EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS & CLARK COUNTY
EAST HELENA, MONTANA

FINANCIAL AND COMPLIANCE REPORT

Fiscal Year Ended June 30, 2025

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

EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS AND CLARK COUNTY
EAST HELENA, MONTANA 59635

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EAST HELENA SCHOOL DISTRICT NO. 9

LEWIS AND CLARK COUNTY
EAST HELENA, MONTANA 59635

ORGANIZATION

BOARD OF TRUSTEES

Scott Walter	Chair
Tyrel Murfitt	Vice Chair
Martin Balukas	Trustee
Mark Diehl	Trustee
Stacy Baird	Trustee
Tristan Ulmer	Trustee
Tiffany Richardson	Trustee

OFFICIALS

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

The Future of the District

East Helena Public Schools Fiscal

Year Ended June 30, 2025

We are pleased to present the Management Discussion and Analysis (MD&A) for the East Helena Public School District's annual financial audit for the fiscal year ended June 30, 2025. This report is intended to provide an overview of our financial performance and discuss the key factors that have influenced the District's financial condition during the past year.

Financial Highlights

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

- The EHPS District budget operates at 85% of the maximum allowed by Montana State law. We are somewhat steady in this area. FY '24 and '25 saw a budget at 86% and FY 23 was 87%. The EHPS school board continues to monitor this status. The community has voted down two mill levy increase requests in the past two school elections (2023 and 2024). Recent double digit increases in housing costs and property taxes have us feeling that passing a local tax increase is unlikely in the current economic environment. We are interested in seeing the November property tax bills to determine if there has been any impact to reduce property taxes from legislative action.
- ANB budget increases have benefitted the district budget in the past as we added high school grades, but we are through that expansion cycle now, and will be relying on state Base Aid % increases and enrollment gains based on inbound student migration for future general fund budget growth. Two recent levy requests failed to garner enough support to pass at the polls. This lack of local support has caused the district to reduce some positions. The 2025 legislature's STARS Act allowed the district to add back some of those positions including 5 classroom teacher positions and some support staff. We will continue to examine the merits of a mill levy or other funding sources based on education provided and prepared by the Central Office and delivered in regular monthly meetings.
- The district has options to intentionally create budget flexibility by increasing revenue with a voted levy, maintain current funding according to ANB or choose to decrease expenditures through reductions in supplies and personnel. Past decisions of the board not to ask for 100% of the maximum budget allows the district to have options to grow our budget via voted levies in case a need arises and the community supports us, but also

prevents from offering more robust educational programs or expansion of services for the kids of East Helena.

Management Discussion and Analysis Comparison Schedules

NET POSITION	Governmental Activities			
	6/30/2024	6/30/2025	CHANGE	% CHANGE
Current Assets	$ 11,110,466	$ 12,345,887	$ 1,235,421	11.12%
Capital Assets, net	48,966,353	47,994,331	(972,022)	-1.99%
Total Assets	60,076,819	60,340,218	263,399	0.44%
Deferred outflows of resources	2,781,364	2,364,159	(417,205)	-15.00%
Current Liabilities	970,124	917,938	(52,186)	-5.38%
Long Term Liabilities	50,074,841	48,082,931	(1,991,910)	-3.98%
Total Liabilities	51,044,965	49,000,869	(2,044,096)	-4.00%
Deferred Inflows of Resources	2,197,991	2,244,747	46,756	2.13%
Net Position:				
Net Investment in Capital Assets	13,664,145	14,670,035	1,005,890	7.36%
Restricted	6,999,974	6,610,874	(389,100)	-5.56%
Unrestricted	(11,048,892)	(9,822,148)	1,226,744	-11.10%
Total Net Position	9,615,227	11,458,761	1,843,534	19.17%

CHANGES IN NET POSITION	Governmental Activities			
Revenues	6/30/2024	6/30/2025	CHANGE	% CHANGE
Program Revenues:				
Charges for Services	467,301	1,021,643	554,342	118.63%
Operating Grants	4,516,023	1,947,232	(2,568,791)	-56.88%
Capital Grants	-	410,328	410,328	100.00%
General Revenues:				
District Levies	7,007,254	6,106,799	(900,455)	-12.85%
State Equalization	6,412,312	6,680,344	268,032	4.18%
Other State Revenues	5,220,847	5,631,075	410,228	7.86%
County	1,800,000	1,940,179	140,179	7.79%
Interest	439,182	482,818	43,636	9.94%
Other	-	573,400	573,400	
Total Revenues	25,862,919	24,793,818	(1,069,101)	-4.13%
Program Expenses				
Instructional Services	12,667,643	12,030,826	(636,817)	-5.03%
Support Services - Students	734,683	702,351	(32,332)	-4.40%
Support Services - Instructional	528,555	538,607	10,052	1.90%
General Administrative Services	2,177,144	2,119,904	(57,240)	-2.63%
Operation and Maintenance Service	3,042,121	3,237,338	195,217	6.42%
Transportation Services	1,800,216	1,153,588	(646,628)	-35.92%
School Food Services	1,093,394	974,395	(118,999)	-10.88%
Extracurricular	807,021	923,291	116,270	14.41%
Debt Service:				
Interest and Other Charges	1,295,001	1,227,185	(67,816)	-5.24%
Intergovernmental	106,089	38,416	(67,673)	-63.79%
Total Expenses	24,251,867	22,945,901	(1,305,966)	-5.39%
Change in Net Position	1,611,052	1,847,917	236,865	

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

- In FY20 the proportion of budget to wages and benefits was 81.1%, while
- in FY21 the proportion is 87.7%.
- FY 22 shows that figure to be 86.74%.
- FY 23 finds our ratio at 84%.
- FY '24 ratio is 84%
- FY 25 ratio is 83%
- FY '26 ratio is 83%

Wage pressure remains strong in recent years. The district successfully negotiated wage increases for certified and classified employees in May 2024. These 2 and 3 year agreements provide a roadmap for planning and predicted personnel costs for the next few years. The STARS Act allowed an MOU to be put in place between the EHESA and the board to allow for significant pay increases for classified staff. We continue to balance the desire to pay staff appropriately while not exceeding our ability to maintain a balanced budget and leverage non-wage and benefit costs to not exceed 85 – 87%.

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

Commercial and residential real estate development within district boundaries has resulted in a significant increase in overall taxable valuation reducing the load on individual taxpayers. Entry level houses are now starting at or above

$450,000 which leaves no room for families living below the poverty level to move into the school district. We are aware of the potential of up to 5000+ new housing lots to be developed within district boundaries on the near term horizon. The district has partnered with SMA Architects to complete a Facility Master Planning cycle to give the board options to consider as we prepare for long term growth. Any capital improvement project will need voted bond support from district taxpayers to be successful.

Steady and measured ANB increases can support budget growth over time, but they come with their own complications such as cost increases for staffing and supplies. Additionally, school facility pressure is going to force difficult decisions regarding admission of nonresident students as class sizes swell and exceed district standards. The STARS Act enacted in the 2025 Legislative Session provided increases in funding for the district and was beneficial to us since we already qualified for the additional quality educator payments based on our already negotiated salary schedules. Changes at the federal level regarding the US Department of Education and the

associated funding streams also create a cloud of uncertainty for planning purposes as most federal funds received go directly to salary and benefits for staff serving at-risk youth. We rely on federal funding and grants for a significant number of necessary instructional and support positions throughout the district. Federal Title 1, and Title 2 funds support approximately 7 full time positions including instructional coaches, tutors, and Title 1 teachers providing nearly $500,000 in additional funding. As real estate values and construction costs increase, the poverty level of our student population continues to decrease as a proportion of the overall student enrollment. This along with uncertainty about the future of federal ESEA funding may be unsettling and a cause for concern as we plan for the financial future and the possibility of reduced resources through ESEA (Title 1 etc.) grant funding.

The 227 Academy, a public charter school approved by the local school board and the Montana Board of Public Education in 2024 continues to grow. The Academy serves students in grades 6 - 12 who would otherwise be enrolled in our traditional schools (EVMS and EHHS). The 227 Academy provides an alternative approach to student learning, seat time, competency measures, grade progression, and credit awards. Approval of the charter school brought additional base aid funding to the FY '25 budget and additional staffing needs.

As enrollment increases and the Academy develops, pressure could possibly mount for facility considerations such as an offsite location of the academy to be located.

Future Growth Expectations

Student enrollment growth has fluctuated in recent years and defied expectations. The District anticipates a moderate to rapidly growing enrollment (2-10%) over the next two to five years. Special attention has been given to the kindergarten enrollment by limiting the number of out of district students we can accept. Legislative changes enacted in the 2023 session have created additional uncertainty regarding HB 352 and the early enrollment program and the new rules taking effect in 2024 that blur district attendance boundary lines. Grade levels that exceed 150 students create the biggest challenges with staffing and facilities. Overall enrollment has increased approximately 2% in FY25. Planning for future growth has been complicated by the uncertainty of the pace of growth.

We know it is coming, just not when it is coming. The Facility Master Planning process is intended to give the board options to consider when the time comes rather than predicting the pace of growth. The plan can be useful well into the future.

Current subdivisions in the district include:

- Mountain View Meadows (additional phases),
- Red Fox Meadows,
- Vigilante,
- Heron Creek,
- Highland Meadows
- Prickly Pear Estates (East Fields) by the Oakland group
- Habitat for Humanity (Rose Hills)

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

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

Legislative increases, capped at a maximum of 3% will not maintain pace with growth, inflation, and wage pressure. ANB Increases come with their own set of funding needs associated with additional staffing, supplies, and facility space. This will stress the district to maintain a balanced budget and the quality programming the community has come to expect. The School Funding Interim Commission is working now to revise Montana school finance laws. This creates yet another variable into our near and long term planning focus.

Contact for Additional Information

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Helena School District No. 9 (School District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2025, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis (pages 3-7), the Schedule of Funding Progress - Postemployment Benefits Other than Pensions (page 45), the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions to Montana Retirement Systems (pages 46-50), and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (pages 51-55) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Balances - Student Activity Funds (pages 56-57), the Schedule of Reported Enrollment (page 58), and the Schedule of Expenditures of Federal Awards (pages 59-60) as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Revenues, Expenses, and Balances - Student Activity Funds, the Schedule of Reported Enrollment, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Other Information for General Obligation Bonds (pages 61) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance hereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



STROM & ASSOCIATES, PC
Billings, Montana
November 25, 2025

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

STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 11,939,724
Taxes Receivable	225,387
Due from Other Governments	180,776
Total Current Assets	12,345,887
Noncurrent Assets:	
Capital Assets:	
Land	2,645,852
Net Depreciable Assets	45,348,479
Total Noncurrent Assets	47,994,331
Total Assets	60,340,218
DEFERRED OUTFLOWS OF RESOURCES:	
Employer Pension Plan Related	2,226,745
Other Postemployment Benefits Related	137,414
Total Deferred Outflows of Resources	2,364,159
Total Assets and Deferred Outflows of Resources	$ 62,704,377
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 8,755
Accrued Payroll	167,622
Due to Other Governments	183,896
Current Portion of Compensated Absences	324,753
Current Portion of Premium on General Obligation Bonds	232,912
Total Current Liabilities	917,938
Noncurrent Liabilities:	
Compensated Absences	324,754
Net Pension Accrual	12,973,119
Other Postemployment Benefits	1,693,674
Capital Debt Obligations	30,325,000
Premium on General Obligation Bonds	2,766,384
Total Noncurrent Liabilities	48,082,931
Total Liabilities	49,000,869
DEFERRED INFLOWS OF RESOURCES:	
Employer Pension Plan Related	637,473
Other Postemployment Benefits Related	1,607,274
Total Deferred Inflows of Resources	2,244,747
NET POSITION:	
Net Investment in Capital Assets	14,670,035
Restricted	6,610,874
Unrestricted (Deficit)	(9,822,148)
Total Net Position	11,458,761
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 62,704,377

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

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Program Revenues: Charge for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government Governmental Activities
GOVERNMENT OPERATIONS:					
Instructional Services	$ 12,030,826	$ 88,717	$ 1,210,218	$ -	$ (10,731,891)
Support Services - Students	702,351	-	33,591	-	(668,760)
Support Services - Instructional	538,607	-	13,080	-	(525,527)
General Administrative Services	2,119,904	-	28,984	-	(2,090,920)
Operation and Maintenance Services	3,237,338	143,702	6,611	75,000	(3,012,025)
Transportation Services	1,153,588	-	178,342	335,328	(639,918)
School Food Services	974,395	262,541	442,255	-	(269,599)
Extracurricular	923,291	526,683	34,151	-	(362,457)
Debt Service:					
Interest and Other Charges	1,227,185	-	-	-	(1,227,185)
Intergovernmental	38,416	-	-	-	(38,416)
Unallocated Depreciation Expense *	15,164	-	-	-	(15,164)
Total Governmental Operations	22,961,065	1,021,643	1,947,232	410,328	(19,581,862)
GENERAL REVENUES:					
District Levies					$ 6,106,799
State Equalization					6,680,344
Other State Revenues					5,631,075
County					1,940,179
Interest					482,818
Other					573,400
Total General Revenues					21,414,615
Change in Net Position					1,832,753
NET POSITION:					
Beginning of the Year					9,615,227
Error Correction					10,781
End of the Year					$ 11,458,761

* Excludes depreciation included in direct expenses of the various functions

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	MAJOR				
	General	Miscellaneous Programs	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	$ 3,904,724	$ 1,916,450	$ 464,099	$ 3,945,291	$ 10,230,564
Taxes Receivable	75,364	-	90,062	59,961	225,387
Due from Other Governments	-	123,192	-	57,584	180,776
Total Assets	3,980,088	2,039,642	554,161	4,062,836	10,636,727
DEFERRED OUTFLOWS OF RESOURCES:					
Total Assets and Deferred Outflows of Resources	$ 3,980,088	$ 2,039,642	$ 554,161	$ 4,062,836	$ 10,636,727
LIABILITIES:					
Current Liabilities:					
Accrued Payroll	$ 121,857	$ 946	$ -	$ 44,819	$ 167,622
Due to Other Governments	183,896	-	-	-	183,896
Total Liabilities	305,753	946	-	44,819	351,518
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Property Taxes Receivable	75,364	-	90,062	59,961	225,387
Total Deferred Inflows of Resources	75,364	-	90,062	59,961	225,387
FUND BALANCE (DEFICITS):					
Restricted	-	2,038,696	464,099	3,958,056	6,460,851
Assigned	222,813	-	-	-	222,813
Unassigned	3,376,158	-	-	-	3,376,158
Total Fund Balance	3,598,971	2,038,696	464,099	3,958,056	10,059,822
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,980,088	$ 2,039,642	$ 554,161	$ 4,062,836	$ 10,636,727

RECONCILIATION TO THE STATEMENT OF NET POSITION	
Total Fund Balance Reported Above	$ 10,059,822
Internal Service Fund Net Position	1,700,405
Assets and Deferred Outflows of Resources:	
Unavailable Property Taxes Receivable	225,387
Governmental Capital Assets	47,994,331
Employer Pension Plan Related Deferred Outflows of Resources	2,226,745
Other Postemployment Benefits Related	137,414
Liabilities and Deferred Inflows of Resources:	
Compensated Absences	(649,507)
Net Pension Accrual	(12,973,119)
Other Postemployment Benefits	(1,693,674)
Capital Debt Obligations	(30,325,000)
Premium on General Obligation Bonds	(2,999,296)
Employer Pension Plan Related Deferred Inflows of Resources	(637,473)
Other Postemployment Benefits Related	(1,607,274)
Net Position of Governmental Activities	$ 11,458,761

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	MAJOR				
	General	Miscellaneous Programs	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:					
District Levies	$ 2,096,057	$ -	$ 2,424,868	$ 1,470,764	$ 5,991,689
Interest	236,612	-	57,611	113,214	407,437
Charges for Services	-	12,854	-	754,368	767,222
Other	418,927	658,721	-	786	1,078,434
County	-	-	-	2,016,510	2,016,510
State	12,090,376	47,569	435,872	249,909	12,823,726
Federal	-	735,527	-	430,985	1,166,512
Total Revenues	14,841,972	1,454,671	2,918,351	5,036,536	24,251,530
EXPENDITURES:					
Current:					
Instructional Services	9,047,665	945,001	-	1,577,669	11,570,335
Support Services - Students	574,237	12,360	-	77,752	664,349
Support Services - Instructional	436,888	17,273	-	63,312	517,473
General Administrative Services	1,894,509	25,465	-	178,562	2,098,536
Operation and Maintenance Services	2,123,165	4,093	-	119,885	2,247,143
Transportation Services	24,488	17,391	-	959,858	1,001,737
School Food Services	-	-	-	951,153	951,153
Extracurricular	431,422	-	-	479,274	910,696
Debt Service:					
Principal	-	-	1,745,000	-	1,745,000
Interest and Other Charges	-	-	1,460,097	-	1,460,097
Capital Outlay	341,746	10,000	-	58,435	410,181
Intergovernmental	38,123	-	-	293	38,416
Total Expenditures	14,912,243	1,031,583	3,205,097	4,466,193	23,615,116
Excess (Deficiency) of Revenues Over Expenditures	(70,271)	423,088	(286,746)	570,343	636,414
OTHER FINANCING SOURCES (USES):					
Net Change in Fund Balance	(70,271)	423,088	(286,746)	570,343	636,414
FUND BALANCE:					
Beginning of the Year	3,668,963	1,614,613	750,845	3,388,596	9,423,017
Error Correction	279	995	-	(883)	391
End of the Year	$ 3,598,971	$ 2,038,696	$ 464,099	$ 3,958,056	$ 10,059,822

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

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net Changes in Fund Balance		$ 636,414
Change in Net Position from Internal Service Funds		528,360
Revenues on the Statement of Activities not Included in Governmental Funds Statement:		
Increase (Decrease) in Taxes Receivable	115,110	
State Pension Aid	351,797	466,907
Expenses on the Statement of Activities not Included in the Governmental Funds Statement:		
Depreciation Expense	(1,392,593)	
Actuarial Pension Expense	(607,457)	
Premium on Bonds	232,912	
(Increase) Decrease in Other Postemployment Benefits	(201,635)	
(Increase) Decrease in Compensated Absence Liability	14,664	(1,954,109)
Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities		
Capital Outlays	410,181	
Principal Payments on Debt	1,745,000	2,155,181
Change in net Position Reported on the Statement of Activities		$ 1,832,753

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

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Governmental Activities - Internal Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 1,709,160
Total Assets	1,709,160
DEFERRED OUTFLOWS OF RESOURCES:	
Total Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	$ 1,709,160
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 8,755
Total Liabilities	8,755
DEFERRED INFLOWS OF RESOURCES:	
Total Deferred Inflows of Resources	-
NET POSITION:	
Unrestricted (Deficit)	1,700,405
Total Net Position	1,700,405
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,709,160

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

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

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service
OPERATING REVENUES:	
Health Insurance Premiums and Contributions	$ 2,592,685
Total Operating Revenues	2,592,685
OPERATING EXPENSES:	
Health Insurance benefit payments	2,139,706
Total Operating Expense	2,139,706
Operating Income (Loss)	452,979
NONOPERATING REVENUES (EXPENSES)	
Interest	75,381
Total Nonoperating Revenue (Expenses)	75,381
Change in Net Position	528,360
NET POSITION:	
Beginning of the Year	1,172,045
End of the Year	$ 1,700,405

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Other Receipts (Payments)	$ 2,592,685
Other Receipts (Payments)	(2,139,707)
Net Cash Provided (Used) by Operating Activities	452,978
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Non-capital Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	75,381
Net Cash Provided (Used) by Investing Activities	75,381
Net Increase (Decrease) in Cash and Cash Equivalents	528,359
BALANCE:	
Beginning of the Year	1,180,801
End of the Year	$ 1,709,160
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 452,979
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Customer Deposits	(1)
Net Cash Provided (Used) by Operating Activities	$ 452,978
Supplemental Schedule of Noncash Activities:	
GASBS No. 68 State Contribution	$ -

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

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

	Custodial Funds Aggregate Other Custodial Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 45,774
Total Assets	$ 45,774
LIABILITIES:	
Current Liabilities:	
Due to Individuals and Organizations	$ 15,078
Total Liabilities	15,078
NET POSITION:	
Restricted For:	
School Districts	30,696
Total Net Position	$ 30,696

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2025

	Custodial Funds Aggregate Other Custodial Funds
ADDITIONS:	
Contributions from Individuals and Organizations	$ 88,033
Total Additions	88,033
DEDUCTIONS:	
Distributions to Individuals and Organizations	87,744
Total Deductions	87,744
Change in Net Position	289
NET POSITION:	
Beginning of the Year	-
Error Correction	30,407
End of the Year	$ 30,696

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. a. REPORTING ENTITY

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

In fiscal year 2025, the School District adopted the following GASB Statements:

- Governmental Accounting Standards Board (GASB Statement) GASB Statement No. 102 – *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

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

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

  The provisions of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

- GASB Statement No. 104 – Disclosure of Certain Capital Assets.

  This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

  This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

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

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

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

1. b. BASIS OF PRESENTATION AND ACCOUNTING

1. b. 1. GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

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

1. b. 2. FUND ACCOUNTING

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

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

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

1. b. 3. OTHER FUND TYPES

Other Proprietary Fund Types

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

Fiduciary Funds

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

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

1. c. 1 CASH AND INVESTMENTS

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

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

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

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

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

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

1. c. 2. TAXES

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

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

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

1. c. 3. RECEIVABLES

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

1. c. 4. INVENTORIES

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

1. c. 5. CAPITAL ASSETS

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

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

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

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

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

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

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

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

1. c. 7. LEASE RELATED ACTIVITIES

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

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

1. c. 8. VACATION AND SICK LEAVE

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

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

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

Reporting – Liabilities incurred because of unused vacation and sick leave are reflected in the financial statements. Expenditures for unused leave are recorded when paid in governmental funds. Expenses are accrued when earned on the *Statement of Activities*. At June 30, 2025, the amount expected to be paid within one year related to governmental activities amounted to $324,753.

1. c. 9. NET POSITION AND FUND BALANCE

The *Statement of Net Position* includes the following:

- Net Investment in Capital Assets – This component of net position is comprised of the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted – This component of net position is restricted externally by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted – This component of net position is the difference between assets and liabilities that are not reported in the other components of net position.

The governmental fund *Balance Sheet* includes the following fund balances:

- Restricted – This balance includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

- Assigned – This balance includes amounts management has set aside for a specific purpose. This includes the executing of a purchase order for a specific purpose such as an encumbrance.

- Unassigned – This balance includes amounts that are available for any purpose. These amounts are reported only in the General fund.

At June 30, 2025, fund balance components other than unassigned fund balance were as follows:

Purpose	Restricted	Assigned
Instructional and Support Services	$ 665,174	$ 18,448
Student Transportation	276,269	2,767
Extracurricular	260,761	39,168
School Food	154,062	144,537
Third Party Grantor Restrictions	2,038,696	0
Employer Retirement Benefits	593,915	0
Future Technology	462,512	17,893
Future Capital Costs	1,545,363	0
Debt Service	464,099	0
Total	$ 6,460,851	$ 222,813

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

The School District may adjust the beginning fund balances that were reported in the prior year. These adjustments may result from:

- A change in a fund status as major or nonmajor
- A correction of an error that affected a prior period balance
- The adoption of a change in accounting principle
- Other items as may be required by the circumstances.

The School District discloses these adjustments on face of the financial statements or in the notes to the financial statements.

1. d. OTHER

1. d. 1. USE OF ESTIMATES

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

1. d. 2. COUNTY PROVIDED SERVICES

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

1. d. 3. UNUSUAL IN NATURE OR INFREQUENT IN OCCURRENCE

The School District reported events or transaction as either unusual in nature or infrequent in occurrence when they met the following criteria:

- Unusual in nature - the underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the government, taking into account the environment in which the government operates. The event is highly abnormal and not closely related to the government's typical operations in its specific environment.

- Infrequency of occurrence - the underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the government operates. The event is not reasonably expected to recur in the foreseeable future given the government's operating environment.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2025, cash, cash equivalents, and investments for governmental activities and fiduciary funds were as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 11,939,724	$ 45,774	$ 11,985,498

The carrying amounts of cash on hand, deposits, and investments at June 30, 2025 were as follows:

Account Type	Amount
Cash on Hand	$ 200
Demand Accounts	315,699
County Investment Pool	11,665,022
Savings Accounts	4,577
Total	$ 11,985,498

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

Custodial Credit Risk – Deposits – The cash of the extracurricular and Cafeteria/FLEX funds was held separately by the School District and, consequently, the deposits may be subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk**.** At June 30, 2025, the School District's bank balance amounted to $326,449 and $71,872 of that amount was exposed to custodial credit risk because it was uninsured.

NOTE 3. TAXES RECEIVABLE

The School District is permitted by Montana statutes to levy taxes up to certain fixed limits for various purposes. The assessed value of the roll as of January 1, 2024, upon which the levy for the 2025 fiscal year was based, amounted to $32,709,532 for the School District. The tax rates assessed for the year ended June 30, 2025 to finance School District operations and applicable taxes receivable were as follows:

Fund	Mill Levies	Taxes Receivable
Governmental Funds		
General *	63.21	$ 73,415
Transportation	23.81	27,190
Bus Depreciation	5.13	6,689
Tuition	9.56	11,093
Adult Education	1.00	1,843
Technology	2.84	3,195
Flexibility *	1.94	1,949
Debt Service *	75.17	90,062
Building Reserve	3.43	9,951
Total Governmental Funds	186.09	$ 225,387

* Denotes Major Fund

Property taxes assessed may be paid under protest and held by the County Treasurer until the action is finally determined to be in favor of or against the governmental entity levying the tax. Money paid under protest is accounted for by the County in a protested tax fiduciary fund until the final determination. The amount reported above includes $30,610 of taxes paid under protest.

NOTE 4. DUE FROM OTHER GOVERNMENTS

Due from other governments represent amounts due to the School District for costs incurred but not reimbursed by third party governments. The amounts due from other governments as of June 30, 2025 were as follows:

Fund	Amount	Due From	Reason
School Food Services	$ 57,584	County	Unreimbursed expenditures
Miscellaneous Programs *	89,020	Montana	Unreimbursed expenditures
Miscellaneous Programs *	13,315	Montana	Unreimbursed expenditures
Miscellaneous Programs *	1,136	Montana	Unreimbursed expenditures
Miscellaneous Programs *	4,232	Montana	Unreimbursed expenditures
Miscellaneous Programs *	15,489	Montana	Unreimbursed expenditures
Total	$ 180,776		

* Denotes Major Fund

NOTE 5. GENERAL CAPITAL ASSETS

The schedule of changes in general capital assets for the fiscal year ended June 30, 2025 follows:

	Primary Government				
Governmental Activities	**Balance July 1, 2024**	**Additions**	**Deletions**	**Adjustments/ Transfers**	**Balance June 30, 2025**
Non-depreciable Capital Assets:					
Land	$ 2,645,852	$ 0	$ 0	$ 0	$ 2,645,852
Depreciable Capital Assets:					
Buildings	53,827,584	0	0	83,750	53,911,334
Improvements Other than Buildings	2,924,769	0	0	(79,239)	2,845,530
Machinery and Equipment	2,595,386	410,181	(8,150)	5,879	3,003,296
Total Depreciable Capital Assets	59,347,739	410,181	(8,150)	10,390	59,760,160
Less Accumulated Depreciation For:					
Buildings	(10,875,028)	(1,070,553)	0	(132,948)	(12,078,529)
Improvements Other than Buildings	(788,231)	(115,531)	0	177,568	(726,194)
Machinery and Equipment	(1,363,979)	(206,509)	8,150	(44,620)	(1,606,958)
Total Accumulated Depreciation	(13,027,238)	(1,392,593)	8,150	0	(14,411,681)
Net Depreciable Capital Assets	46,320,501	(982,412)	0	10,390	45,348,479
Net Governmental Activities Capital Assets	$ 48,966,353	$ (982,412)	$ 0	$ 10,390	$ 47,994,331

Depreciation expense charged to governmental functions was as follows:

Function	**Amount**
Instructional Services	$ 258,409
Support Services	2,725
General Administrative Services	4,328
Operation and Maintenance Services	979,700
Transportation Services	124,471
School Food Services	2,801
Extracurricular	4,995
Unallocated	15,164
Total Depreciation Expense	$ 1,392,593

NOTE 6. CURRENT LIABILITIES

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

6. a. DUE TO OTHER GOVERNMENTS

Balances reported as due to other governments as of June 30, 2025 were as follows:

Fund	**Amount**	**Due To**	**Reason**
Interlocal Agreement *	$ 183,896	Lincoln School District	Amount due on dissolution of multidistrict agreement

* Denotes Major Fund

NOTE 7. LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 2025 follows:

Governmental Activities	Balance July 1, 2024	New Debt and Other Additions	Principal Payments and Other Reductions	Balance June 30, 2025	Due within One Year
Bonds and Notes Payables:					
General Obligation (GO) Bonds	$ 32,070,000	$ 0	$(1,745,000)	$30,325,000	$ 0
Premium on GO Bonds	3,232,208	0	(232,912)	2,999,296	232,912
Total Bonds and Notes Payables	35,302,208	0	(1,977,912)	33,324,296	232,912
Other Liabilities:					
Compensated Absences *	664,171	0	(14,664)	649,507	324,753
Accrued Pension	12,983,799	74,286	(84,966)	12,973,119	0
Other Postemployment Benefits	1,689,660	4,014	0	1,693,674	0
Total Other Liabilities	15,337,630	78,300	(99,630)	15,316,300	324,753
Governmental Activities - Long-term Debt	$ 50,639,838	$ 78,300	$(2,077,542)	$48,640,596	$ 557,665

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

7. a. GENERAL OBLIGATION BONDS

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

Description	Issue Date	Interest Rate	Term	Maturity Date	Amount Issued	Outstanding June 30, 2025
GO School Building Bonds, Series 2017	7/27/17	2.0-4.0%	20 years	7/1/37	$ 12,000,000	$ 8,185,000
GO School Building Bonds, Series 2018	8/8/18	3.0-5.0%	20 years	7/1/38	29,500,000	22,140,000
Totals					$ 41,500,000	$ 30,325,000

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

For the year ended June 30:	Principle	Interest	Premium * Amortization
2026	$ 0	$ 1,419,387	$ 232,912
2027	1,820,000	1,337,262	232,912
2028	1,905,000	1,254,187	232,912
2029	1,985,000	1,170,137	232,912
2030	2,075,000	1,180,737	232,912
2031-2035	11,840,000	3,913,463	1,164,560
2036-2039	10,700,000	989,742	670,176
Totals	$ 30,325,000	$ 11,164,915	$ 2,999,296

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

NOTE 8. DEFERRED INFLOWS OF RESOURCES

The School District reported deferred property taxes at June 30, 2025 as follows:

Fund	Amount	Reason
Governmental Funds		
General *	$ 73,415	Taxes receivable
Transportation	27,190	Taxes receivable
Bus Depreciation	6,689	Taxes receivable
Tuition	11,093	Taxes receivable
Adult Education	1,843	Taxes receivable
Technology	3,195	Taxes receivable
Flexibility *	1,949	Taxes receivable
Debt Service *	90,062	Taxes receivable
Building Reserve	9,951	Taxes receivable
Total Governmental Funds	$ 225,387	

* Denotes Major Fund

NOTE 9. ERROR CORRECTIONS

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

Fund	Amount	Reason
Governmental Funds		
School Food Services	$ 5,324	Prior year unreported bank balance
Miscellaneous Programs *	995	Prior year unreported bank balance
Flexibility *	279	Prior year unreported bank balance
Student Activities	(6,207)	Prior year outstanding checks reported as accounts payable
Total Governmental Funds	391	

* Denotes Major Fund

Governmental Activities		
Capital Assets/Other	10,390	Capital assets correction
Total Governmental Activities	$ 10,781	

Fiduciary Funds		
Cafeteria Flex	$ 30,407	To record cash held that belongs to the School District

NOTE 10. INTERFUND OPERATING TRANSFERS

The School District recorded interfund transfers during the year ended June 30, 2025 as follows:

Operating Fund In	Amount	Operating Fund Out	Purpose
Interlocal Agreement *	$ 353,000	General *	To fund the School District portion of the multi-district
Less Internal Transactions **	(353,000)		
Total	$ 0		

* Denotes Major Fund

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

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

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

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

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

As of June 30, 2025, the measurement date, the plan's participants were comprised of:

Active employees	173
Inactive employees (may include spouses)	15

The School District's total OPEB liability amounted to $1,693,674 at June 30, 2025. The liability was measured as of June 30, 2024 and was rolled forward to June 30, 2025.

ASSUMPTIONS AND OTHER INPUTS

The School District obtained an actuarial valuation to determine the OPEB liability. Valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future and estimated amounts are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the current plan. The valuation assumed that 40% of plan participants would elect to continue coverage after retirement.

The total OPEB liability at June 30, 2025 was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average salary increases	3.50%
Discount rate	4.93%
Retiree's share of benefit related costs	100.00%
Healthcare cost trend rate	6.90% down to 4.00%

CHANGES IN THE TOTAL OPEB LIABILITY

Balance July 1, 2024	$ 1,689,660
Changes for the Year: *	
Service Cost (OPEB Expense)	168,452
Interest	79,645
Changes in Assumptions or Other Inputs	(197,621)
Benefit Payments	(46,462)
Net Changes	4,014
Balance June 30, 2025	$ 1,693,674

* GASB No. 75 requires an actuarial valuation or calculation of the total OPEB liability to be performed at least once every two years and roll forward procedures on the off years. Accordingly, the School District did not perform a valuation of their total OPEB liability as of June 30, 2025 and the liability displayed is based on the measurement date of June 30, 2024 with changes based on roll forward procedures. The roll forward procedures add the annual normal costs and subtract the benefits payments.

Changes in benefit terms and assumptions and other inputs are composed of changes in assumptions about the discount rate.

SENSITIVITY ANALYSIS

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

	Discount Rate		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$2,001,385	$ 1,693,674	$ 1,449,687

	Healthcare Cost Trend Rate		
	1.0% Decrease	**Current**	**1.0% Increase**
Total OPEB Liability	$1,531,857	$ 1,693,674	$ 2,394,859

OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2025, the School District reported $4,014 in expense related to OPEB.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference Between Expected and Actual Experience	$ 101,849	$ 939,698
Changes of Assumptions	35,565	667,579
Total	$ 137,414	$ 1,607,274

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

Year ended June 30:	**Net Deferred Outflows/ Inflows of Resources**
2026	$ (146,725)
2027	(146,725)
2028	(146,725)
2029	(146,725)
2030	(146,725)
Thereafter (8 years)	(736,235)

NOTE 12. ENCUMBRANCES

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

Fund	**Amount**
General *	$ 222,813
Transportation	2,984
School Food Services	26
Miscellaneous Programs *	10,538
Flexibility *	700
* Denotes Major Fund	
Proprietary Funds	
Governmental Internal Service	17,592
Total Governmental Activities	$ 254,653

NOTE 13. RISK MANAGEMENT

The School District was exposed to distinct types of risk, including risks of:

- Decreased public funding
- Other losses

Risks related to decreased in public funding relate to possible future decreases in County, State and federal funding. Such funding is used in the provision of such services as instructional programing, food, transportation, and capital maintenance and improvements. In the event of such a decrease, the School District would likely need to seek funding from other sources such as increased parental fees, private donations, or increased borrowing. Alternately, the School District could curtail services such as extracurricular or sports programs or increasing class sizes.

Risks related to losses include:

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

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

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

NOTE 14. EMPLOYEE RETIREMENT SYSTEM

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

- The Teachers' Retirement System (TRS) covers teaching employees, including administrators and aids and
- The Public Employees' Retirement System (PERS) covers non-teaching employees and

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

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

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

The Montana Public Employee Retirement Administration (MPERA) and TRS prepare their financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA and TRS for the purposes of determining the net pension liability (NPL), deferred outflows of resources and deferred inflows of resources related to pensions, pension expenses, the fiduciary net position, and additions to and deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value.

MPERA and TRS comply with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) statements.

14. b. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

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

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

SUMMARY OF BENEFITS

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

Early Retirement: (actuarially reduced)	• Hired prior to July 1, 2011:
	  o Age 50, 5 years of membership service; or
	  o Any age, 25 years of membership service.
	• Hired on or after July 1, 2011:
	  o Age 55, 5 years of membership service.

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

- GABA starts on both benefits in January after receiving the original and the new benefit for 12 months.

Vesting: 5 years of membership service

Member's Highest Average Compensation (HAC):
- Hired prior to July 1, 2011:
  - HAC during any consecutive 36 months.
- Hired on or after July 1, 2011:
  - HAC during any consecutive 60 months.

Compensation Cap:
- Hired on or after July 1, 2013:
  - 110% annual cap on compensation is considered as part of a member's HAC.

Monthly Benefit Formula:
- Hired prior to July 1, 2011:
  - Less than 25 years of membership service - 1.785% of HAC per year of service credit; or
  - 25 years of membership service or more - 2% of HAC per year of service credit.
- Hired on or after July 1, 2011:
  - Less than 10 years of membership service - 1.5% of HAC per year of service credit;
  - 10 years or more, but less than 30 years of membership service - 1.785% of HAC per year of service credit; or
  - 30 years or more of membership service - 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA): After the member has completed 12 full months of retirement, the member's benefit increases by the following percentage each January, inclusive of other adjustments to the member's benefit:
- 3% for members hired **prior** to July 1, 2007
- 1.5% for members hired **between** July 1, 2007 and June 30, 2013
- Members hired on or **after** July 1, 2013:
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  - 0% whenever the amortization period for PERS is 40 years or more.

OVERVIEW OF CONTRIBUTIONS

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

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

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

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

	Member		State & Universities	Local Government		School Districts	
Fiscal Year	Hired<07/01/11	Hired>07/01/11	Employer	Employer	State	Employer	State
2025	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	.0370%
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
   a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. For fiscal years beginning after June 30, 2024, the additional contribution amount stays at 2.27%. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
   b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
   c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions:
   a. Special Funding
      i. The State contributed 0.1% of the members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of the members' compensation on behalf of school district entities.
      iii. The State contributed a Statutory Appropriation from the General Fund amounting to $35,329,705.

ACTUARIAL ASSUMPTIONS

The Total Pension Liability (TPL) as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of pension plan investment expense, including inflation) 7.30%
- General Wage Growth (includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Postretirement Benefit Increases:
  - GABA each January. After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit:
    - 3% for members hired prior to July 1, 2007
    - 1.5% for members hired between July 1, 2007 and June 30, 2013
    - Members hired on or after July 1, 2013:
      - 1.5% for each year PERS is funded at or above 90% (the 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%
      - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality
  - *Active Participants* - PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - *Disabled Retirees* - PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - *Contingent Survivors* - PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
  - *Healthy Retirees* - PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2024 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 TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under MCA. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

DEFINED CONTRIBUTION PLAN

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

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

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

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

At the plan level for the measurement period ended June 30, 2024, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 351 employers that have participants in the PERS-DCRP totaled $1,345,278.

14. c. TEACHERS' RETIREMENT SYSTEM

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

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

SUMMARY OF BENEFITS

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

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

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

OVERVIEW OF CONTRIBUTIONS

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

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

	Members	Employers	General fund	Total employee and employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%

July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.31%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.51%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.81%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2024 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

ACTUARIAL ASSUMPTIONS

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

Total Wage Increases: (includes 3.50% general wage increase assumption)
- 3.50% to 9.00% for Non-University members
- 4.25% for University members

Investment Return:
- 7.30%

Price Inflation:
- 2.75%

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

Mortality:

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

DISCOUNT RATE

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

TARGET ALLOCATIONS

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

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

14. d. SENSITIVITY ANALYSIS

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

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
PERS			
Net Pension Liability	$ 3,114,210,038	$ 2,440,353,916	$ 1,566,800,567
School District's Net Pension Liability	2,121,433	1,455,246	896,615
TRS			
Net Pension Liability	2,693,051,612	1,873,757,133	1,189,228,680
School District's Net Pension Liability	16,554,027	11,517,873	7,310,118

14. e. NET PENSION LIABILITY

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

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, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The TPL minus the Fiduciary Net Position equals the NPL. The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's

contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid.

At June 30, 2025, the employer recorded a liability for its proportionate share of the NPL as noted below:

	NPL		Percent of Collective NPL		Change in Percent of
As of measurement date	**as of 6/30/24**	**as of 6/30/23**	**as of 6/30/24**	**as of 6/30/23**	**Collective NPL**
PERS					
School District Proportionate Share	$ 1,455,246	$ 1,380,960	0.059501%	0.056589%	0.002912%
State of Montana Proportionate Share associated with Employer	432,314	430,024	0.017676%	0.017621%	0.000055%
Totals	$ 1,887,560	$ 1,810,984	0.077177%	0.074210%	0.002967%
TRS					
School District Proportionate Share	$11,517,873	$11,602,839	0.6147%	0.5989%	0.0158%
State of Montana Proportionate Share associated with Employer	6,109,519	6,272,253	0.3261%	0.3237%	0.0024%
Totals	$17,627,392	$17,875,092	0.9408%	0.9226%	0.0182%

The NPL was measured as of June 30, 2024, and the TPL used to calculate the net pension liability was determined by an actuarial valuation as of:

- PERS – June 30, 2024
- TRS – July 1, 2024

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

14. f. PENSION EXPENSE

At June 30, 2025, the employer recognized a pension expense and grant revenue as noted below:

(as of measurement date)	**Pension Expense as of 6/30/24**	**Pension Expense as of 6/30/23**
PERS		
School District's Proportionate Share	$ 95,558	$ 162,954
Employer Grant Revenue – Montana Proportionate Share with the Employer	23,168	40,343
Totals	$ 118,726	$ 203,297

TRS		
School District's Proportionate Share	$ 1,139,953	$ 1,801,513
State of Montana Proportionate Share associated with the Employer	328,629	582,580
Totals	$ 1,468,582	$ 2,384,093

14. g. DEFERRED INFLOWS AND OUTFLOWS

At June 30, 2025, the employer reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to PERS and TRS from the following sources:

	PERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected economic experience	$ 73,540	$ 0	$ 291,396	$ 0
Changes in actuarial assumptions	0	0	0	382,844
Difference between projected and actual investment earnings	0	32,361	0	222,269
Changes in proportion and differences between actual and expected contributions	0	0	839,827	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,802	0	0	0
Contributions paid subsequent to the measurement date –FY 2024 Contributions *	104,590	0	878,589	0
Totals	$ 216,933	$ 32,361	$2,009,812	$ 605,112

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2026.

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

	PERS	TRS
Year Ended June 30	Amount of Deferred Outflows (Inflows) to be Recognized as an Increase (Decrease) to Pension Expense	
2025	$ (2,634)	$ (360,766)
2026	119,302	833,733
2027	(22,750)	91,355
2028	(13,937)	(38,210)
Thereafter	0	0

14. h. EMPLOYER'S PROPORTION OF PENSION AMOUNTS

	PERS	TRS	
	Employer's Proportionate Share	Employer's Proportionate Share	Employer's Total Pension Amounts
Total Pension Liability	$ 5,767,919	$ 43,186,097	$ 48,954,016
Fiduciary Net Position	4,312,673	31,668,224	35,980,897
Net Pension Liability	1,455,246	11,517,873	12,973,119
Deferred Outflows of Resources	216,933	2,009,812	2,226,745
Deferred Inflows of Resources	32,361	605,112	637,473
Pension Expense	118,726	1,468,582	1,587,308

NOTE 15. SPECIAL EDUCATION COOPERATIVE

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

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

NOTE 16. JOINT VENTURE AGREEMENTS

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

16. a. MULTIDISTRICT COOPERATIVE

Section 20-3-363, MCA allows for the creation of a multidistrict cooperative between any School District and other public entities under Title 20, Chapter 9 Part 7, MCA. The parties in a multidistrict cooperative may mutually agree to perform any services, activities, and undertakings of the participants and provide for the joint funding and operation and maintenance of all participants in the agreement.

16. b. INTERLOCAL AGREEMENT FUND

The School District was a party to a multi-district agreement with Lincoln School District for the purpose of purchasing/paying for salaries, technology, curriculum, utilities and supplies for the participating districts. The School District is the designated prime agency and is responsible for the financial administration of the multi-district agreement funds. The activity of the multi-district agreement is accounted for in fund 82 of the School District.

During fiscal year ended June 30, 2025, the School District transferred $1,000,000 into the Interlocal Agreement fund.

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF FUNDING PROGRESS
Other Postemployment Benefits Other Than Pensions
For the year ended June 30, 2025

CHANGE IN LIABILITY

Fiscal Year End	Service Cost (a)	Interest (b)	Changes in Benefit Terms (c)	Changes in Assumptions or Other Inputs (d)	Benefit Payments (e)	Net Change in Total OPEB Liability Sum of (a) to (e)=(f)	Total OPEB Liability Beginning (g)	Total OPEB Liability Ending (f)+(g)=(h)
							$	
6/30/18	$ 154,840	$ 54,196	$ 0	$ 52,926	$ (41,000)	$ 220,962	1,839,162	$2,060,124
6/30/19	207,766	54,196	0	0	(41,000)	220,962	2,060,124	2,281,086
6/30/20	207,766	54,196	0	0	(41,000)	220,962	2,281,086	2,502,048
6/30/21	207,766	54,196	0	0	(41,000)	220,962	2,502,048	2,723,010
6/30/22	253,960	80,243	(939,698)	(215,738)	(60,581)	(881,814)	2,723,010	1,841,196
6/30/23	0	0	0	0	0	0	1,841,196	1,841,196
6/30/24	124,774	74,356	48,923	(351,831)	(47,758)	(151,536)	1,841,196	1,689,660
6/30/25	168,452	79,645	0	(197,621)	(46,462)	4,014	1,689,660	1,693,674

PAYROLL RATIO

Fiscal Year End	Covered Employee Payroll (i)	Total OPEB Liability as a Percentage of Covered Employee Payroll (h)/(i)=(j)
6/30/18	$ 6,585,312	31.28%
6/30/19	6,515,313	35.01%
6/30/20	6,473,004	38.70%
6/30/21	8,541,557	31.88%
6/30/22	9,757,789	18.87%
6/30/23	9,757,789	18.87%
6/30/24	8,965,241	18.85%
6/30/25	9,279,025	18.25%

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

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
(Determined as of the measurement date)
For the year ended June 30, 2025

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

As of Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Net Pension Liability (a)	State's Net Pension Liability (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share as a Percentage of Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.050900%	$ 711,521	$ 33,434	$ 744,955	$ 614,166	115.85%	78.40%
2016	0.049866%	849,383	39,696	889,080	617,461	137.56%	74.71%
2017	0.053002%	1,032,281	50,163	1,082,445	684,847	150.73%	73.75%
2018	0.041166%	859,183	317,122	1,176,306	739,232	116.23%	73.47%
2019	0.046405%	970,010	346,088	1,316,098	790,584	122.70%	73.85%
2020	0.052111%	1,374,789	480,472	1,855,261	925,673	148.52%	68.90%
2021	0.057336%	1,039,620	342,557	1,382,177	984,750	105.57%	79.91%
2022	0.057639%	1,370,584	456,328	1,826,912	983,450	139.36%	73.66%
2023	0.056589%	1,380,960	430,024	1,810,984	1,033,426	133.63%	73.93%
2024	0.059501%	1,455,246	432,314	1,877,560	1,176,750	123.67%	74.77%

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30:	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a)	State of Montana's Proportionate Share of the Net Pension Liability Associated with the Employer (b)	Total (a)+(b)=(c)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll (a)/(d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3755%	$ 6,168,690	$ 4,136,614	$ 10,305,304	$ 4,792,047	128.73%	69.30%
2016	0.3945%	7,206,486	4,697,933	11,904,419	5,120,454	140.74%	66.69%
2017	0.4041%	6,813,539	4,325,135	11,138,674	5,330,005	127.83%	70.09%
2018	0.4146%	7,695,329	4,783,950	12,479,279	5,537,769	138.96%	69.09%
2019	0.4205%	8,108,817	4,910,157	13,018,974	5,682,420	142.70%	68.64%
2020	0.4684%	10,536,385	6,229,721	16,766,106	6,447,193	163.43%	64.95%
2021	0.5215%	8,638,157	4,928,501	13,566,658	7,427,146	116.31%	75.54%
2022	0.5502%	10,822,311	5,977,024	16,799,335	8,076,862	133.99%	70.61%
2023	0.5989%	11,602,839	6,272,253	17,875,092	8,906,467	130.27%	71.75%
2024	0.6147%	11,517,873	6,109,519	17,627,392	9,236,774	124.70%	73.33%

These schedules are intended to show information for the most recent 10 years.

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF CONTRIBUTIONS TO MONTANA RETIREMENT SYSTEMS
(Determined as of the reporting date)
For the year ended June 30, 2025

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Defined Benefit Contributions (a)	Plan Choice Rate Required Contribution (b)	Contributions in Relation to the Contractually Required Contributions (c)	Contribution Deficiency (Excess) (a)+(b)-(c)=(d)	Employer's Covered Payroll (e)	Contributions as a Percentage of Covered Payroll ((a)+(b))/(e)
2016	$ 49,926	$ 1,417	$ 51,343	$ 0	$ 617,461	8.32%
2017	55,033	0	55,033	0	684,847	8.04%
2018	57,341	0	57,341	0	739,232	7.76%
2019	65,853	0	65,853	0	790,584	8.33%
2020	76,603	0	76,603	0	925,673	8.28%
2021	89,750	0	89,750	0	984,750	9.11%
2022	90,087	0	90,087	0	983.450	9.16%
2023	95,158	0	95,158	0	1,033,426	9.21%
2024	106,226	0	106,226	0	1,176,750	9.03%
2025	104,590	0	104,590	0	1,188,524	8.80%

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30:	Contractually Required Contributions (a)	Contributions in Relation to Contractually Required Contributions (b)	Contribution Deficiency (Excess) (a)-(b)=(c)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (a)/(d)
2016	$ 476,777	$ 476,777	$ 0	$ 5,120,454	9.31%
2017	472,730	472,730	0	5,330,005	8.87%
2018	548,553	548,553	0	5,537,769	9.91%
2019	560,438	560,438	0	5,682,420	9.86%
2020	587,593	587,593	0	6,447,193	9.11%
2021	751,493	751,493	0	7,427,146	10.12%
2022	884,246	884,246	0	8,076,862	10.95%
2023	884,519	884,519	0	8,906,467	9.93%
2024	936,256	936,256	0	9,236,774	10.14%
2025	878,589	878,589	0	9,468,170	9.28%

These schedules are intended to show information for the most recent 10 years.

NOTE 1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

2017:
Working Retiree Limitations – for PERS
Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.
Refunds
1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2) Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Lump-sum payouts
Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.
Disabled PERS Defined Contribution (DC) Members
PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods
Method and assumptions used in calculations of actuarially determined contributions

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

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0.00% to 4.80%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Active Participants)	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees)	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (Contingent Survivors)	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Health Retirees)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021.

NOTE 2. TEACHERS' RETIREMENT SYSTEM

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

Changes in actuarial assumptions and other inputs:
The following changes to the actuarial assumptions were adopted in 2022:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- Assumed real wage growth was reduced from 1.00% to 0.75%.

- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.

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

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

Method and assumptions used in calculations of actuarially determined contributions:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General				
	Original Budget	Final Budget	Budget Variance with Original vs Final Budget - Over (Under)	Actual	Actual Variance with Final Budget - Over (Under)
REVENUES:					
District Levies	$ 2,067,992	$ 2,067,992	$ -	$ 2,033,767	$ 2,033,767
Interest	125,385	125,385	-	140,265	140,265
Other	-	-	-	-	-
State	11,979,324	11,979,324	-	11,924,610	11,924,610
Total Revenues	14,172,701	14,172,701	-	14,098,642	14,098,642
EXPENDITURES:					
Current:					
Instructional Services				8,880,630	
Support Services - Students				574,237	
Support Services - Instructional				439,499	
General Administrative Services				1,877,612	
Operation and Maintenance Services				1,541,285	
Transportation Services				24,488	
Extracurricular				434,519	
Intergovernmental				38,123	
Total Expenditures	14,172,701	14,172,701	-	13,810,393	13,810,393
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	288,249	288,249
OTHER FINANCING SOURCES (USES):					
Fund Transfers (Out)				(353,000)	
Total Other Financial Sources (Uses)	-	-	-	(353,000)	(353,000)
Net Change in Fund Balance	-	-	-	(64,751)	(64,751)
FUND BALANCE:					
Beginning of the Year				1,162,007	
Error Correction				2,915	
End of the Year				$ 1,100,171	

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Budget and Actual, continued
ALL BUDGETED MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Flexibility				
	Original Budget	Final Budget	Budget Variance with Original vs Final Budget - Over (Under)	Actual	Actual Variance with Final Budget - Over (Under)
REVENUES:					
District Levies	$ 62,297	$ 62,297	$ -	$ 62,290	$ 62,290
Interest	-	-	-	-	-
Other	-	-	-	8,599	8,599
State	165,766	165,766	-	165,766	165,766
Total Revenues	228,063	228,063	-	236,655	236,655
EXPENDITURES:					
Current:					
Instructional Services				128,452	
Support Services - Students				-	
Support Services - Instructional				-	
General Administrative Services				-	
Operation and Maintenance Services				-	
Transportation Services				-	
Extracurricular				-	
Intergovernmental				-	
Total Expenditures	516,799	516,799	-	128,452	128,452
Excess (Deficiency) of Revenues Over Expenditures	(288,736)	(288,736)	-	108,203	108,203
OTHER FINANCING SOURCES (USES):					
Fund Transfers (Out)				-	
Total Other Financial Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	(288,736)	(288,736)	-	108,203	108,203
FUND BALANCE:					
Beginning of the Year				287,736	
Error Correction				549	
End of the Year				$ 396,488	

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

NOTE 1. BUDGETS

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

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

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

1. a. GENERAL BUDGET POLICIES

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

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

1. b. BUDGET OPERATIONS

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

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

NOTE 2. FUND BALANCE RECONCILIATION

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

	General
End of the Year (GAAP)	$ 1,322,984
Current-year Encumbrances	(222,813)
End of the Year (Budget)	$ 1,100,171

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

NOTE 3. BUDGET AMENDMENTS

The original budgets were not amended.

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

	General	Flexibility	Interlocal Agreement	Internal Balances Adjustments	**Total General Fund**
REVENUES:					
District Levies	$ 2,033,767	$ 62,290	$ -	$ -	$ 2,096,057
Interest	140,265	-	96,347	-	236,612
Other	-	8,599	410,328	-	418,927
State	11,924,610	165,766	-	-	12,090,376
Total Revenues	14,098,642	236,655	506,675	-	14,841,972
EXPENDITURES:					
Current:					
Instructional Services	8,919,479	128,186	-	-	9,047,665
Support Services - Students	574,237	-	-	-	574,237
Support Services - Instructional	436,888	-	-	-	436,888
General Administrative Services	1,894,509	-	-	-	1,894,509
Operation and Maintenance Services	1,432,204	-	690,961	-	2,123,165
Transportation Services	24,488	-	-	-	24,488
Extracurricular	431,422	-	-	-	431,422
Capital Outlay	10,612	-	331,134	-	341,746
Intergovernmental	38,123	-	-	-	38,123
Total Expenditures	13,761,962	128,186	1,022,095	-	14,912,243
Excess (Deficiency) of Revenues Over Expenditures	336,680	108,469	(515,420)	-	(70,271)
OTHER FINANCING SOURCES (USES):					
Fund Transfers In	-	-	353,000	(353,000)	-
Fund Transfers (Out)	(353,000)	-	-	353,000	-
Total Other Financial Sources (Uses)	(353,000)	-	353,000	-	-
Net Change in Fund Balance	(16,320)	108,469	(162,420)	-	(70,271)
FUND BALANCE:					
Beginning of the Year	1,339,304	288,440	2,041,219	-	3,668,963
Error Correction	-	279	-	-	279
End of the Year - GAAP Basis	1,322,984	397,188	1,878,799	-	$ 3,598,971
Less Current Year Encumbrances	(222,813)	-	-	-	
End of the Year - Budget Basis	$ 1,100,171	$ 397,188	$ 1,878,799	$ -	

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

On the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, all budgeted major governmental funds displayed budgeted information for the General and major special revenue funds of the School District. The above General sub-funds displayed budget and actual information, except for the Interlocal Agreement fund which was a *non-budgeted special revenue fund.*

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES
STUDENT ACTIVITY FUNDS
For the year ended June 30, 2025

Activity	Beginning Balance 7/1/2024	Revenues	Expenses	Transfers	Ending Balance 6/30/2025
5-8 Band	$ 3,999	$ 47,144	$ 40,801	$ (8,986)	$ 1,356
6-8 Music /Choir	5,735	28	5,107	2,977	3,633
Boys Soccer	1,528	1,043	471	-	2,100
Community Garden	11	-	-	-	11
East Strength Club	-	2,668	248	-	2,420
Eastgate Book Order	16	-	-	(16)	-
Eastgate Jeans	2,785	15	-	-	2,800
Eastgate Library	2,852	1,814	1,607	16	3,075
EHHS AG/FFA	6,911	6,699	9,166	(240)	4,204
EHHS Art Club	3,214	6,814	6,491	-	3,537
EHHS Athletics	10,487	84,660	76,800	(45)	18,302
EHHS Band	5,567	6,805	9,356	1,044	4,060
EHHS Baseball	5,125	6,481	7,053	-	4,553
EHHS Boys Basketball	4,885	4,813	6,324	-	3,374
EHHS BPA	2,950	3,477	1,686	120	4,861
EHHS Cheer	6,698	5,618	2,244	-	10,072
EHHS Choir	5,149	47,001	45,051	2,856	9,955
EHHS Class of 24-25	6,036	129	3,138	(1,000)	2,027
EHHS Class of 25-26	8,238	4,567	4,901	(215)	7,689
EHHS Class of 26-27	3,793	799	125	-	4,467
EHHS Class of 27-28	506	773	125	1,487	2,641
EHHS Class of 28-29	-	8,138	5,404	1,000	3,734
EHHS Class of 32-33	2	-	-	-	2
EHHS Clay Target Team	330	8,791	6,559	(360)	2,202
EHHS Concessions	5,844	14,106	14,170	(240)	5,540
EHHS Cross Country	1,179	1,411	541	-	2,049
EHHS Culinary Arts	3,510	6,818	6,164	815	4,979
EHHS Football	596	40,821	39,088	-	2,329
EHHS Girls Basketball	2,159	7,637	6,726	-	3,070
EHHS Girls Wrestling	-	2,104	689	-	1,415
EHHS Golf	1,179	2,420	2,838	-	761
EHHS Industrial Arts	3,385	8,422	6,457	-	5,350
EHHS Jeans	1,552	8	100	-	1,460
EHHS JROTC	1	-	-	-	1
EHHS Key Club	2,430	1,233	1,243	-	2,420
EHHS Library	50	-	-	-	50
EHHS National Honor Society	782	1,004	1,149	-	637
EHHS Newspaper	121	1	-	-	122
EHHS Photography	40	-	-	-	40
EHHS Pop	7,877	12,792	4,868	(120)	15,681
EHHS Skills USA	1,513	5,340	2,866	-	3,987
EHHS Softball	8,821	7,768	5,971	-	10,618
EHHS Speech & Debate	949	1,187	579	-	1,557
EHHS Student Council	4,899	6,593	5,121	45	6,416
EHHS Swimming	798	3	350	-	451
EHHS Tennis	2,994	8,019	8,644	-	2,369
EHHS Track	2,124	2,647	2,675	-	2,096

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REVENUES, EXPENSES, AND BALANCES
STUDENT ACTIVITY FUNDS (continued)
For the year-ended June 30, 2025

Activity	Beginning Balance 7/1/2024	Revenues	Expenses	Transfers	Ending Balance 6/30/2025
EHHS Volleyball	5,540	7,575	6,775	-	6,340
EHHS Wrestling	13,055	8,118	11,205	-	9,968
EHHS Yearbook	10,740	5,629	3,822	-	12,547
EVMS Athletic	2,775	5,004	2,556	-	5,223
EVMS Book Order	32	-	-	-	32
EVMS Choir	10	-	-	(10)	-
EVMS Field Trip	1,301	10,425	10,517	-	1,209
EVMS Foods Class	367	2	-	-	369
EVMS Got Life	272	524	201	-	595
EVMS Graduation	1,486	1	-	(1,487)	-
EVMS Home EC	456	2	-	-	458
EVMS Industrial Arts	1,327	1,905	1,229	-	2,003
EVMS Jeans	2,360	12	377	-	1,995
EVMS Library	303	4,284	3,836	-	751
EVMS Minicamp	977	5	-	-	982
EVMS Photo	264	1	-	-	265
EVMS Pop	1,851	45	309	-	1,587
EVMS Science 6th	471	3	-	-	474
EVMS Science 7th	467	3	-	-	470
EVMS Science 8th	645	484	497	-	632
EVMS Student Council	7,318	1,100	3,660	(353)	4,405
EVMS Yearbook	6,509	6,080	11,193	353	1,749
Flag Football	-	12,296	7,617	-	4,679
French Club	852	5	-	-	857
General Account	72	-	-	-	72
Girls Soccer	2,928	2,237	670	-	4,495
Green Club	468	3	-	-	471
K-4 General Music	1,027	2,086	4,454	2,119	778
Lifetime Sports	1,797	3,133	2,795	-	2,135
Pretty Cool Claws	-	400	-	-	400
Prickly Pear Book Order	997	3,869	3,695	-	1,171
Prickly Pear Jeans/ Field Trips	2,064	212	-	-	2,276
Pride & Allies Club	-	-	150	240	90
Radley Book Order	1,162	-	-	-	1,162
Radley Enrichment	247	1	-	-	248
Radley Field Trip	941	4,126	4,084	-	983
Radley Jeans	968	385	102	-	1,251
Radley Library	4,118	9,430	7,641	-	5,907
Radley Pop	84	108	160	-	32
Science Olympiad	1,588	506	805	-	1,289
Tiger Robotics Team	1,705	2,157	2,465	-	1,397
Vigilante E Sports	2,389	8,005	8,610	-	1,784
Vigilante Robotics Team	412	2,048	1,846	-	614
Visiting Vigilantes	2,513	234	611	-	2,136
Reconciling Differences	6,207	3	(4)	-	6,214
Total	$ 230,685	$ 481,057	$ 444,774	$ -	$ 266,968

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF REPORTED ENROLLMENT
For the year ended June 30, 2025

Fall Enrollment – October 2023

	Full-time Students			Part-time Students					
				Less Than					
	Reported	Audited	Variance	180 hours	360 hours	540 hours	720 hours	Audited	Variance
Elementary									
Kindergarten	159	159	0	0	0	0	0	0	0
Grade 1 - 6	856	856	0	0	0	0	1	1	0
Grade 7 - 8	333	333	0	0	0	0	4	4	0
Total	1,348	1,348	0	0	0	0	5	5	0
High School									
Grade 9 - 12	622	622	0	1	9	0	13	23	0
19-year old	0	0	0						
Youth Challenge	3	3	0						
Job Corps	0	0	0						
Early Graduates	0	0	0						

Spring Enrollment – February 2024

	Full-time Students			Part-time Students					
				Less Than					
	Reported	Audited	Variance	180 hours	360 hours	540 hours	720 hours	Audited	Variance
Elementary									
Kindergarten	163	163	0	0	0	0	0	0	0
Grade 1 - 6	857	857	0	1	0	0	0	1	0
Grade 7 - 8	334	334	0	0	0	0	2	2	0
Total	1,354	1,354	0	1	0	0	2	3	0
High School									
Grade 9 - 12	604	604	0	1	3	0	3	7	0
ED Savings Acct	1	1	0						
19-year old	0	0	0						
Youth Challenge	2	2	0						
Job Corps	0	0	0						
Early Graduates	1	1	0						

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:				
School Breakfast Program	10.553	N/A	$ -	$ 72,769
National School Lunch Program (fn1)	10.555	N/A	-	324,337
National School Lunch Program (Donated Food) (fn2)	10.555	N/A	-	74,714
Summer Food Service Program for Children	10.559	N/A	-	33,878
Total Child Nutrition Cluster			-	505,698
Total U.S. Department of Agriculture			$ -	$ 505,698
U.S. DEPARTMENT OF EDUCATION				
DIRECT:				
Indian Education Grants to Local Educational Agencies	84.060	S060A242193	$ -	$ 34,428
PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION:				
Title I Grants to Local Educational Agencies	84.010	025-1240-31-2024	-	3,808
Title I Grants to Local Educational Agencies	84.010	025-1240-31-2025	-	331,872
Career and Technical Education -- Basic Grants to States	84.048	025-1240-81-2025	-	25,669
Twenty-First Century Community Learning Centers	84.287	025-1240-17-2024	-	2,400
Twenty-First Century Community Learning Centers	84.287	025-1240-17-2025	-	87,535
Special Education - State Personnel Development	84.323	025-1244-83-2024	-	1,555
Special Education - State Personnel Development	84.323	025-1240-83-2025	-	7,766
Rural Education	84.358	025-1240-99-2025	-	39,455
Supporting Effective Instruction State Grants	84.367	025-1240-14-2025		69,861
Comprehensive Literacy Development	84.371	025-1240-39-2024	-	66,475
Student Support and Academic Enrichment Program	84.424	025-1240-52-2024	-	1,050
Student Support and Academic Enrichment Program	84.424	025-1240-52-2025	-	28,558
American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	025-1240-93-2021	-	18,581
ARP ESSER – Homeless Children and Youth	84.425W	025-1240-97-2021	-	17,131
Total Education Stabilization Fund			-	35,712
Total U.S. Department of Education			$ -	$ 736,144
Total Federal Financial Assistance			$ -	$ 1,241,842

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

EAST HELENA SCHOOL DISTRICT NO. 9

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of East Helena School District No. 9 (School District) under programs of the federal government for the fiscal year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. FOOTNOTES

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

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF OTHER INFORMATION FOR GENERAL OBLIGATION BONDS
For the year ended June 30, 2025

1. BONDS

Fiscal Year	Initial Borrowing	Debt Outstanding		
		Series 2017	Series 2018	Total
2018	$ 12,000,000	$ 11,665,000	$ 0	$ 11,665,000
2019	29,500,000	11,210,000	28,640,000	39,850,000
2020		10,740,000	27,655,000	38,395,000
2021		10,255,000	26,640,000	36,895,000
2022		9,760,000	25,595,000	35,355,000
2023		9,255,000	24,495,000	33,750,000
2024		8,725,000	23,345,000	32,070,000
2025		8,185,000	22,140,000	30,325,000

2. TAX BASE

Calendar Year	Valuation	
	Market	Taxable
2016	$ 883,939,398	$ 13,756,907
2017	1,004,776,915	15,540,309
2018	1,027,568,503	15,818,417
2019	1,132,285,195	17,294,668
2020	1,174,488,812	18,234,296
2021	1,363,327,680	21,004,564
2022	1,470,822,784	22,688,498
2023	2,142,182,393	31,600,904
2024	2,238,642,050	32,709,532

3. ENROLLMENT – FALL TERM

School Year	Elementary	Middle	High
2015-2016	948	255	
2016-2017	935	267	
2017-2018	957	261	
2018-2019	990	272	
2019-2020	981	282	123
2020-2021	963	282	260
2021-2022	1,031	304	426
2022-2023	1,058	314	581
2023-2024	1,007	324	569
2024-2025	856	492	645

4. TAX COLLECTIONS – GENERAL FUND

Fiscal Year	Levy	Current Collections	Current Collections as a Percent of Levy	Net Collections	Net Collections as a Percent of Levy
2016	1,448,965	1,416,146	97.7%	1,449,717	101.1%
2017	1,747,822	1,445,061	98.0%	1,467,146	99.5%
2018	1,559,802	1,522,073	97.6%	1,549,521	99.3%
2019	1,473,657	1,472,212	99.9%	1,499,250	101.7%
2020	1,997,672	1,957,459	97.9%	1,985,791	99.4%
2021	2,047,770	2,008,034	98.1%	2,051,675	100.2%
2022	2,066,092	2,062,787	99.8%	2,059,171	99.7%
2023	2,083,149	2,092,160	100.4%	2,087,517	100.2%
2024	2,258,395	2,254,214	99.8%	2,252,984	99.8%
2025	2,067,994	2,031,101	98.5%	2,068,982	100.0%

STROM & ASSOCIATES, P.C.
Certified Public Accountants

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Billings, MT 59103

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Helena School District No. 9 (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit report and described in the accompanying Corrective Action Plan. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
November 25, 2025

STROM & ASSOCIATES, P.C.
Certified Public Accountants

3203 3rd Ave N. Suite 208
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Billings, MT 59103

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Helena School District No. 9 (School District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting

from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Strom & Associates, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
November 25, 2025

EAST HELENA SCHOOL DISTRICT NO. 9

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor, Strom & Associates, PC, has issued an unmodified opinion on East Helena School District No. 9 (School District)'s financial statements as of and for the year ended June 30, 2025.

2. Our audit identified material weaknesses relating to internal controls over financial reporting and its operation.

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

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

Federal Awards

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

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

7. The auditor, Strom & Associates, PC, has issued an unmodified opinion on the School District's compliance with major federal awards programs as of and for the year ended June 30, 2025.

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

9. The major programs for the School District for the year ended June 30, 2025 were:

Assistance Listing Number	Name of Federal Program or Cluster
10.553,10.555,10.559,10.582	Child Nutrition Cluster

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

11. The School District did not qualify as a low-risk auditee.

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

Prior year findings/status

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

Current year findings

2025-001	Misstatement of Student Activities Fund on Trustees' Financial Summary
Criteria:	A comprehensive annual financial report should be prepared and published, covering all funds and activities of the primary government…including management's discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A. [Governmental Accounting Standards Board Codification (GASB Cod) 2200] The entities' accounting records are used to compile the Trustees' Financial Summary (TFS) so that information presented in the TFS can be traced back to the individual accounting records.

Condition: The East Helena School District no. 9 (School District) misstated beginning fund equity, revenues, expenditures, and liabilities on its TFS with regard to the Student Extracurricular Activities.

The misstatements were corrected in the accompanying financial statements.

Effect: The student activities fund reported on the TFS did not agree to the School District's accounting recorded.

Context: As of June 30, 2025, the following misstatements were present on the TFS:

- Outstanding checks were listed on the balance sheet under Other Current Liabilities in the amount of $6,172.
- Revenues were reported as $135,874 on the TFS, but accounting records showed $481,057 in revenues across all accounts within the fund.
- Expenditures were reported as $111,970 on the TFS, but accounting records showed $444,774 in expenditures across all accounts within the fund.
- Beginning equity on TFS was reported as $230,685, but the accounting records showed $224,478.
- Receipts in transit in amount of $1,057 were present in the accounting system for the past two years.

The aggregate misstatement of the TFS is $691,424.

Cause: This was caused by treating outstanding checks as both a cash reconciling item and a liability, when outstanding checks should only be a cash reconciling item. Also, errors in the input for the TFS also caused this misstatement. In addition, receipts in transit that persist over multiple years should be reviewed and/or omitted as necessary.

Recommendation: We recommend the School District review its cash reconciliations and statements of activity from the accounting system as the TFS is being prepared.

2025-002 Accounting for Outside Bank Accounts

Criteria: Generally Accepted Accounting Principles (GAAP) require an entity to maintain accounting records that are a complete and accurate reflection of the entity's transactions and require an entity's financial reporting be derived from the underlying accounting records. The principal GASB pronouncement for local government entities is GASBS 34. In addition, various other National Council on Governmental Accounting and GASB pronouncements address the form and content of financial statements.

Condition: The School District maintained bank accounts independent of Lewis and Clark County (County). In attempting to accurately report the cash balances of these accounts in its accounting records, the School District inadvertently duplicated inflow and outflow amounts that were remitted to the County.

The misstatements were corrected in the accompanying financial statements.

Effect: The TFS revenues and expenditures were reported as $243,303 higher than actual in the School Food fund and $247,459 higher than actual in the Flexibility fund.

Context:	The School District recorded certain transactions reflected on external bank statements that were not recognized by the County and did not adjust for amounts remitted to the County. Transactions from the School Food bank account were periodically remitted to the County. During the process of reporting the ending bank balance, the School District included all inflows and outflows from the account rather than only reporting an inflow corresponding to the changes in the reconciled ending bank statement balance. The School District's checking account received funds that did not pass through the Infinite Campus bank account; these amounts, along with other bank transfers, were reported as both inflows and outflows within the Flexibility fund. This account serves as the primary depository for remitting various School District collections to the County. The proper amount to report as inflow should reflect the net change between the prior year's and current year's bank balances.
Cause:	The School District treated the School Food bank account and School Districts checking account in a manner similar to the Infinite Campus and Flexibility fund bank accounts, rather than eliminating the duplicate reporting caused when remittances are sent to the County.
Recommendation:	We recommend that the School District review and correct any duplicate transactions resulting from the use of outside bank accounts.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Prior year findings/status

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

Current year findings

The audit disclosed no findings or questioned costs relating to federal awards as defined in section 200.516 of *Uniform Guidance* for the fiscal year ended June 30, 2025.

EAST HELENA PUBLIC SCHOOLS
School District No. 9
P.O. Box 1280 * East Helena, MT. 59635
Superintendent/Administration Office (406) 227-7700
Eastgate Elementary School (406) 227-7770 * Prickly Pear Elementary (406) 227-7720
Radley Elementary School (406) 227-7710 * East Valley Middle School (406) 227-7740
East Helena High School (406) 227-7730
"Success For All"

October 2, 2025

To Whom it May Concern:

Please see the following corrective actions for the audit findings from Fiscal Year 25:

Finding 1 Misstatement of Student Activities Fund on TFS

The Business Manager and Superintendent will review the district's cash reconciliations and statements of activity from our accounting system as the TFS is being prepared.

Finding 2 County Accounting and Bank Statement Accounting

The Business Manager and Superintendent will review the external bank accounts to ensure that revenues and expenditures are not being duplicated in the accounting system.

Sincerely,

Jill Hoogerheide

Jill Hoogerheide
Business Manager/Clerk
East Helena School District #9