**LEWISTOWN SCHOOL DISTRICT NO. 1**

**FERGUS COUNTY**
**LEWISTOWN, MONTANA**

# FINANCIAL AND COMPLIANCE REPORT

**Fiscal Year Ended June 30, 2025**

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

LEWISTOWN SCHOOL DISTRICT NO. 1

FERGUS COUNTY
LEWISTOWN, MONTANA 59457

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LEWISTOWN SCHOOL DISTRICT NO. 1

FERGUS COUNTY
LEWISTOWN, MONTANA 59457

ORGANIZATION

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BOARD OF TRUSTEES

| | |
|---|---|
| Kris Birdwell | Chair |
| Whitney Brady | Vice Chair |
| Mariah Shammel | Trustee |
| Lisa Koch | Trustee |
| Jeff Southworth | Trustee |
| Carson Sweeney | Trustee |
| Eric VanderBeek | Trustee |

OFFICIALS

| | |
|---|---|
| Brad Moore | Superintendent |
| Rebekah Rhoades | School District Clerk |
| Rhonda Long | County Superintendent |
| Montana School Boards Association | School District Attorney |

The Business Manager of the Lewistown Public Schools has provided this MD&A to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year ended June 30, 2025.

**Using This Financial Report**

The general format of the report is required by Statement No. 34 of the Governmental Accounting Standards Board (GASB). Thus is born the GASB 34 requirement.

**Reporting the School District as a Whole**

The report includes two district-wide statements that focus on operations of the district as a whole. These statements measure operations using an economic resources measurement focus, and use the accrual basis accounting. Activities that are fiduciary in nature are not included in these statements.

A. The Statement of Net Position shows "assets" (what is owned), "liabilities" (what is owed), and the "net position" (the resources that would remain if all obligations were settled) of the school district. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.
B. The Statement of Activities shows the amounts of program-specific and general school district revenue used to support the school district's various functions.

The Statement of Net Position and the Statement of Activities divide the activities of the school district into three categories:

Governmental activities – The school functions including instruction, student services, administration, etc. Property taxes, state and federal revenues usually support most of these functions of the district.

Proprietary (business-type) activities – school operations included in this category include IMC, Central Supply Store, and Central Transportation.

Reporting the District's Most Significant Funds

The fund statements provide detailed information about the funds used by the school district. State law and Generally Accepted Accounting Procedures (GAAP) established the fund structure of school districts. State law generally requires school districts to segregate money generated for certain purposes, like transportation and debt service, in separate fund accounts.

The fund statements report balances and activities of the most significant or "major" funds separately and combine the activities of less significant funds under a single category. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the school district's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate set of financial statements.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are shown for governmental funds such as the general funds, special revenue funds for transportation and school food service, and debt service and capital outlay funds. These funds use

the modified accrual basis of accounting and represent the majority of the district's activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. Most significant differences result from the use of different presentation basis. The district-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the district-wide statements but not in the fund statements.

**Reporting the District's Trust and Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for endowments (including Eveline Eccles and Alweis Scholarships) and the student extracurricular funds.

This report includes the activities in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position because the district cannot use these assets to fund its operation.

The District is responsible for ensuring these assets are used for their intended purpose.

**Budget–to-Actual Comparisons**

The district consistently reconciles its books monthly.

## THE DISTRICT AS A WHOLE

Net Position serves over time as a useful indicator of a school district's financial position. In the Lewistown Public Schools, assets exceeded liabilities by $9,981,177 as of June 30, 2025. In 2018, the District was required to implement the new OPEB GASB 75 standard for liability accounting of post-employment benefits (non-pension). In 2019, it was required that this be reviewed annually, rather than the every 3 years it was previously This number, in addition to the required reporting of the TRS and PERS liability that was implemented in 2015, has caused liabilities to appear inflated over the past several years.

**Lewistown Public Schools**
**Condensed Statement of Net Position**

Governmental Activities

| | FY2024 | FY2025 |
|---|---|---|
| Current and other assets | 28,194,539 | 32,984,811 |
| Capital assets | 17,489,083 | 12,615,495 |
| **Total Assets** | **45,683,622** | **45,600,306** |
| | | |
| Current liabilities | 416,625 | 450,903 |
| Non-current liabilities | 36,377,065 | 35,168,226 |
| **Total Liabilities** | **36,793,690** | **35,619,129** |
| | | |
| Invested in capital assets, Net of debt | 5,572,891 | 11,287,723 |
| Restricted | 13,977,347 | 9,357,421 |
| Unrestricted | (9,873,895) | (10,182,914) |
| **Total Net Position** | **9,676,343** | **10,462,230** |

**Lewistown Public Schools**
**Changes in Net Position**

Governmental Activities

| GENERAL REVENUES | FY2024 | FY2024 |
|---|---|---|
| District Levy | 6,019,378 | 5,737,413 |
| State Equalization | 4,165,385 | 4,220,340 |
| Other State Revenue | 4,059,633 | 3,981,688 |
| County | 1,435,938 | 1,531,533 |
| Federal | 0 | 0 |
| Investment Earning | 991,441 | 512,445 |
| Gain on Asset | 65,791 | 7,390 |
| Other | 5,150 | 277,072 |
| **Total General Revenue** | **16,742,716** | **16,267,881** |
| | | |
| GOVERNMENT OPERATIONS | | |
| Instruction (includes OPEB) | 6,487,721 | 8,464,141 |
| Support - Students | 360,284 | 472,593 |
| Support - Instructional | 468,526 | 435,806 |
| Administration | 1,762,655 | 2,792,537 |
| O & M | 1,593,721 | 2,143,822 |
| Transportation | 897,709 | 1,034,315 |
| Extracurricular | 938,579 | 805,332 |
| School Food | 723,874 | 928,363 |
| Other Current Charges | 0 | 0 |

| | | |
|---|---|---|
| Community Services | 4,896 | 52,745 |
| Intergovernmental | 64,862 | 29,537 |
| Interest and Other Charges | 629,490 | 600,490 |
| Depreciation – unallocated | 345,319 | 365,213 |
| **Total Operations** | **14,277,636** | **18,124,894** |

## Capital Assets

As of June 30, 2025, the District had invested just over $49 million in capital assets including land and land improvements, buildings and improvements machinery and equipment and construction in progress. This is a significant increase from the previous year, mainly attributed to improvements made through the Elementary Bond (see Appendix 'A' – Elementary Bond Continuing Disclosure). General fixed assets are reported at historical cost. Historical cost was established at the initial booking of fixed assets by determining actual costs or estimating using standard costing procedure. The District's fixed asset policy is set to include items of $5,000 and a useful life in excess of one year. The following schedule presents capital balances with accumulated depreciation as of June 30th.

| | **FY2024** | **FY2025** |
|---|---|---|
| Land and Improvements | 2,205,484 | 2,444,321 |
| Accumulated Depreciation | (1,209,620) | (1,259,802) |
| | 995,864 | 1,184,518 |
| | | |
| Buildings and Improvements | 17,127,771 | 17,340,897 |
| Construction in Progress | 17,998,435 | 23,305,910 |
| Accumulated Depreciation | (10,415,702) | (10,974,591) |
| | 24,710,504 | 29,672,217 |
| | | |
| Machinery and Equipment | 6,139,822 | 6,189,894 |
| Accumulated Depreciation | (3,651,273) | (3,995,124) |
| | 2,488,549 | 2,194,769 |

## The District's Future

State law enables districts to use three-year average or current year enrollment (whichever is higher) when calculating budgets. Over the past five years, enrollment has started to slowly decrease in the lower grades in the elementary. In the high school district, we saw a decrease in enrollment until 2021 where enrollment began to increase and has held fairly steady over the past 4 years. In the elementary, we will likely be using the 3 year average ANB for the foreseeable future as a result in the decline in enrollment. The high school may waiver between both the current year and 3 year average as it has become more stable.

There continues to be a growing need for services for special needs students, and for the first time in years, the 2023 Legislature provided a slight increase in assistance from the State. Legislature has allowed a permissive levy for high needs students, but this puts more stress on the local taxpayers so must be used thoughtfully. The current Lewistown Collective Bargaining Agreement extends through FY26, so we will begin the gaining process in the near future. The STARS Act, approved by the FY25 Legislature, has made a significant impact on the certified salary matrix starting salary. This change will require thoughtful negotiations in the future to ensure we meet the minimum and average requirements. In addition, much work was made to improve the classified salary matrix in FY24, but there is still significant changes needed to be competitive locally with those wages. Without more budget authority, we are in a

difficult position and lack the budget needed to compete locally and nationally. Over the past several years, we have had several retirements in the elementary, causing the demographics of the District to change to a younger population. On the other hand, the High School hosts several veteran staff members likely looking toward retirement in the very near future. We continue to struggle, as other districts, to recruit and retain staff at all levels and likely will continue to in the immediate future.

The district also faces other challenges and decisions including:

- The Lewistown Board of Trustees ran an Elementary and High School Bond Election in November 2021. While the Elementary Bond Election passed, the High School Bond Levy failed. Trustees will need to consider how to address safety/security, mechanical, roofing and other concerns in the high school district and the possibility of placing another High School Bond Election in front of the voters.
- The Lewistown Board of Trustees chose to run an Elementary Levy in May of 2022, 2023, 2024 and 2025 with all four failing. While this may have come as a result of the Bond Election passing in November and the current economic climate, the Elementary District is no longer able to operate at 100% of its allowed budget. The Board will once again need to consider running a levy election in May of 2026 in both the High School and Elementary, with much thought being given as to how to present the need to the community. In addition, Legislative decisions within the past 6 years have "shifted" some of the costs of education to the local taxpayers in the form of non-voted levies. The intent to increase these levies is required to be posted and advertised to the public each year in March. The Board will need to continue to be diligent in their consideration of both voted and non-voted levies in the future.
- The District estimates that general building repairs and maintenance in excess of $10 million will be necessary over the next several years. Both an Elementary and High School Building Reserve Levy passed in May 2016, helping to support the needs of upkeep of the District's facilities. That being said, the levies will expire in FY26 and consideration will need to be made as to whether or not to run another levy. In 2017, Legislature added the ability to "permissively" levy in the Building Reserve Fund. Since 2020, the Board has used this new authority and is taking advantage of the full matching State dollars, which were increased in the 2025 Legislative Session. That being said, these funds may also be used for safety (see next bullet point). As mentioned above, the Elementary District also passed a Bond election in November 2021 to address facility needs in the district.
- Safety has become top priority in many Districts, ours being no exception. In the 2019 Legislature, the "permissive" Building Reserve Fund Levy was expanded to include the ability to use those funds for building safety, School Resource Officers and Counselors. With these funds being open to both Facility and Safety purposes, the Board may have to choose which takes higher priority. The District currently uses these funds to pay for salaries for Counselors in both the elementary and high school, as well as the School Resource Officer. These funds have also been used to increase facility safety in some buildings. Another option available to districts is the ability to run a voted Safety Levy, but the Board has yet to consider that option.
- The ever-increasing use of technology in the classrooms has put a financial dilemma upon the District. Currently, both the Elementary and High School have permanent levies in place. The Elementary yearly levy is $61,498 and the High School's is $54,165, not enough to keep all technology within the District up-to-date. Due to changes in state law, if additional funds are requested of voters, the levy may not exceed 10 years. The Board will need to determine if non-permanent Technology Levy request will need to be presented to voters in the future. Due to the

Coronavirus Pandemic, we were given additional funds in FY20-FY24 that allowed us to purchase technology equipment and took some immediate pressure off of the Technology Levy.

- The Coronavirus Pandemic that closed schools in March 2020 created its own unique challenges. In total, the district received the Governor's Coronavirus Relief Funds, ESSER I Funds (total of $778,049), ESSER II (total of $1,079,317) and ESSER III Funds (total of $2,349,157) in response to the pandemic. Since these funds were not ongoing, the district was required to be mindful of the amount spent on ongoing expenses. As a proactive measure, ESSER dollars were used to free up money in the General Fund and then transferred to the Interlocal Fund, which are anticipated to be used by the end of FY27 (see below).
- The use of Multi-District Agreements to transfer funds to the Interlocal Fund has allowed some flexibility with the District's use of unspent year-end money. This has allowed us to set aside funds in years where a small amount may remain to prepare for those years where declining enrollment causes a shortfall. The District did not transfer any funds into the Interlocal Fund at the end of FY25 and it is unlikely that the District will be able to transfer any funds at the Elementary level over the next few years.
- The Central Montana Career and Technical Education (CTE) Public Charter school was approved in FY25 and will begin operations in FY26. This will provide great opportunity for the students of Central Montana and additional budget authority for high school instruction.

In the end, all of the District's finances come down to how effectively we are educating our children with the resources that we have. We must continue to keep our focus on our students' education and allocate our resources in the manner that best serves them. Economic and Legislative changes have increased the challenges we face. It is up to us to determine how to meet the needs of students, improve recruitment and retention and manage increased prices with a limited budget. Even with all of these challenges, Lewistown Public Schools is a very successful district with the limited resources it has.

**Contact for Additional Information**

If you have questions about this report or need additional information, contact the Business Manager at the Lewistown Public Schools, 215 7th Avenue South, Lewistown, MT 59457, (406)-535-8777 x1116.

STROM & ASSOCIATES, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

**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 Lewistown School District No. 1 (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 - 8), 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 - 57) 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 (page 58 - 59), the Schedule of Reported Enrollment (page 60), and the Schedule of Expenditures of Federal Awards (pages 61 - 62) 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 63) 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 December 22, 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, P.C.

STROM & ASSOCIATES, PC
Billings, Montana
December 22, 2025

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

STATEMENT OF NET POSITION
June 30, 2025

| | Governmental Activities |
|---|---|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 12,085,441 |
| Taxes Receivable | 210,566 |
| Due from Other Governments | 291,727 |
| Inventories | 20,701 |
| Other Current Assets | 7,060 |
| Total Current Assets | 12,615,495 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Land | 590,530 |
| Construction in Progress | 23,299,404 |
| Net Depreciable Assets | 9,094,877 |
| Total Noncurrent Assets | 32,984,811 |
| Total Assets | 45,600,306 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Employer Pension Plan Related | 1,435,583 |
| Total Deferred Outflows of Resources | 1,435,583 |
| Total Assets and Deferred Outflows of Resources | $ 47,035,889 |
| LIABILITIES: | |
| Current Liabilities: | |
| Unearned Revenue | $ 21,815 |
| Current Portion of Compensated Absences | 254,527 |
| Current Portion of Premium on General Obligation Bonds | 174,561 |
| Total Current Liabilities | 450,903 |
| Noncurrent Liabilities: | |
| Compensated Absences | 254,528 |
| Net Pension Accrual | 10,674,264 |
| Other Postemployment Benefits | 2,716,907 |
| Capital Debt Obligations | 18,555,000 |
| Premium on General Obligation Bonds | 2,967,527 |
| Total Noncurrent Liabilities | 35,168,226 |
| Total Liabilities | 35,619,129 |
| DEFERRED INFLOWS OF RESOURCES: | |
| Employer Pension Plan Related | 600,522 |
| Other Postemployment Benefits Related | 354,008 |
| Total Deferred Inflows of Resources | 954,530 |
| NET POSITION: | |
| Net Investment in Capital Assets | 11,287,723 |
| Restricted | 9,357,421 |
| Unrestricted (Deficit) | (10,182,914) |
| Total Net Position | 10,462,230 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | $ 47,035,889 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

| | Expenses | Program Revenues: Charge for Services | Program Revenues: Operating Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Primary Government Governmental Activities |
|---|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | | |
| GOVERNMENT OPERATIONS: | | | | |
| Instructional Services | $ 8,464,141 | $ 65,680 | $ 812,649 | $ (7,585,812) |
| Support Services - Students | 472,593 | 5,995 | 6,187 | (460,411) |
| Support Services - Instructional | 435,806 | 2,608 | 34,799 | (398,399) |
| General Administrative Services | 2,792,537 | - | 29,666 | (2,762,871) |
| Operation and Maintenance Services | 2,143,822 | 23,010 | 134,266 | (1,986,546) |
| Transportation Services | 1,034,315 | - | 143,119 | (891,196) |
| School Food Services | 805,332 | 257,637 | 312,907 | (234,788) |
| Extracurricular | 928,363 | 474,745 | 2,010 | (451,608) |
| Other Current Charges | - | - | - | - |
| Community Services | 52,745 | 214,611 | - | 161,866 |
| Debt Service: | | | | |
| Interest and Other Charges | 600,490 | - | - | (600,490) |
| Intergovernmental | 29,537 | - | - | (29,537) |
| Unallocated Depreciation Expense * | 365,213 | - | - | (365,213) |
| Total Governmental Operations | 18,124,894 | 1,044,286 | 1,475,603 | (15,605,005) |
| Total Primary Government | $ 18,124,894 | $ 1,044,286 | $ 1,475,603 | $ (15,605,005) |
| GENERAL REVENUES: | | | | |
| District Levies | | | | $ 5,737,413 |
| State Equalization | | | | 4,220,340 |
| Other State Revenues | | | | 3,981,688 |
| County | | | | 1,531,533 |
| Interest | | | | 512,445 |
| Other | | | | 277,072 |
| Gain (loss) on Sale of Assets | | | | 7,390 |
| Total General Revenues | | | | 16,267,881 |
| Change in Net Position | | | | 662,876 |
| NET POSITION: | | | | |
| Beginning of the Year | | | | 9,676,343 |
| Error Correction | | | | 123,011 |
| End of the Year | | | | $ 10,462,230 |

* Excludes depreciation included in direct expenses of the various functions

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

| | MAJOR | | | | | |
|---|---|---|---|---|---|---|
| | | | | *Formerly Non-Major* | | |
| | General | Debt Service (Elem) | Building (Elem) | Building Reserve (Elem) | Other Governmental Funds | Total Governmental Funds |
| ASSETS: | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | $ 3,041,594 | $ 272,527 | $ 2,376,992 | $ 1,422,401 | $ 4,887,842 | $ 12,001,356 |
| Taxes Receivable | 103,525 | 47,771 | - | 4,799 | 54,471 | 210,566 |
| Due from Other Governments | - | - | - | - | 291,727 | 291,727 |
| Inventories | - | - | - | - | 20,701 | 20,701 |
| Other Current Assets | 7,055 | - | - | - | 5 | 7,060 |
| Total Assets | 3,152,174 | 320,298 | 2,376,992 | 1,427,200 | 5,254,746 | 12,531,410 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | | |
| Total Deferred Outflows of Resources | - | - | - | - | - | - |
| Total Assets and Deferred Outflows of Resources | $ 3,152,174 | $ 320,298 | $ 2,376,992 | $ 1,427,200 | $ 5,254,746 | $ 12,531,410 |
| LIABILITIES: | | | | | | |
| Current Liabilities: | | | | | | |
| Unearned Revenue | $ - | $ - | $ - | $ - | $ 21,815 | $ 21,815 |
| Total Liabilities | - | - | - | - | 21,815 | 21,815 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable Property Taxes Receivable | 103,525 | 47,771 | - | 4,799 | 54,471 | 210,566 |
| Total Deferred Inflows of Resources | 103,525 | 47,771 | - | 4,799 | 54,471 | 210,566 |
| FUND BALANCE (DEFICITS): | | | | | | |
| Nonspendable | - | - | - | - | 20,701 | 20,701 |
| Restricted | - | 272,527 | 2,376,992 | 1,422,401 | 5,157,759 | 9,229,679 |
| Committed | 193,714 | - | - | - | - | 193,714 |
| Assigned | 5,964 | - | - | - | - | 5,964 |
| Unassigned | 2,848,971 | - | - | - | - | 2,848,971 |
| Total Fund Balance | 3,048,649 | 272,527 | 2,376,992 | 1,422,401 | 5,178,460 | 12,299,029 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficits) | $ 3,152,174 | $ 320,298 | $ 2,376,992 | $ 1,427,200 | $ 5,254,746 | $ 12,531,410 |

| | |
|---|---|
| RECONCILIATION TO THE STATEMENT OF NET POSITION | |
| Total Fund Balance Reported Above | $ 12,299,029 |
| Internal Service Fund Net Position | 84,085 |
| Assets and Deferred Outflows of Resources: | |
| Unavailable Property Taxes Receivable | 210,566 |
| Governmental Capital Assets | 32,984,811 |
| Employer Pension Plan Related Deferred Outflows of Resources | 1,435,583 |
| Liabilities and Deferred Inflows of Resources: | |
| Compensated Absences | (509,055) |
| Net Pension Accrual | (10,674,264) |
| Other Postemployment Benefits | (2,716,907) |
| Premium on General Obligation Bonds | (3,142,088) |
| Capital Debt Obligations | (18,555,000) |
| Employer Pension Plan Related Deferred Inflows of Resources | (600,522) |
| Other Postemployment Benefits Related | (354,008) |
| Net Position of Governmental Activities | $ 10,462,230 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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

| | MAJOR | | | | | |
|---|---|---|---|---|---|---|
| | General | Debt Service (Elem) | Building (Elem) | *Formerly Non-Major* Building Reserve (Elem) | Other Governmental Funds | Total Governmental Funds |
| REVENUES: | | | | | | |
| District Levies | $ 2,768,046 | $ 1,345,124 | $ - | $ 130,442 | $ 1,503,436 | $ 5,747,048 |
| Interest | 103,529 | 16,346 | 208,985 | 59,039 | 124,546 | 512,445 |
| Charges for Services | 214,611 | - | - | - | 776,512 | 991,123 |
| Other | 78,656 | - | - | - | 211,947 | 290,603 |
| County | - | - | - | - | 1,598,758 | 1,598,758 |
| State | 8,066,132 | 194,186 | - | 83,325 | 205,281 | 8,548,924 |
| Federal | - | - | - | - | 825,910 | 825,910 |
| Total Revenues | 11,230,974 | 1,555,656 | 208,985 | 272,806 | 5,246,390 | 18,514,811 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Instructional Services | 6,242,906 | - | 92,783 | - | 1,900,173 | 8,235,862 |
| Support Services - Students | 217,479 | - | - | 115,687 | 127,687 | 460,853 |
| Support Services - Instructional | 300,390 | - | - | - | 124,678 | 425,068 |
| General Administrative Services | 2,304,621 | - | 13,450 | - | 405,747 | 2,723,818 |
| Operation and Maintenance Services | 1,691,101 | - | - | 448 | 134,558 | 1,826,107 |
| Transportation Services | 35,297 | - | - | - | 707,112 | 742,409 |
| School Food Services | 173,560 | - | - | - | 616,855 | 790,415 |
| Extracurricular | 299,196 | - | - | - | 524,734 | 823,930 |
| Community Services | 50,913 | - | - | - | 1,832 | 52,745 |
| Debt Service: | | | | | | |
| Principal | - | 750,000 | - | - | - | 750,000 |
| Interest and Other Charges | - | 775,050 | - | - | - | 775,050 |
| Capital Outlay | 217,598 | - | 5,262,879 | 48,969 | 213,373 | 5,742,819 |
| Intergovernmental | 29,537 | - | - | - | - | 29,537 |
| Total Expenditures | 11,562,598 | 1,525,050 | 5,369,112 | 165,104 | 4,756,749 | 23,378,613 |
| Excess (Deficiency) of Revenues Over Expenditures | (331,624) | 30,606 | (5,160,127) | 107,702 | 489,641 | (4,863,802) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Sale of Capital Assets | - | - | - | - | 7,390 | 7,390 |
| Total Other Financial Sources (Uses) | - | - | - | - | 7,390 | 7,390 |
| UNUSUAL OR INFREQUENT ITEM: | | | | | | |
| Total Unusual or Infrequent Items | - | - | - | - | - | - |
| Net Change in Fund Balance | (331,624) | 30,606 | (5,160,127) | 107,702 | 497,031 | (4,856,412) |
| FUND BALANCE: | | | | | | |
| Beginning of the Year | 3,380,273 | 241,921 | 7,537,119 | | 5,992,922 | 17,152,235 |
| Change within Financial Reporting Entity | | | | 1,314,699 | (1,314,699) | - |
| Error Correction | - | - | - | - | 3,206 | 3,206 |
| End of the Year | $ 3,048,649 | $ 272,527 | $ 2,376,992 | $ 1,422,401 | $ 5,178,460 | $ 12,299,029 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 | | $ (4,856,412) |
| Change in Net Position from Internal Service Funds | | (8,812) |
| Revenues on the Statement of Activities not Included in Governmental Funds Statement: | | |
| Increase (Decrease) in Taxes Receivable | (9,635) | |
| State Pension Aid | 275,204 | 265,569 |
| Revenues Reported in the Governmental Funds Statement not Included in the Statement of Activities | | |
| Sale of Capital Assets | 7,390 | (7,390) |
| Expenses on the Statement of Activities not Included in the Governmental Funds Statement: | | |
| Depreciation Expense | (1,072,352) | |
| Actuarial Pension Expense | (83,591) | |
| Premium on Bonds | 174,560 | |
| (Increase) Decrease in Other Postemployment Benefits | (176,481) | |
| (Increase) Decrease in Compensated Absence Liability | (72,424) | (1,230,288) |
| Expenditures Reported in the Governmental Funds Statement not Included in the Statement of Activities | | |
| Capital Outlays | 5,742,819 | |
| Gain (Loss) on Sale of Assets | 7,390 | |
| Principal Payments on Debt | 750,000 | 6,500,209 |
| Change in net Position Reported on the Statement of Activities | | $ 662,876 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

| | Governmental Activities - Internal Service |
|---|---|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 84,085 |
| Total Current Assets | 84,085 |
| Noncurrent Assets: | |
| Total Noncurrent Assets | - |
| Total Assets | 84,085 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Total Deferred Outflows of Resources | - |
| Total Assets and Deferred Outflows of Resources | $ 84,085 |
| LIABILITIES: | |
| Current Liabilities: | |
| Total Current Liabilities | - |
| Noncurrent Liabilities: | |
| Total Noncurrent Liabilities | - |
| Total Liabilities | - |
| DEFERRED INFLOWS OF RESOURCES: | |
| Total Deferred Inflows of Resources | - |
| NET POSITION: | |
| Unrestricted (Deficit) | 84,085 |
| Total Net Position | 84,085 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | $ 84,085 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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: | |
| Charges for Services | $ 127,652 |
| Total Operating Revenues | 127,652 |
| OPERATING EXPENSES: | |
| Purchased Services | 136,464 |
| Total Operating Expense | 136,464 |
| Operating Income (Loss) | (8,812) |
| OTHER NONOPERATING REVENUES (EXPENSES): | |
| Total other nonoperating revenues and expenses | - |
| Increase (decrease) in fund net position | (8,812) |
| NET POSITION: | |
| Beginning of the Year | 92,897 |
| End of the Year | $ 84,085 |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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

| | Governmental Activities - Internal Service |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers | $ 127,652 |
| Payments to Employees | (136,464) |
| Net Cash Provided (Used) by Operating Activities | (8,812) |
| 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 | |
| Net Cash Provided (Used) by Investing Activities | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | (8,812) |
| BALANCE: | |
| Beginning of the Year | 92,897 |
| End of the Year | $ 84,085 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating Income (Loss) | $ (8,812) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Net Cash Provided (Used) by Operating Activities | $ (8,812) |

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 Lewistown School District No. 1 (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 consists of two legally separate entities: an Elementary District which provides education for kindergarten through eighth grade and a High School District which provides education for ninth through twelfth grade. For financial reporting purposes, the two school districts are combined because they are controlled by the same central Board of Trustees and managed by the same administration. The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. GAAP requires only one general fund for each reporting entity, so the elementary and high school General funds are combined in the accompanying financial statements.

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 and Capital 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. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Separate statements for each fund category – governmental and proprietary – 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.

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 Fergus 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 dental self-insurance internal service fund are charges to employees and the School District for services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major fund determination – GASB Statement No. 34 requires the General fund be reported as a major fund and that only one General fund be reported. As such, the elementary and high school General funds have been combined and are reported as one 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 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:

  - Elementary and high school Flexibility funds,
  - High school Interlocal Agreement fund, and
  - Elementary and high school Metal Mines Tax Reserve funds.

- Elementary Building Fund – This fund is a capital projects fund established to account for the proceeds of bonds sold for the purposes of building, altering, repairing, buying, furnishing, equipping, purchasing lands for, or obtaining a water supply for a school, teacherage, dormitory, gymnasium, other building, or combination of buildings for school purposes. The fund is also used to account for insurance proceeds for damaged property or the sale or rental of property.

- Elementary 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.

- Elementary Building Reserve Fund – This fund is a capital projects fund established to account for financing voter approved building or construction projects funded with School District mill levies, which includes raising money for the future construction, equipping, or enlarging of school buildings and for the purpose of purchasing land needed for school purposes in the School District.

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 dental 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

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 carried in an inventory account at average cost and are subsequently charged to expenditures when consumed (using the consumption method) rather than when purchased.

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 years |
| Machinery and Equipment | 5 - 25 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 discretionary leave at the beginning of each year. Unused discretionary leave is accruable to 160 days per employee. After eight consecutive years of employment with the School District, certified employees who terminate employment shall be paid a lump sum of 30% of their accumulated discretionary leave at their current rate of pay.

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 $254,527

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:

- Nonspendable – This balance includes amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.
- 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.
- Committed – This balance includes amounts constrained to specific purposes by a government itself by action of its highest level of decision-making authority, the Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the government's highest-level of decision-making authority takes a similar action to remove or change the constraint. The government's highest level of decision-making authority must approve all committed expenditures.
- 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 or funds that have negative fund balances.

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

| Purpose | Nonspendable | Restricted | Committed | Assigned |
|---|---|---|---|---|
| Instructional and Support Services | $ 0 | $ 131,726 | $ 0 | $ 0 |
| Operations and Maintenance | 0 | 13,388 | 0 | 0 |
| Student Transportation | 0 | 341,642 | 0 | 0 |
| Extracurricular | 0 | 210,767 | 0 | 0 |
| School Food | 20,701 | 234,177 | 0 | 0 |
| Third Party Grantor Restrictions | 0 | 1,223,474 | 0 | 0 |
| Employer Retirement Benefits | 0 | 445,574 | 0 | 0 |
| Future Technology | 0 | 506,936 | 0 | 0 |
| Future Capital Costs | 0 | 5,849,468 | 193,714 | 5,964 |
| Debt Service | 0 | 272,527 | 0 | 0 |
| Totals | $ 20,701 | $ 9,229,679 | $ 193,714 | $ 5,964 |

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 committed, assigned or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed, then 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 event or transaction as either unusual in nature or infrequent in occurrence when they met the following criteria:

- Unusual 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. (See paragraph 48.) 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 were as follows:

| | **Governmental Activities** |
|---|---|
| Cash and Cash Equivalents | $ 12,085,441 |

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

| **Account Type** | **Amount** |
|---|---|
| Demand Accounts | $ 294,803 |
| County Investment Pool | 11,790,638 |
| Total | $ 12,085,441 |

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, repurchase agreements, money market accounts, and certificates of deposit 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 internal service 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 deposits in the extracurricular funds were fully covered by FDIC insurance.

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 $18,207,015 for the Elementary School District and $19,751,079 for the High School District. The tax rates assessed for the year ended June 30, 2025 to finance School District operations and applicable taxes receivable for the elementary and high schools were as follows:

| Fund | Mill Levies | Taxes Receivable |
|---|---|---|
| Governmental Funds | | |
| Elementary | | |
| General * | 99.81 | $ 67,689 |
| Transportation | 23.15 | 15,386 |
| Bus Depreciation | 7.71 | 4,964 |
| Tuition | 13.44 | 8,391 |
| Technology | 3.38 | 2,284 |
| Debt Service | 70.20 | 47,771 |
| Building Reserve * | 7.17 | 4,799 |
| High School | | |
| General * | 48.15 | 35,836 |
| Transportation | 10.79 | 7,689 |
| Bus Depreciation | 8.47 | 6,132 |
| Tuition | 4.62 | 3,279 |
| Adult Education | - | 123 |
| Technology | 2.74 | 2,007 |
| Building Reserve | 5.79 | 4,216 |
| Total Governmental Funds | 305.42 | $ 210,566 |

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 $0 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 |
|---|---|---|---|
| Elementary | | | |
| School Food | $ 34,282 | Montana | School food reimbursement payments |
| Miscellaneous Programs | 15,005 | Montana | Reimbursement through the MTSS grant funding requirements |
| Miscellaneous Programs | 228,374 | Montana | Reimbursement through the Title I grant funding requirements |
| High School | | | |
| Miscellaneous Programs | 5,746 | Montana | Reimbursement through the Perkins grant funding requirements |
| Traffic Education | 8,320 | Montana | Traffic education reimbursement payments |
| Total | $ 291,727 | | |

## 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 | $ 590,530 | $ 0 | $ 0 | $ 0 | $ 590,530 |
| Construction in Progress | 17,998,434 | 5,487,091 | 0 | (186,121) | 23,299,404 |
| Total Non-depreciable Capital Assets | 18,588,964 | 5,487,091 | 0 | (186,121) | 23,889,934 |
| Depreciable Capital Assets: | | | | | |
| Buildings | 17,127,770 | 33,511 | 0 | 0 | 17,161,281 |
| Improvements Other than Buildings | 1,614,953 | 238,837 | 0 | 0 | 1,853,790 |
| Machinery and Equipment | 6,139,822 | 169,501 | 0 | 0 | 6,309,323 |
| Total Depreciable Capital Assets | 24,882,545 | 441,849 | 0 | 0 | 25,324,394 |
| Less Accumulated Depreciation For: | | | | | |
| Buildings | (10,415,702) | (558,889) | 0 | 0 | (10,974,591) |
| Improvements Other than Buildings | (1,209,619) | (50,183) | 0 | 0 | (1,259,802) |
| Machinery and Equipment | (3,651,649) | (463,280) | 0 | 119,805 | (3,995,124) |
| Total Accumulated Depreciation | (15,276,970) | (1,072,352) | 0 | 119,805 | (16,229,517) |
| Net Depreciable Capital Assets | 9,605,575 | (630,503) | 0 | 119,805 | 9,094,877 |
| Net Governmental Activities Capital Assets | $ 28,194,539 | $ 4,856,588 | $ 0 | $ (66,316) | $ 32,984,811 |

Depreciation expense charged to governmental functions was as follows:

| **Function** | **Amount** |
|---|---|
| Instructional Services | $ 22,079 |
| Educational Media Services | 1,472 |
| General Administrative Services | 4,832 |
| Operation and Maintenance Services | 292,846 |
| Transportation Services | 273,858 |
| School Food Services | 8,556 |
| Extracurricular | 103,496 |
| Unallocated | 365,213 |
| Total Depreciation Expense | $ 1,072,352 |

## 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. UNEARNED REVENUES

Unearned revenue, sometimes referred to as deferred revenue, is payment received by the School District from an exchange transaction which has not actually happened at that time of the collections has been received. Once the transaction has been performed by the School District, the revenues will be recognized.

| **Fund** | **Amount** | **Purpose** |
|---|---|---|
| Elementary | | |
| General * | $ 21,815 | Prepaid meals. |

* Denotes Major Fund

## NOTE 7. LONG-TERM DEBT

### 7. a. GENERAL LONG-TERM DEBT

The schedule of changes in general long-term debt for the year ended June 30, 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 | $ 19,305,000 | $ 0 | $ (750,000) | $ 18,555,000 | $ 0 |
| Premium on GO Bonds | 3,316,648 | 0 | (174,560) | 3,142,088 | 174,561 |
| Total Bonds and Notes Payables | 22,621,648 | 0 | (924,560) | 21,697,088 | 174,561 |
| Other Liabilities: | | | | | |
| Compensated Absences * | 436,631 | 72,424 | 0 | 509,055 | 254,527 |
| Accrued Pension | 10,922,436 | 0 | (248,172) | 10,674,264 | 0 |
| Other Postemployment Benefits | 2,789,225 | 0 | (72,318) | 2,716,907 | 0 |
| Total Other Liabilities | 14,148,292 | 72,424 | (320,490) | 13,900,226 | 254,527 |
| Governmental Activities - Long-term Debt | $ 36,769,940 | $ 72,424 | $ 1,245,050 | $ 35,597,314 | $ 429,088 |

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

### 7. a. 1 GENERAL OBLIGATION BONDS

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

| Description | Issue Date | Interest Rate | Term | Maturity Date | Amount Issued | Outstanding June 30, 2025 |
|---|---|---|---|---|---|---|
| Elementary GO Bonds Series 2022 | 2/3/2022 | 3.00-5.00% | 20 years | 7/1/2042 | $ 20,400,000 | $ 18,555,000 |
| Reoffering Premium | 2/3/2022 | - | 20 years | 7/1/2042 | 3,491,208 | 3,142,088 |
| | | | | | $ 23,891,208 | $ 21,697,088 |

Debt service requirements to maturity for principal and interest for all bonded long-term obligations were as follows:

| For the year ended June 30: | Principal | Interest | Premium * Amortization |
|---|---|---|---|
| 2026 | $ 0 | $ 372,275 | $ 174,561 |
| 2027 | 780,000 | 732,850 | 174,560 |
| 2028 | 805,000 | 702,275 | 174,561 |
| 2029 | 845,000 | 662,275 | 174,560 |
| 2030 | 885,000 | 625,375 | 174,560 |
| 2031-2035 | 4,965,000 | 2,567,300 | 872,802 |
| 2036-2040 | 6,040,000 | 1,470,000 | 872,802 |
| 2041-2043 | 4,235,000 | 258,700 | 523,682 |
| Totals | $18,555,000 | $7,391,050 | $ 3,142,088 |

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

## NOTE 8 DEFERRED INFLOWS OF RESOURCES

### 8. a. PROPERTY TAXES

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

| Fund | Amount | Reason |
|---|---|---|
| Elementary | | |
| General * | $ 67,689 | Taxes receivable |
| Transportation | 15,386 | Taxes receivable |
| Bus Depreciation | 4,964 | Taxes receivable |
| Tuition | 8,391 | Taxes receivable |
| Technology | 2,284 | Taxes receivable |
| Debt Service | 47,771 | Taxes receivable |
| Building Reserve * | 4,799 | Taxes receivable |
| High School | | Taxes receivable |
| General * | 35,836 | Taxes receivable |
| Transportation | 7,689 | |
| Bus Depreciation | 6,132 | Taxes receivable |
| Tuition | 3,279 | Taxes receivable |
| Adult Education | 123 | Taxes receivable |
| Technology | 2,007 | Taxes receivable |
| Building Reserve | 4,216 | Taxes receivable |
| Total | $ 210,566 | |

* 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 | | |
| High School | | |
| Traffic Education | $ 3,206 | Estimated accrual was lower than remitted by the state |
| | | |
| Governmental Activities | | |
| Capital Assets | 119,805 | Capital assets depreciation adjustment to agree to detail listing |
| Total Governmental Activities | $ 123,011 | |

## NOTE 10. 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 | 145 |
| Inactive employees (may include spouses) | 48 |

The School District's total OPEB liability amounted to $2,716,907 at June 30, 2025. The liability was measured as of June 30, 2025 and was determined by an Actuarial valuation as of that date.

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 | 7.40% down to 4.00% |

CHANGES IN THE TOTAL OPEB LIABILITY

| | |
|---|---|
| Balance July 1, 2024 | $ 2,789,225 |
| Changes for the Year: | |
| Service Cost (OPEB Expense) | 191,236 |
| Interest | 128,534 |
| Changes of Benefit Terms | 0 |
| Changes in Assumptions or Other Inputs | (354,008) |
| Benefit Payments | (38,080) |
| Net Changes | (72,318) |
| Balance June 30, 2025 | $ 2,716,907 |

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

- Changes assumptions about the discount rate and the cost of healthcare.

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 | $3,289,412 | $2,716,907 | $2,273,774 |

| | Healthcare Cost Trend Rate | | |
|---|---|---|---|
| | **1.0% Decrease** | **Current** | **1.0% Increase** |
| Total OPEB Liability | $2,199,968 | $2,716,907 | $3,410,160 |

OPEB EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

For the year ended June 30, 2025, the School District reported $(72,318) 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 |
|---|---|---|
| Changes of Assumptions | $ 0 | $ (354,008) |
| Total | $ 0 | $ (354,008) |

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 | $ (36,925) |
| 2027 | (36,925) |
| 2028 | (36,925) |
| 2029 | (36,925) |
| 2030 | (169,383) |
| Thereafter (8 years) | 0 |

## NOTE 11. ENCUMBRANCES

### 11. a. 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 |
|---|---|
| Elementary | |
| Miscellaneous Programs | $ 5,620 |
| Building * | 564,809 |
| Building Reserve * | 3,480 |
| High School | |
| General * | 5,964 |
| Interlocal * | 15,108 |
| Total | $ 594,981 |

* Denotes Major Fund

### 11. b. CONSTRUCTION OR SIMILAR COMMITMENTS

The School District was in the midst of a multi-year improvement initiative involving multiple large and small construction projects. The encumbrances in the miscellaneous fund at June 30, 2024 relate to those ongoing projects and amounts that have been committed to their completion.

## NOTE 12. 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 13. EMPLOYEE RETIREMENT SYSTEM

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

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

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

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

### 13. 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 expense, 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.

13. 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:<br>o Age 60, 5 years of membership service;<br>o Age 65, regardless of membership service; or<br>o Any age, 30 years of membership service.<br>• Hired on or after July 1, 2011:<br>o Age 65, 5 years of membership service; or<br>o Age 70, regardless of membership service. |
| Early Retirement: (actuarially reduced) | • Hired prior to July 1, 2011:<br>o Age 50, 5 years of membership service; or<br>o Any age, 25 years of membership service.<br>• Hired on or after July 1, 2011:<br>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:<br>o A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018);<br>o No service credit for second employment;<br>o Start the same benefit amount the month following termination; and<br>o Guaranteed Annual Benefit Adjustment (GABA) starts again in January immediately following the second retirement.<br>• Retire before January 1, 2016 and accumulate at least 2 years additional service credit:<br>o A recalculated retirement benefit based on provision in effect after the initial retirement; and<br>o GABA starts recalculating benefits in the January after receiving the new benefit for 12 months.<br>• Retire on or after January 1, 2016 and accumulate 5 or more years additional service credit:<br>o The same retirement as prior to the return to service;<br>o A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and<br>o 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:<br>o HAC during any consecutive 36 months.<br>• Hired on or after July 1, 2011:<br>o 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.

13. 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.

13. 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 | 3,305,552 | 2,267,520 | 1,397,079 |
| TRS | | | |
| Net Pension Liability | 2,693,051,612 | 1,873,757,133 | 1,189,228,680 |
| School District's Net Pension Liability | 12,082,567 | 8,406,744 | 5,335,559 |

13. 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 | $ 2,267,520 | $ 2,345,818 | 0.092712% | 0.096126% | (0.003414)% |
| State of Montana Proportionate Share associated with Employer | 659,489 | 719,186 | 0.026965% | 0.029471% | (0.002506)% |
| Totals | $ 2,927,009 | $ 3,065,004 | 0.119677% | 0.125597% | (0.005920)% |
| TRS | | | | | |
| School District Proportionate Share | $ 8,406,744 | $ 8,576,618 | 0.4487% | 0.4427% | 0.0060% |
| State of Montana Proportionate Share associated with Employer | 4,459,235 | 4,635,911 | 0.2380% | 0.2393% | (0.0013)% |
| Totals | $12,865,979 | $13,212,529 | 0.6867% | 0.6820% | 0.0047% |

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.. |

13. 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 | $ 145,329 | $ 225,929 |
| Employer Grant Revenue – Montana Proportionate Share with the Employer | 35,343 | 67,470 |
| Totals | $ 180,672 | $ 293,399 |
| | | |
| TRS | | |
| School District's Proportionate Share | $ 473,506 | $ 776,833 |
| State of Montana Proportionate Share associated with the Employer | 239,861 | 430,593 |
| Totals | $ 713,367 | $ 1,207,426 |

13. 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 | $ 114,588 | $ 0 | $ 212,686 | $ 0 |
| Changes in actuarial assumptions | 0 | 0 | 0 | 279,432 |
| Difference between projected and actual investment earnings | 0 | 50,423 | 0 | 162,231 |
| Changes in proportion and differences between actual and expected contributions | 0 | 0 | 299,670 | 64,446 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 0 | 43,989 | 0 | 0 |
| Contributions paid subsequent to the measurement date –FY 2024 Contributions * | 159,195 | 0 | 649,444 | 0 |
| Totals | $ 273,783 | $ 94,413 | $1,161,800 | $ 506,109 |

* 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 | $ (44,305) | $ (495,725) |
| 2026 | 121,643 | 531,828 |
| 2027 | (35,448) | 12,480 |
| 2028 | (21,716) | (42,336) |
| Thereafter | 0 | 0 |

13. 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 | $ 8,987,396 | $ 31,520,964 | $ 40,508,360 |
| Fiduciary Net Position | 6,719,876 | 23,114,220 | 29,834,096 |
| Net Pension Liability | 2,267,520 | 8,406,744 | 10,674,264 |
| Deferred Outflows of Resources | 273,783 | 1,161,800 | 1,435,583 |
| Deferred Inflows of Resources | 94,413 | 506,109 | 600,522 |
| Pension Expense | 180,672 | 713,367 | 894,039 |

## NOTE 14. SPECIAL EDUCATION

The School District is a member of the Central Montana Learning Resource Center 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 Fergus 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 15. 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.

15. 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.

15. a. 1. TECHNICAL SUPPORT

The School District was a party to an agreement with other public entities to provide technical support services to each participating school district and cooperative. The high school District is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the high school District.

15. a. 2. INTERLOCAL AGREEMENT FUND

The School District was a party to an agreement with the elementary and high school Districts for the purpose of jointly purchasing/paying for salaries, technology, curriculum, utilities and supplies for the participating districts. The high school District is the designated prime agency and is responsible for the financial administration of the multidistrict cooperative. The activity of the multidistrict cooperative is accounted for in fund 82 of the high school District. During the fiscal year ended June 30, 2025 the elementary and high school General funds transferred $0and $0, respectively, into the high school's Interlocal Agreement fund.

## NOTE 16. FOUNDATION ENDOWMENT

The School District has an endowment from the Evelyn Eccles Foundation. The objective of the foundation was to assist ambitious youth attain worthwhile heights of accomplishment through higher education. At June 30,2025, the endowment fund amounted to $126,151 and there was one outstanding loan balance amounting to $5. The School District administers the endowment in accordance with the endowment directives as follows:

- At the end of each school year, the School District's Board of Trustees may "select from the graduating class a student or students, male or female, who have best demonstrated his/her ability to conduct scientific research of any kind or character which looks to the advancement of the best interests of society" and provide a loan from the fund to aid in their securing higher education.

- If a student is selected, the Board of Trustees will determine an amount of the loan "sufficient to materially aid and enable students to attend an institution of higher learning." A no interest promissory note will be executed which shall become due and payable at such time as may be arranged, but not in excess of ten years after the loan agreement has been made.

## NOTE 17. CITY OF LEWISTOWN

The School District and the City of Lewistown (City) were parties to two agreements:

- School Resources Officer (SRO). The City assigned a police officer to act as an SRO to the School District for the purpose of aiding in the support of safe schools and learning environments. For the year ending June 30, 2025, the School District payment to the City under this agreement amounted to $58,362.

- Use of the Lewistown Civic Center. The City provided access to the Lewistown Civic Center for activities such as basketball, volleyball, softball, soccer, floor hockey, superstars, badminton, snowshoeing, roller-skating, cross-country skiing, and table tennis. For the year ending June 30, 2025, the School District payment to the City under this agreement amounted to $6,246.

LEWISTOWN SCHOOL DISTRICT NO. 1

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 Pay-ments (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 | $ 263,917 | $ 16,658 | $ 0 | $ 2,330,713 | $ (77,880) | $2,677,408 | 1,392,046 | $4,069,454 |
| 6/30/19 | 271,452 | 147,140 | 0 | 325,669 | (113,183) | 631,078 | 4,069,454 | 4,700,532 |
| 6/30/20 | 311,070 | 175,965 | (462,123) | 925,660 | (75,421) | 875,151 | 4,700,532 | 5,575,683 |
| 6/30/21 | 401,496 | 151,223 | 0 | 348,515 | (87,652) | 813,582 | 5,575,683 | 6,389,265 |
| 6/30/22 | 391,950 | 152,719 | (3,097,464) | (1,254,595) | (107,595) | (3,914,985) | 6,389,265 | 2,474,280 |
| 6/30/23 | 173,849 | 105,626 | 0 | 0 | (41,631) | 237,844 | 2,474,280 | 2,712,124 |
| 6/30/24 | 150,851 | 114,868 | 477,678 | (636,058) | (30,238) | 77,101 | 2,712,124 | 2,789,225 |
| 6/30/25 | 191,236 | 128,534 | 0 | (354,008) | (38,080) | (72,318) | 2,789,225 | 2,716,907 |

**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 | $ 5,903,289 | 68.94% |
| 6/30/19 | 6,124,663 | 76.75% |
| 6/30/20 | 5,669,468 | 98.35% |
| 6/30/21 | 5,867,899 | 108.89% |
| 6/30/22 | 4,510,124 | 54.86% |
| 6/30/23 | 4,510,124 | 54.86% |
| 6/30/24 | 6,220,076 | 44.84% |
| 6/30/25 | 6,437,778 | 42.20% |

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

LEWISTOWN SCHOOL DISTRICT NO. 1

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 | 0.138464% | $ 1,935,544 | $ 90,951 | $ 2,026,495 | $ 1,670,709 | 115.85% | 78.40% |
| 2016 | 0.141463% | 2,409,599 | 112,614 | 2,522,214 | 1,751,664 | 137.56% | 74.71% |
| 2017 | 0.135932% | 2,647,456 | 121,958 | 2,769,414 | 1,742,460 | 151.94% | 73.75% |
| 2018 | 0.101152% | 2,111,191 | 777,302 | 2,888,492 | 1,718,275 | 122.87% | 73.47% |
| 2019 | 0.099006% | 2,069,528 | 738,330 | 2,807,857 | 1,686,719 | 122.70% | 73.85% |
| 2020 | 0.095447% | 2,518,106 | 872,315 | 3,390,421 | 1,656,550 | 152.01% | 68.90% |
| 2021 | 0.089402% | 1,621,057 | 528,167 | 2,149,224 | 1,620,783 | 100.02% | 79.91% |
| 2022 | 0.094710% | 2,252,092 | 743,271 | 2,995,363 | 1,701,023 | 132.40% | 73.66% |
| 2023 | 0.096126% | 2,345,818 | 719,186 | 3,065,004 | 1,828,596 | 128.29% | 73.93% |
| 2024 | 0.092712% | 2,267,520 | 659,489 | 2,927,009 | 1,860,326 | 121.89% | 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 | 0.4441% | $ 7,296,596 | $ 4,891,615 | $ 12,188,211 | $ 5,537,456 | 131.77% | 69.30% |
| 2016 | 0.4424% | 8,081,164 | 5,267,725 | 13,348,889 | 5,651,304 | 143.00% | 66.69% |
| 2017 | 0.4434% | 7,476,217 | 4,745,760 | 12,221,977 | 5,848,407 | 127.83% | 70.09% |
| 2018 | 0.4363% | 8,099,052 | 5,034,660 | 13,133,712 | 5,828,310 | 138.96% | 69.09% |
| 2019 | 0.4311% | 8,312,421 | 5,033,409 | 13,345,830 | 5,851,796 | 142.05% | 68.64% |
| 2020 | 0.4321% | 9,718,822 | 5,746,200 | 15,465,022 | 5,946,911 | 163.43% | 64.95% |
| 2021 | 0.4259% | 7,055,923 | 4,025,645 | 11,081,568 | 6,066,716 | 116.31% | 75.54% |
| 2022 | 0.4168% | 8,198,076 | 4,527,254 | 12,725,330 | 6,118,452 | 133.99% | 70.61% |
| 2023 | 0.4427% | 8,576,618 | 4,635,911 | 13,212,529 | 6,583,551 | 130.27% | 71.75% |
| 2024 | 0.4487% | 8,406,744 | 4,459,235 | 12,865,979 | 6,741,825 | 124.70% | 73.33% |

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

LEWISTOWN SCHOOL DISTRICT NO. 1

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 | $ 141,634 | $ 295 | $ 141,929 | $ 0 | $ 1,751,664 | 8.10% |
| 2017 | 141,142 | 0 | 141,142 | 0 | 1,742,460 | 8.10% |
| 2018 | 140,899 | 0 | 140,899 | 0 | 1,718,275 | 8.20% |
| 2019 | 140,499 | 0 | 140,499 | 0 | 1,686,719 | 8.33% |
| 2020 | 140,308 | 0 | 140,308 | 0 | 1,656,550 | 8.47% |
| 2021 | 139,946 | 0 | 139,946 | 0 | 1,620,783 | 8.63% |
| 2022 | 148,027 | 0 | 148,027 | 0 | 1,701,023 | 8.70% |
| 2023 | 161,644 | 0 | 161,644 | 0 | 1,828,596 | 8.84% |
| 2024 | 163,709 | 0 | 163,709 | 0 | 1,860,326 | 8.80% |
| 2025 | 182,349 | 0 | 182,349 | 0 | 2,072,154 | 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 | $ 601,312 | $ 601,312 | $ 0 | $ 5,651,304 | 10.64% |
| 2017 | 592,541 | 592,541 | 0 | 5,848,407 | 10.13% |
| 2018 | 553,234 | 553,234 | 0 | 5,828,310 | 9.49% |
| 2019 | 553,772 | 553,772 | 0 | 5,851,796 | 9.46% |
| 2020 | 604,525 | 604,525 | 0 | 5,946,911 | 10.17% |
| 2021 | 594,700 | 594,700 | 0 | 6,066,716 | 9.80% |
| 2022 | 589,367 | 589,367 | 0 | 6,118,452 | 9.63% |
| 2023 | 632,742 | 632,742 | 0 | 6,583,551 | 9.61% |
| 2024 | 692,112 | 692,112 | 0 | 6,741,825 | 10.27% |
| 2025 | 649,444 | 649,444 | 0 | 6,784,118 | 9.57% |

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 |

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 (Elem) | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Budget Variance with Original vs Final Budget - Over (Under) | Actual | Actual Variance with Final Budget - Over (Under) |
| REVENUES: | | | | | |
| District Levies | $ 1,816,760 | $ 1,816,760 | $ - | $ 1,817,876 | $ 1,116 |
| Interest | 18,386 | 18,386 | - | 20,917 | 2,531 |
| Other | - | - | - | - | - |
| State | 5,426,258 | 5,426,258 | - | 5,426,258 | - |
| Total Revenues | 7,261,404 | 7,261,404 | - | 7,265,051 | 3,647 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instructional Services | | | | 4,294,713 | |
| Support Services - Students | | | | 80,825 | |
| Support Services - Instructional | | | | 184,982 | |
| General Administrative Services | | | | 1,340,309 | |
| Operation and Maintenance Services | | | | 1,052,992 | |
| Transportation Services | | | | 3,448 | |
| School Food Services | | | | 167,617 | |
| Extracurricular | | | | 76,581 | |
| Capital Outlay | | | | - | |
| Intergovernmental | | | | 21,270 | |
| Total Expenditures | 7,261,405 | 7,261,405 | - | 7,222,737 | (38,668) |
| Excess (Deficiency) of Revenues Over Expenditures | (1) | (1) | - | 42,314 | 42,315 |
| Net Change in Fund Balance | (1) | (1) | - | 42,314 | 42,315 |
| FUND BALANCE: | | | | | |
| Beginning of the Year | | | | 678,472 | |
| End of the Year | | | | $ 720,786 | |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 (Elem) | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Budget Variance with Original vs Final Budget - Over (Under) | Actual | Actual Variance with Final Budget - Over (Under) |
| REVENUES: | | | | | |
| District Levies | $ - | $ - | $ - | $ - | $ - |
| Interest | 2,000 | 2,000 | - | 7,196 | 5,196 |
| Other | - | - | - | 9,854 | 9,854 |
| State | 30,465 | 30,465 | - | 30,466 | 1 |
| Total Revenues | 32,465 | 32,465 | - | 47,516 | 15,051 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instructional Services | | | | 8,180 | |
| Support Services - Students | | | | - | |
| Support Services - Instructional | | | | 750 | |
| General Administrative Services | | | | 432 | |
| Operation and Maintenance Services | | | | - | |
| Transportation Services | | | | - | |
| School Food Services | | | | - | |
| Extracurricular | | | | - | |
| Capital Outlay | | | | - | |
| Intergovernmental | | | | - | |
| Total Expenditures | 172,972 | 172,972 | - | 9,362 | (163,610) |
| Excess (Deficiency) of Revenues Over Expenditures | (140,507) | (140,507) | - | 38,154 | 178,661 |
| Net Change in Fund Balance | (140,507) | (140,507) | - | 38,154 | 178,661 |
| FUND BALANCE: | | | | | |
| Beginning of the Year | | | | 140,506 | |
| End of the Year | | | | $ 178,660 | |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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

| | General (HS) | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Budget Variance with Original vs Final Budget - Over (Under) | Actual | Actual Variance with Final Budget - Over (Under) |
| REVENUES: | | | | | |
| District Levies | $ 950,983 | $ 950,983 | $ - | $ 950,170 | $ (813) |
| Interest | 5,660 | 5,660 | - | 6,519 | 859 |
| Other | - | - | - | - | - |
| State | 2,569,471 | 2,569,471 | - | 2,569,471 | - |
| Total Revenues | 3,526,114 | 3,526,114 | - | 3,526,160 | 46 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instructional Services | | | | 1,712,605 | |
| Support Services - Students | | | | 76,727 | |
| Support Services - Instructional | | | | 113,562 | |
| General Administrative Services | | | | 710,157 | |
| Operation and Maintenance Services | | | | 631,381 | |
| Transportation Services | | | | 31,849 | |
| School Food Services | | | | 5,943 | |
| Extracurricular | | | | 222,615 | |
| Capital Outlay | | | | 11,928 | |
| Intergovernmental | | | | 8,267 | |
| Total Expenditures | 3,526,114 | 3,526,114 | - | 3,525,034 | (1,080) |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | - | 1,126 | 1,126 |
| Net Change in Fund Balance | - | - | - | 1,126 | 1,126 |
| FUND BALANCE: | | | | | |
| Beginning of the Year | | | | 319,803 | |
| End of the Year | | | | $ 320,929 | |

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

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 (HS) | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Budget Variance with Original vs Final Budget - Over (Under) | Actual | Actual Variance with Final Budget - Over (Under) |
| REVENUES: | | | | | |
| District Levies | $ - | $ - | $ - | $ - | $ - |
| Interest | 2,000 | 2,000 | - | 6,797 | 4,797 |
| Other | - | - | - | 1,623 | 1,623 |
| State | 39,937 | 39,937 | - | 39,937 | - |
| Total Revenues | 41,937 | 41,937 | - | 48,357 | 6,420 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instructional Services | | | | 53,503 | |
| Support Services - Students | | | | - | |
| Support Services - Instructional | | | | - | |
| General Administrative Services | | | | - | |
| Operation and Maintenance Services | | | | - | |
| Transportation Services | | | | - | |
| School Food Services | | | | - | |
| Extracurricular | | | | - | |
| Capital Outlay | | | | - | |
| Intergovernmental | | | | - | |
| Total Expenditures | 232,407 | 232,407 | - | 53,503 | (178,904) |
| Excess (Deficiency) of Revenues Over Expenditures | (190,470) | (190,470) | - | (5,146) | 185,324 |
| Net Change in Fund Balance | (190,470) | (190,470) | - | (5,146) | 185,324 |
| FUND BALANCE: | | | | | |
| Beginning of the Year | | | | 190,470 | |
| End of the Year | | | | $ 185,324 | |

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 Lewistown School District No. 1 (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.

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

## NOTE 2. FUND BALANCE RECONCILIATION

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

| | **General (Elem)** |
|---|---|
| End of the Year (GAAP) | $ 326,893 |
| Current-year Encumbrances | (5,964) |
| End of the Year (Budget) | $ 320,929 |

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

| | Sub-funds | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General (Elem) | State Mining Impact Fund (Elem) | Flexibility (Elem) | General (HS) | Metal Mines Tax Reserve (HS) | Flexibility (HS) | Interlocal Agreement (HS) | **Total General Fund** |
| REVENUES: | | | | | | | | |
| District Levies | $ 1,817,876 | $ - | $ - | $ 950,170 | $ - | $ - | $ - | $ 2,768,046 |
| Interest | 20,917 | 4,515 | 7,196 | 6,519 | 6,151 | 6,797 | 51,434 | 103,529 |
| Charges for Services | - | - | - | - | - | - | 214,611 | 214,611 |
| Other | - | - | 9,854 | - | - | 1,623 | 67,179 | 78,656 |
| State | 5,426,258 | - | 30,466 | 2,569,471 | - | 39,937 | - | 8,066,132 |
| Total Revenues | 7,265,051 | 4,515 | 47,516 | 3,526,160 | 6,151 | 48,357 | 333,224 | 11,230,974 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| Instructional Services | 4,294,713 | - | 8,180 | 1,712,605 | - | 53,503 | 173,905 | 6,242,906 |
| Support Services - Students | 80,825 | - | - | 76,727 | - | - | 59,927 | 217,479 |
| Support Services - Instructional | 184,982 | - | 750 | 113,562 | - | - | 1,096 | 300,390 |
| General Administrative Services | 1,340,309 | - | 432 | 710,157 | - | - | 253,723 | 2,304,621 |
| Operation and Maintenance Services | 1,052,992 | - | - | 631,381 | - | - | 6,728 | 1,691,101 |
| Transportation Services | 3,448 | - | - | 31,849 | - | - | - | 35,297 |
| School Food Services | 167,617 | - | - | 5,943 | - | - | - | 173,560 |
| Extracurricular | 76,581 | - | - | 222,615 | - | - | - | 299,196 |
| Community Services | - | - | - | - | - | - | 50,913 | 50,913 |
| Capital Outlay | - | - | - | 5,964 | - | - | 211,634 | 217,598 |
| Intergovernmental | 21,270 | - | - | 8,267 | - | - | - | 29,537 |
| Total Expenditures | 7,222,737 | - | 9,362 | 3,519,070 | - | 53,503 | 757,926 | 11,562,598 |
| Excess (Deficiency) of Revenues Over Expenditures | 42,314 | 4,515 | 38,154 | 7,090 | 6,151 | (5,146) | (424,702) | (331,624) |
| Net Change in Fund Balance | 42,314 | 4,515 | 38,154 | 7,090 | 6,151 | (5,146) | (424,702) | (331,624) |
| FUND BALANCE: | | | | | | | | |
| Beginning of the Year | 678,472 | 101,026 | 140,506 | 319,803 | 185,565 | 190,470 | 1,764,431 | 3,380,273 |
| End of the Year - GAAP Basis | 720,786 | 105,541 | 178,660 | 326,893 | 191,716 | 185,324 | 1,339,729 | $ 3,048,649 |
| Less Current Year Encumbrances | - | - | - | (5,964) | - | - | - | |
| End of the Year - Budget Basis | $ 720,786 | $ 105,541 | $ 178,660 | $ 320,929 | $ 191,716 | $ 185,324 | $ 1,339,729 | |

In the General sub-funds combining schedule above, the elementary and high school General, elementary and high school Metal Mines Tax Reserve, elementary and high school Flexibility, and high school 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 following:

- Elementary and high school Metal Mines Tax Reserve funds which were *non-budgeted special revenue funds*
- high school Interlocal Agreement fund which was a *non-budgeted special revenue funds*

LEWISTOWN SCHOOL DISTRICT NO. 1

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 |
|---|---|---|---|---|---|
| ANNUAL | $ 6,938 | $ 10,151 | $ 10,035 | $ - | $ 7,054 |
| AP TESTING | 10,536 | 2 | - | - | 10,538 |
| CHOIR | 180 | 4,054 | 3,414 | - | 820 |
| BAND | 1,781 | 2,780 | 4,561 | - | - |
| BPA | 2,591 | 9,580 | 7,985 | - | 4,186 |
| CT MT MENTORS | 221 | - | - | - | 221 |
| CHEERLEADERS | 13,394 | 29,051 | 41,285 | - | 1,160 |
| NHS/CLAWS | - | 105 | 105 | - | - |
| CONCESSIONS | 3,203 | 20,645 | 18,783 | - | 5,065 |
| EAGLE RENAISSANCE | 1,934 | - | - | - | 1,934 |
| FCLUB | 10,044 | 684 | 739 | - | 9,989 |
| FFA | 8,663 | 53,338 | 37,312 | - | 24,689 |
| JUDITH BASIN FFA DISTRICT | - | 3,322 | 1,662 | | 1,660 |
| FCCLA | 4,023 | 16,095 | 18,233 | - | 1,885 |
| OUTDOOR CLUB | 1,039 | - | - | - | 1,039 |
| SPANISH CLUB | 179 | 2,787 | 1,852 | - | 1,114 |
| HOW CLUB | 143 | - | - | - | 143 |
| VICA/SKILLS USA | 437 | - | - | - | 437 |
| KEY CLUB | 264 | 2,104 | 1,739 | - | 629 |
| ART CLUB | 6,786 | 41 | 49 | - | 6,778 |
| SCIENCE CLUB | 1,859 | 3,000 | 2,513 | - | 2,346 |
| SKI CLUB | - | 14,819 | 14,818 | - | 1 |
| STUDENT COUNCIL | 11,974 | 7,109 | 6,653 | - | 12,430 |
| DRAMA CLUB | 1,082 | - | - | - | 1,082 |
| TROPHY | 2,239 | - | - | - | 2,239 |
| VOCAL MUSIC | - | - | - | - | - |
| DIST. 8 MUSIC FESTIVAL | 1,537 | 2,725 | 3,706 | - | 556 |
| WEIGHT CLUB | 205 | - | - | - | 205 |
| AP GOVT | 746 | - | - | - | 746 |
| CAREER FAIR | 1,942 | - | - | - | 1,942 |
| EAGLE WEAR | 2,130 | - | - | - | 2,130 |
| MODEL UN | 35 | - | - | - | 35 |
| LEADERSHIP | 258 | 966 | 18 | - | 1,206 |
| ASTRONOMY CLUB | 236 | - | - | - | 236 |
| GAY-STRAIGHT ALLIANCE | 673 | - | - | - | 673 |
| SCREAMING EAGLE PIT CREW | 1,090 | - | - | - | 1,090 |
| CLASS OF 2022 | 32 | - | - | - | 32 |
| CLASS OF 2023 | 2,107 | - | 2,107 | - | - |
| CLASS OF 2024 | 3,298 | - | 3,298 | - | - |
| CLASS OF 2025 | 4,192 | - | 2,845 | - | 1,347 |
| CLASS OF 2026 | 530 | 11,058 | 6,744 | - | 4,844 |
| CLASS OF 2027 | 1,272 | - | - | - | 1,272 |
| CLASS OF 2028 | - | 1,380 | 86 | - | 1,294 |
| SCHOOL SPONSORED EXTRACURRICULAR | 21,377 | 231,022 | 241,188 | - | 11,211 |
| GIRLS SOFTBALL/BOYS CROSS COUNTRY | (13,088) | 13,088 | - | - | - |
| **Subtotal** | **118,082** | **439,906** | **431,730** | **-** | **126,258** |

LEWISTOWN SCHOOL DISTRICT NO. 1

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 |
|---|---|---|---|---|---|
| GENERAL ACTIVITIES | 57,855 | 25,657 | 22,489 | - | 61,023 |
| LC SERVICE COUNCIL | 1,295 | 102 | - | - | 1,397 |
| BUILDERS CLUB | - | - | - | - | - |
| CHEERLEADERS | 6,875 | 7,110 | 10,374 | - | 3,611 |
| CONSUMER TECH | 1,093 | - | - | - | 1,093 |
| FACS | 933 | - | - | - | 933 |
| BC, SC STORE | 993 | 488 | 890 | - | 591 |
| MUSIC | 160 | 123 | - | - | 283 |
| PHOTO CLUB | 3,223 | 3,516 | 3,278 | - | 3,461 |
| SERVICE LEARNING | 270 | - | - | - | 270 |
| SKI CLUB | 4,901 | 8,036 | 8,626 | - | 4,311 |
| STUDENT COUNCIL | 1,257 | 333 | 38 | - | 1,552 |
| NEWS | 170 | (170) | - | - | - |
| GIS CLUB | 380 | 130 | - | - | 510 |
| COMPUTER SERV LEARNING | 130 | (130) | - | - | - |
| FIELD TRIP/SKI DAY | 859 | - | - | - | 859 |
| ROBOTICS CLUB | 439 | - | - | - | 439 |
| SCIENCE OLYMPIAD | 1 | - | - | - | 1 |
| EXPEDITION YELLOWSTONE | 1,985 | - | - | - | 1,985 |
| FISHERIES | 316 | 75 | - | - | 391 |
| 8TH GRADE CLASS | - | 2,658 | 854 | - | 1,804 |
| Total | $ 319,299 | $ 927,740 | $ 910,009 | $ - | $ 337,030 |

LEWISTOWN SCHOOL DISTRICT NO. 1

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 | | | | | | | | | |
| Pre-Kindergarten | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kindergarten | 78 | 78 | 0 | 0 | 0 | 0 | 1 | 1 | 0 |
| Grade 1 - 6 | 514 | 514 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grade 7 - 8 | 197 | 197 | 0 | 1 | 0 | 1 | 0 | 2 | 0 |
| Total | 803 | 803 | 0 | 1 | 0 | 1 | 1 | 3 | 0 |
| High School | | | | | | | | | |
| Grade 9 - 12 | 347 | 347 | 0 | 1 | 2 | 0 | 2 | 5 | 0 |
| 19-year old | 0 | 0 | 0 | | | | | | |
| Youth Challenge | 1 | 1 | 0 | | | | | | |
| Job Corps | 0 | 0 | 0 | | | | | | |
| Early Graduates | 0 | 0 | 0 | | | | | | |

**Spring Enrollment – February 2024**

| | Full-time Students | | | Part-time Students | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Less Than | | | | | |
| | Reported | Audited | Variance | 180 hours | 360 hours | 540 hours | 720 hours | Audited | Variance |
| Elementary | | | | | | | | | |
| Pre-Kindergarten | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kindergarten | 80 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grade 1 - 6 | 512 | 512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grade 7 - 8 | 196 | 196 | 0 | 1 | 1 | 1 | 2 | 5 | 0 |
| Total | 802 | 802 | 0 | 1 | 1 | 1 | 2 | 5 | 0 |
| High School | | | | | | | | | |
| Grade 9 - 12 | 337 | 337 | 0 | 0 | 4 | 0 | 0 | 4 | 0 |
| 19-year old | 0 | 0 | 0 | | | | | | |
| Youth Challenge | 0 | 0 | 0 | | | | | | |
| Job Corps | 0 | 0 | 0 | | | | | | |
| Early Graduates | 0 | 0 | 0 | | | | | | |

Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 | $ - | $ 57,206 |
| National School Lunch Program (fn1) | 10.555 | N/A | - | 246,955 |
| National School Lunch Program (Donated Food) (fn2) | 10.555 | N/A | - | 50,489 |
| Total Child Nutrition Cluster | | | - | 354,650 |
| Total U.S. Department of Agriculture | | | $ - | $ 354,650 |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| DIRECT: | | | | |
| Rural Education | 84.358 | S358A242099 | $ - | $ 11,188 |
| Rural Education | 84.358 | S358A232121 | - | 432 |
| PASSED THROUGH MONTANA OFFICE OF PUBLIC INSTRUCTION: | | | | |
| Title I Grants to Local Education Agencies | 84.010 | 014-0258-31-2025 | - | 462,655 |
| Career and Technical Education -- Basic Grants to States | 84.048 | 014-0259-81-2025 | - | 27,475 |
| Special Education - State Personnel Development | 84.323 | 014-0258-83-2025 | - | 20,000 |
| Total U.S. Department of Education | | | $ - | $ 521,750 |
| **Total Federal Financial Assistance** | | | $ - | $ 876,400 |

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

LEWISTOWN SCHOOL DISTRICT NO. 1

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 Lewistown School District No. 1 (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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

## NOTE 3. INDIRECT COST RATE

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

## NOTE 4. FOOTNOTES

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

General Obligation School Building Bonds, Series 2022

ANNUAL FINANCIAL INFORMATION
**Fiscal Year ended June 30, 2025**

Base CUSIP/CUSIP-6 No: **314720**

## COMPILED OPERATING DATA

(1) General Obligation Bonds Outstanding (Principal Amount): $20,400,000

(2) Assessed/Market Valuation

AND

(3) Taxable Valuation:

| Fiscal Year | Assessed/Market Valuation | Taxable Valuation |
|---|---|---|
| 2021/22 | $892,543,541 | $14,248,842 |
| 2022/23 | $902,627,789 | $14,456,661 |
| 2023/24 | $1,237,891,772 | $18,375,797 |
| 2024/25 | $1,239,962,712 | $19,166,961 |

(4) The District's Enrollment (Current Year ANB):

| School Year | K-8 Enrollment |
|---|---|
| 2021/22 | 857 |
| 2022/23 | 898 |
| 2023/24 | 917 |
| 2024/25 | 898 |

(5) Tax Collections:

District's **General Fund**

| Fiscal Year | Tax Levy | Current Tax Collections | Current Collections as Percent of Levy | Total Tax Collections[1] | Total Collections as Percent of Levy[1] |
|---|---|---|---|---|---|
| 2021/22 | $1,861,875 | $1,828,059 | 98.2% | $1,864,488 | 100.1% |
| 2022/23 | $1,848,015 | $1,803,460 | 97.6% | $1,887,109 | 102.1% |
| 2023/24 | $1,935,289 | $1,828,777 | 94.5% | $1,895,625 | 98.0% |
| 2024/25 | $1,816,760 | $1,809,359 | 99.6% | $1,813,802 | 99.8% |

[1] Total tax collections include delinquent taxes paid, penalty and interest collected.

STROM & ASSOCIATES, P.C.
Certified Public Accountants

3203 3rd Ave N. Suite 208
PO Box 1980
Billings, MT 59103

Phone: 406-252-2765
E-mail: audit@stromcpa.net

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
Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

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 Lewistown School District No. 1 (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 December 22, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

STROM & ASSOCIATES, PC
Billings, Montana
December 22, 2025

STROM & ASSOCIATES, P.C.
Certified Public Accountants

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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
Lewistown School District No. 1
Fergus County
Lewistown, Montana 59457

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**
We have audited Lewistown School District No. 1 (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, PC
Billings, Montana
December 22, 2025

LEWISTOWN SCHOOL DISTRICT NO. 1

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 pinion on Lewistown School District No. 1 (School District)'s financial statements as of and for the year ended June 30, 2025.

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

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

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

Federal Awards

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

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

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

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

9. The major program for the School District for the year ended June 30, 2025 was:

| Assistance Listing Number | Name of Federal Program or Cluster |
|---|---|
| 84.010 | Title Grants to Local Educational Agencies |

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

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

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

**Prior year findings/status**

The following is the status of prior year findings and updated for the fiscal year ended June 30, 2025.

2024-001 – Capital Assets-Construction in Progress — Implemented

**Current year findings**

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

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**Prior year findings/status**

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

**Current year findings**

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