact of rising local property taxes on the community, the board has carefully assessed the timing of a levy request and determined that seeking voter approval this spring is necessary to sustain the district's programs and services. In addition, to ensure responsible fiscal management, the board has conducted a comprehensive review of school district expenditures, evaluating each program's educational impact, student outcomes, and cost-effectiveness. All decisions are guided by three essential criteria: (1) Is the decision educationally defensible? (2) Is the decision socially acceptable to the Hellgate Elementary community? (3) Is the decision fiscally responsible? The district remains dedicated to safeguarding both the academic and financial future of Hellgate Elementary students.

The Hellgate Elementary Board of Trustees is committed to ensuring that the district remains aligned with its mission and vision by establishing long-term core beliefs and educational goals. As part of this commitment, the board has developed and approved a strategic plan extending through 2028. This plan provides a clear framework for decision-making and resource allocation,

ensuring that all initiatives support the district's long-term success. The board's guiding principles remain: (1) Every student must receive a meaningful, relevant education culminating in 8th-grade graduation, and (2) Every student must have the skills necessary to succeed in an evolving global society and economy.

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

**STATEMENT OF NET POSITION
June 30, 2024**

	2024
ASSETS:	
Current Assets:	
Cash and Investments	\$7,859,967
Property Taxes Receivable	280,309
Due from Other Governments	165,460
Total Current Assets	8,305,736
Non-Current Assets:	
Capital Assets	45,242,823
Less Accumulated Depreciation/Amortization	(13,666,291)
Capital Assets - Net	31,576,532
Due from Missoula City Water	111,539
Total Assets	39,993,807
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows - Other Postemployment Benefits	177,440
Deferred Outflows - Pensions	1,808,045
Total Deferred Outflows of Resources	1,985,485
LIABILITIES:	
Current Liabilities:	
Accounts Payable	21,636
Unearned Revenues	3
Current Portion of Long-term Debt	2,056,492
Total Current Liabilities	2,078,131
Non-current Liabilities:	
General Obligation Bonds, Net Unamortized Bond Premium	17,757,950
Other Post Employment Benefits	1,730,413
Net Pension Liability	13,168,454
Termination Benefits Liability	9,225
Compensated Absences	794,680
Total Non-current Liabilities	33,460,722
Total Liabilities	35,538,853
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows - OPEB	866,789
Deferred Inflows - Pensions	1,198,371
Total Deferred Inflows of Resources	2,065,160
NET POSITION:	
Net Investment in Capital Assets	12,013,890
Restricted	4,447,976
Unrestricted	(12,086,587)
Total Net Position	\$4,375,279

See Notes to Financial Statements

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

**STATEMENT OF ACTIVITIES
June 30, 2024**

	----- Program Revenue -----				
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue 2024
GOVERNMENT OPERATIONS					
Instruction:					
Regular Programs	\$6,814,036	\$11,050	\$675,656		(\$6,127,330)
Other Programs	2,990,051		2,297,154	\$186,297	(506,600)
Support Services	2,325,331	742,501	21,076		(1,561,754)
Administration	2,731,207		75,122		(2,656,085)
Operation and Maintenance	1,315,958		62,387		(1,253,571)
Student Transportation	1,159,606		164,526		(995,080)
School Food	745,384	247,187	484,387		(13,810)
Extracurricular	173,824	47,093	20,217		(106,514)
Interest Expense	804,206				(804,206)
Unallocated Depreciation/Amortization	1,099,574				(1,099,574)
Total	<u>\$20,159,177</u>	<u>\$1,047,831</u>	<u>\$3,800,525</u>	<u>\$186,297</u>	<u>(15,124,524)</u>
GENERAL REVENUES:					
School Property Taxes					7,330,331
State Revenue					7,265,883
County Property Taxes					1,804,469
Investment Earnings					345,578
Other					69,845
Total General Revenues					<u>16,816,106</u>
CHANGE IN NET POSITION					1,691,582
NET POSITION					
Beginning of the Year					2,571,132
Change in Accounting Principle					112,565
Beginning of the Year, Restated					<u>2,683,697</u>
End of the Year					<u><u>\$4,375,279</u></u>

See Notes to Financial Statements

Hellgate Elementary
 School District No. 4, Missoula County
 Missoula, Montana

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

----- MAJOR FUNDS -----

	General Fund	Miscellaneous Programs Fund	Debt Service Fund	Building Reserve Fund	Other Governmental Funds	Total
ASSETS:						
Cash and Investments	\$2,498,422	\$1,684,831	\$167,030	\$1,274,629	\$3,037,201	\$8,662,113
Property Taxes Receivable	129,900		85,031	4,033	61,346	280,310
Due from Other Governments	53,305	111,795			111,899	276,999
Total Assets	\$2,681,627	\$1,796,626	\$252,061	\$1,278,662	\$3,210,446	\$9,219,422
LIABILITIES:						
Warrants Payable	\$810,213					\$810,213
Accounts Payable	12,226					12,226
Unearned Revenues		3				3
Total Liabilities	\$822,439	\$3	\$0	\$0	\$0	\$822,442
DEFERRED INFLOWS OF RESOURCES:						
Property Taxes	\$129,900		\$85,031	\$4,033	\$61,346	\$280,310
Missoula City Water					111,539	111,539
Total Deferred Inflows	\$129,900	\$0	\$85,031	\$4,033	\$172,885	\$391,849
FUND BALANCE:						
Restricted		\$53,286	\$167,030	\$1,274,629	\$2,802,621	\$4,297,566
Assigned	\$181,938	1,742,923			234,011	2,158,872
Unassigned	1,547,350					1,547,350
Total Fund Balance	1,729,288	1,796,209	167,030	1,274,629	3,036,632	8,003,788
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$2,681,627	\$1,796,212	\$252,061	\$1,278,662	\$3,209,517	\$9,218,079

See Notes to Financial Statements

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2024

Total fund balance on the governmental funds statement . . .		\$8,003,788
Add capital assets not reported on governmental funds statement	\$45,242,823	
Less accumulated depreciation/amortization	(13,666,291)	31,576,532
Less liabilities not reported on governmental funds statement:		
General obligation bonds (including unamortized bond premium of \$1,052,642)	(\$19,562,642)	
Pension Liability	(13,168,454)	
Other Post Employment Benefit Obligation.	(1,730,413)	
Termination Benefits.	(32,595)	
Compensated absences	(1,023,110)	(35,517,214)
Deferred inflows for property taxes receivable recognized as revenue in the government-wide statement of net position . .		280,309
Deferred inflows for Missoula City Water receivable recognized as revenue in government-wide statement of net position		111,539
Deferred outflows of resources related to OPEB		177,440
Deferred inflows of resources related to OPEB		(866,789)
Deferred outflows of resources related to pensions		1,808,045
Deferred inflows of resources related to pensions		(1,198,371)
Net Position		<u>\$4,375,279</u>

See Notes to Financial Statements

Heligate Elementary
School District No. 4, Missoula County
Missoula, Montana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
June 30, 2024

	MAJOR FUNDS						
	General Fund	Miscellaneous Programs Fund	Debt Service Fund	Building Reserve Fund	Other Governmental Funds	Total	
REVENUES:							
School Property Taxes	\$3,182,644		\$2,458,933	\$123,457	\$1,588,962	\$7,353,996	
Intergovernmental:							
County					1,884,232	1,884,232	
State	8,324,484	\$763,867	156,185	61,887	88,839	9,395,262	
Federal		1,876,615			484,387	2,361,002	
School Food Sales					247,187	247,187	
Student Activities		7,254			39,839	47,093	
Interest and Other	174,419	185,303	43,018	43,104	121,385	567,229	
Total Revenues	11,681,547	2,833,039	2,658,136	228,448	4,454,831	21,856,001	
EXPENDITURES:							
Instruction:							
Regular Programs	5,655,196	45,128			774,595	6,474,919	
Other Programs	867,185	1,444,316			678,550	2,990,051	
Instructional Support	1,613,985	506,966			204,380	2,325,331	
Administration	1,874,404	202,643		80,088	535,429	2,692,564	
Operation and Maintenance	1,183,862	14,358			117,738	1,315,958	
Transportation	253				1,159,353	1,159,606	
Food Service	17,156				725,892	743,048	
Extracurricular	111,252	4,621			57,951	173,824	
Debt Service			2,553,163			2,553,163	
Capital Outlay	196,125	316,429			16,697	529,251	
Total Expenditures	11,519,418	2,534,461	2,553,163	80,088	4,270,585	20,957,715	
Excess (deficiency) of Revenues over Expenditures	162,129	298,578	104,973	148,360	184,246	898,286	
Other Sources (Uses):							
Transfers In (Out)	(171,713)			104,923	66,790	18,423	
Proceeds from Insurance Claims					18,423	18,423	
Total Other Sources and Uses	(171,713)	0	0	104,923	85,213	18,423	
CHANGE IN FUND BALANCE	(9,584)	298,578	104,973	253,283	269,459	916,709	
FUND BALANCES:							
Beginning of the year	1,738,872	1,497,631	62,057	1,021,346	2,767,173	7,087,079	
Ending	\$1,729,288	\$1,796,209	\$167,030	\$1,274,629	\$3,036,632	\$8,003,788	

See Notes to Financial Statements

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

June 30, 2024

Change in fund balance on the governmental funds statement		\$916,709
Expenses on the government-wide statement of activity not included in the governmental funds statement:		
Depreciation/Amortization expense	(\$1,101,910)	
Decrease/(Increase) in retirement incentives	68,800	
Decrease/(Increase) in compensated absences	(98,253)	
Decrease/(Increase) in pension related liabilities, inflows and outflows	(305,697)	
Bond premium on 2017 series bonds	113,957	
Increase/(Decrease) in property taxes receivables	(23,665)	
OPEB expense	(42,610)	(1,389,378)
Expenditures reported on the governmental funds statement not included on the government-wide statement of activity:		
Capital outlays	\$529,251	
Principal payments of general obligation bonds	1,635,000	2,164,251
Change in net position reported on the government-wide statement of activity		<u>\$1,691,582</u>

See Notes to Financial Statements

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

CUSTODIAL FUNDS

STATEMENT OF FIDUCIARY NET POSITION
AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

June 30, 2024

FIDUCIARY NET POSITION

ASSETS:

Cash - Interlocal Agreement Fund	\$1,945
Cash - COBRA Insurance Fund	21,540
Total Assets	<u>\$23,485</u>

LIABILITIES:

Due to Others	<u>\$21,540</u>
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NET POSITION:

Interlocal Government Agreement	<u>\$1,945</u>
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CHANGES IN FIDUCIARY NET POSITION

ADDITIONS:

Interest	\$79
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DEDUCTIONS:

CHANGES IN FIDUCIARY NET POSITION	79
NET POSITION, BEGINNING OF YEAR	<u>1,866</u>
NET POSITION, END OF YEAR	<u>\$1,945</u>

See Notes to the Financial Statements

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hellgate Elementary School District No, 4 (School) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

- A. Reporting Entity - Based on the criteria for determining a reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School is considered to be an independent reporting entity and has no component units. All operations of the School are controlled by a Board of Trustees, elected in school-wide elections, and responsible for all of the School's activities. The financial statements include all of the School's operations controlled by the Board of Trustees.
- B. Basis of Presentation and Basis of Accounting

Government-wide Statements - The statement of net position and the statement of activities show information about the overall financial position and activities of the School with the exception of the fiduciary funds. With the adoption of GASB 84, the student activity fund, which accounts for the extracurricular activities of the School's students, is now reported under governmental fund financial statements. The interlocal agreement fund and COBRA fund are reported as custodial funds on the fiduciary fund financial statements.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the School are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for the functions of the School's government activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenues include fees for services (primarily school lunch and Medicaid fees) and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenues, including all property taxes and investment earnings, are presented as general revenues. Generally, the School applies restricted resources to expenses incurred before using unrestricted resources when both types are available.

Fund Financial Statements - These statements provide information about the School's funds, including a separate statement for the School's custodial funds. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as other governmental funds.

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of each total amount for all governmental funds also be reported as major funds. Accordingly, the School reports the following major governmental funds:

Hellgate Elementary School 2024 - Notes to Financial Statements

General Fund. This is the School's primary operating fund and it accounts for all financial resources of the School except those accounted for in other funds. The claims and payroll clearing funds have been included for purposes of determining the major funds.

Miscellaneous Programs Fund. This fund accounts for federal and state grants, Medicaid, and other miscellaneous revenues not accounted for in other funds.

Debt Service Fund. This fund accounts for the tax proceeds used to pay for the general obligations bonds.

Building Reserve Fund. This fund accounts for the voted tax levy and other funds to pay for capital improvements.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Property tax revenues are reported on the cash basis because most property taxes receivable are delinquent at June 30 and amounts collected soon after year-end are not significant. Deferred property tax revenues are recorded as deferred inflows of resources in the government funds for these receivables.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when paid. Capital asset acquisitions are reported as expenditures in government funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of the School's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the School applies cost reimbursement funds first to finance such programs with remaining costs paid by general revenues.

Fiduciary Funds - These funds use the economic resources measurement focus and the accrual basis of accounting. Required financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net assets. The interlocal and COBRA funds are reported as custodial funds on these statements.

- C. Cash and Investments - State law permits investment of school funds in insured savings or time deposits, bank repurchase agreements, direct obligations of the U. S. Government, and the State's unified investment program. Except for the student activity fund, all cash and investments are held by the County Treasurer. Investments are stated at estimated fair value which approximates cost.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statement No. 72 requires or permits in the statement of net position at the end of each reporting period. The School had no nonrecurring fair value measurement. Cash on hand, demand, savings and time deposits, STIP and short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

Clearing Funds - Warrants written but not redeemed are recorded in the School's payroll and claims clearing funds. A warrant is a written order approved by the School directing the County Treasurer to pay the warrant holder a particular amount of money from the School's funds. Cash in the accounting system is held for warrants which have been written but have not been paid by the County Treasurer. However, for financial reporting

Hellgate Elementary School 2024 - Notes to Financial Statements

purposes, these are treated as cash reconciling items and are not presented in these financial statements.

- D. Inventories - Inventories are considered to be immaterial and are not recorded.
- E. Property Taxes - Property taxes receivable at June 30 consist primarily of delinquent property taxes from the current and prior year levies. Property taxes receivable are offset by deferred inflows of resources in the fund financial statements. The School does not record an allowance for uncollectible taxes because it is considered to be immaterial.

Property taxes are levied in August of each fiscal year, based on assessments as of the prior January 1. Real property taxes are usually billed in October and are payable 50% on November 30 and 50% on May 31. Property taxes are maintained and collected by the County Treasurer.

- F. Capital Assets - Tangible capital assets are carried at actual cost or at estimated historical cost based on appraisals. Major additions and betterments with a cost in excess of \$5,000 are recorded as additions to capital assets. Repair and maintenance costs are not capitalized. Intangible assets are recorded at either the purchase cost or the present value of future payments and are amortized equally over the agreement term. Other capital assets are depreciated using the straight-line method and the estimated useful lives are as follows:

Land improvements	20 - 50 years
Buildings and improvements	10 - 50 years
Equipment	5 - 30 years

- G. Compensated Absences - Sick leave for certified personnel (teaching employees) is awarded at 11 days per year up to a maximum of 130 days. Upon termination and, depending on longevity, certified personnel are eligible for sick leave compensation at 40% of the teacher's salary to a maximum of the number of days allowed.

Sick leave is accumulated for classified employees at the rate of 12 working days for each year of service. Vacation leave for administrative and classified (non teaching) employees is earned at 15 to 24 days a year depending on the number of years employed. Part-time classified employees are entitled to prorated benefits upon fulfillment of the qualifying period of time.

Classified employees are eligible for compensation at one fourth of the accumulated sick leave amount upon resignation or retirement. Vacation leave, within certain limitations, may be payable to administrative and classified (non teaching) employees on termination. The School, in its sole discretion and/or subject to the terms of the collective bargaining agreement, may provide cash compensation for unused vacation leave in lieu of the accumulation of vacation leave.

- H. Retirement Incentives - These incentives consist of payments for retirees health insurance costs for a specific period of time as approved annually by the Board.
- I. Deferred Inflows of Resources - Deferred revenue in the government fund financial statements consists of property taxes receivable as discussed above, and the Missoula City Water receivable (see Note 3).
- J. Pensions - The Montana Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) prepare its financial statement using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net

Hellgate Elementary School 2024 - Notes to Financial Statements

position have been determined on the same accrual basis as they are reported by TRS and PERS.

For this purpose, TRS plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

For this purpose, PERS member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred.

Investments are reported at fair value. MPERA adhered to all U.S. generally accepted accounting principles. MTRS and MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

2. CASH AND INVESTMENTS

The School participates in the Missoula County Treasurer's investment program. Funds deposited with the County Treasurer are pooled and invested in accordance with State law. Funds are withdrawn from the investment program as needed to pay warrants. Earnings are allocated to the School based on average month-end cash balances and are distributed monthly. The investment pool is not registered with or monitored by the Securities and Exchange Commission (SEC). Student activity funds are deposited in FDIC insured accounts.

It is not practical to determine the investment risk, collateral, or insurance coverage for the School's share of these pooled investments. Information about the pooled investments is included in the County's annual financial statements.

The School does not have a detailed written investment policy, but limits its exposure to credit risk (the risk that an issuer or other counter party to an investment will not fulfill its obligation) by following state law and participating in the County's investment pool.

3. DUE FROM MISSOULA CITY WATER

The School performed work on the water lines during construction and the previous owner, Mountain Water, agreed to reimburse the School for these costs. Mountain Water is now owned by the City of Missoula. The annual payments will be \$4,462 beginning in fiscal year 2009-10 and are payable over 40 years. The District did not receive the FY24 payment before year-end.

Hellgate Elementary School 2024 - Notes to Financial Statements

4. CAPITAL ASSETS

Capital asset activity during 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions	Adjustments	Balance June 30, 2024
Cost of Assets:					
Non-Depreciable:					
Land	\$1,060,143				\$1,060,143
Construction in Progress . . .	415,066	\$43,039		(\$415,066)	43,039
Depreciable:					
Land Improvements	4,101,326	5,500			4,106,826
Buildings and Improvements	35,888,339	174,682		415,066	36,478,087
Equipment	3,142,509	306,030	(\$28,891)		3,419,648
Amortizable:					
Subscription Asset.				135,080	135,080
Total	44,607,383	529,251	(28,891)	135,080	45,242,823
Accumulated Depreciation:					
Land Improvements	(1,582,128)	(171,840)			(1,753,968)
Buildings and Improvements	(9,450,918)	(723,624)			(10,174,542)
Equipment	(1,537,711)	(183,933)	28,891		(1,692,753)
Accumulated Amortization:					
Subscription Asset.		(22,513)		(22,515)	(45,028)
Total Depreciation/Amortization	(12,570,757)	(1,101,910)	28,891	(22,515)	(13,666,291)
Net Capital Assets	\$32,036,626	(\$572,659)	\$0	\$112,565	\$31,576,532

Depreciation and amortization expense of \$1,101,910 is primarily on general purpose buildings and special improvements. These expenses were not allocated to various functions, except for \$2,336 which is allocated to the School Food program. See Note 14 for detailed information regarding the Subscription Asset.

5. LONG-TERM DEBT

Changes in general long-term debt during 2024 are as follows:

	Balance June 30, 2023	Additions and Other Increases	Payments and Other Reductions	Balance June 30, 2024	Due Within One Year
General Obligation Bonds:					
2016 Series - Refunding	\$4,275,000		(\$805,000)	\$3,470,000	\$825,000
2017 Series	15,870,000		(830,000)	15,040,000	860,000
Unamortized Bond Premium	1,166,599		(113,957)	1,052,642	119,692
Pension Liabilities - TRS (See Note 11)	11,811,863		(562,694)	11,249,169	
Pension Liabilities - PERS (See Note 12)	1,974,874		(55,589)	1,919,285	
Retirement Incentives	101,395		(68,800)	32,595	23,370
Other Post Employment Benefits - (See Note 7)	1,999,029		(268,616)	1,730,413	
Compensated Absences	924,857	\$98,253		1,023,110	228,430
Total	\$38,123,617	\$98,253	(\$2,704,656)	\$35,517,214	\$2,056,492

2016 Refunding General Obligation Bonds - On March 31, 2016, the School issued \$8,215,000 in general obligation bonds with an average interest rate of 2.909% to advance refund \$8,035,000 of the callable portion of outstanding 2008 general obligation bonds with an average interest rate of 4.187%. The net proceeds of \$8,113,010 (after payment of underwriter fees, insurance, and other issuance costs totaling \$101,990) and \$584,731 of bond premiums, were used to purchase U.S. government securities.

Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the general obligation bonds. As a result, the general obligation bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt.

The School advance refunded the bonds to reduce its total debt service payments over the next 13 years by approximately \$775,314 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$697,889.

2017 General Obligation Bonds - On January 4, 2017, the District issued \$19,800,000 of general obligation bonds. These serial bonds are payable over 20 years with variable principal payments due annually on June 15 and interest payments due semiannually on June 15 and December 15. Interest rates range from 3.5% to 5.25% with an average coupon rate of 4.948%. Bonds maturing on or after June 15, 2028 are subject to early redemption on June 15, 2027 or thereafter at a price equal to the unpaid principal plus accrued interest. Future debt service requirements, including interest, are as follows:

Hellgate Elementary School 2024 - Notes to Financial Statements

.....General Obligation Bonds.....					
Year Ended June 30,	2016 Series Refunding		2017 Series		Total
	Principal	Interest	Principal	Interest	
2025.	\$825,000	\$119,988	\$860,000	\$750,013	\$2,555,001
2026.	850,000	97,300	890,000	719,913	2,557,213
2027.	880,000	71,800	935,000	675,413	2,562,213
2028.	915,000	36,600	980,000	628,663	2,560,263
2029.			1,030,000	579,663	1,609,663
2030-2034.			5,980,000	2,072,313	8,052,313
2035-2037.			4,365,000	466,197	4,831,197
Total.	<u>\$3,470,000</u>	<u>\$325,688</u>	<u>\$15,040,000</u>	<u>\$5,892,175</u>	<u>\$24,727,863</u>
Unamortized Bond Premium. . .			<u>\$1,052,642</u>		<u>\$1,052,642</u>
Total.			<u>\$16,092,642</u>		<u>\$25,780,505</u>

Compensated absence payments can be made by the compensated absences fund or by the affected fund, usually the general fund. Post employment benefits can be paid by the affected fund, usually the general fund. Vacation pay is classified as compensated absences due within one year. Accrued sick leave is classified as non-current.

6. INTERFUND BALANCES/TRANSFERS

The School transferred \$66,790 from the general fund to the compensated absences fund as permitted under MCA 20-9-512. The School transferred \$104,923 from the general fund to the building reserve fund for school safety and security purposes to be used to fund the Student Resource Officer position as permitted under MCA 20-9-236.

7. OTHER POST-EMPLOYMENT BENEFITS - OPEB

Plan Description: As required by State law (MCA 2-18-704) the District allows 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 participation in the District's group health insurance plan until the retiree becomes eligible for Medicare coverage. This option creates a defined benefit other post-employment benefits plan (OPEB) since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The District covers OPEB costs when they come due, on a pay-as-you-go basis. The above described OPEB plan doesn't provide a stand-alone report.

Benefit provided: The OPEB plan provides medical and dental insurance benefits for retirees, eligible spouses and dependents as MCA 2-18-704. The retiree benefits are the same as those provided for active employees. Per the District's union contracts, the District paid \$547 for single and family units and \$597 for two party and parent/child units per full time employee for health insurance in 2024; valued to Medicare eligibility. The District paid \$615/month for retirees currently receiving this benefit.

Hellgate Elementary School 2024 - Notes to Financial Statements

Employees covered by benefit terms: As of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments . . .	12
Active employees	<u>102</u>
 Total	 <u>114</u>

Total OPEB Liability: The District’s total OPEB liability is \$1,730,413 as of June 30, 2024 and was determined by an actuarial valuation as of that date.

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

Inflation	3.00%
Salary increases	2.00%
Discount rate	4.11%
Healthcare cost trend rates	6.26%

Discount rate: Based on S & P Municipal Bond 20 Year High Grade Rate Index as of June 28, 2024

Mortality rates: Both from PERS and TRS Pension Actuarial Valuations 6/30/2023

PERS: PUB-2010 General Amount Weighted Employee mortality table projected generationally to 2021 using MP-2021

TRS: PUBT-2010 General Employee mortality table projected generationally to 2021 using MP-2021

Census Date: Provided by District to Actuary in June 2024

Cost Method: Entry age normal, determined as a level percent of projected pay

Funding Policy: Pay as you go

Participation Rate: 50% of active employees are assumed to elect the District’s healthcare coverage in retirement.

Spousal Coverage: 65% of those assumed to elect coverage in retirement are assumed to elect coverage for their spouse in retirement. Husbands are assumed to be 3 years older than wives. Actual spouse information was used where available.

Changes in Benefit terms - none.

Hellgate Elementary School 2024 - Notes to Financial Statements

Changes in assumptions and other inputs - Discount rate decreased from 4.13% to 4.11%. The participation rate of retirees covering spouses decreased from 70% to 65%. Mortality, Termination, Retirement, and Medical Trend rates were updated.

OPEB Expense: During fiscal year 2024, the District recognized OPEB expense of \$42,610.

Changes in Total OPEB liability:

	Fiscal Year Ending June 30, 2024
Beginning OPEB Liability	\$1,999,029
Service costs	133,295
Interest	82,160
Differences between expected and actual experience	(377,395)
Changes in assumptions	(40,256)
Changes in benefit terms	0
Employer contributions	(66,420)
Net change in Total OPEB Liability	(268,616)
Balance at June 30, 2024	<u>\$1,730,413</u>

OPEB Expense and Deferred Inflows and Outflows: Changes in the total liability due to: (1) changes in actuarial assumptions or (2) differences between expected actuarial and actual experience, are deferred and recognized in the OPEB expense over a closed period equal to the average expected remaining service lives of employees and retirees, starting with the current period the average remaining service lives as of 6/30/2024 is 10.08 years.

Future recognition of deferred flows in OPEB Expense: Amounts reported as Deferred Inflows and Outflows of Resources related to OPEB as of 6/30/2024 will be recognized in OPEB Expense as follows:

Year	Actual to Expected Experience (Inflow)	Changes in Assumptions (Inflow)	Total
2024	(\$37,440)	(\$3,994)	(\$41,434)
2025	(\$37,440)	(\$3,994)	(\$41,434)
2026	(\$37,440)	(\$3,994)	(\$41,434)
2027	(\$37,440)	(\$3,994)	(\$41,434)
2028	(\$37,440)	(\$3,994)	(\$41,434)
2029-2034	(\$190,195)	(\$20,286)	(\$210,481)
Total	<u>(\$377,395)</u>	<u>(\$40,256)</u>	<u>(\$417,651)</u>

Deferrals from prior years are combined with the current year deferrals for calculation of the OPEB expense for the current year. The combined deferrals for this valuation are shown in the following table.

Hellgate Elementary School 2024 - Notes to Financial Statements

Deferral Date	Actual to Expected Experience		Changes in Assumptions	
	Inflows	Outflows	Inflows	Outflows
June 30, 2018	(\$9,905)		(\$4,388)	
June 30, 2019	(16,153)			\$1,362
June 30, 2020		\$1,111		25,072
June 30, 2021	(22,989)			9,945
June 30, 2022		2,759	(29,361)	
June 30, 2023	(21,530)		(914)	
June 30, 2024	(37,440)		(3,994)	
Total	<u>(\$108,017)</u>	<u>\$3,870</u>	<u>(\$38,657)</u>	<u>\$36,379</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability reported by the District as well as how that liability would change if the discount rate used to calculate the OPEB liability were decreased or increased by 1 percent.

	1% Decrease <u>(3.11%)</u>	Discount Rate <u>(4.11%)</u>	1% Increase <u>(5.11%)</u>
Total OPEB liability	<u>\$1,888,737</u>	<u>\$1,730,413</u>	<u>\$1,587,494</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability reported by the District as well as how that liability would change if the healthcare trend rate used to calculate the OPEB liability were decreased or increased by 1 percent.

	1% Decrease <u>(5.26% graded)</u>	Trend Rate <u>(6.26% graded)</u>	1% Increase <u>(7.26% graded)</u>
Total OPEB liability	<u>\$1,535,269</u>	<u>\$1,730,413</u>	<u>\$1,966,468</u>

8. GOVERNMENTAL FUND BALANCE REPORTING

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires classifying fund balances into specifically defined classifications. Committed and assigned funds must be so designated by the School Board and/or assigned by the Superintendent. There were no committed funds at June 30, 2024.

Restricted fund balances are reported in aggregate on the face of the balance sheet. Of the total, the amount restricted due to external requirements is \$53,286 and the remainder of \$4,244,280 is restricted by enabling legislation (state law).

The School spends restricted amounts first. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the School spends first committed, then assigned, and lastly unassigned funds.

Hellgate Elementary School 2024 - Notes to Financial Statements

Restricted fund balances consist of the following:

Restricted for expenditures related to:	
Retirement	\$847,278
Technology Acquisition	404,324
Transportation	627,175
Bus Depreciation Reserve	33,701
Building and Equipment Repairs and Maintenance	1,274,629
School Food	424,002
Tuition	103,156
Compensated Absences	124,642
Adult Education	238,343
Debt Service	167,030
Miscellaneous Programs	53,286
	<hr/>
Total Restricted Fund Balance	<u>\$4,297,566</u>

Assigned fund balances consist of the following:

Assigned for Encumbrances:	
General Fund	\$181,983
Miscellaneous Programs Fund	166,022
Building Fund	3,030
Assigned for Student Activities	39,125
Assigned for Operation and Maintenance	1,768,757
Total Assigned Fund Balances	<u>\$2,158,917</u>

Unassigned fund balances consist of the following:

General Funds	<u>\$1,547,305</u>
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Total fund balance as shown on the Balance Sheet - Government Funds	<u>\$8,003,788</u>
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9. GOVERNMENT-WIDE RESTRICTED NET POSITION

State law authorizes certain funds and establishes the criteria for property tax levies for specific purposes. The School classifies the net position of these funds in the government-wide statements as a restricted component of net position.

Hellgate Elementary School 2024 - Notes to Financial Statements

Restricted Net Position consists of the following:

Retirement	\$847,278
Debt Service	252,061
Transportation	670,191
Bus Depreciation Reserve	33,979
School Food	424,002
Compensated Absences	124,642
Building Reserve	1,278,662
Tuition	116,244
Instruction - Special Programs	53,286
Technology Acquisition	408,588
Adult Education	239,043
	<hr/>
Total Restricted Net Position	<u>\$4,447,976</u>

10. RETIREMENT PLANS

The School participates in two statewide, mandatory, cost-sharing, multiple employer, defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Montana Teachers' Retirement System (TRS) covers teaching employees, including principals and superintendents. The Montana Public Employees' Retirement System (PERS) covers other non-teaching employees. The plans are established by State law and are administered by the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

A summary of the School's proportionate share of pension liabilities and related activity at June 30, 2024, is presented below:

	The School's proportionate share associated with TRS	The School's proportionate share associated with PERS	The School's total pension amounts
Total Pension Liability	\$39,820,242	\$7,362,391	\$47,182,633
Fiduciary Net Position	28,571,073	5,443,106	34,014,179
	<hr/>	<hr/>	<hr/>
Net Pension Liability	\$11,249,169	\$1,919,285	\$13,168,454
Deferred Outflows of Resources	\$1,603,185	\$204,860	\$1,808,045
Deferred Inflows of Resources	\$1,042,309	\$156,062	\$1,198,371
Pension Expense	\$1,705,083	\$218,001	\$1,923,084

11. PENSION LIABILITIES - TEACHERS' RETIREMENT SYSTEM

Plan Description - 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 of the Montana Code Annotated, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefits structure, and prior years' actuarial valuation, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

Net Pension Liability

In accordance with GASB statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability (NPL).

In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2024 and June 30, 2023 (reporting dates).

	Net Pension Liability as of 6/30/24	Net Pension Liability as of 6/30/23	Percent of Collective NPL as of 6/30/24	Percent of Collective NPL as of 6/30/23	Change in Percent of Collective NPL
District's Proportionate Share	\$11,249,169	\$11,811,863	0.5806%	0.6006%	-0.0200%
State of Montana Proportionate Share associated with District.	6,081,028	6,523,705	0.3139%	0.3317%	-0.0178%
Total	<u>\$17,330,197</u>	<u>\$18,335,568</u>	<u>0.8945%</u>	<u>0.9323%</u>	<u>-0.0378%</u>

At June 30, 2024, the District recorded a liability of \$11,249,169 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2023. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the Net Pension Liability was based on the District's contributions received by TRS during the measurement period July 1, 2022 through June 30, 2023, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2024, the District's proportion was 0.5806 percent.

Hellgate Elementary School 2024 - Notes to Financial Statements

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

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

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

Pension Expense

At June 30, 2024, the School recognized a Pension Expense of \$1,705,083 for its proportionate share of the TRS' Pension Expense. The School also recognized grant revenue of \$564,819 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the School.

	Pension Expense as of June 30, 2024
School District's Proportionate Share	\$1,140,264
State of Montana Proportionate Share associated with the School . .	564,819
	<hr/>
Total	<u>\$1,705,083</u>

Deferred Inflows and Outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$212,813	\$0
Changes in actuarial assumptions	163,177	702,766
Difference between projected and actual investment earnings .	24,320	
Changes in proportion and differences between actual and expected contributions	329,665	339,543
*Contributions paid to TRS subsequent to the measurement date - Fiscal Year 2024 Contributions	873,210	
	<hr/>	
Total	<u>\$1,603,185</u>	<u>\$1,042,309</u>

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

Hellgate Elementary School 2024 - Notes to Financial Statements

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

Year ended June 30:	Amount recognized in Pension Expense as an Increase or (decrease) to Pension Expense
2025.....	(\$169,035)
2026.....	(\$575,212)
2027.....	\$530,169
2028.....	(\$98,256)
2029.....	\$0
Thereafter.....	\$0

Summary of Benefits

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

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

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members

Hellgate Elementary School 2024 - Notes to Financial Statements

the GABA each year may vary from 0.5% to 1.5% based on the retirement systems’s funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

TRS Stand-alone Statements

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

Overview of Contributions

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

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

School Districts and Other Employers

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

Actuarial Assumptions

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The Total Pension Liability 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 total pension liability. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

- Total Wage Increase for Non-University Members* 3.50% - 9.00%
 - Total Wage Increase for University Members 4.25%
 - Investment Return 7.30%
 - Price Inflation 2.75%

 - Post-retirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
 - Mortality among contributing members
 - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
 - Mortality among service retired members
 - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
 - Mortality among beneficiaries
 - PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
 - Mortality among disabled members
 - PUBT-2010 Disabled Retiree mortality projected to 2021.
- *Total Wage Increases includes 3.50% general wage increase assumption.

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 Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	3.00%	-0.33%
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

Hellgate Elementary School 2024 - Notes to Financial Statements

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 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.

Discount Rate

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

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 above table presents the Net Pension Liability calculated using the discount rate of 7.30% as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
School District proportion of Net Pension Liability	\$15,891,490	\$11,249,169	\$7,367,468

12. PENSION LIABILITIES - PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Plan Description

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

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Member rates and benefits are established by state law and can only be amended by the Legislature. Benefits depend on eligibility and individual account balances. Participants are immediately vested in their own contribution and attributable income. Benefits are based on eligibility, years of service, and highest average compensation.

Participants are vested after 5 years of membership services for the employer’s contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per MCA 19-3-2117(5). Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

Net Pension Liability

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

The proportionate shares of the District’s and the state of Montana’s NPL for June 30, 2023 and 2022, are displayed below. The District’s proportionate share equals the ratio of the District’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The District recorded a liability of \$1,919,285 and the District proportionate share was 0.078648 percent.

As of measurement date:	Net Pension Liability as of 6/30/23	Net Pension Liability as of 6/30/22	Percent of Collective NPL as of 6/30/23	Percent of Collective NPL as of 6/30/22	Change in Percent of Collective NPL
District’s Proportionate Share	\$1,919,285	\$1,974,874	0.0786%	0.0831%	-0.0044%
State of Montana Proportionate Share associated with District. .	\$582,229	\$643,974	0.0239%	0.0271%	-0.0032%
Total.	<u>\$2,501,514</u>	<u>\$2,618,848</u>	<u>0.1025%</u>	<u>0.1101%</u>	<u>-0.0076%</u>

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

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Changes in benefit terms: There were no changes in benefits terms since the previous measurement date.

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

Pension Expense - At June 30, 2023 (measurement date), the District recognized a Pension Expense of \$163,379 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$54,622 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

As of measurement date:	Pension Expense as of 6/30/2023	Pension Expense as of 6/30/2022
District's Proportionate Share	\$163,379	\$297,207
District's Grant Revenue - State of Montana Proportionate Share	54,622	66,748
Total	\$218,001	\$363,955

Recognition of Deferred Inflows and Outflows - At June 30, 2023, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$76,442	\$0
Projected Investment Earnings vs. Actual Investment Earnings	4,870	
Changes in Assumptions		68,456
Changes in proportion and differences between District contributions and proportionate share of contributions		87,606
District contributions subsequent to the measurement date (Fiscal Year 2024 Contributions)	123,548	
Total	\$204,860	\$156,062

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

For the Measurement Year ended June 30:	Amount recognized in Pension Expense as an Increase or (decrease) to Pension Expense
2024	(\$105,153)
2025	(\$71,438)
2026	\$113,490

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2027.....	(\$11,649)
Thereafter	\$0

SUMMARY OF BENEFITS

Eligibility for benefit - Service retirement:

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

Early retirement, actuarially reduced;

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

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

- Varies depending on when retiring and number of years of service.

Vesting - 5 years of membership service

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

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

- 3% 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

Hellgate Elementary School 2024 - Notes to Financial Statements

- a. 1.5% each year PERS is funded at or above 90%
- b. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
- c. 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

Member and employer contribution rates are established 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.

Special Funding: The State of Montana as a non-employer contributing entity, paid to the plan, additional contribution that qualify as special funding. Those entities who receive special funding are participating entities.

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.

The Montana Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		State & Universities	Local Government		School Districts	
	Hired		Employer	Employer	State	Employer	State
	<07/01/11	>07/01/11					
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:

Hellgate Elementary School 2024 - Notes to Financial Statements

- a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increased 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 actuary valuation results that show 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 not directed to member accounts.
3. Non Employer Contributions
- a. Special Funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$34,979,900.

Stand-Alone Statements

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

Actuarial Assumptions

The Total Pension Liability (TPL) on June 30, 2023 actuarial valuation was determined using the following actuarial assumptions.

- | | |
|--|-------------|
| - Investment Return (net of admin expense) | 7.30% |
| - General Wage Growth* | 3.50% |
| * includes Inflation at | 2.75% |
| - Merit Increases | 0% to 4.80% |
| - Post-retirement Benefit Increases | |
| Guaranteed Annual Benefit Adjustment (GABA) | |
| After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of all other adjustments to the member's benefit. The adjustment varies depending on the date the member was hired. | |
| - Mortality Active Participants | |
| PUB-2010 General Amount Weighted Employer Mortality projected to 2021. Projected generationally using MP-2021. | |
| - Mortality Disabled Retirees | |
| PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward for one year for males and females. | |

Hellgate Elementary School 2024 - Notes to Financial Statements

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated.

The State contributes 0.1% of salaries for local governments and 0.37% for school districts. In addition, the State contributes a statutory appropriation from the general fund. The interest was contributed monthly and the severance tax was contributed quarterly. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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 Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

Sensitivity Analysis

The sensitivity of the Net Pension Liability (NPL) to the discount rate is shown in the table above. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30% as well as what the NPL would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Entity’s Net Pension Liability . . .	\$2,772,400	\$1,919,285	\$1,203,598

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

Hellgate Elementary School 2024 - Notes to Financial Statements

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 allocations, 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 the most recent experience study are summarized below.

Asset Class	Target Assets Allocation	Long -Term Expected Real Rate 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	<u>100.00%</u>	

13. RISK MANAGEMENT

The School faces a number of risks including (1) loss or damage to property, (2) general liability, (3) workers' compensation, and (4) employee medical insurance. Commercial insurance policies are purchased for loss or damage to property and general liability. There were no changes in how the School managed its risk during the last three years.

The School participates in the Joint Powers Trust (JPT), a self-insured trust providing group health benefits and plan administration for Montana local governments and the Montana Schools Group Workers Compensation Risk Retention Program (WCRRP) for workers' compensation coverage. All school district participants are jointly and severally liable for the liabilities of these public risk pools.

The pools issue audited financial statements. Information about the amount of claim liabilities, changes in claims liabilities, amount of claims paid, operating results, and other information is available from WCRRP and JPT.

14. CHANGE IN ACCOUNTING PRINCIPLE

As part of the District’s process for identifying Subscription-Based Information Technology Arrangements (SBITAs) under GASB 96, an agreement was discovered requiring recognition of a Subscription Asset under GASB 51, Intangible Assets.

In May of 2022, the District purchased Envision Mathematics 2020 Common Core curriculum at a cost of \$154,294.94 for all grade levels. Because the curriculum was paid in full, there is no Subscription Liability; however, there is a right to use Subscription Asset. Included in the purchase price were teachers’ resources and professional development of \$19,244.94 which is expended and, therefore, not included as part of the asset cost. The remaining \$135,080 was for six-year digital licenses. Under GASB 51, Intangible Assets are amortized over a period not to exceed the service capacity. The service capacity is six years; therefore, the cost of Subscription Assets will be amortized over the term of the agreement at a rate of \$22,513 per year.

The curriculum was first taught in the 2022-2023 School Year which falls under FY23. For financial statements presented for a single period, GASB 100 requires that beginning Net Position, Fund Balance, or Fund Net Position be restated for the cumulative effect of a Change in Accounting Principle. The Change in Accounting Principle only affects the FY23 government-wide statements. Net Position was understated because the cost of the Subscription Asset, net of Amortization, of \$112,565 was not included in the Net Investment in Capital Assets. The Change in Net Position was understated as it did not include the first year of Amortization, \$22,515 (rounded to avoid balancing issues). The FY24 Net Position has been restated as displayed in the table below.

Net Position:

June 30, 2023	\$2,571,132
Subscription Asset, Cost	135,080
Less: Amortization (first year)	(22,515)
Net Change due to Change in Accounting Principle. . . .	112,565
June 30, 2023, Adjusted	\$2,683,697

15. SUBSEQUENT EVENTS

The District was awarded a three year Community Oriented Policing Services (COPS) School Violence Prevention Program grant for \$199,681. The grant period is October 2024 through September 2027. The District plans to implement safety upgrades in Summer 2025.

The District was awarded a Significant Needs Students grant through OPI for \$56,794. This funding supports the cost of the life skills program with highest needs students participating in this program.

The District contracted Temp Right to complete the Boiler project for Building 3. The total award amount was \$259,845. The project began in Summer of 2024 and was completed in early Fall.

REQUIRED SUPPLEMENTARY INFORMATION

Other than Management's Discussion and Analysis

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

**SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Property Taxes	\$3,119,276	\$3,119,276	\$3,182,644	\$63,368
Intergovernmental:				
State	7,707,168	7,707,168	7,707,168	
Interest	98,327	98,327	165,597	67,270
Transfers In				
Other	6,704	6,704	8,822	2,118
Total Revenues	10,931,475	10,931,475	11,064,231	132,756
EXPENDITURES AND ENCUMBRANCES:				
Current Operations:				
Instruction - Regular Programs			5,184,568	
Instruction - Other Programs			863,861	
Instructional Support			1,611,753	
Administration			1,797,020	
Operation and Maintenance			1,181,271	
Student Transportation			253	
School Food			13,597	
Extracurricular			104,185	
Capital Outlay			68,461	
Transfers Out			171,713	
Total Expenditures, Transfer Out, and Encumbrances ..	11,056,763	11,056,763	10,996,682	\$60,081
Excess (Deficiency) of Revenue Over Expenditures, Encumbrances	(125,288)	(125,288)	67,549	
Change in Encumbrances			(113,167)	
Excess (Deficiency) of Revenues Over Expenditures . . .	(\$125,288)	(\$125,288)	(\$45,618)	

See Notes to Budget and Actual Schedule

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

NOTES TO BUDGET AND ACTUAL SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2024

State law requires the School to prepare budgets for certain funds - generally funds supported by property tax revenues. Budgets are prepared on the modified accrual basis. Budgeted fund expenditures are limited by State law to the total budgeted amount which may be amended as defined by State law. The budget amounts presented for the general fund are the original and final budgets. The miscellaneous programs fund is not required to be budgeted.

The general fund budget is based on the State of Montana's foundation program which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. The Board must approve the final budget by the fourth Monday in August.

State law permits the inclusion of obligations (encumbrances) for construction-in-progress and the purchase of personal property as expenditures for budget purposes. The School's general fund had \$279,650 of obligations outstanding at June 30, 2023 and \$181,983 at June 30, 2024.

State law requires only that a fund's total expenditures not exceed total budgeted expenditures.

As required by GASB Statement No.85, the School recorded the State's \$562,694 on-behalf-of payments and related TRS pension expense and \$54,622 on-behalf of payments and related PERS pension expense in the general fund for the governmental funds statements.

Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana
June 30, 2024

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB AND RELATED RATIOS
Last 10 Fiscal Years*

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Beginning OPEB Liability	\$1,545,813	\$1,549,154	\$1,510,228	\$1,957,385	\$2,072,287	\$2,048,730	\$1,999,029
Service Costs	106,238	105,450	164,478	174,558	120,950	115,189	133,295
Interest	56,068	52,052	50,744	65,768	84,757	84,613	82,160
Differences between expected and actual experience	(84,590)	(141,982)	10,157	(208,049)	23,290	(184,725)	(377,395)
Changes in assumptions or other inputs	(37,475)	11,974	229,158	90,005	(247,809)	(7,838)	(40,256)
Employer contributions	(36,900)	(66,420)	(7,380)	(7,380)	(4,745)	(56,940)	(66,420)
Net Change in Total OPEB Liability	3,341	(38,926)	447,157	114,902	(23,557)	(49,701)	(268,616)
Balance at June 30	\$1,549,154	\$1,510,228	\$1,957,385	\$2,072,287	\$2,048,730	\$1,999,029	\$1,730,413
Plan Fiduciary Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%
Covered Employee Payroll	\$7,566,044	\$7,793,025	\$9,056,179	\$9,282,584	\$8,879,417	\$9,057,005	\$9,565,656
OPEB Liability to Covered Employee Payroll	20.5%	19.4%	21.6%	22.3%	23.1%	22.1%	18.1%

Notes to Schedule:

Change in Assumptions:			
Discount Rate	3.45%	3.36%	2.66%
Medical Trend	6.20%	6.00%	6.10%

No assets accumulated in a trust to pay for the related benefits.

* The amounts presented for each fiscal year were determined as of June 30th. The above schedule is presented by combining the required schedules from GASB 75 paragraphs 170a and 170b. The schedule is intended to show information for 10 years, additional years will be displayed as they become available.

Heligate Elementary
School District No. 4, Missoula County
Missoula, Montana

For the Year Ended June 30, 2024

MONTANA TEACHERS' RETIREMENT SYSTEM

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of the measurement date:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.5806%	0.6006%	0.5756%	0.5719%	0.5529%	0.5417%	0.5412%	0.5117%	0.5060%	0.4823%
School's proportionate share of the net pension liability associated with the School . . .	\$11,249,169	\$11,811,863	\$9,535,546	\$12,865,593	\$10,660,780	\$10,055,047	\$9,124,638	\$9,347,493	\$8,313,648	\$7,421,298
State of Montana's proportionate share of the net pension liability associated with the School	6,081,028	6,523,705	5,440,574	7,607,239	6,455,058	6,249,306	5,782,112	6,082,665	5,572,398	5,085,198
Total	\$17,330,197	\$18,335,568	\$14,976,120	\$20,472,832	\$17,115,838	\$16,304,353	\$14,916,750	\$15,440,158	\$13,886,046	\$12,506,496
School's covered payroll	\$8,635,043	\$8,198,719	\$8,198,719	\$7,872,416	\$7,504,938	\$7,235,867	\$7,137,919	\$6,641,500	\$6,458,344	\$6,081,719
School's proportionate share of the net pension liability as a percentage of its covered payroll.	130.27%	133.99%	116.31%	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS

As of the reporting date:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$873,210	\$906,419	\$1,105,956	\$760,695	\$747,049	\$680,393	\$708,925	\$711,004	\$581,867	\$598,962
Contributions in relation to the contractually required contributions.	\$873,210	\$906,419	\$1,105,956	\$760,695	\$747,049	\$680,393	\$708,925	\$711,004	\$581,867	\$598,962
Contribution deficiency (excess).	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School's covered payroll	\$8,984,129	\$8,635,043	\$8,815,552	\$8,198,719	\$7,872,416	\$7,504,938	\$7,235,867	\$7,137,919	\$6,641,500	\$6,458,344
Contributions as a percentage of covered payroll	9.72%	10.50%	12.55%	9.28%	9.49%	9.07%	9.80%	9.96%	8.76%	9.27%

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

See Notes to TRS Schedules

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana
for the Year Ended June 30, 2024**

**NOTES TO THE
MONTANA TEACHERS' RETIREMENT SYSTEM**

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AND
SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS**

CHANGES OF BENEFIT TERMS:

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

CHANGES IN ACTUARIAL ASSUMPTIONS AND OTHER INPUTS:

The following changes to 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.
- Update the salary scale merit rates.

The following changes to 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 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 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 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 actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.5%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.5%
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

- For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years. The tables include margins for mortality improvement which is expected to occur in the future.
- Mortality among disabled members was updated to the following:
- For Males: RP2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022
- For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement and termination rates as well as rates of salary increases were updated.

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.5% to 3.25%.
- Payroll Growth Assumption was reduced from 4.5% 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: RP2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018

For Females: RP2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP2000 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: RP2000 Healthy Annuitant Mortality Table set forward one year, with mortality improvements projected by Scale BB to 2018

For Females: RP2000 Healthy Annuitant Mortality Table for set forward five years, with mortality improvements projected by Scale BB to 2018

METHODS 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%
Salary increase	3.50 to 9.00%, including inflation for Non-University Members and 4.25% for University Members;
Investment rate of return	7.30%, net of pension plan investment expense, including inflation.

Hellgate Elementary
 School District No. 4, Missoula County
 Missoula, Montana
 for the Year Ended June 30, 2024

**MONTANA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

As of measurement date:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability as a percentage	0.0786%	0.0831%	0.0855%	0.0807%	0.0693%	0.0662%	0.0825%	0.0806%	0.0789%	0.0817%
School's net pension liability	\$1,919,285	\$1,974,874	\$1,549,617	\$2,127,707	\$1,449,282	\$1,381,178	\$1,606,069	\$1,373,652	\$1,103,279	\$1,017,689
State of Montana's net pension liability associated with the School	582,229	643,974	499,958	732,962	515,830	508,182	75,619	64,198	51,843	47,574
Total	\$2,501,514	\$2,618,848	\$2,049,575	\$2,860,669	\$1,965,112	\$1,889,360	\$1,681,688	\$1,437,850	\$1,155,122	\$1,065,263
School's covered payroll	\$1,506,478	\$1,496,928	\$1,557,538	\$1,396,662	\$1,181,205	\$1,138,204	\$1,058,957	\$998,579	\$952,320	\$958,351
School's proportionate share of the net pension liability as a percentage of its covered payroll	127.40%	131.93%	99.49%	152.34%	122.70%	121.35%	151.67%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

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

SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS

As of most recent Fiscal year end (reporting date):	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required defined benefit contribution	\$123,548	\$132,253	\$129,806	\$133,778	\$118,555	\$98,391	\$92,178	\$85,623	\$80,742	\$75,901
Plan Choice Rate Required Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$723	\$1,353
Contributions in relation to the contractually required contributions	\$123,548	\$132,253	\$129,806	\$133,778	\$118,555	\$98,391	\$92,178	\$85,623	\$81,464	\$77,253
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$1,403,950	\$1,506,478	\$1,496,928	\$1,557,538	\$1,396,662	\$1,181,205	\$1,138,024	\$1,058,957	\$998,579	\$952,320
Contributions as a percentage of covered payroll	8.80%	8.78%	8.67%	8.59%	8.49%	8.33%	8.10%	8.09%	8.16%	8.11%

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

See Notes to PERS Schedules

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana
for the Year Ended June 30, 2024**

**NOTES TO THE
MONTANA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND
SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS**

CHANGE IN BENEFIT TERMS

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

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 limitation.

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 organization listed as beneficiaries are entitled to receive only a lump-sum payment.

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

PERS member 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 disable 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

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return*	7.30%
*includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Asset valuation method	4 - year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years

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

The actuarial assumptions and methods utilized in the June 30, 2022 valuation were developed in the five-year experience study for the period ending 2021.

SUPPLEMENTARY INFORMATION

School District No. 4
 Hellgate Elementary
 Missoula, Montana

COMBINING BALANCE SHEET - GENERAL FUND -
 June 30, 2024

	Clearing Funds			
	General Fund	Payroll	Claims	Total
Assets				
Cash and cash equivalents	\$1,688,209	\$345,211	\$465,002	\$2,498,422
Taxes receivable	129,900			129,900
Due from other entities	53,305			53,305
Total Assets	1,871,414	345,211	465,002	2,681,627
Liabilities, deferred inflows of resources and fund balances				
Warrants payable		345,211	465,002	810,213
Accounts payable	12,226			12,226
Due to other entities				0
Total Liabilities	12,226	345,211	465,002	822,439
Deferred inflows of resources				
Unavailable tax revenue	129,900			129,900
Total Deferred inflows	129,900	0	0	129,900
Total Liabilities & Deferred inflows	142,126	345,211	465,002	952,339
Fund balances				
Nonspendable				0
Prepaid items				0
Assigned for				0
Encumbrances	181,938			181,938
Unassigned	1,547,350			1,547,350
Total fund balances	1,729,288	0	0	1,729,288
Total liabilities, deferred inflows of resources and fund balances	\$1,871,414	\$345,211	\$465,002	\$2,681,627

See Independent Auditors Report

**HELLGATE ELEMENTARY SCHOOL
SCHOOL DISTRICT NO. 4, MISSOULA COUNTY
MISSOULA, MONTANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Project Title	Assistance Listing Number	Project Number	Grant Award	Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Passed through Montana Office of Public Instruction:				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	243MT306N1099	\$108,141	\$108,141
National School Lunch Program	10.555	243MT306N1099	\$275,581	481,645
Supply Chain Assistance (COVID-19) - Round 1&2	10.555	223MT901N8903	\$54,435	22,734
Supply Chain Assistance (COVID-19) - Round 3	10.555	233MT901N8903	\$14,851	2,200
Supply Chain Assistance (COVID-19) - Round 4	10.555	233MT901N8903	\$33,274	8,973
School Food Commodities	10.555	N/A	\$60,547	<u>60,547</u>
Total Department of Agriculture - Child Nutrition Cluster				<u>684,240</u>
U.S. DEPARTMENT OF EDUCATION:				
State Administered - Office of Public Instruction:				
Title I, Part A, Improving Basic Programs	84.010A	32-0586-31-2023	\$351,119	7,485
Title I, Part A, Improving Basic Programs	84.010A	32-0586-31-2024	\$343,510	<u>306,642</u>
Total Title I, Part A, Improving Basic Programs				<u>314,127</u>
Title I, Part C, Migrant Education	84.011A	32-0586-36-2023	\$25,000	2,321
Special Education Cluster (IDEA):				
IDEA, Part B, Children with Disabilities	84.027A	32-0586-77-2023	\$306,576	24,970
IDEA, Part B, Children with Disabilities	84.027A	32-0586-79-2024	\$330,899	256,918
IDEA, Preschool Section 619	84.173A	32-0586-79-2024	\$13,384	<u>13,384</u>
Total Special Education Cluster (IDEA)				<u>295,272</u>
Title IV, Part A, Stronger Connections	84.424F	32-0586-54-2024	\$53,650	<u>50,130</u>
Elementary and Secondary School Emergency Relief (ESSER III) (COVID-19) - Base	84.425U	32-0586-93-2021	\$1,821,007	742,454
Elementary and Secondary School Emergency Relief (ESSER III) (COVID-19) - Lost Instruction	84.425U	32-0586-93-2021	\$455,252	<u>385,412</u>
Total ESSER III (COVID-19)				<u>1,127,866</u>
Direct from the Federal Government:				
Title II, Part A, Supporting Effective Instruction	84.367A	32-0586-14-2024	\$69,910	<u>69,910</u>
Title III, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium	84.365A	32-0583-41-2023	\$3,654	3,623
Title III, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium	84.365A	32-0583-41-2024	\$3,311	<u>3,296</u>
Total Title II, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium				<u>6,919</u>
Total Department of Education				<u>1,866,545</u>
Total Federal Funds				<u>\$2,550,785</u>

See Notes to the Schedule of Expenditures of Federal Awards

HELLGATE ELEMENTARY SCHOOL
SCHOOL DISTRICT NO. 4, MISSOULA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

1. Basis of Presentation - Accounting Policies

The accounting policies used in preparing the schedule of expenditures of federal awards are the same as those used in the preparation of the fund financial statements as described in Note 1. B to the financial statements (Fund Financial Statements) except that school lunch and breakfast federal reimbursement revenues and food commodities received are also reported as expenditures.

2. Program Clusters

The Child Nutrition Cluster consists of CFDA 10.553, 10.555, 10.556, 10.559, and 10.582 and the Special Education Cluster includes CFDA 84.027A and 84.173A. Each program cluster is treated as one program for major program determination and testing.

3. Indirect Cost Rate

The School did not elect to use the 10% de minimis indirect cost rate.

N/A = Not Applicable or Not Available

**Hellgate Elementary
School District No. 4, Missoula County
Missoula, Montana**

SCHEDULE OF SCHOOL DISTRICT ENROLLMENT

FOR THE YEAR ENDED JUNE 30, 2024

	MAEFAIRS Records	District Reports	<u>Difference</u>
FALL ENROLLMENT, OCTOBER 2023			
Kindergarten - Full Day	136	136	0
Grades 1 - 6	1,009	1,009	0
Grades 7 - 8	300	300	0
Total	<u>1,445</u>	<u>1,445</u>	0
 SPRING ENROLLMENT, FEBRUARY 2024			
Kindergarten - Full Day	133	133	0
Grades 1 - 6	996	996	0
Grades 7 - 8	306	306	0
Total	<u>1,435</u>	<u>1,435</u>	0
 PART-TIME ENROLLMENT:			
None			

**HELLGATE ELEMENTARY SCHOOL
SCHOOL DISTRICT NO. 4, MISSOULA COUNTY
MISSOULA, MONTANA**

EXTRACURRICULAR FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BY STUDENT ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2024**

Student activity	Balance June 30, 2023	Revenues	Expend- itures	Transfers In (Out)	Balance June 30, 2024
101 Referees/District	\$0	\$5,630	(\$5,630)	\$0	\$0
102 Copper League	7,381		(7,383)	2	0
103 Robotics Club	1,638	8,500	(9,718)		420
319 Class of 2025			(150)	767	617
319 Class of 2024	1,341		(1,884)	616	73
318 Class of 2023	1,847		(100)	(1,747)	0
310 Wings Store (B. Hall)	1,446		(72)		1,374
105 Special Ed Student Fundraisers ..	19,837	5,032	(6,345)	270	18,794
304 7-8 Middle School - Misc	912	1,787	(2,661)	(2)	36
212 PK-1 Library	175				175
412 3-5 Library	2,344		(700)		1,644
410 7-8 Library	3,049	5,794	(4,238)	(20)	4,585
309 PE Donations (Building #3)	644	296			940
896 PK-1 Cola Fund	1,006				1,006
10 2-3 Cola Fund	106	36			142
895 4-6 Cola Fund	422	22			444
894 7-8 Cola Fund	559	121			680
211 PK-1 Building #2	2,879				2,879
108 Washington DC Trip June 2023 ..	355	4,763	(4,942)		176
109 Garden Fund		7,857	(2,718)		5,139
899 Miscellaneous Charges	(114)			114	0
Total	\$45,827	\$39,838	(\$46,541)	\$0	\$39,124

**HELLGATE ELEMENTARY SCHOOL
SCHOOL DISTRICT NO. 4, MISSOULA COUNTY
MISSOULA, MONTANA**

OTHER SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2024

DESCRIPTION OF THE SCHOOL DISTRICT

School District Number 4 is an elementary school for grades kindergarten through 8th grade. The School District is located just west of the City of Missoula. The School District encompasses 33 square miles within and adjacent to the City of Missoula. The estimated population of the School District as of 2014 was 13,202.

The average fall enrollment of students (excluding pre-kindergarten students) attending the District's schools is as follows:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Kindergarten - 6th Grade	1,160	1,216	1,164	1,139	1,160	1,183	1,129	1,133	1,168	1,145
Grades 7 - 8	295	294	301	312	356	357	344	345	329	300
School District Total . . .	<u>1,455</u>	<u>1,510</u>	<u>1,465</u>	<u>1,451</u>	<u>1,516</u>	<u>1,540</u>	<u>1,473</u>	<u>1,478</u>	<u>1,497</u>	<u>1,445</u>
Increase (decrease)		55	(45)	(14)	65	24	(67)	5	19	(52)
Percentage Change from Prior Year		4%	(3)%	(1)%	4%	2%	(4)%	0%	1%	(4)%

SCHOOL DISTRICT PROPERTY TAX VALUATIONS

As of January 1,	Assessed (Market) Valuation	Taxable Valuation	Taxable Value as a % of Assessed Value
*2015	\$1,971,998,235	\$32,117,454	1.629%
2016	\$2,016,456,002	\$32,979,424	1.636%
2017	\$2,275,844,361	\$36,652,276	1.610%
2018	\$2,315,746,483	\$38,152,434	1.648%
2019	\$2,598,490,280	\$41,056,623	1.580%
2020	\$2,637,857,875	\$41,656,253	1.579%
2021	\$3,057,366,762	\$47,682,187	1.560%
2022	\$3,121,671,897	\$48,665,031	1.559%
2023	\$4,134,951,174	\$63,145,758	1.527%
2024	\$4,229,712,420	\$64,167,990	1.517%

* The State of Montana Legislature passed House Bill 157 which resulted in the increase in the market value from 2014 to 2015.

SCHOOL DISTRICT TAX LEVIES (in mills)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	92.63	90.59	88.40	85.64	81.39	74.98	73.05	60.21	60.84	49.41
Transportation	25.33	21.56	23.12	19.52	22.64	25.44	28.36	29.12	32.78	17.65
Bus Depreciation								0.23	0.22	0.17
Debt Service	27.79	14.08	25.38	70.57	72.64	58.95	65.95	47.49	50.60	39.46
Technology	3.28	3.11	3.03	2.73	2.71	2.44	2.40	2.10	2.05	1.58
Adult Education	1.00	1.01	1.00	0.90	1.99	2.19				
Tuition	4.28	3.11	3.79	6.82	6.78	12.18	12.00	10.49	10.27	5.86
Building Reserve				4.67	4.56	2.91	2.99	2.65	2.60	1.98
Total School Levies	154.31	133.46	144.72	190.85	192.71	179.09	184.75	152.29	159.36	116.11

OTHER TAX LEVIES (in mills)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
University Millage	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Statewide School Equalization	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
County-wide School Levy	105.64	104.35	103.73	101.91	102.40	101.37	103.40	103.13	93.83	82.69
Missoula County	160.09	167.96	172.32	174.44	179.26	183.63	188.89	189.32	207.81	171.09
Fort Missoula Park Open Space			13.43	12.09	12.27	11.08	10.94	10.06	9.53	7.52
Missoula County Open Space	2.74	2.74	3.22	3.10	3.15	1.84	1.82	2.27	2.70	1.08
Hellgate Elementary	154.31	133.46	144.72	190.85	192.71	179.09	184.75	152.29	159.36	116.02
Missoula Co. High School	72.77	75.11	85.01	103.10	100.03	92.25	87.29	74.37	77.18	65.04
Urban Transportation	34.26	40.47	40.47	36.78	37.29	37.99	38.56	56.80	57.57	54.14
Rural Levies:										
Missoula Rural Fire District	112.59	112.61	114.33	110.38	113.69	141.94	143.35	134.94	137.22	118.40
Road	23.38	23.35	25.38	24.30	25.38	24.31	24.12	24.12	23.95	21.95
Animal Control	1.61	1.61	1.61	1.54	1.42	1.44	1.56	2.39	2.44	2.58
Medical Levy	2.18	3.51	3.38	3.23	3.12	2.99	2.97	2.96	2.75	2.14
Health	9.20	9.20	9.20	8.81	8.05	8.59	9.62	10.96	13.03	11.95
Fairgrounds						3.00	3.00	5.18	6.00	6.00
Total	724.77	720.37	762.80	816.53	824.77	835.52	846.27	814.79	839.37	706.60
City of Missoula	245.62	252.81	260.08	252.27	242.17	237.24	236.59	234.24	240.38	240.38

TAX COLLECTIONS

The following table demonstrates the tax collection history for real estate taxes levied by the School's general fund for the fiscal years ending June 30, 2015 through 2024. Total tax collections include delinquencies from prior tax years and motor vehicle tax, but excludes penalty and interest.

Year Ended June 30,	Current Total Tax Levy	Real Estate Tax Collections	Current Collections as a Percent of Levy	Total Tax Collections	Total Collections as a Percent of Levy
2015	\$2,824,303	\$2,663,947	94.32%	\$2,800,980	99.17%
2016	\$2,885,780	\$2,818,530	97.67%	\$2,991,936	103.68%
2017	\$2,915,695	\$2,739,668	93.96%	\$2,866,815	98.32%
2018	\$3,138,704	\$2,960,239	94.31%	\$3,116,378	99.29%
2019	\$3,001,470	\$2,825,875	94.15%	\$2,989,008	99.58%
2020	\$2,955,838	\$2,896,646	98.00%	\$2,954,972	99.97%
2021	\$3,054,080	\$2,994,136	98.04%	\$3,048,510	99.82%
2022	\$2,776,819	\$2,776,389	99.98%	\$2,735,468	98.51%
2023	\$2,867,383	\$2,818,512	98.30%	\$2,849,366	99.37%
2024	\$2,973,157	\$2,957,605	99.48%	\$2,985,454	100.41%

MAJOR TAXPAYERS

The following table lists the major taxpayers within the School District for the year ended June 30, 2024 listed in declining order of taxable value.

Taxpayer	Business	Taxable Value	% of Total Taxable Value (\$64,167,990)	Market Value
1. Gateway Limited Partnership	Commercial Rentals	1,157,993	1.80%	61,269,400
2. Northwestern Energy	Transmission/Distribution	\$973,575	1.52%	8,113,151
3. Roseburg Forest Products Co.	Wood Products	933,546	1.45%	40,451,906
4. Tollefson Enterprises LLC	Commercial Rentals	692,691	1.08%	51,310,570
5. Tollefson Properties LLC	Commercial Rentals	631,020	0.98%	46,671,031
6. LH Residential LLC	Commercial Properties	603,623	0.94%	44,712,900
7. Yellowstone Pipeline Co.	Transmission/Distribution	603,530	0.94%	5,029,424
8. TKG Grant Creek Development LLC	Commercial Properties	577,325	0.90%	30,546,300
9. Montana Rail Link Inc	Railroad	537,080	0.84%	22,272,313
10. Mountain States Leasing	Commercial Properties	532,890	0.83%	31,454,812
Total		\$6,085,280	9.48%	\$280,562,407

MAXIMUM BONDED INDEBTEDNESS - Under MCA 20-9-406, when a District's mill value per ANB is less than the State's facility guaranteed mill value per ANB, an alternative debt limit calculation is permitted. The District may use either the full taxable value for the year or, for Elementary and High Districts, 100% of the facility guaranteed mill value per student whichever is greater.

The District's taxable value for tax year 2022 was \$48,471,658 based on a mill rate of 31.05 and the State's facility guaranteed mill rate was 45.62. The maximum bonded indebtedness calculated under the exception is as follows:

	District Taxable Value Per Student	Average Number Belonging for Fiscal Year June 30, 2024	Percent Allowed	Maximum Bonded Indebtedness
School District	\$45,620	1,551	100%	\$70,756,620
Less Bonds Outstanding				
2016 Refunding Issue				(3,470,000)
2017 Issue				<u>(15,040,000)</u>
Remaining Bonding Capacity				<u><u>\$52,246,620</u></u>



ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

**INDEPENDENT AUDITORS 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**

Board of Trustees
Hellgate Elementary
School District No. 4
Missoula, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise School District No. 4's basic financial statements, and have issued our report thereon dated March 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District No. 4's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of School District No. 4's internal control.

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

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


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

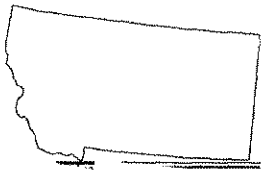
Purpose of this Report

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.

March 12, 2025



Ross R. Stalcup
Certified Public Accountant



ROSS R. STALCUP

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

Board of Trustees
Hellgate Elementary
School District No. 4
Missoula, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District No. 4, Missoula, Montana (the 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 School District No. 4's major federal programs for the year ended June 30, 2024. The 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, School District No. 4, Missoula, Montana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 School District No. 4, Missoula, Montana 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 School District No. 4, Missoula, Montana's compliance with the compliance requirements referred to above.

Responsibilities fo Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District No. 4, Missoula, Montana'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 to above occurred, whether due to fraud or error, and express an opinion

on School District No. 4, Missoula, Montana'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School District No. 4, Missoula, Montana's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 School District No. 4, Missoula, Montana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of School District No. 4, Missoula, Montana'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 School District No. 4, Missoula, Montana'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 compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose describe 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 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.

March 12, 2025



Ross R. Stalcup
Certified Public Accountant



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**HELLGATE ELEMENTARY
School District No. 4
Missoula, Montana**

Schedule of Findings and Questioned Costs

SECTION I SUMMARY OF AUDITORS RESULTS

1. The Independent auditors report on the financial statements expressed an unmodified opinion.
2. The audit disclosed no material weaknesses in internal control over financial reporting.
3. The audit disclosed no significant deficiencies in internal control over financial reporting.
4. The audit disclosed no material noncompliance matters in relation to the financial statements.
5. There were no deficiencies in internal control over major programs reported during the audit.
6. The report on compliance for major programs expressed an unmodified opinion.
7. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR Part 200 (Uniform Guidance).
8. The major program of School District No. 4, Missoula, Montana:
Federal Assistance No. 84.425U
Elementary and Secondary School Emergency Relief (ESSER) Fund - Covid-19
9. The dollar threshold for Type A programs for School District No. 4:

\$750,000.
10. The District did qualify as a low-risk auditee.

SECTION II FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

None

OTHER MATTERS:

None

SECTION III FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

None

March 12, 2025

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Certified Public Accountant

