

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

**AUDITED FINANCIAL STATEMENTS**

**Year ended June 30, 2025**



**ROSS R. STALCUP**

CERTIFIED PUBLIC ACCOUNTANT, PC

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

**ORGANIZATION**

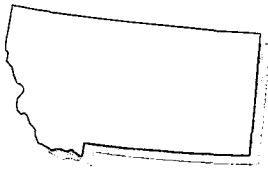
JUNE 30, 2025

**BOARD OF TRUSTEES**

Thomas McLaughlin	Chair
Rich Thornock	Vice-Chair
Tom Cook	Trustee
Kallie Gatzemeier	Trustee
Beth Herron	Trustee
Scott Rouse	Trustee
Jacquelyn Ryan	Trustee

**OFFICIALS**

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



# ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

## INDEPENDENT AUDITORS REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise School District No. 4's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana, as of June 30, 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.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School District No. 4, Missoula, Montana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about School District No. 4, Missoula, Montana's ability to continue as a going concern for a reasonable period of time.

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

### ***Adoption of a New Accounting Standard***

As discussed in the Notes to the Financial Statements, the District has adopted the provisions of

Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the year ended June 30, 2025. As a result of implementing the Standard, there was no effect on the beginning net position as of July 1, 2024. Our opinions are not modified with respect to this matter.

### ***Required Supplementary Information***

Generally Accepted Accounting Principles require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, the Schedule of Changes in Total OPEB Liability and Related Ratios and the Supplementary Schedules of Proportionate Share of the Net Pension Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District No. 4's basic financial statements. The accompanying supplementary information is presented to comply with state and federal requirements and is not a required part of the financial statements.

#### *Required by the State of Montana*

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

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

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

The Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of School District Enrollment, the Schedule of Extracurricular Fund Revenues, Expenditures and Changes in Net Position, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

***Other Information***

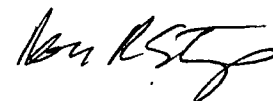
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report therein. Our opinions on the basic financial statements do not cover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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2026 on our consideration of School District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School District No. 4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District No. 4's internal control over financial reporting and compliance.

March 20, 2026



Ross R. Stalcup  
Certified Public Accountant

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

This management's discussion and analysis provides an overview of the School's financial activities for the fiscal year ended June 30, 2025. Please read it along with the School's financial statements which begin on page 12.

### FINANCIAL HIGHLIGHTS

Revenues exceeded expenses for the year for the School by approximately \$2,116,000. American Rescue Plan (ARP) Act funding ended September 30, 2024. The School received additional General Revenue funding from the State via GTB (Guaranteed Tax Base).

### USING THIS ANNUAL REPORT

This annual report consists of financial statements for the School as a whole with more detailed information for certain School funds. The Statement of Net Position and the Statement of Activities (pages 12 and 13) provide information about the activities of the School as a whole and present a long-term view of the School's finances (they include capital assets and long-term liabilities).

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

### THE SCHOOL AS A WHOLE

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

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

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

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
Current Assets . . . . .	\$8,706,000	\$8,306,000	\$400,000	5%
Capital Assets - Net . . . . .	31,050,000	31,577,000	(527,000)	(2)%
Other Assets . . . . .	102,000	111,000	(9,000)	(8)%
<b>Total Assets . . . . .</b>	<b>39,858,000</b>	<b>39,994,000</b>	<b>(136,000)</b>	<b>0%</b>
Deferred Outflows . . . . .	1,963,000	1,985,000	(22,000)	(1)%
Current Liabilities . . . . .	(2,110,000)	(2,078,000)	(32,000)	2%
Non-current Liabilities . . . . .	(31,442,000)	(33,461,000)	2,019,000	(6)%
<b>Total Liabilities . . . . .</b>	<b>(33,552,000)</b>	<b>(35,539,000)</b>	<b>1,987,000</b>	<b>(6)%</b>
Deferred Inflows . . . . .	(1,992,000)	(2,065,000)	73,000	(4)%
<b>Net Position . . . . .</b>	<b>\$6,277,000</b>	<b>\$4,375,000</b>	<b>\$1,902,000</b>	<b>43%</b>
Net Position consists of:				
Net Investment in Capital Assets . . . . .	\$13,292,000	\$12,014,000	\$1,278,000	11%
Restricted . . . . .	4,247,000	4,448,000	(201,000)	(5)%
Unrestricted . . . . .	(11,262,000)	(12,087,000)	825,000	(7)%
<b>Net Position . . . . .</b>	<b>\$6,277,000</b>	<b>\$4,375,000</b>	<b>\$1,902,000</b>	<b>43%</b>

Current assets increased due to additional cash and due from other governments. The District spent below the appropriated budget for the General Fund (see schedule on page 46). This allowed funds to be transferred to the newly formed Multidistrict Agreement, see Notes 6 & 14. Spending in the Transportation Fund was also less than appropriated.

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

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
Federal Grants:				
School Food Program . . . . .	\$397,000	\$484,000	(\$87,000)	(18)%
Other Federal Programs . . . . .	1,520,000	1,877,000	(357,000)	(19)%
State Grants . . . . .	1,196,000	1,387,000	(191,000)	(14)%
Charges for Services:				
School Food Program . . . . .	274,000	247,000	27,000	11%
Extracurricular Activities . . . . .	43,000	47,000	(4,000)	(9)%
Medicaid . . . . .	765,000	742,000	23,000	3%
Donations and Other Program Revenue . . . . .	196,000	251,000	(55,000)	(22)%
<b>Total Program Revenues . . . . .</b>	<b>\$4,391,000</b>	<b>\$5,035,000</b>	<b>(\$644,000)</b>	<b>(13)%</b>

Overall, Program Revenues decreased. Federal school food reimbursements decreased as fewer students qualified for free & reduced breakfast and lunch. This decrease led to increased school food sales. Federal Supply Chain Assistance grants ended which, in previous years, helped alleviate rising food costs. A majority of the decrease in Other Federal Programs is from the completion of ARP grants. This decrease was offset by increased funding for IDEA, Part B (Special

Education); Title I, Part A (Improving Basic Programs); and, a new grant source, the COPS School Violence Prevention Program. A majority of the decrease in State grants was from a reduction in Pensions, offset with increases in funding for Special Education and Significant Needs students.

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

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
School Property Taxes .....	\$7,567,000	\$7,330,000	\$237,000	3%
State Revenue .....	7,680,000	7,266,000	414,000	6%
County Property Taxes .....	1,553,000	1,804,000	(251,000)	(14)%
Investment Earnings and Other .....	334,000	416,000	(82,000)	(20)%
<b>Total General Revenues .....</b>	<b>17,134,000</b>	<b>16,816,000</b>	<b>318,000</b>	<b>2%</b>
<b>Total Program Revenues .....</b>	<b>4,391,000</b>	<b>5,035,000</b>	<b>(644,000)</b>	<b>(13)%</b>
<b>Total Revenues .....</b>	<b>\$21,525,000</b>	<b>\$21,851,000</b>	<b>(\$326,000)</b>	<b>(1)%</b>

General Revenues had a minor increase. Property taxes increased with additional levies for the transportation and tuition funds, see historical information on page 61. Protested taxes were also released by the County. State revenues increased with additional Guaranteed Tax Base, State Equalization, and Quality Educator funding. County-provided retirement distribution was reduced for the year.

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

	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>%</b>
Instruction - Regular Programs .....	\$6,875,000	\$6,814,000	\$61,000	1%
Instruction - Other Programs .....	2,460,000	2,990,000	(530,000)	(18)%
Support Services .....	2,295,000	2,325,000	(30,000)	(1)%
Administration .....	2,541,000	2,731,000	(190,000)	(7)%
Operation and Maintenance .....	1,262,000	1,316,000	(54,000)	(4)%
Student Transportation .....	1,223,000	1,160,000	63,000	5%
School Food .....	741,000	745,000	(4,000)	(1)%
Depreciation/Amortization Expense .....	1,120,000	1,100,000	20,000	2%
Interest Expense .....	751,000	804,000	(53,000)	(7)%
Extracurricular Activities .....	150,000	174,000	(24,000)	(14)%
<b>Total Expenses .....</b>	<b>19,418,000</b>	<b>20,159,000</b>	<b>(741,000)</b>	<b>(4)%</b>
<b>Less Program Revenues .....</b>	<b>4,391,000</b>	<b>5,035,000</b>	<b>(644,000)</b>	<b>(13)%</b>
<b>Net Expenses .....</b>	<b>15,027,000</b>	<b>15,124,000</b>	<b>(97,000)</b>	<b>(1)%</b>
<b>Less General Revenues .....</b>	<b>17,134,000</b>	<b>16,816,000</b>	<b>318,000</b>	<b>2%</b>
<b>Change in Net Position .....</b>	<b>2,107,000</b>	<b>1,692,000</b>	<b>415,000</b>	<b>25%</b>
<b>Beginning Net Position .....</b>	<b>4,375,000</b>	<b>2,571,000</b>	<b>1,804,000</b>	<b>70%</b>
<b>Change in Accounting Principle .....</b>	<b>(205,000)</b>	<b>112,000</b>	<b>(317,000)</b>	
<b>Ending Net Position .....</b>	<b>\$6,277,000</b>	<b>\$4,375,000</b>	<b>\$1,902,000</b>	<b>43%</b>

There was a minor decrease in expenses overall. A majority of the decrease in Instruction - Other

Programs was due to the completion of the ARP funding. Salaries and benefits previously paid under ARP are included under Instruction - Regular Programs which was offset by large decreases in TRS Pension and Compensated Absence expenses.

## **FUND FINANCIAL STATEMENTS**

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

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

Total governmental fund balances increased by \$484,000 in 2025 as compared to the government-wide increase in net position of \$2,116,000. See page 17 for a detailed explanation of the differences between the changes in governmental fund balances and changes in net position.

All budgeted fund expenditures were within the budget authority and there were no significant variations between the budget and actual revenues and expenditures which are detailed on the supplemental schedule on page 46.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Net Capital Assets decreased by \$527,000 with additions of \$609,000 offset by depreciation/amortization of \$1,128,000 and \$8,000 in the book value of asset disposals. Larger projects completed include: boilers and HVAC retrofit for building 3, wireless network replacement, a new dishwasher, and commencement of safety technology project. The School continues to pay on the general obligation bonds. See Notes 3 and 5 on pages 24 and 26 for more information on the capital assets and long term debt.

## **THE FUTURE OF THE SCHOOL**

The visible impacts of COVID-19 have diminished across our school system; however, Hellgate Elementary continues to confront the lingering effects of pandemic-related learning loss among many of our students. Although student enrollment for the 2025–2026 school year increased by fifty students, the district added an additional classroom of eighteen students to the Early Literacy Program for four-year-olds, bringing the program's total enrollment to fifty-three. Without this added classroom, overall district enrollment would have been lower than the previous year. Longitudinal projections indicate that current enrollment remains below expected levels for the district. The global pandemic slowed anticipated enrollment growth, as many families transitioned to home-based or online academic programs. Encouragingly, gradual increases are beginning to emerge, supported in part by expanded open-enrollment opportunities.

To foster a safe and stable learning environment, the district continues to prioritize both student well-being and academic achievement. Hellgate Elementary has expanded outreach efforts directed toward home-school families residing within district boundaries, encouraging them to re-enroll and reconnect with district services. The district remains firmly committed to a five-day, in-person instructional model, recognizing that consistent attendance, student engagement, and peer-to-peer interaction are essential for social, emotional, and academic growth. While these efforts have strengthened student support systems, fluctuations in enrollment continue as families move in and out of the district. With new single-family homes and multi-family units being constructed within district boundaries and the rapidly developing Mullan/Wye corridor, the district anticipates that student numbers will increase during the 2026–2027 school year.

In September 2016, voters approved a bond to construct a new 7th–8th grade building designed to alleviate overcrowding and support projected enrollment growth. This facility has the capacity to accommodate an additional 500 students, which would bring total enrollment above 2,000. Despite this expansion potential, school trustees remain concerned about the future need for additional land to ensure flexibility for facility planning and respond proactively to ongoing residential development. The pace of growth within district boundaries introduces a level of uncertainty, as neither city nor county agencies can reliably predict how many school-aged children future housing developments will generate or how long current families will remain in their homes. District projections estimate that enrollment may reach approximately 1,742 students by the 2027–2028 school year. Over the past two decades, the district’s enrollment has increased by more than 500 students, and if historic trends continue, it is reasonable to anticipate the addition of approximately 250 more students over the next eight years.

Financially, the district remains stable, yet significant challenges persist. The expiration of ESSER (Elementary and Secondary School Emergency Relief) funds, combined with economic fluctuations statewide, has intensified budget pressures for public schools. Although Hellgate Elementary has managed its resources responsibly, rising fixed costs, including operations, maintenance, and the potential need for future facility expansion, pose ongoing fiscal concerns. These challenges are amplified by Montana’s funding model, which provides only marginal annual increases for K–12 education, ultimately shifting more responsibility to local taxpayers. The failure of the district’s spring 2025 levies further restricted available revenue, prompting the Hellgate Elementary Board of Trustees to re-evaluate financial priorities and determine that returning to voters this spring is essential to sustain district programs and services.

To ensure responsible stewardship of taxpayer funds, the Board of Trustees has conducted a comprehensive review of district expenditures, evaluating each program for its educational value, impact on student outcomes, and overall cost-effectiveness. All decisions are guided by three core criteria: whether the action is educationally defensible, whether it reflects the values and expectations of the Hellgate Elementary community, and whether it demonstrates fiscal responsibility. Through this framework, the district remains committed to protecting both the academic excellence and long-term financial stability of Hellgate Elementary.

The Board of Trustees also continues to reinforce the district’s mission and vision by establishing clear core beliefs and educational goals. The district’s strategic plan, adopted and extending through 2028, serves as a coherent guide for decision-making and resource allocation, ensuring that every initiative aligns with long-term district priorities. Central to the board’s guiding philosophy is the belief that every student must receive a meaningful and relevant education culminating in 8th-grade graduation, and that every student must be equipped with the knowledge and skills necessary to succeed in an increasingly complex and interconnected global society.

Through thoughtful planning, prudent fiscal oversight, and an unwavering focus on student success, Helgate Elementary remains committed to meeting the evolving needs of its students, families, and community; both today and in the years ahead.

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

**STATEMENT OF NET POSITION  
JUNE 30, 2025**

	2025
<b>ASSETS:</b>	
Current Assets:	
Cash and Investments .....	\$7,961,468
Cash - Fiscal Agent .....	\$175,000
Property Taxes Receivable .....	202,500
Due from Other Governments .....	361,381
Accounts Receivable .....	5,656
Total Current Assets .....	8,706,005
Non-Current Assets:	
Capital Assets .....	45,661,575
Less Accumulated Depreciation/Amortization .....	(14,611,924)
Capital Assets - Net .....	31,049,651
Due from Missoula City Water .....	102,616
Total Assets .....	39,858,272
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows - Other Postemployment Benefits .....	137,191
Deferred Outflows - Pensions .....	1,825,666
Total Deferred Outflows of Resources .....	1,962,857
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable .....	11,729
Unearned Revenues .....	3,655
Current Portion of Long-term Debt .....	2,094,762
Total Current Liabilities .....	2,110,146
Non-current Liabilities:	
General Obligation Bonds, Net Unamortized Bond Premium .....	15,892,316
Other Post Employment Benefits .....	1,663,406
Net Pension Liability .....	12,903,558
Compensated Absences .....	982,728
Total Non-current Liabilities .....	31,442,008
Total Liabilities .....	33,552,154
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows - Other Postemployment Benefits .....	938,711
Deferred Inflows - Pensions .....	1,053,446
Total Deferred Inflows of Resources .....	1,992,157
<b>NET POSITION:</b>	
Net Investment in Capital Assets .....	13,291,701
Restricted .....	4,247,332
Unrestricted .....	(11,262,215)
Total Net Position .....	\$6,276,818

See Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

	----- Program Revenue -----				
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue 2025
<b>GOVERNMENT OPERATIONS</b>					
Instruction:					
Regular Programs . . . . .	\$6,875,551	\$12,383	\$375,255		(\$6,487,913)
Other Programs . . . . .	2,459,753		1,731,987	\$396,421	(331,345)
Support Services . . . . .	2,294,737	765,274	78,367		(1,451,096)
Administration . . . . .	2,540,643		61,131		(2,479,512)
Operation and Maintenance . . . . .	1,261,932		61,658	25,800	(1,174,474)
Student Transportation . . . . .	1,223,498		168,462		(1,055,036)
School Food . . . . .	740,887	274,489	396,818		(69,580)
Extracurricular . . . . .	150,312	42,763	105		(107,444)
Interest Expense . . . . .	751,308				(751,308)
Unallocated Depreciation/Amortization	1,119,753				(1,119,753)
<b>Total . . . . .</b>	<b>\$19,418,374</b>	<b>\$1,094,909</b>	<b>\$2,873,783</b>	<b>\$422,221</b>	<b>(15,027,461)</b>
<b>GENERAL REVENUES:</b>					
School Property Taxes . . . . .					7,566,659
State Revenue . . . . .					7,679,809
County Property Taxes . . . . .					1,552,722
Investment Earnings . . . . .					243,857
Other . . . . .					90,669
<b>Total General Revenues . . . . .</b>					<b>17,133,716</b>
<b>CHANGE IN NET POSITION . . . . .</b>					<b>2,106,255</b>
<b>NET POSITION</b>					
Beginning of the Year, Previously Reported . . . . .					4,375,279
Change in Accounting Principle . . . . .					(204,716)
Beginning of the Year, Restated . . . . .					4,170,563
<b>End of the Year . . . . .</b>					<b>\$6,276,818</b>

See Notes to Financial Statements

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

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2025**

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

	General Fund	Miscellaneous Programs Fund	Debt Service Fund	Building Fund	Building Reserve Fund	Other Governmental Funds	Total
<b>ASSETS:</b>							
Cash and Investments .....	\$1,583,654	\$1,997,294	\$193,347	\$159,649	\$1,230,987	\$2,796,537	\$7,961,468
Cash - Fiscal Agent .....	175,000						175,000
Property Taxes Receivable .....	79,264		64,136		3,357	55,743	202,500
Due from Other Governments .....	7,926	293,467		102,616		59,988	463,997
Accounts Receivable .....		1,383		4,273			5,656
<b>Total Assets .....</b>	<b>\$1,845,844</b>	<b>\$2,292,144</b>	<b>\$257,483</b>	<b>\$266,538</b>	<b>\$1,234,344</b>	<b>\$2,912,268</b>	<b>\$8,808,621</b>
<b>LIABILITIES:</b>							
Accounts Payable .....	\$10,453	\$1,215				\$61	\$11,729
Unearned Revenues .....		3,655					3,655
<b>Total Liabilities .....</b>	<b>\$10,453</b>	<b>\$4,870</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61</b>	<b>\$15,384</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Property Taxes .....	\$79,264		\$64,136		\$3,357	\$55,743	\$202,500
Missoula City Water .....				\$102,616			102,616
<b>Total Deferred Inflows .....</b>	<b>\$79,264</b>	<b>\$0</b>	<b>\$64,136</b>	<b>\$102,616</b>	<b>\$3,357</b>	<b>\$55,743</b>	<b>\$305,116</b>
<b>FUND BALANCE:</b>							
Restricted .....		\$78,718	\$193,347		\$1,230,987	\$2,621,044	\$4,124,096
Assigned .....	\$40,401	2,208,556		\$163,922		235,420	2,648,299
Unassigned .....	1,715,726						1,715,726
<b>Total Fund Balance .....</b>	<b>1,756,127</b>	<b>2,287,274</b>	<b>193,347</b>	<b>163,922</b>	<b>1,230,987</b>	<b>2,856,464</b>	<b>8,488,121</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance .....</b>	<b>\$1,845,844</b>	<b>\$2,292,144</b>	<b>\$257,483</b>	<b>\$266,538</b>	<b>\$1,234,344</b>	<b>\$2,912,268</b>	<b>\$8,808,621</b>

See Notes to Financial Statements

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

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

JUNE 30, 2025

Total fund balance on the governmental funds statement . . .		\$8,488,121
Add capital assets not reported on governmental funds statement . . . . .	\$45,661,575	
Less accumulated depreciation/amortization . . . . .	(14,611,924)	31,049,651
Less liabilities not reported on governmental funds statement:		
General obligation bonds (including unamortized bond premium of \$932,950) . . . . .	(\$17,757,950)	
Pension Liability . . . . .	(12,903,558)	
Other Post Employment Benefit Obligation . . . . .	(1,663,406)	
Compensated absences . . . . .	(1,211,856)	(33,536,770)
Deferred inflows for property taxes receivable recognized as revenue in the government-wide statement of net position . .		202,500
Deferred inflows for Missoula City Water receivable recognized as revenue in government-wide statement of net position . . . . .		102,616
Deferred outflows of resources related to OPEB . . . . .		137,191
Deferred inflows of resources related to OPEB . . . . .		(938,711)
Deferred outflows of resources related to pensions . . . . .		1,825,666
Deferred inflows of resources related to pensions . . . . .		(1,053,446)
Net Position . . . . .		<u>\$6,276,818</u>

See Notes to Financial Statements

**HELLGATE ELEMENTARY SCHOOL  
DISTRICT NO. 4, MISSOULA COUNTY  
MISSOULA, MONTANA**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	-----MAJOR FUNDS-----						
	General Fund	Miscellaneous Programs Fund	Debt Service Fund	Building Fund	Building Reserve Fund	Other Governmental Funds	Total
<b>REVENUES:</b>							
School Property Taxes .....	\$3,010,829		\$2,403,991		\$124,217	\$2,105,431	\$7,644,468
Intergovernmental:							
County .....						1,633,870	1,633,870
State .....	8,509,174	\$825,338	154,647		61,658	90,165	9,640,982
Federal .....		1,519,756				396,818	1,916,574
School Food Sales .....						274,489	274,489
Student Activities .....		12,731				30,032	42,763
Interest and Other .....	149,312	127,417	23,679	\$34,417	32,683	63,053	430,561
<b>Total Revenues .....</b>	<b>11,669,315</b>	<b>2,485,242</b>	<b>2,582,317</b>	<b>34,417</b>	<b>218,558</b>	<b>4,593,858</b>	<b>21,583,707</b>
<b>EXPENDITURES:</b>							
Instruction:							
Regular Programs .....	6,181,828	53,589				914,488	7,149,905
Other Programs .....	919,450	872,928				664,319	2,456,697
Instructional Support .....	1,477,586	469,283			104,923	242,945	2,294,737
Administration .....	1,753,030	170,863			82,493	690,746	2,697,132
Operation and Maintenance .....	1,031,077	1,050		39,573	74,784	115,448	1,261,932
Transportation .....	176					1,223,322	1,223,498
Food Service .....	2,308					730,045	732,353
Extracurricular .....	104,843	4,243				41,226	150,312
Debt Service .....			2,556,000				2,556,000
Capital Outlay .....	119,387	422,221				67,324	608,932
<b>Total Expenditures .....</b>	<b>11,589,685</b>	<b>1,994,177</b>	<b>2,556,000</b>	<b>39,573</b>	<b>262,200</b>	<b>4,689,863</b>	<b>21,131,498</b>
<b>Excess (Deficiency) of Revenues over Expenditures .....</b>	<b>79,630</b>	<b>491,065</b>	<b>26,317</b>	<b>(5,156)</b>	<b>(43,642)</b>	<b>(96,005)</b>	<b>452,209</b>
Other Sources (Uses):							
Transfers In (Out) .....	(52,791)					49,735	(3,056)
Proceeds from Insurance Claims .....				35,180			35,180
<b>Total Other Sources and Uses .....</b>	<b>(52,791)</b>	<b>0</b>	<b>0</b>	<b>35,180</b>	<b>0</b>	<b>49,735</b>	<b>32,124</b>
<b>CHANGE IN FUND BALANCE .....</b>	<b>26,839</b>	<b>491,065</b>	<b>26,317</b>	<b>30,024</b>	<b>(43,642)</b>	<b>(46,270)</b>	<b>484,333</b>
<b>FUND BALANCES:</b>							
Beginning, as Previously Reported .....	1,729,288	1,796,209	167,030		1,274,629	3,036,632	8,003,788
Change in Reporting Entity, Nonmajor to Major Fund .....				133,898		(133,898)	
Beginning, Restated .....	1,729,288	1,796,209	167,030	133,898	1,274,629	2,902,734	8,003,788
<b>Ending .....</b>	<b>\$1,756,127</b>	<b>\$2,287,274</b>	<b>\$193,347</b>	<b>\$163,922</b>	<b>\$1,230,987</b>	<b>\$2,856,464</b>	<b>\$8,488,121</b>

See Notes to Financial Statements

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

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

FOR THE YEAR ENDED JUNE 30, 2025

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Change in fund balance on the governmental funds statement . . . . .		\$484,333
Expenses on the government-wide statement of activity not included in the governmental funds statement:		
Depreciation/Amortization expense . . . . .	(\$1,128,287)	
Decrease/(Increase) in retirement incentives . . . . .	32,595	
Decrease/(Increase) in compensated absences . . . . .	15,970	
Decrease/(Increase) in pension related liabilities, inflows and outflows . . . . .	427,442	
Decrease in deferred revenue from Missoula City Water share of construction costs . . . . .	119,692	
Bond premium on 2017 series bonds . . . . .	(8,923)	
Increase/(Decrease) in property taxes receivables . . . . .	(77,809)	
OPEB expense . . . . .	(45,164)	(664,484)
<hr/>		
Expenditures reported on the governmental funds statement not included on the government-wide statement of activity:		
Capital outlays . . . . .	\$608,932	
Book value of capital asset disposals . . . . .	(7,526)	
Principal payments of general obligation bonds . . . . .	1,685,000	2,286,406
<hr/>		
Change in net position reported on the government-wide statement of activity . . . . .		<u>\$2,106,255</u>

See Notes to Financial Statements

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

CUSTODIAL FUNDS

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

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

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**FIDUCIARY NET POSITION**

ASSETS:

Cash - Interlocal Agreement Fund .....	\$1,998
Cash - COBRA Insurance Fund .....	25,266
Total Assets .....	<u>\$27,264</u>

LIABILITIES:

Due to Others .....	<u>\$25,266</u>
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NET POSITION:

Interlocal Government Agreement .....	<u>\$1,998</u>
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**CHANGES IN FIDUCIARY NET POSITION**

ADDITIONS:

Interest .....	\$53
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DEDUCTIONS:

CHANGES IN FIDUCIARY NET POSITION .....	<u>53</u>
NET POSITION, BEGINNING OF YEAR .....	<u>1,945</u>
NET POSITION, END OF YEAR .....	<u>\$1,998</u>

See Notes to the Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hellgate Elementary School District (School) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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

B. Basis of Presentation and Basis of Accounting

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

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

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

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

## Hellgate Elementary School 2025 - Notes to Financial Statements

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

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

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

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

Building Fund. This fund accounts for the bond proceeds for altering, repairing, buying, furnishing, equipping, purchasing of buildings. Proceeds from insurance claims and the sale or rental of property are also included in this fund.

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

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

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

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

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

Hellgate Elementary School 2025 - Notes to Financial Statements

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

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

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

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

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

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

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

- G. Compensated Absences - Beginning FY25, the School adopted the provisions of GASB Standard 101, *Compensated Absences*, effective for financial statements beginning after December 15, 2023, which defines the types of benefits recognized and guides measurement.

## Hellgate Elementary School 2025 - Notes to Financial Statements

### Benefits Offered:

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

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

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

### Liability:

The School recognizes a liability for earned, accumulated vacation and sick leave hours that are 'more likely to than not' to be either used or otherwise paid upon termination. Because the payout rate upon termination for sick leave rate is not 100%, the School has developed an estimated usage rate to determine what portion of the hours will be used vs. paid out. The School employed a 5-year lookback period to obtain an average of hours used and an average hours accumulated at year-end. An estimated usage rate of 14% was applied to accumulated unused sick leave hours at the end of the fiscal year with remaining hours measured at the appropriate payout rates described in the above 'Benefits Offered' paragraphs. The liability is measured based on the employees' current rate of pay at June 30<sup>th</sup> and includes all salary-related payments: employer share of FICA/Medicare, workers' compensation, and retirement contributions.

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

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

Hellgate Elementary School 2025 - Notes to Financial Statements

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

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

**2. CASH AND INVESTMENTS**

The School participates in the Missoula County Treasurer's investment program. Funds deposited with the County Treasurer are pooled and invested in accordance with State law. Funds are withdrawn from the investment program as needed to pay warrants. Earnings are allocated to the School based on average month-end cash balances and are distributed monthly. The investment pool is not registered with or monitored by the Securities and Exchange Commission (SEC). Cash - Fiscal Agent is held at the County, see Multidistrict Agreement Note 14. Student activity funds are deposited in FDIC insured accounts.

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

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

**3. LONG-TERM DEBT**

Changes in general long-term debt during 2025 are as follows:

	Balance June 30, 2024	Additions and Other Increases	Payments and Other Reductions	Balance June 30, 2025	Due Within One Year
General Obligation Bonds:					
2016 Series - Refunding . . . . .	\$3,470,000		(\$825,000)	\$2,645,000	\$850,000
2017 Series . . . . .	15,040,000		(860,000)	14,180,000	890,000
Unamortized Bond Premium . . . . .	1,052,642		(119,692)	932,950	125,634
Pension Liabilities - TRS . . . . .	11,249,169		(46,234)	11,202,935	
Pension Liabilities - PERS . . . . .	1,919,285		(218,662)	1,700,623	
Retirement Incentives . . . . .	32,595		(32,595)	0	
Other Post Employment Benefits . . . . .	1,730,413		(67,007)	1,663,406	
Compensated Absences* . . . . .	1,023,110	\$204,716	(15,970)	1,211,856	229,128
<b>Total . . . . .</b>	<b>\$35,517,214</b>	<b>\$204,716</b>	<b>(\$2,185,160)</b>	<b>\$33,536,770</b>	<b>\$2,094,762</b>

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\* The additions in the Compensated Absences Liability is from the Change in Principle (see Note 15) and the reductions are a net change of current year activity.

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

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

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

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

Future debt service requirements, including interest, are as follows:

Year Ended June 30,	.....General Obligation Bonds.....				Total
	2016 Series Refunding Principal	Interest	2017 Series Principal	Interest	
2026 . . . . .	\$850,000	\$97,300	\$890,000	\$719,913	\$2,557,213
2027 . . . . .	880,000	71,800	935,000	675,413	2,562,213
2028 . . . . .	915,000	36,600	980,000	628,663	2,560,263
2029 . . . . .			1,030,000	579,663	1,609,663
2030 . . . . .			1,080,000	528,163	1,608,163
2031-2035 . . . . .			6,280,000	1,773,313	8,053,313
2036-2037 . . . . .			2,985,000	237,035	3,222,035
Total . . . . .	<u>\$2,645,000</u>	<u>\$205,700</u>	<u>\$14,180,000</u>	<u>\$5,142,163</u>	<u>\$22,172,863</u>
Unamortized Bond Premium . . . . .			<u>\$932,950</u>		<u>\$932,950</u>
Total . . . . .			<u>\$15,112,950</u>		<u>\$23,105,813</u>

**4. DUE FROM MISSOULA CITY WATER**

The School performed work on the water lines during construction and the previous owner, Mountain Water, agreed to reimburse the School for these costs. Mountain Water is now owned by the City of

Hellgate Elementary School 2025 - Notes to Financial Statements

Missoula. Under the agreement, annual payments will be \$4,462 beginning in fiscal year 2009-10 and are payable over 40 years. The District received the FY24 and FY25 payments before year-end.

**5. CAPITAL ASSETS**

Capital asset activity during 2025 was as follows:

	Balance June 30, 2024	Additions	Deletions	Adjustments	Balance June 30, 2025
<b>Cost of Assets:</b>					
<b>Non-Depreciable:</b>					
Land .....	\$1,060,143				\$1,060,143
Construction in Progress...	43,039	\$54,580		(\$43,039)	54,580
<b>Depreciable:</b>					
Land Improvements .....	4,106,826				4,106,826
Buildings and Improvements	36,478,087	343,639	(\$15,063)	43,039	36,849,702
Equipment.....	3,419,648	185,894	(175,117)		3,430,425
<b>Amortizable:</b>					
Subscription Asset.....	135,080	24,819			159,899
<b>Total.....</b>	<b>45,242,823</b>	<b>608,932</b>	<b>(190,180)</b>	<b>0</b>	<b>45,661,575</b>
<b>Accumulated Depreciation:</b>					
Land Improvements .....	(1,753,968)	(171,839)			(1,925,807)
Buildings and Improvements	(10,174,542)	(737,569)	9,036		(10,903,075)
Equipment.....	(1,692,753)	(196,366)	173,618		(1,715,501)
<b>Accumulated Amortization:</b>					
Subscription Assets.....	(45,028)	(22,513)			(67,541)
<b>Total Depreciation/Amortization</b>	<b>(13,666,291)</b>	<b>(1,128,287)</b>	<b>182,654</b>	<b>0</b>	<b>(14,611,924)</b>
<b>Net Capital Assets .....</b>	<b>\$31,576,532</b>	<b>(\$519,355)</b>	<b>(\$7,526)</b>	<b>\$0</b>	<b>\$31,049,651</b>

Depreciation and amortization expense of \$1,128,287 is primarily on general purpose buildings and special improvements. These expenses were not allocated to various functions, except for \$8,534 which is allocated to the School Food program.

**6. INTERFUND BALANCES/TRANSFERS**

The School transferred \$49,735 from the general fund to the compensated absences fund as permitted under MCA 20-9-512. The School also transferred \$3,056 from the general fund to OPI for an Education Savings Account Program as per MT HB 393 (2023). The School transferred \$175,000 from the general fund into the Multidistrict Agreement, see Note 14.

**7. OTHER POST-EMPLOYMENT BENEFITS - OPEB**

Plan Description: As required by State law (MCA 2-18-704) the District allows its retiring employees with at least five years of service and who are at least 50 years of age, along with their eligible spouses and dependents, the option to continue participation in the District's group

Hellgate Elementary School 2025 - Notes to Financial Statements

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

Benefit provided: The OPEB plan provides medical and dental insurance benefits for retirees, eligible spouses and dependents as MCA 2-18-704. The retiree benefits are the same as those provided for active employees. Per the District's union contracts, the District paid \$547 for single and family units and \$597 for two party and parent/child units per full time employee for health insurance in 2025; valued to Medicare eligibility. The District paid \$615/month for retirees currently receiving this benefit.

Employees covered by benefit terms: As of June 30, 2025, the following employees were covered by the benefit terms:

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

Total OPEB Liability: The District's total OPEB liability is \$1,663,406 as of June 30, 2025 and was determined by the application of roll forward procedures to the liability determined as of June 30, 2024. The roll forward procedure included changing the valuation date and updating the discount rate to reflect the S&P Municipal Bond 20-Year High Rate Index at June 30, 2025.

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

Inflation . . . . .	3.00%
Salary increases . . . . .	2.00%
Discount rate . . . . .	4.22%
Healthcare cost trend rates . . . . .	6.02%

Discount rate: Based on S & P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025

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

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

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- TRS: PUBT-2010 General Employee mortality table projected generationally to 2021 using MP-2021
- Census Date: Provided by District to Actuary in June 2024
- Cost Method: Entry age normal, determined as a level percent of projected pay
- Funding Policy: Pay as you go
- Participation Rate: 50% of active employees are assumed to elect the District's healthcare coverage in retirement.
- Spousal Coverage: 65% of those assumed to elect coverage in retirement are assumed to elect coverage for their spouse in retirement. Husbands are assumed to be 3 years older than wives. Actual spouse information was used where available.

Changes in Benefit terms - none.

Changes in assumptions and other inputs - Discount rate increased from 4.11% to 4.22%, based on S&P Municipal Bond 20-Year High Grade Index as of June 30, 2025.

OPEB Expense: During fiscal year 2025, the District recognized OPEB expense of \$45,164.

Changes in Total OPEB liability:

	Fiscal Year Ending June 30, 2025
Beginning OPEB Liability . . . . .	\$1,730,413
Service costs . . . . .	126,298
Interest . . . . .	73,023
Differences between expected and actual experience . . . . .	(224,179)
Changes in assumptions . . . . .	(17,549)
Changes in benefit terms . . . . .	0
Employer contributions . . . . .	(24,600)
Net change in Total OPEB Liability . . . . .	(67,007)
Balance at June 30, 2025 . . . . .	<u>\$1,663,406</u>

OPEB Expense and Deferred Inflows and Outflows: Changes in the total liability due to: (1) changes in actuarial assumptions or (2) differences between expected actuarial and actual experience, are deferred and recognized in the OPEB expense over a closed period equal to the average expected remaining service lives of employees and retirees, starting with the current period the average remaining service lives as of 6/30/2025 is 10.45 years.

Future recognition of deferred flows in OPEB Expense: Amounts reported as Deferred Inflows and Outflows of Resources related to OPEB as of 6/30/2025 will be recognized in OPEB Expense as follows:

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Year	Actual to Expected Experience (Inflow)	Changes in Assumptions (Inflow)	Total
2025	(\$21,453)	(\$1,679)	(\$23,132)
2026	(\$21,453)	(\$1,679)	(\$23,132)
2027	(\$21,453)	(\$1,679)	(\$23,132)
2028	(\$21,453)	(\$1,679)	(\$23,132)
2029	(\$21,453)	(\$1,679)	(\$23,132)
2030-2034	(\$107,265)	(\$8,395)	(\$115,660)
2035	(\$9,649)	(\$759)	(\$10,408)
Total	(\$224,179)	(\$17,549)	(\$241,728)

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

Deferral Date	Actual to Expected Experience		Changes in Assumptions	
	Inflows	Outflows	Inflows	Outflows
June 30, 2018	(\$9,905)		(\$4,388)	
June 30, 2019	(16,153)			\$1,362
June 30, 2020		\$1,111		25,072
June 30, 2021	(22,989)			9,945
June 30, 2022		2,759	(29,361)	
June 30, 2023	(21,530)		(914)	
June 30, 2024	(37,440)		(3,994)	
June 30, 2025	(21,453)		(1,679)	
Total	(\$129,470)	\$3,870	(\$40,336)	\$36,379

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

	1% Decrease (3.22%)	Discount Rate (4.22%)	1% Increase (5.22%)
Total OPEB liability	<u>\$1,830,662</u>	<u>\$1,663,406</u>	<u>\$1,513,175</u>

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

	1% Decrease (5.02% graded)	Trend Rate (6.02% graded)	1% Increase (7.02% graded)
Total OPEB liability	<u>\$1,455,710</u>	<u>\$1,663,406</u>	<u>\$1,916,294</u>

**8. GOVERNMENTAL FUND BALANCE REPORTING**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires classifying fund balances into specifically defined classifications. Committed and assigned funds must be so designated by the School Board and/or assigned by the Superintendent. There were no committed funds at June 30, 2025.

Restricted fund balances are reported in aggregate on the face of the balance sheet. Of the total, the amount restricted due to external requirements is \$78,718 and the remainder of \$4,045,378 is restricted by enabling legislation (state law).

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

**Restricted** fund balances consist of the following:

Restricted for expenditures related to:	
Retirement . . . . .	\$626,826
Technology Acquisition . . . . .	268,641
Transportation . . . . .	741,939
Bus Depreciation Reserve . . . . .	45,608
Building and Equipment Repairs and Maintenance . . . . .	1,230,987
School Food . . . . .	407,464
Tuition . . . . .	180,694
Compensated Absences . . . . .	114,800
Adult Education . . . . .	235,072
Debt Service . . . . .	193,347
Miscellaneous Programs . . . . .	78,718
	<u>\$4,124,096</u>

**Assigned** fund balances consist of the following:

Assigned for Encumbrances:	
General Fund . . . . .	\$40,401
Miscellaneous Programs Fund . . . . .	151,003
Technology Fund . . . . .	132,911
Assigned for Student Activities . . . . .	39,843
Assigned for Operation and Maintenance . . . . .	2,284,141
Total Assigned Fund Balances . . . . .	<u>\$2,648,299</u>

**Unassigned** fund balances consist of the following:

General Funds . . . . .	<u>\$1,715,726</u>
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<b>Total fund balance as shown on the Balance Sheet - Government Funds . . . . .</b>	<b><u>\$8,488,121</u></b>
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**9. GOVERNMENT-WIDE RESTRICTED NET POSITION**

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

Restricted Net Position consists of the following:

Retirement . . . . .	\$626,826
Debt Service . . . . .	257,483
Transportation . . . . .	780,927
Bus Depreciation Reserve . . . . .	45,904
School Food . . . . .	407,464
Compensated Absences. . . . .	114,800
Building Reserve. . . . .	1,234,344
Tuition. . . . .	194,436
Instruction - Special Programs . . . . .	78,718
Technology Acquisition. . . . .	271,328
Adult Education . . . . .	235,102
	<hr/>
Total Restricted Net Position . . . . .	<u>\$4,247,332</u>

**10. RETIREMENT PLANS**

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

A summary of the School's proportionate share of pension liabilities and related activity at June 30, 2025, is presented below:

	The School's proportionate share associated with TRS	The School's proportionate share associated with PERS	The School's total pension amounts
Total Pension Liability . . . . .	\$42,005,241	\$6,741,649	\$48,746,890
Fiduciary Net Position . . . . .	30,802,306	5,041,026	35,843,332
	<hr/>	<hr/>	<hr/>
Net Pension Liability. . . . .	\$11,202,935	\$1,700,623	\$12,903,558
	<hr/>	<hr/>	<hr/>
Deferred Outflows of Resources	\$1,619,265	\$206,401	\$1,825,666

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Deferred Inflows of Resources . . .	\$833,670	\$219,776	\$1,053,446
Pension Expense . . . . .	\$1,036,562	(\$9,308)	\$1,027,254

**11. PENSION LIABILITIES - TEACHERS' RETIREMENT SYSTEM**

**Plan Description** - Teachers' Retirement system (TRS) is a mandatory-participation multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, Chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefits structure, and prior years' actuarial valuation, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at [trs.mt.gov](http://trs.mt.gov).

**Net Pension Liability**

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

In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2025 and June 30, 2024 (reporting dates).

	Net Pension Liability as of 6/30/25	Net Pension Liability as of 6/30/24	Percent of Collective NPL as of 6/30/25	Percent of Collective NPL as of 6/30/24	Change in Percent of Collective NPL
District's Proportionate Share . . . . .	\$11,202,935	\$11,249,169	0.5979%	0.5806%	0.0173%
State of Montana Proportionate Share associated with District.	5,942,464	6,081,028	0.3171%	0.3139%	0.0032%
Total . . . . .	<u>\$17,145,399</u>	<u>\$17,330,197</u>	<u>0.9150%</u>	<u>0.8945%</u>	<u>0.0205%</u>

At June 30, 2025, the District recorded a liability of \$11,202,935 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the Total Pension Liability used to calculate the Net Pension Liability was determined by

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an actuarial valuation as of July 1, 2024. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the Net Pension Liability was based on the District's contributions received by TRS during the measurement period July 1, 2023 through June 30, 2024, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2025, the District's proportion was 0.5979 percent.

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

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

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

**Pension Expense**

At June 30, 2025, the School recognized a Pension Expense of \$1,036,562 for its proportionate share of the TRS' Pension Expense. The School also recognized grant revenue of \$319,643 for the support provided by the State of Montana for its proportionate share of the Pension Expense that is associated with the School.

	<u>Pension Expense as of June 30, 2025</u>
School District's Proportionate Share . . . . .	\$716,919
State of Montana Proportionate Share associated with the School . .	<u>319,643</u>
Total . . . . .	<u><u>\$1,036,562</u></u>

**Deferred Inflows and Outflows**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$283,429	\$0
Changes in actuarial assumptions . . . . .		372,375
Difference between projected and actual investment earnings .		216,191
Changes in proportion and differences between actual and expected contributions . . . . .	347,965	245,104
*Contributions paid to TRS subsequent to the measurement date - Fiscal Year 2025 Contributions . . . . .	<u>987,871</u>	
Total . . . . .	<u><u>\$1,619,265</u></u>	<u><u>\$833,670</u></u>

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\*Amounts reported as deferred outflows of resources related to pensions resulting from the School’s contribution subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability in the year ended June 30, 2026.

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

Year ended June 30:	Amount recognized in Pension Expense as an Increase or (decrease) to Pension Expense
2026.....	(\$601,000)
2027.....	\$541,741
2028.....	(\$105,844)
2029.....	(\$37,173)
2030.....	\$0
Thereafter .....	\$0

**Summary of Benefits**

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

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

A guaranteed annual benefit adjustment (GABA) is payable on January 1<sup>st</sup> of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior

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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 1<sup>st</sup>. For Tier Two members the GABA each year may vary from 0.5% to 1.5% based on the retirement systems’s funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

**TRS Stand-alone Statements**

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

**Overview of Contributions**

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

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

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

**Actuarial Assumptions**

The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date of July 1, 2024. There were several significant assumptions and other inputs

Hellgate Elementary School 2025 - Notes to Financial Statements

used to measure the total pension liability. The actuarial assumptions used in the July 1, 2024 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

- Total Wage Increase for Non-University Members\* . . . . . 3.50% - 9.00%
  - Total Wage Increase for University Members . . . . . 4.25%
  - Investment Return. . . . . 7.30%
  - Price Inflation . . . . . 2.75%
  
  - Post-retirement Benefit Increases
    - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1<sup>st</sup>.
    - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
  - Mortality among contributing members
    - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
  - Mortality among service retired members
    - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
  - Mortality among beneficiaries
    - PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
  - Mortality among disabled members
    - PUBT-2010 Disabled Retiree mortality projected to 2021.
- \*Total Wage Increases includes 3.50% general wage increase assumption.

**Target Allocations**

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

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors

are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1<sup>st</sup> 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 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

**Sensitivity Analysis**

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.30% as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
School District proportion of Net Pension Liability . . . . .	\$16,101,384	\$11,202,935	\$7,110,234

**12. PENSION LIABILITIES - PUBLIC EMPLOYEES’ RETIREMENT SYSTEM**

**Plan Description**

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

Hellgate Elementary School 2025 - Notes to Financial Statements

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

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

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

**Net Pension Liability**

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). GASB Statement 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end. The basis for the TPL as of June 30, 2024, is on an actuarial valuation performed by the Plan’s actuary as of June 30, 2024.

The proportionate shares of the District’s and the state of Montana’s NPL for June 30, 2024 and 2023, are displayed below. The District’s proportionate share equals the ratio of the District’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The District recorded a liability of \$1,700,623 and the District proportionate share was 0.069533 percent.

<b>As of measurement date:</b>	Net Pension Liability as of 6/30/24	Net Pension Liability as of 6/30/23	Percent of Collective NPL as of 6/30/24	Percent of Collective NPL as of 6/30/23	Change in Percent of Collective NPL
District’s Proportionate Share . . . . .	\$1,700,623	\$1,919,285	0.0695%	0.0786%	-0.0091%
State of Montana Proportionate Share associated with District. .	\$487,603	\$582,229	0.0199%	0.0239%	-0.0040%
Total. . . . .	<u>\$2,188,226</u>	<u>\$2,501,514</u>	<u>0.0895%</u>	<u>0.1025%</u>	<u>-0.0130%</u>

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

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

Hellgate Elementary School 2025 - Notes to Financial Statements

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

**Pension Expense** - At June 30, 2024 (measurement date), the District recognized a Pension Expense of (\$35,439) for its proportionate share of the Plan's pension expense and recognized grant revenue of \$26,131 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

<b>As of measurement date:</b>	Pension Expense as of 6/30/2024	Pension Expense as of 6/30/2023
District's Proportionate Share. . . . .	(\$35,439)	\$163,379
District's Grant Revenue - State of Montana Proportionate Share. . . . .	26,131	54,622
<b>Total. . . . .</b>	<b>(\$9,308)</b>	<b>\$218,001</b>

**Recognition of Deferred Inflows and Outflows** - At June 30, 2024, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience. . . . .	\$85,940	\$0
Projected Investment Earnings vs. Actual Investment Earnings		37,817
Changes in Assumptions . . . . .		
Changes in proportion and differences between District contributions and proportionate share of contributions. . . . .		181,959
District contributions subsequent to the measurement date (Fiscal Year 2025 Contributions) . . . . .	120,461	
<b>Total . . . . .</b>	<b>\$206,401</b>	<b>\$219,776</b>

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

For the Measurement Year ended June 30:	Amount recognized in Pension Expense as an Increase or (decrease) to Pension Expense
2025. . . . .	(\$129,240)
2026. . . . .	\$38,276
2027. . . . .	(\$26,586)
2028. . . . .	(\$16,287)
Thereafter . . . . .	\$0

**SUMMARY OF BENEFITS**

Eligibility for benefit - Service retirement:

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

Early retirement, actuarially reduced;

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

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

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

Vesting - 5 years of membership service

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July1, 2011:

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

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

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
  - a. 1.5% each year PERS is funded at or above 90%
  - b. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
  - c. 0% whenever the amortization period for PERS is 40 years or more.

**Overview of Contributions**

Member and employer contribution rates are established by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

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

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

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

<u>Fiscal</u> <u>Year</u>	<u>Member</u>		<u>State &amp;</u> <u>Universities</u>	<u>Local Government</u>		<u>School Districts</u>	
	Hired		Employer	Employer	State	Employer	State
	<07/01/11	>07/01/11					
2025	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
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 increased an additional 0.1% a year and will continue over 10 years

## Hellgate Elementary School 2025 - Notes to Financial Statements

through 2024. The additional employer contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.

- b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are not directed to member accounts.

### 3. Non Employer Contributions

#### a. Special Funding

- i. The State contributed 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a Statutory Appropriation from the General Fund of \$35,329,705.

### **Stand-Alone Statements**

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

### **Actuarial Assumptions**

The Total Pension Liability (TPL) on June 30, 2024 actuarial valuation was determined using the following actuarial assumptions.

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

Hellgate Elementary School 2025 - Notes to Financial Statements

PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.

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

The actuarial assumptions and methods utilized in the June 30, 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 Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated.

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

**Sensitivity Analysis**

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

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Entity’s Net Pension Liability . .	\$2,479,140	\$1,700,623	\$1,047,799

**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

Hellgate Elementary School 2025 - Notes to Financial Statements

historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocations, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

**13. RISK MANAGEMENT**

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

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

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

**14. MULTIDISTRICT AGREEMENT**

The District entered into a Multidistrict Agreement with Frenchtown School District (FSD) for the purpose of performing services, activities, and undertakings of the participating districts and to provide for the joint funding and operation and maintenance of all participating districts. The Multidistrict Agreement is permitted under MCA section 20-3-363. Under this agreement,

Hellgate Elementary School 2025 - Notes to Financial Statements

Hellgate Elementary School District is designated as the prime agent and is responsible for establishing a non-budgeted interlocal cooperative fund for the financial administration of the agreement. The term of the agreement is July 1, 2024 and expires June 30, 2027. MCA limits the agreement term to 3 years. Any remaining fund balance may be carried over to the subsequent fiscal year.

Cash transferred from the FSD will be reported on the Fiduciary Funds Statements. A transfer was not received from FSD prior to June 30, 2025. Cash transferred from Hellgate Elementary School District is considered held by a Fiscal Agent and is available for spending; therefore, it is reported on the government-wide and governmental fund financial statements.

**15. CHANGE IN ACCOUNTING PRINCIPLE**

Because the Schools' financial statements are presented for a single period, per GASB Standard 100, *Accounting Changes and Error Corrections*, the School is required to restate beginning net position for the cumulative effect of the change of a newly adopted Accounting Principle on prior periods.

In FY25, the School applied the provisions of GASB Standard 101 as described in Note 1G. Prior to its adoption, the School measured the Compensated Absences Liability for earned, accumulated vacation and sick leave hours based solely on pay out rates. Applying an estimated usage rate to the sick leave portion increased the Compensated Absence Liability at the end of FY24 by \$204,716.

Net Position:

6/30/2024, as previously reported . . . . .	\$4,375,279
Change in Accounting Principle . . . . .	<u>(\$204,716)</u>
6/30/2024, as restated . . . . .	<u><u>\$4,170,563</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
Property Taxes .....	\$3,058,413	\$3,058,413	\$3,010,829	(\$47,584)
<b>Intergovernmental:</b>				
State .....	8,163,400	8,163,400	8,163,400	
Interest .....	165,597	165,597	121,610	(43,987)
Transfers In .....				
Other .....	8,822	8,822	27,702	18,880
<b>Total Revenues</b> .....	<b>11,396,232</b>	<b>11,396,232</b>	<b>11,323,541</b>	<b>(72,691)</b>
<b>EXPENDITURES AND ENCUMBRANCES:</b>				
<b>Current Operations:</b>				
Instruction - Regular Programs .....			5,754,672	
Instruction - Other Programs .....			918,448	
Instructional Support .....			1,479,840	
Administration .....			1,731,986	
Operation and Maintenance .....			1,031,218	
Student Transportation .....			176	
School Food .....			2,308	
Extracurricular .....			109,508	
Capital Outlay .....			74,173	
Transfers Out .....			227,791	
<b>Total Expenditures, Transfers Out, and Encumbrances</b> ...	<b>11,396,232</b>	<b>11,396,232</b>	<b>11,330,120</b>	<b>\$66,112</b>
<b>Excess (Deficiency) of Revenue Over Expenditures, Encumbrances</b> .....	<b>0</b>	<b>0</b>	<b>(6,579)</b>	
<b>Change in Encumbrances</b> .....			<b>(141,582)</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b> .....	<b>\$0</b>	<b>\$0</b>	<b>(\$148,161)</b>	

See Notes to Budget and Actual Schedule

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

NOTES TO BUDGET AND ACTUAL SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2025

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

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

State law permits the inclusion of obligations (encumbrances) for construction-in-progress and the purchase of personal property as expenditures for budget purposes. The School's general fund had \$181,983 of obligations outstanding at June 30, 2024 and \$40,401 at June 30, 2025.

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

As required by GASB Statement No.85, the School recorded the State's \$319,643 on-behalf-of payments and related TRS pension expense and \$26,131 on-behalf of payments and related PERS pension expense in the general fund for the governmental funds statements.

Of the \$227,791 transferred out, \$175,000 was for the Multidistrict Agreement (See Note 14). For budgetary purposes, this transfer is a reduction in resources; however, these funds are being held as a Fiduciary and are considered current resources available for the modified accrual purposes.

**HELLGATE ELEMENTARY SCHOOL  
DISTRICT NO. 4, MISSOULA COUNTY  
MISSOULA, MONTANA  
JUNE 30, 2025**

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

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Beginning OPEB Liability . . . . .	\$1,545,813	\$1,549,154	\$1,510,228	\$1,957,385	\$2,072,287	\$2,048,730	\$1,999,029	\$1,730,413
Service Costs . . . . .	106,238	105,450	164,478	174,558	120,950	115,189	133,295	126,298
Interest . . . . .	56,068	52,052	50,744	65,768	84,757	84,613	82,160	73,023
Differences between expected and actual experience . . . . .	(84,590)	(141,982)	10,157	(208,049)	23,290	(184,725)	(377,395)	(224,179)
Changes in assumptions or other inputs . . .	(37,475)	11,974	229,158	90,005	(247,809)	(7,838)	(40,256)	(17,549)
Employer contributions . . . . .	(36,900)	(66,420)	(7,380)	(7,380)	(4,745)	(56,940)	(66,420)	(24,600)
Net Change in Total OPEB Liability . . . . .	3,341	(38,926)	447,157	114,902	(23,557)	(49,701)	(268,616)	(67,007)
Balance at June 30 . . . . .	\$1,549,154	\$1,510,228	\$1,957,385	\$2,072,287	\$2,048,730	\$1,999,029	\$1,730,413	\$1,663,406
Plan Fiduciary Net Position . . . . .	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability . . . . .	0%	0%	0%	0%	0%	0%	0%	0%
Covered Employee Payroll . . . . .	\$7,566,044	\$7,793,025	\$9,056,179	\$9,282,584	\$8,879,417	\$9,057,005	\$9,565,656	\$9,756,969
OPEB Liability to Covered Employee Payroll	20.5%	19.4%	21.6%	22.3%	23.1%	22.1%	18.1%	17.0%

**Notes to Schedule:**

Change in Assumptions:

Discount Rate . . . . .	3.45%	3.36%	2.66%	2.18%	4.09%	4.13%	4.11%	4.22%
Medical Trend . . . . .	6.20%	6.00%	6.10%	6.10%	6.02%	5.83%	6.26%	6.02%

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

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

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

**FOR THE YEAR ENDED JUNE 30, 2025 AND FOR THE LAST TEN FISCAL YEARS**

**MONTANA TEACHERS' RETIREMENT SYSTEM**

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

<b>As of the measurement date:</b>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net pension liability .....	0.5979%	0.5806%	0.6006%	0.5756%	0.5719%	0.5529%	0.5417%	0.5412%	0.5117%	0.5060%
School's proportionate share of the net pension liability associated with the School	\$11,202,935	\$11,249,169	\$11,811,863	\$9,535,546	\$12,865,593	\$10,660,780	\$10,055,047	\$9,124,638	\$9,347,493	\$8,313,648
State of Montana's proportionate share of the net pension liability associated with the School .....	5,942,464	6,081,028	6,523,705	5,440,574	7,607,239	6,455,058	6,249,306	5,792,112	6,092,665	5,572,398
<b>Total .....</b>	<b>\$17,145,399</b>	<b>\$17,330,197</b>	<b>\$18,335,568</b>	<b>\$14,976,120</b>	<b>\$20,472,832</b>	<b>\$17,115,838</b>	<b>\$16,304,353</b>	<b>\$14,916,750</b>	<b>\$15,440,158</b>	<b>\$13,886,046</b>
School's covered payroll .....	\$8,984,129	\$8,635,043	\$8,815,552	\$8,198,719	\$7,872,416	\$7,504,938	\$7,235,867	\$7,137,919	\$6,641,500	\$6,458,344
School's proportionate share of the net pension liability as a percentage of its covered payroll .....	124.70%	130.27%	133.99%	116.31%	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%
Plan fiduciary net position as a percentage of the total pension liability .....	73.33%	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%

**SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS**

<b>As of the reporting date:</b>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions .....	\$987,871	\$873,210	\$906,419	\$1,105,956	\$760,695	\$747,049	\$680,393	\$708,925	\$711,004	\$581,867
Contributions in relation to the contractually required contributions .....	\$987,871	\$873,210	\$906,419	\$1,105,956	\$760,695	\$747,049	\$680,393	\$708,925	\$711,004	\$581,867
Contribution deficiency (excess) .....	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School's covered payroll .....	\$9,260,249	\$8,984,129	\$8,635,043	\$8,815,552	\$8,198,719	\$7,872,416	\$7,504,938	\$7,235,867	\$7,137,919	\$6,641,500
Contributions as a percentage of covered payroll .....	10.67%	9.72%	10.50%	12.55%	9.28%	9.49%	9.07%	9.80%	9.96%	8.76%

See Notes to TRS Schedules

**HELLGATE ELEMENTARY SCHOOL  
DISTRICT NO. 4, MISSOULA COUNTY  
MISSOULA, MONTANA  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**CHANGES OF BENEFIT TERMS:**

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

**CHANGES IN ACTUARIAL ASSUMPTIONS AND OTHER INPUTS:**

The following changes to actuarial assumptions were adopted in 2022:

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

The following changes to actuarial assumptions were adopted in 2021:

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

The following changes to actuarial assumptions were adopted in 2020:

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

The following changes to actuarial assumptions were adopted in 2019:

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

The following changes to actuarial assumptions were adopted in 2018:

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

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

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

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

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

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

**METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS:**

Actuarial cost method	Entry age
Amortization method	Level Percentage of pay, open
Remaining amortization period	24 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.50 to 9.00%, including inflation for Non-University Members and 4.25% for University Members;
Investment rate of return	7.30%, net of pension plan investment expense, including inflation.

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

**FOR THE YEAR ENDED JUNE 30, 2025 AND FOR THE LAST TEN FISCAL YEARS**

**MONTANA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

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

<b>As of measurement date:</b>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability as a percentage . . . . .	0.0695%	0.0786%	0.0831%	0.0855%	0.0807%	0.0693%	0.0662%	0.0825%	0.0806%	0.0789%
School's net pension liability . . . . .	\$1,700,623	\$1,919,285	\$1,974,874	\$1,549,617	\$2,127,707	\$1,449,282	\$1,381,178	\$1,606,069	\$1,373,652	\$1,103,279
State of Montana's net pension liability associated with the School. . . . .	487,603	582,229	643,974	499,958	732,962	515,830	508,182	75,619	64,198	51,843
Total. . . . .	<u>\$2,188,226</u>	<u>\$2,501,514</u>	<u>\$2,618,848</u>	<u>\$2,049,575</u>	<u>\$2,860,669</u>	<u>\$1,965,112</u>	<u>\$1,889,360</u>	<u>\$1,681,688</u>	<u>\$1,437,850</u>	<u>\$1,155,122</u>
School's covered payroll . . . . .	\$1,403,950	\$1,506,478	\$1,496,928	\$1,557,538	\$1,396,662	\$1,181,205	\$1,138,204	\$1,058,957	\$998,579	\$952,320
School's proportionate share of the net pension liability as a percentage of its covered payroll. . . . .	121.13%	127.40%	131.93%	99.49%	152.34%	122.70%	121.35%	151.67%	137.56%	115.85%
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%

**SCHEDULE OF THE SCHOOL'S PENSION PLAN CONTRIBUTIONS**

<b>As of most recent Fiscal year end (reporting date):</b>	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required defined benefit contribution . . . . .	\$120,461	\$124,137	\$132,253	\$129,806	\$133,778	\$118,555	\$98,391	\$92,178	\$85,623	\$80,742
Plan Choice Rate Required Contributions . . . . .	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$723
Contributions in relation to the contractually required contributions . . . . .	\$120,461	\$124,137	\$132,253	\$129,806	\$133,778	\$118,555	\$98,391	\$92,178	\$85,623	\$81,464
Contribution deficiency (excess). . . . .	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered payroll . . . . .	\$1,368,875	\$1,403,950	\$1,506,478	\$1,496,928	\$1,557,538	\$1,396,662	\$1,181,205	\$1,138,024	\$1,058,957	\$998,579
Contributions as a percentage of covered payroll. . . . .	8.80%	8.84%	8.78%	8.67%	8.59%	8.49%	8.33%	8.10%	8.09%	8.16%

See Notes to PERS Schedules

**HELLGATE ELEMENTARY SCHOOL  
DISTRICT NO. 4, MISSOULA COUNTY  
MISSOULA, MONTANA  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**CHANGE IN BENEFIT TERMS**

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

**Working Retiree Limitations - for PERS:**

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

**Refunds**

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

**Lump-sum payouts**

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

**Disabled PERS Defined Contribution (DC) Members**

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

**CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS**

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment rate of return*	7.30%
*includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Asset valuation method	4 - year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Mortality:	
Active Participants	PUB-2010 General Amount Weighted Employer Mortality projected to 2021. Projected generationally using MP-2021.
Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward for one year for males and females.

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

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Project Title	Assistance Listing Number	Project Number	Grant Award	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
Passed through Montana Office of Public Instruction:				
Child Nutrition Cluster:				
National School Breakfast Program .....	10.553	253MT306N1099	\$97,089	\$97,089
National School Lunch Program .....	10.555	253MT306N1099	\$246,952	246,952
Supply Chain Assistance (COVID-19) - Round 4 .....	10.555	233MT901N8903	\$33,274	24,301
School Food Commodities .....	10.555	N/A	\$52,777	<u>52,777</u>
Total Department of Agriculture /Child Nutrition Cluster .....				<u>421,119</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
State Administered - Office of Public Instruction:				
Title I, Part A, Improving Basic Programs .....	84.010A	32-0586-31-2024	\$343,510	36,868
Title I, Part A, Improving Basic Programs .....	84.010A	32-0586-31-2025	\$335,145	<u>323,244</u>
Total Title I, Part A, Improving Basic Programs .....				<u>360,112</u>
Special Education Cluster (IDEA):				
IDEA, Part B, Children with Disabilities .....	84.027A	32-0586-77-2025	\$392,511	336,630
IDEA, Preschool Section 619 .....	84.173A	32-0586-79-2025	\$13,195	<u>13,195</u>
Total Special Education Cluster (IDEA) .....				<u>349,825</u>
Title IV, Part A, Stronger Connections .....	84.424F	32-0586-54-2025	\$55,408	<u>58,928</u>

Continued on next page.

See Notes to the Schedule of Expenditures of Federal Awards

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

1. Basis of Presentation - Accounting Policies

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

2. Program Clusters

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

3. Indirect Cost Rate

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

4. Subrecipients

The School did not provide funding to subrecipients.

N/A = Not Applicable or Not Available

Schedule of Expenditures of Federal Awards continued from previous page.

Project Title	Assistance Listing Number	Project Number	Grant Award	Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Cont.):</b>				
State Administered - Office of Public Instruction:				
Elementary and Secondary School Emergency Relief (ESSER III) (COVID-19) - Base .....	84.425U	32-0586-93-2021	\$1,821,007	551,499
Elementary and Secondary School Emergency Relief (ESSER III) (COVID-19) - Lost Instruction .....	84.425U	32-0586-93-2021	\$455,252	69,840
Elementary and Secondary School Emergency Relief (ESSER III) (COVID-19) - Expanded/Extended Learning Opportunity .....	84.425U	32-0586-93-2021	\$29,700	29,700
Total ESSER III (COVID-19) .....				<u>651,039</u>
Title II, Part A, Supporting Effective Instruction .....	84.367A	32-0586-14-2025	\$62,387	<u>62,387</u>
Title III, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium .....	84.365A	32-0583-41-2024	\$3,311	15
Title III, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium .....	84.365A	32-0583-41-2025	\$4,594	4,594
Total Title III, Part A, English Language Acquisition and Language Enhancement - MCPS Consortium .....				<u>4,609</u>
Total Department of Education .....				<u>1,486,900</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
State Administered - Office of Public Instruction:				
Project AWARE Substance Abuse and Mental Health Services (SAMH) Grant .....	93.243	FD-93243	\$9,056	9,056
Total Department of Health and Human Services .....				<u>9,056</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>				
Direct from the Federal Government:				
School Violence Prevention Program (SVPP) Community Oriented Policing Services (COPS) Grant .....	16.710	15JCOPS-24-GG-03400-SSIX	\$199,681	25,800
Total Department of Justice .....				<u>25,800</u>
Total Federal Funds .....				<u>\$1,942,875</u>

See Notes to the Schedule of Expenditures of Federal Awards

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

SCHEDULE OF SCHOOL DISTRICT ENROLLMENT

FOR THE YEAR ENDED JUNE 30, 2025

	MAEFAIRS Records	District Reports	Difference
<b>FALL ENROLLMENT, OCTOBER 2024</b>			
<b>FULL-TIME ENROLLMENT:</b>			
Classroom Based Early Literacy . . . . .	34	34	0
Kindergarten - Full Day . . . . .	127	127	0
Grades 1 - 6 . . . . .	957	957	0
Grades 7 - 8 . . . . .	327	327	0
Total . . . . .	1,445	1,445	0
<b>PART-TIME ENROLLMENT:</b>			
Grades 7 - 8, <180 hrs/yr . . . . .	1	1	0
<b>SPRING ENROLLMENT, FEBRUARY 2025</b>			
Classroom Based Early Literacy . . . . .	34	34	0
Kindergarten - Full Day . . . . .	130	130	0
Grades 1 - 6 . . . . .	970	970	0
Grades 7 - 8 . . . . .	329	329	0
Total . . . . .	1,463	1,463	0
<b>PART-TIME ENROLLMENT:</b>			
Grades 7 - 8, <180 hrs/yr . . . . .	1	1	0

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

**EXTRACURRICULAR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BY STUDENT ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2025**

Student activity	Balance June 30, 2024	Revenues	Expend- itures	Transfers In (Out)	Balance June 30, 2025
101 Referees/District . . . . .	\$0	\$7,363	(\$7,363)	\$0	\$0
103 Robotics Club . . . . .	420	2,000			2,420
321 Class of 2026. . . . .		100	(130)	36	6
320 Class of 2025. . . . .	617	99	(600)	(113)	3
319 Class of 2024. . . . .	73			(73)	0
310 Wings Store (B. Hall). . . . .	1,374	321	(3)		1,692
16 2-3 Misc Student Activities. . . . .		56			56
105 Special Ed Student Fundraisers . .	18,794	4,233	(5,099)	150	18,078
304 7-8 Middle School - Misc . . . . .	36	1,111	(1,111)		36
212 PK-1 Library. . . . .	175				175
412 3-5 Library . . . . .	1,644	1,768	(1,802)		1,610
410 7-8 Library . . . . .	4,585	5,253	(4,930)		4,908
309 PE Donations (Building #3) . . . . .	940	147			1,087
896 PK-1 Cola Fund . . . . .	1,006				1,006
10 2-3 Cola Fund . . . . .	142	91			233
895 4-6 Cola Fund . . . . .	444				444
894 7-8 Cola Fund . . . . .	680	55			735
211 PK-1 Building #2 . . . . .	2,879				2,879
108 Washington DC Trip June 2023 . .	176	697	(400)		473
109 Garden Fund . . . . .	5,139	6,739	(7,876)		4,002
Total . . . . .	<u>\$39,124</u>	<u>\$30,033</u>	<u>(\$29,314)</u>	<u>\$0</u>	<u>\$39,843</u>

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

OTHER SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

DESCRIPTION OF THE SCHOOL DISTRICT

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Kindergarten - 6th Grade.	1,216	1,164	1,139	1,160	1,183	1,129	1,133	1,168	1,145	1,084
Grades 7 - 8. . . . .	294	301	312	356	357	344	345	329	300	327
School District Total. . .	<u>1,510</u>	<u>1,465</u>	<u>1,451</u>	<u>1,516</u>	<u>1,540</u>	<u>1,473</u>	<u>1,478</u>	<u>1,497</u>	<u>1,445</u>	<u>1,411</u>
Increase (Decrease) . . . .		(45)	(14)	65	24	(67)	5	19	(52)	(34)
Percentage Change from Prior Year . . . . .		(3)%	(1)%	4%	2%	(4)%	0%	1%	(3)%	(2)%

SCHOOL DISTRICT PROPERTY TAX VALUATIONS

As of January 1,	Assessed (Market) Valuation	Taxable Valuation	Taxable Value as a % of Assessed Value
2016 . . . . .	\$2,016,456,002	\$32,979,424	1.636%
2017 . . . . .	\$2,275,844,361	\$36,652,276	1.610%
2018 . . . . .	\$2,315,746,483	\$38,152,434	1.648%
2019 . . . . .	\$2,598,490,280	\$41,056,623	1.580%
2020 . . . . .	\$2,637,857,875	\$41,656,253	1.579%
2021 . . . . .	\$3,057,366,762	\$47,682,187	1.560%
2022 . . . . .	\$3,121,671,897	\$48,665,031	1.559%
2023 . . . . .	\$4,134,951,174	\$63,145,758	1.527%
2024 . . . . .	\$4,229,712,420	\$64,167,990	1.517%
2025 . . . . .	\$5,107,423,551	\$64,509,294	1.263%

SCHOOL DISTRICT TAX LEVIES (in mills)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General . . . . .	90.59	88.40	85.64	81.39	74.98	73.05	60.21	60.84	49.41	46.00
Transportation . . . . .	21.56	23.12	19.52	22.64	25.44	28.36	29.12	32.78	17.65	22.94
Bus Depreciation . . . . .							0.23	0.22	0.17	0.17
Debt Service . . . . .	14.08	25.38	70.57	72.64	58.95	65.95	47.49	50.60	39.46	37.23
Technology . . . . .	3.11	3.03	2.73	2.71	2.44	2.40	2.10	2.05	1.58	1.56
Adult Education . . . . .	1.01	1.00	0.90	1.99	2.19					
Tuition . . . . .	3.11	3.79	6.82	6.78	12.18	12.00	10.49	10.27	5.86	8.13
Building Reserve . . . . .			4.67	4.56	2.91	2.99	2.65	2.60	1.98	1.93
<b>Total School Levies . . . . .</b>	<b>133.46</b>	<b>144.72</b>	<b>190.85</b>	<b>192.71</b>	<b>179.09</b>	<b>184.75</b>	<b>152.29</b>	<b>159.36</b>	<b>116.11</b>	<b>117.96</b>

OTHER TAX LEVIES (in Mills)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
University Millage . . . . .	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Statewide School Equalization . . . . .	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
County-wide School Levy	104.35	103.73	101.91	102.40	101.37	103.40	103.13	93.83	82.69	80.74
Missoula County . . . . .	167.96	172.32	174.44	179.26	183.63	188.89	189.32	207.81	182.28	177.75
Fort Missoula Park Open Space . . . . .		13.43	12.09	12.27	11.08	10.94	10.06	9.53	7.52	7.49
Missoula County Open Space . . . . .	2.74	3.22	3.10	3.15	1.84	1.82	2.27	2.70	2.15	2.13
Hellgate Elementary . . . . .	133.46	144.72	190.85	192.71	179.09	184.75	152.29	159.36	116.11	117.96
Missoula Co. High School	75.11	85.01	103.10	100.03	92.25	87.29	74.37	77.18	65.04	64.77
Urban Transportation . . . . .	40.47	40.47	36.78	37.29	37.99	38.56	56.80	57.57	54.14	55.17
<b>Rural Levies:</b>										
Missoula RFD . . . . .	112.61	114.33	110.38	113.69	141.94	143.35	134.94	137.22	118.40	124.09
Road . . . . .	23.35	25.38	24.30	25.38	24.31	24.12	24.12	23.95	21.95	21.95
Animal Control . . . . .	1.61	1.61	1.54	1.42	1.44	1.56	2.39	2.44	2.58	2.78
Medical Levy . . . . .	3.51	3.38	3.23	3.12	2.99	2.97	2.96	2.75	2.14	2.14
Health . . . . .	9.20	9.20	8.81	8.05	8.59	9.62	10.96	13.03	11.95	13.75
Fairgrounds . . . . .					3.00	3.00	5.18	6.00	6.00	6.00
<b>Total . . . . .</b>	<b>720.37</b>	<b>762.80</b>	<b>816.53</b>	<b>824.77</b>	<b>835.52</b>	<b>846.27</b>	<b>814.79</b>	<b>839.37</b>	<b>718.95</b>	<b>722.72</b>
<b>City of Missoula . . . . .</b>	<b>252.81</b>	<b>260.08</b>	<b>252.27</b>	<b>242.17</b>	<b>237.24</b>	<b>236.59</b>	<b>234.24</b>	<b>240.38</b>	<b>200.38</b>	<b>242.42</b>

## TAX COLLECTIONS

The following table demonstrates the tax collection history for real estate taxes levied by the School's general fund for the fiscal years ending June 30, 2016 through 2025. Total tax collections include delinquencies from prior tax years and motor vehicle tax, but excludes penalty and interest. )

Year Ended June 30,	Current Total Tax Levy	Real Estate Tax Collections	Current Collections as a Percent of Levy	Total Tax Collections	Total Collections as a Percent of Levy
2016	\$2,885,780	\$2,818,530	97.67%	\$2,991,936	103.68%
2017	\$2,915,695	\$2,739,668	93.96%	\$2,866,815	98.32%
2018	\$3,138,704	\$2,960,239	94.31%	\$3,116,378	99.29%
2019	\$3,001,470	\$2,825,875	94.15%	\$2,989,008	99.58%
2020	\$2,955,838	\$2,896,646	98.00%	\$2,954,972	99.97%
2021	\$3,054,080	\$2,994,136	98.04%	\$3,048,510	99.82%
2022	\$2,776,819	\$2,776,389	99.98%	\$2,735,468	98.51%
2023	\$2,867,383	\$2,818,512	98.30%	\$2,849,366	99.37%
2024	\$2,973,157	\$2,957,605	99.48%	\$2,985,454	100.41%
2025	\$2,869,299	\$2,836,048	98.84%	\$2,920,739	101.79%

## MAJOR TAXPAYERS

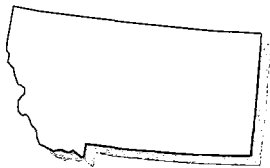
The following table lists the major taxpayers within the School District for the year ended June 30, 2025 listed in declining order of taxable value.

Taxpayer	Business	Taxable Value	% of Total Taxable Value (\$64,509,254)	Market Value
1. Yellowstone Pipeline Co.	Transmission/Distribution	\$627,241	0.97%	\$5,227,013
2. BNSF Railway Co.	Railroad	564,293	0.87%	20,371,581
3. Verizon Inc.	Telecommunications	490,744	0.76%	8,179,046
4. Northwestern Energy	Transmission/Distribution	81,988	0.13%	683,231
5. Zayo Group LLC	Telecommunications	68,148	0.11%	1,135,819
6. Vision Net Inc.	Telecommunications	33,847	0.05%	564,221
7. Blackfoot Communications Inc.	Telecommunications	15,549	0.02%	668,719
8. T-Mobile	Telecommunications	10,781	0.02%	179,692
9. Missoula Electric Coop. Inc.	Electricity	7,787	0.01%	259,619
10. Charter Communications Inc	Telecommunications	4,759	0.01%	79,318
Total. ....		<u>\$1,905,137</u>	<u>2.95%</u>	<u>\$37,348,259</u>

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

The District's taxable value for tax year 2023 was \$60,941,488 based on a mill rate of 39.29 and the State's facility guaranteed mill rate was 57.78. The maximum bonded indebtedness calculated under the exception is as follows:

	District Taxable Value Per Student	Average Number Belonging for Fiscal Year June 30, 2024	Percent Allowed	Maximum Bonded Indebtedness
School District . . . . .	\$57,780	1,551	100%	\$89,616,780
Less Bonds Outstanding				
2016 Refunding Issue . . . . .				(2,645,000)
2017 Issue . . . . .				<u>(14,180,000)</u>
Remaining Bonding Capacity . . . . .				<u><u>\$72,791,780</u></u>



# ROSS R. STALCUP

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CERTIFIED PUBLIC ACCOUNTANT, P.C.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 4, Missoula, Montana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise School District No. 4's basic financial statements, and have issued our report thereon dated March 20, 2026.

### **Report on Internal Control Over Financial Reporting**

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

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

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

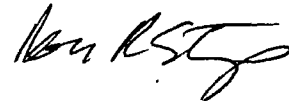
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

March 20, 2026



Ross R. Stalcup  
Certified Public Accountant



# ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.

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

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

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited School District No. 4, Missoula, Montana (the District)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of School District No. 4's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

We are required to be independent of School District No. 4, Missoula, Montana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of School District No. 4, Missoula, Montana's compliance with the compliance requirements referred to above.

#### *Responsibilities to Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District No. 4, Missoula, Montana's federal programs.

#### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District No. 4, Missoula, Montana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of School District No. 4, Missoula, Montana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of School District No. 4, Missoula, Montana's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

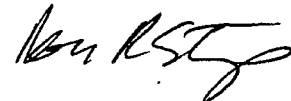
to merit attention by those charged with governance.

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

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

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

March 20, 2026



Ross R. Stalcup  
Certified Public Accountant



# ROSS R. STALCUP

CERTIFIED PUBLIC ACCOUNTANT, P.C.  
HELLGATE ELEMENTARY  
SCHOOL DISTRICT NO. 4  
MISSOULA, MONTANA

## Schedule of Findings and Questioned Costs

### SECTION I SUMMARY OF AUDITORS RESULTS

1. The Independent auditors report on the financial statements expressed an unmodified opinion.
2. The audit disclosed no material weaknesses in internal control over financial reporting.
3. The audit disclosed no significant deficiencies in internal control over financial reporting.
4. The audit disclosed no material noncompliance matters in relation to the financial statements.
5. There were no deficiencies in internal control over major programs reported during the audit.
6. The report on compliance for major programs expressed an unmodified opinion.
7. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR Part 200 (Uniform Guidance).
8. The major program of School District No. 4, Missoula, Montana:

Federal Assistance No. 84.425U ESSER III

9. The dollar threshold for Type A programs for School District No. 4:

\$750,000.

10. The District did qualify as a low-risk auditee.

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

None

### OTHER MATTERS:

None

### SECTION III FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

### SECTION IV – STATUS OF PRIOR YEAR FINDINGS

None

March 20, 2026

Ross R. Stalcup  
Certified Public Accountant

