

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

AUDIT REPORT



COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

Fiscal Year Ended June 30, 2025

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FLATHEAD COUNTY, MONTANA

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COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2025

BOARD OF TRUSTEES

Jill Rocksud
Barbara Riley
Megan Upton
Keri Hill
Casey Heupel
Amanda Pacheco
Justin Cheff
Heather Mumby

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Dustin Zuffelato
Cory Dziowgo
Cal Ketchum
Travis Ahner

Business Manager/Clerk
Superintendent
County Superintendent
County Attorney

Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025

The Columbia Falls Public School District No. 6 (the District) offers the readers of the District's financial statements this discussion and analysis to introduce the basic financial statements and provide an analytical overview of the financial activities of the District for the fiscal year ended June 30, 2025. Certain comparative information between the current year and the three previous fiscal years is also presented in this discussion and analysis.

Financial Highlights

General Fund Operating Budget – FY 2025 was the second year of the state biennium. General Fund budget authority increased \$547,464 to \$18,626,754 or 3.03%. This budget authority is statutorily defined by the State primarily dependent on student enrollment. The annual number belonging (enrollment) used for budget purposes remained consistent (decreased 5 students or .20%). The consistent enrollment was coupled by an increase to the funding (3.00%) contained in the statutory funding formula approved during the 2023 legislative session. 2.70% was the increase in year one (FY24) of the biennium and 3.00% in year two (FY25). Overall FY25 represented a stabilizing year (from a budget perspective) in which enrollment remained consistent, the state provided a 3.00 % increase, and the District had a year to realign post the ESSER federal funding cliff.

State and Local Funding – Total Governmental Funds revenue of \$34,195,885 was funded by 51% State and Federal and 49% Local property taxes.

Building Facility Replacement/Upgrades

The taxpayers within the Elementary District taxing jurisdiction approved the issuance of \$37,072,000 of General Obligation Bonds to replace the Glacier Gateway Elementary School, remodel and expand the Ruder Elementary School, and improve the safety and security of the Junior High School. Construction of these facilities was finally completed in 2025. The District is very appreciative of the local support of this K-8 Facility Project to upgrade everything from HVAC air ventilation, lighting, security, more classroom space, and central food service kitchen to truly provide students and teachers with a workspace to support the highest level of academic achievement. Upon the completion of these projects to upgrade the K-8 facilities, the District turned their attention to the High School. The District utilized the ESSER III Base Grant to upgrade the HVAC to provide fresh air, ventilation, and a cooler learning environment at the High School. This project was substantially completed in 2025 with more than 90% complete as of June 30, 2025 (\$4,110,398 construction in progress). In May 2024, the local community supported a roof replacement project for the High School. This was also substantially completed as of June 30, 2025 (\$3,962,050 construction in progress). During the removal and installation of the new roof, the roof was exposed and subjected to numerous rain events in July 2024. Flood damage resulted in the District filing a property loss insurance claim and managing a restoration project. The restoration project commenced in August 2024 and as of June 30, 2025 resulted in \$1,457,342 of capital building improvements and \$2,842,072 of restoration expenses. The restoration project is expected to be completed in FY 2026.

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For the Fiscal Year Ended June 30, 2025**

Property Tax Collections – The District had a negligible protested property tax receivable balance as of June 30, 2025. During FY 2025, the District levied \$12,740,330 in local property taxes and collected \$12,645,014 representing 99% of what was levied during FY 2025. The collection of substantially all the property taxes has provided ample operating reserves at fiscal year-end 2025.

Federal Funding – Federal revenues of \$2,994,609 decreased \$3,512,249 or 53% as compared to FY 2024. The decrease was related to the ESSER grants being fully spent in FY 2024.

Governmental Funds Revenue	2023		2024		2025	
State	13,614,140	(7.22%)	13,998,594	2.82%	14,657,674	4.71%
Federal	3,884,994	25.89%	6,509,858	67.41%	2,994,609	(53.00%)
Local/Other	14,882,031	5.05%	16,212,005	8.97%	16,543,602	2.24 %
Total	32,381,165	2.59%	36,720,457	13.22%	34,195,885	(6.79 %)

Net Position – The change in net position is important because it tells the reader if the financial position of the school district as a whole has improved or diminished. The change to net position was an increase of \$4,741,719. The District’s liabilities and deferred inflows of resources were less than assets and deferred outflows of resources by \$8,182,652 at the end of the fiscal year 2025. The primary factors contributing to this increase to net position are as follows:

- As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Total increase to net position as a result of GASB 68/71 was \$487,734 for changes.
- As of July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Total increase to net position as a result of GASB 75 OPEB was \$610,425 for changes.
- Capital assets (net of depreciation) increased \$3,456,035.

Capital Outlay – Total capital outlay expenditures were \$5,250,370 during 2025 as compared to \$4,927,818 during 2024. The District replaced two route buses. Fresh air ventilation-HVAC Upgrades were provided for the High School totaling \$779,339. The High School roof replacement project expenses were \$3,530,345 in FY 2025. The District upgraded the bell and communication system at the Junior High \$86,900.

Operating Reserves – The Elementary District’s General Fund operating reserve for the fiscal year ended June 30, 2025 was \$867,360, which represents 6.81% of the ensuing years adopted budget. The operating reserves for the Elementary General Fund were consistent as compared to the prior year. The High School District’s General Fund operating reserve for the fiscal year ended June 30, 2025 was \$436,475, which represents 6.39% of the ensuing years adopted budget. This level of operating reserves is reasonable and within the 10% maximum allowed by state law. The operating reserves of all other budgeted funds for the fiscal year ended June 30, 2025 either exceed or meet the reserve limit established by state statute.

Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets, liabilities, and deferred in-flows/out-flows of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In the Statement of Net Position and the Statement of Activities, the School District's governmental activities are presented. These activities include most of the District's programs and services including instruction, support services, administration, operations and maintenance, student transportation, food services and certain extracurricular activities.

Fund financial statements - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Columbia Falls Public Schools
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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund* and the *Elementary Miscellaneous Programs Fund*, which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds - The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for services provided to all the other funds of the District: *Employee Benefits Self-Insurance Fund*. The internal service fund has been included within governmental activities in the government-wide financial statements.

Fiduciary fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. The District's fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses the fiduciary funds to account for extracurricular student activities, and student scholarship endowments.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

**Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025**

Government-wide Financial Analysis

As stated earlier, net position may serve as a useful indicator of a district’s financial position. In the case of the District, assets and deferred outflows of resources are more than liabilities and deferred inflows of resources by \$8,182,652 at the close of the most recent fiscal year.

The restricted portion of the District’s net position reflects resources that are subject to external restrictions.

Condensed Statement of Net Position

Table 1 - Net Position

	Governmental		
	Activities		
	FY25	FY24	Change Inc (Dec)
Current and other assets	\$ 17,258,740	\$ 17,348,907	\$ (90,167)
Capital assets	61,396,442	57,940,407	3,456,035
Total assets	<u>\$ 78,655,182</u>	<u>\$ 75,289,314</u>	<u>\$ 3,365,868</u>
Long-term debt outstanding	\$ 61,501,872	\$ 61,114,099	\$ 387,773
Other liabilities	8,970,658	10,734,282	(1,763,624)
Total liabilities	<u>\$ 70,472,530</u>	<u>\$ 71,848,381</u>	<u>\$ (1,375,851)</u>
Net investment in capital assets	\$ 25,572,409	\$ 21,594,029	\$ 3,978,380
Restricted	9,112,278	8,944,823	167,455
Unrestricted (deficit)	(26,502,035)	(27,097,919)	595,884
Total net position	<u>\$ 8,182,652</u>	<u>\$ 3,440,933</u>	<u>\$ 4,741,719</u>

Changes in Net Position – Net position increased by \$4,741,719 during the year ended June 30, 2025.

The following table shows the changes in net position for the fiscal year 2024-2025. The District relies on state and federal funding for 51% and local property taxes for 49% of its governmental activities. The District had total revenues of \$34,202,012, which decreased \$2,890,372 or 7.70% from the prior year. The total revenues were more than expenses by \$642,176. Federal revenue decreased as noted below.

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Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025**

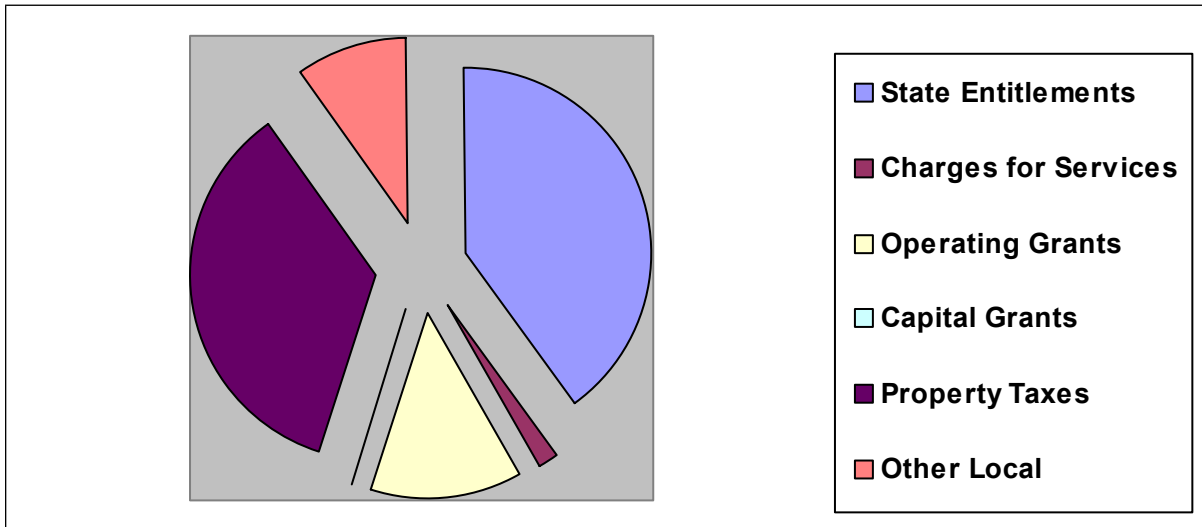
Columbia Falls School District's changes in Net Position

Table 2 - Changes in Net Position

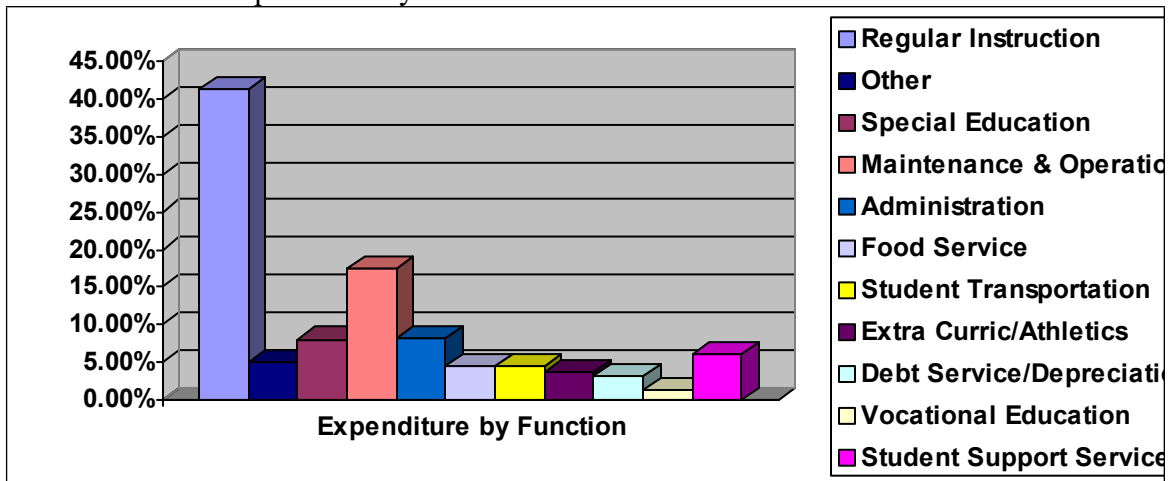
	Governmental Activities		Change Inc (Dec)
	<u>FY25</u>	<u>FY24</u>	
Revenues			
<i>Program revenues (by major source):</i>			
Charges for services	\$ 248,800	\$ 564,519	\$ (315,719)
Operating grants and contributions	4,993,558	5,167,037	(173,479)
Capital grants and contributions	1,575	3,497,437	(3,495,862)
<i>General revenues (by major source):</i>			
Property taxes for general purposes	12,761,789	11,877,330	884,459
Grants and entitlements not restricted to specific programs	12,522,965	11,878,559	644,406
Investment earnings	229,264	265,134	(35,870)
Miscellaneous (other revenue)	208,511	237,498	(28,987)
State technology	14,121	14,188	(67)
State pension aid	540,318	939,534	(399,216)
County retirement	2,681,111	2,651,148	29,963
Total revenues	<u>\$ 34,202,012</u>	<u>\$ 37,092,384</u>	<u>\$ (2,890,372)</u>
Program expenses			
Instructional - regular	\$ 11,766,016	\$ 12,981,522	\$ (1,215,506)
Instructional - special education	2,699,355	2,827,844	(128,489)
Instructional - vocational education	401,573	430,523	(28,950)
Supporting services - operations & maintenance	5,828,581	3,528,811	2,299,770
Supporting services - general	2,022,839	1,933,793	89,046
Supporting services - educational media services	1,700,890	1,564,664	136,226
Administration - general	632,598	566,414	66,184
Administration - school	1,564,166	1,480,483	83,683
Administration - business	559,665	595,897	(36,232)
Student transportation	1,499,154	1,466,474	32,680
Extracurricular	1,216,525	1,243,318	(26,793)
School food	1,476,103	1,224,703	251,400
Community services	6,000	18,283	(12,283)
Debt service expense - interest	1,044,035	1,321,952	(277,917)
Unallocated depreciation*	1,142,336	863,332	279,004
Other current charges	-	-	-
Enterprise services	-	6,794	(6,794)
Total expenses	<u>\$ 33,559,836</u>	<u>\$ 32,054,807</u>	<u>\$ 1,505,029</u>
Excess (deficiency) before special items and transfers	\$ 642,176	\$ 5,037,577	\$ (4,395,401)
Gain (loss) on sale of capital assets	-	(8,765)	8,765
Extraordinary item - Insurance compensation high school roof	4,232,757	-	4,232,757
Increase (decrease) in net position	<u>\$ 4,874,933</u>	<u>\$ 5,028,812</u>	<u>\$ (153,879)</u>

**Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025**

Revenue by Source-Governmental Activities



Expenditure by Function-Governmental Activities



Net (Expenses) Revenues

The District's total revenues for the fiscal year ended June 30, 2025, was \$34,202,012 (not including extraordinary item). The total cost of all programs and services was \$33,559,836, which generated an increase in net position of \$642,176.

Expenditures Supported with General Revenues (from taxes and other sources for general school use)	\$28,315,903	99.19%
Expenditures Supported with Program Revenues	\$ 5,243,933	15.7%
Total Expenditures Related to Governmental Activities	\$33,559,836	100%

Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025

Financial Analysis of the District's Funds

Governmental funds - The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Montana law, there are specific fund balance reserve limitations. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, fund balances must not exceed specific reserve limitations. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must not exceed specific limitations to prevent a District from accumulating excess funds. Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion. Total fund balances in the governmental funds decreased \$515,403 during the year ended June 30, 2025 to \$7,559,562.

General Fund - The *General Fund* is the primary operating fund of the District. The General Fund's ending fund balances decreased 153,014. The change to the specific general fund defined by state statute was a decrease of \$28,165. In accordance to generally accepted accounting principles, the District classifies the flexibility and multi-district agreement fund as general funds based on the nature of their use. The District has accumulated funds (\$7,918) in the flexibility account and plans to use for providing advanced opportunities to students. The High School and Elementary Districts maintain a multi-district agreement in which they can accumulate funds for use in times when one district has more financial resources than another. The fund balance in this fund decreased \$125,175 to fund post-employment benefits for teachers and administrators (\$206,021 spent in FY25).

Capital Assets and Debt Administration

As of June 30, 2025, the District had invested \$78,763,283 in capital assets including land, buildings, construction in progress, and machinery and equipment. This represents a net increase of \$4,991,536 prior to depreciation.

The District acquired:

- Replaced two route buses that were originally purchased in 2008 and 2009. The District replaces two or three buses per year to ensure all buses in the fleet of thirty buses are less than fifteen years old.
- Substantially completed a project to upgrade the HVAC at the High School partially funded by federal ESSER funds to provide fresh air and ventilation to the classrooms.
- Substantially completed a project to replace the roof of the classroom wing of the High School funded by a community supported building reserve levy.
- Replaced and upgraded the paging, bell, and intercommunications system at the Junior High.
- Substantially completed a project to upgrade the HVAC at the Junior High School funded by the School Major Maintenance Account.

Columbia Falls Public Schools
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The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2025:

Land	\$ 409,252
Buildings	46,615,919
Improvements other than buildings	3,053,286
Machinery and equipment	2,650,725
Leases	314,893
Construction in Progress	<u>8,352,365</u>
Total	<u>\$61,396,441</u>

Debt Administration –The District issued General Obligation bonds in 2000 to finance the Junior High School. These bonds matured and were completely paid in FY 2020. In an effort to upgrade and mitigate deferred maintenance of the Elementary School buildings as well as maintain a consistent debt service fund levy, the District taxpayers successfully voted in the issuance of \$37 million of general obligation bonds. The District issued \$32 million in December 2019, \$26,270,000 was outstanding as of June 30, 2025. The District issued \$5 million in December 2021, \$4,215,000 was outstanding as of June 30, 2025. Pursuant to Montana law, the maximum amount for which the district may become indebted is the corresponding state facility guaranteed mill value per ANB times 1,000 times the ANB of the district. The Elementary District’s bonding capacity as of June 30, 2025 is \$93,603,600. Therefore, the current unused legal debt capacity is 63,118,600. The High School District’s bonding capacity as of June 30, 2025 is \$95,090,400, with no outstanding debt as of June 30, 2025.

A summary of the District’s outstanding long-term debt for the year ended June 30, 2025 is presented below:

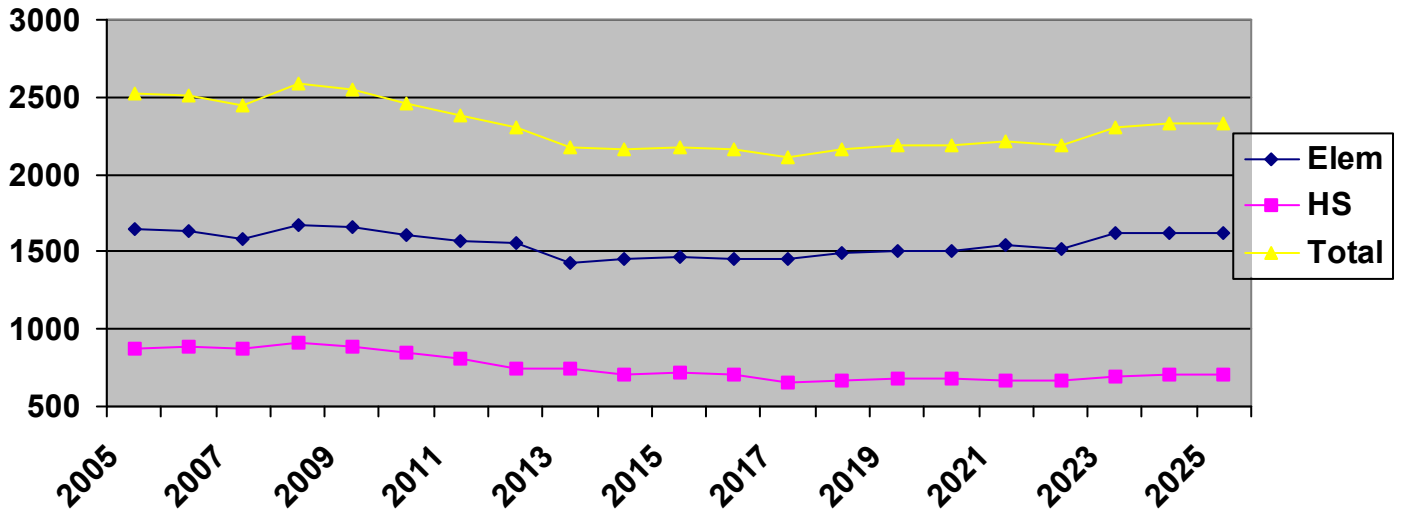
General obligation bonds	\$30,485,000
Unamortized bond Premium	\$ 3,785,319
High School Roof Project Intercap Loan	\$ 1,263,364
Post Employment Health Insurance-OPEB	\$ 4,360,926
Net Pension Liability-PERS	\$ 3,284,359
Net Pension Liability-TRS	\$17,153,405
Contracted debt-HS Energy performance	\$ 275,554
Contracted debt -Copier(s)	\$ 14,796
Compensated absences	<u>\$ 879,149</u>
Total	<u>\$61,501,872</u>

Economic Factors and the District’s Future

Student enrollment peaked during the 1998 school year. Enrollment was on a decline until 2013. During this fifteen-year time span the Elementary District enrollment dropped 279 students or 16% while the High School District enrollment dropped 230 students or 24%. Enrollment has stabilized since 2014 in the K-8 Elementary District. This has provided great relief to the general operating budget. Enrollment dropped from 2,116 in 2020 to 2,094 in 2021 as a result of the COVID pandemic. Enrollment rebounded in 2022 yet is trending downward particularly in the high school as well as the incoming kindergarten classes.

**Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025**

Student Enrollment History

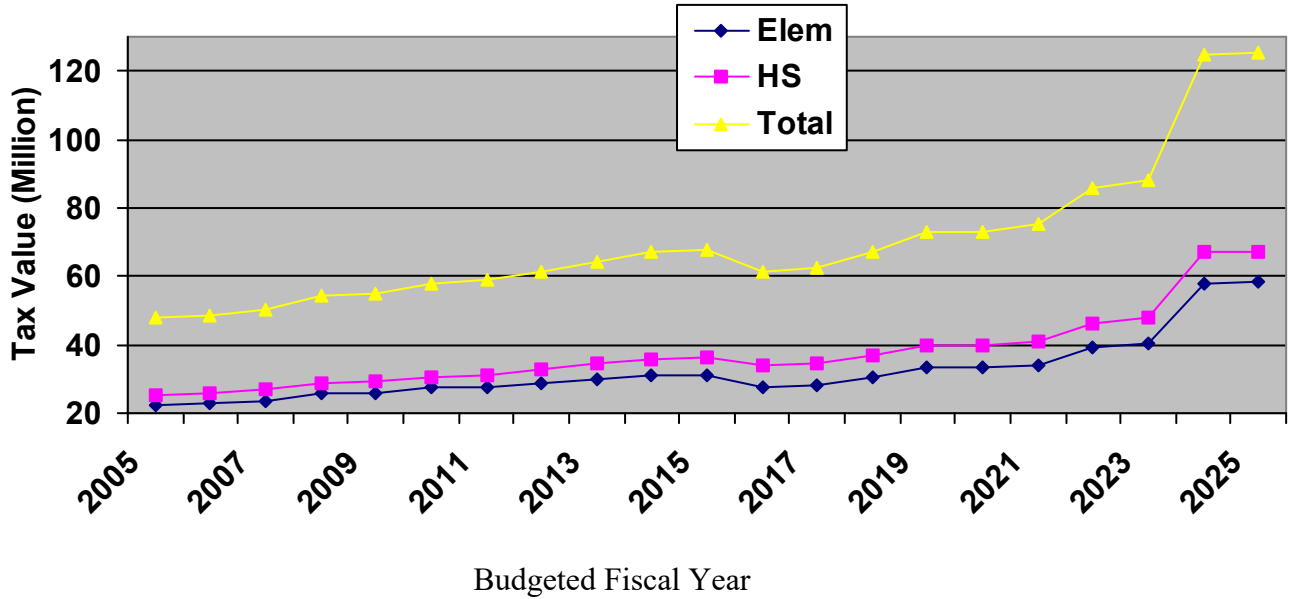


ANB for Budgeted Fiscal Year

The District does not obtain additional funds from an increase in taxable valuation. The District’s budget is based solely on the number of students and the funding per student provided by the State. However, the taxable valuation of the District impacts local taxpayers and specifically the share of the cost that each taxpayer is burdened to fund the District. The taxable valuation was on a steady increase (37%) until 2015. The Montana Department of Revenue completed an appraisal of all property in 2015. The values were updated in 2015 illustrating approximately a 10% reduction. The tax values steadily rebounded subsequent to 2015 subject to a formal reappraisal every two years. The tax value skyrocketed in FY24 reflecting a trend to the market value of homes. The state as well as the local community has proven to be attractive for tourists (vacation homes) and retirees. Furthermore, the ability for a greater portion of the population to work in a remote location has allowed folks to relocate to Columbia Falls, which has led to a rise in home values. The 2025 state legislative session addressed the additional burden created by rising market values by decreasing the residential property assessment rates. This should reduce the District’s taxable valuation in 2026 and beyond. However, it is unclear if the reduced assessment rates will outpace the rise in home market values.

**Columbia Falls Public Schools
Management Discussion and Analysis Report (MD&A)
For the Fiscal Year Ended June 30, 2025**

Taxable Valuation History



Contact for Additional Information

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Business Administrator, Columbia Falls School District, PO Box 1259, Columbia Falls, MT 59912.



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Columbia Falls Public Schools
Flathead County
Columbia Falls, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia Falls Public Schools, Flathead County, Montana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Columbia Falls Public Schools, Flathead County, Montana 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 the Columbia Falls Public Schools, Flathead County, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility 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 Columbia Falls Public Schools, Flathead County, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, for the fiscal year ended June 30, 2025. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in the notes to the financial statements, the District reported a significant deficit in unrestricted net position of \$26,502,035 as of June 30, 2025. This deficit is primarily the result of the recognition of long-term liabilities related to the net pension liability, other post-employment benefits (OPEB) liability, and the related deferred outflows and inflows of resources, totaling \$28,217,622, as required by Governmental Accounting Standards Board (GASB) standards.

These liabilities represent actuarially determined estimates of future obligations and do not require immediate funding. The District is not legally required to fund these amounts at June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatements, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Columbia Falls Public Schools, Flathead County, Montana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know 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, misrepresentation, 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 judgement 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 the Columbia Falls Public Schools, Flathead County, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Columbia Falls Public Schools, Flathead County, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedules of Proportionate Share of the Net Pension Liability and the Schedule of Contributions 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 content. 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbia Falls Public Schools, Flathead County, Montana's basic financial statements. The Schedule of Revenues and Expenditures for the Extracurricular Fund, the Schedule of Enrollment and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Revenues and Expenditures for the Extracurricular Fund, the Schedule of Enrollment and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance 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 our report March 31, 2026, on our consideration of the Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Falls Public Schools, Flathead County, Montana's internal control over financial reporting and compliance.

Nexus CPA Group

March 31, 2026

Columbia Falls School District, Flathead County, Montana
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 11,038,977
Taxes and assessments receivable, net	660,585
Accounts receivable - net	165,202
Due from other governments	1,020,922
Inventories	21,093
Total current assets	\$ 12,906,779
Noncurrent assets	
Capital assets - land	\$ 409,252
Capital assets - construction in progress	8,352,365
Capital assets - depreciable, net	52,634,825
Total noncurrent assets	\$ 61,396,442
Total assets	\$ 74,303,221
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 2,967,887
Deferred outflows of resources - OPEB	1,384,074
Total deferred outflows of resources	\$ 4,351,961
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 78,655,182
LIABILITIES	
Current liabilities	
Warrants payable	\$ 350,646
Accounts payable	26,035
Other payroll liabilities	12,482
Incurred claims not yet reported	458,456
Accrued payroll	328,304
Revenues collected in advance	23,842
Current portion of long-term capital liabilities	2,835,326
Current portion of compensated absences payable	553,742
Current portion of bond premium liability	266,988
Total current liabilities	\$ 4,855,821
Noncurrent liabilities	
Other post-employment benefit liability	\$ 4,360,926
Noncurrent portion of long-term capital liabilities	29,203,388
Noncurrent portion of compensated absences	325,407
Net pension liability	20,437,764
Noncurrent portion of bond premium liability	3,518,331
Total noncurrent liabilities	\$ 57,845,816
Total liabilities	\$ 62,701,637
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	\$ 1,226,749
Deferred inflows of resources - OPEB	6,544,144
Total deferred inflows of resources	\$ 7,770,893
NET POSITION	
Net investment in capital assets	\$ 25,572,409
Restricted for capital projects	635,546
Restricted for debt service	640,670
Restricted for special projects	4,114,652
Restricted for other purposes	234,543
Restricted for health insurance benefits	3,486,867
Unrestricted	(26,502,035)
Total net position	\$ 8,182,652
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 78,655,182

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expenses) Revenues and
	Expenses	Charges for	Operating	Capital	Changes in Net Position
					Services
Primary government:			Contributions	Contributions	Governmental
Governmental activities:					Activities
Instructional - regular	\$ 11,766,016	\$ 17,070	\$ 1,735,496	\$ 1,575	\$ (10,011,875)
Instructional - special education	2,699,355	-	1,307,431	-	(1,391,924)
Instructional - vocational education	401,573	-	100,281	-	(301,292)
Supporting services - operations & maintenance	5,828,581	45,865	71,689	-	(5,711,027)
Supporting services - general	2,022,839	16,473	439,882	-	(1,566,484)
Supporting services - educational media services	1,700,890	-	3,500	-	(1,697,390)
Administration - general	632,598	-	-	-	(632,598)
Administration - school	1,564,166	-	-	-	(1,564,166)
Administration - business	559,665	-	-	-	(559,665)
Student transportation	1,499,154	-	226,388	-	(1,272,766)
Extracurricular	1,216,525	103,521	34,113	-	(1,078,891)
School food	1,476,103	59,871	1,074,778	-	(341,454)
Community services	6,000	6,000	-	-	-
Debt service expense - interest	1,044,035	-	-	-	(1,044,035)
Unallocated depreciation*	1,142,336	-	-	-	(1,142,336)
Total governmental activities	\$ 33,559,836	\$ 248,800	\$ 4,993,558	\$ 1,575	\$ (28,315,903)
General Revenues:					
Property taxes for general purposes				\$	12,761,789
Grants and entitlements not restricted to specific programs					12,522,965
Investment earnings					229,264
Miscellaneous (other revenue)					208,511
State technology					14,121
State pension aid					540,318
County retirement					2,681,111
Extraordinary item - Insurance compensation high school roof					4,232,757
Total general revenues, special items and transfers				\$	33,190,836
Change in net position				\$	4,874,933
Net position - beginning				\$	3,440,933
Restatements					(133,214)
Net position - beginning - restated				\$	3,307,719
Net position - end				\$	8,182,652

* This amount excludes the depreciation that is included in the direct expenses of the various programs
See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Elementary Technology</u>	<u>High School Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and investments	\$ 2,866,262	\$ 906,626	\$ 54,801	\$ 3,398,066	\$ 7,225,755
Taxes and assessments receivable, net	288,544	48,992	-	323,049	660,585
Accounts receivable - net	-	-	30,330	-	30,330
Due from other governments	-	-	-	1,020,922	1,020,922
Inventories	21,093	-	-	-	21,093
TOTAL ASSETS	\$ 3,175,899	\$ 955,618	\$ 85,131	\$ 4,742,037	\$ 8,958,685
LIABILITIES					
Current liabilities:					
Warrants payable	\$ 350,646	\$ -	\$ -	\$ -	\$ 350,646
Accounts payable	7,733	-	-	18,302	26,035
Other payroll liabilities	9,763	90	-	2,615	12,468
Accrued payroll	213,021	17,810	-	94,716	325,547
Revenues collected in advance	-	-	-	23,842	23,842
Total liabilities	\$ 581,163	\$ 17,900	\$ -	\$ 139,475	\$ 738,538
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	\$ 288,544	\$ 48,992	\$ -	\$ 323,049	\$ 660,585
Total deferred inflows of resources	\$ 288,544	\$ 48,992	\$ -	\$ 323,049	\$ 660,585
FUND BALANCES					
Nonspendable	\$ 21,093	\$ -	\$ -	\$ -	\$ 21,093
Restricted	-	888,726	85,131	4,279,513	5,253,370
Assigned	77,927	-	-	-	77,927
Unassigned fund balance	2,207,172	-	-	-	2,207,172
Total fund balance	\$ 2,306,192	\$ 888,726	\$ 85,131	\$ 4,279,513	\$ 7,559,562
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,175,899	\$ 955,618	\$ 85,131	\$ 4,742,037	\$ 8,958,685

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2025

Total fund balances - governmental funds	\$ 7,559,562
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,396,442
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	660,585
An internal service fund is used by management to charge the costs of providing services within the government. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets	3,486,867
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(41,064,108)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(20,437,764)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.	2,967,887
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.	(1,226,749)
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred outflows of resources and are not payable in the current period, therefore are not reported in the funds.	1,384,074
The changes between actuarial assumptions and differences in projected vs actual liability as they relate to the total other post-employment benefits liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.	(6,544,144)
Total net position - governmental activities	\$ <u>8,182,652</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Elementary Technology	High School Building	GASB 100 - Elementary Miscellaneous	Other Governmental Funds	Total Governmental Funds
REVENUES						
Local revenue	\$ 5,622,766	\$ 956,363	\$ 2,054	\$ -	\$ 7,168,114	\$ 13,749,297
County revenue	-	-	-	-	2,794,305	2,794,305
State revenue	13,667,413	9,309	-	-	980,952	14,657,674
Federal revenue	-	-	-	-	2,994,609	2,994,609
Total revenues	\$ 19,290,179	\$ 965,672	\$ 2,054	\$ -	\$ 13,937,980	\$ 34,195,885
EXPENDITURES						
Instructional - regular	\$ 10,187,842	\$ 147,040	\$ 93,603	\$ -	\$ 2,642,136	\$ 13,070,621
Instructional - special education	886,309	-	-	-	1,813,046	2,699,355
Instructional - vocational education	348,682	-	-	-	52,891	401,573
Supporting services - operations & maintenance	2,765,723	-	2,642,933	-	314,099	5,722,755
Supporting services - general	1,331,593	-	-	-	691,118	2,022,711
Supporting services - educational media services	750,972	665,658	43,830	-	238,620	1,699,080
Administration - general	546,123	8,074	-	-	78,401	632,598
Administration - school	1,220,526	6,245	-	-	336,250	1,563,021
Administration - business	454,035	10,385	-	-	83,369	547,789
Student transportation	124,068	-	61,707	-	960,089	1,145,864
Extracurricular	637,912	-	-	-	512,410	1,150,322
School food	7,500	-	-	-	1,458,106	1,465,606
Community services	-	-	-	-	6,000	6,000
Debt service expense - principal	38,721	-	-	-	1,480,000	1,518,721
Debt service expense - interest	13,171	-	-	-	1,297,852	1,311,023
Capital outlay	267,728	-	1,457,342	-	3,525,300	5,250,370
Other current charges	-	-	-	-	-	-
Total expenditures	\$ 19,580,905	\$ 837,402	\$ 4,299,415	\$ -	\$ 15,489,687	\$ 40,207,409
Excess (deficiency) of revenues over expenditures	\$ (290,726)	\$ 128,270	\$ (4,297,361)	\$ -	\$ (1,551,707)	\$ (6,011,524)
OTHER FINANCING SOURCES (USES)						
Proceeds of general long term debt	\$ -	\$ -	\$ -	\$ -	\$ 1,263,364	\$ 1,263,364
Transfers in	137,712	-	-	-	-	137,712
Transfers out	-	-	-	-	(137,712)	(137,712)
Total other financing sources (uses)	\$ 137,712	\$ -	\$ -	\$ -	\$ 1,125,652	\$ 1,263,364
SPECIAL AND EXTRAORDINARY ITEMS						
Extraordinary item - Insurance compensation high school roc	\$ -	\$ -	\$ 4,232,757	\$ -	\$ -	\$ 4,232,757
Net Change in Fund Balance	\$ (153,014)	\$ 128,270	\$ (64,604)	\$ -	\$ (426,055)	\$ (515,403)
Fund balances - beginning	\$ 2,459,206	\$ -	\$ -	\$ 605,532	\$ 5,010,227	\$ 8,074,965
Restatements	-	760,456	149,735	(605,532)	(304,659)	-
Fund balances - beginning, restated	\$ 2,459,206	\$ 760,456	\$ 149,735	\$ -	\$ 4,705,568	\$ 8,074,965
Fund balance - ending	\$ 2,306,192	\$ 888,726	\$ 85,131	\$ -	\$ 4,279,513	\$ 7,559,562

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (515,403)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
- Capital assets purchased	5,250,370
- Depreciation expense	(1,794,335)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
- Long-term receivables (deferred inflows)	116,776
The change in compensated absences is shown as an expense in the Statement of Activities	
	(248,281)
Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:	
- Long-term debt principal payments	1,518,721
Long term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position:	
- Proceeds from the sale of long-term debt	(1,263,364)
Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:	
- Post-employment benefits other than retirement liability	610,425
Internal service funds are used by management to share the costs of certain activities, to individual funds. The net revenue of the internal service funds is reported with the governmental activities of the Government-Wide Statement of Activities net of the amounts allocated to business-type activities and depreciation expense.	
	445,302
Pension expense related to the net pension liability is shown as an expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	
	(984,983)
State aid revenue related to the net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	
	(110,649)
Current year contributions to retirement benefits are shown as deferred outflows of resources on the Statement of Net Position and shown as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance when paid.	
	1,583,366
The amortization of bond premiums is shown as an offset to interest expense on the Statement of Activities and is not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	
	266,988
Change in net position - Statement of Activities	\$ <u>4,874,933</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Statement of Net Position
Proprietary Funds
June 30, 2025

		<u>Governmental Activities</u>
		<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and investments	\$	3,813,222
Accounts receivable - net		134,872
TOTAL ASSETS	\$	<u>3,948,094</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	\$	458,456
Accrued payroll		2,757
Other payroll liabilities		14
Total liabilities	\$	<u>461,227</u>
 NET POSITION		
Unrestricted	\$	<u>3,486,867</u>
Total net position	\$	<u>3,486,867</u>
TOTAL LIABILITIES AND NET POSITION	\$	<u>3,948,094</u>

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

		Governmental Activities
		Internal Service Funds
		Funds
OPERATING REVENUES		
Health insurance premiums	\$	3,693,463
Total operating revenues	\$	<u>3,693,463</u>
OPERATING EXPENSES		
Personal services	\$	43,584
Employee benefits		3,010,074
Supplies		9,995
Purchased professional and technical services		184,508
Total operating expenses	\$	<u>3,248,161</u>
Operating income (loss)	\$	<u>445,302</u>
NON-OPERATING REVENUES (EXPENSES)		
Income (loss) before contributions and transfers	\$	445,302
Change in net position	\$	<u>445,302</u>
Net Position - Beginning of the year	\$	<u>3,041,565</u>
Net Position - End of the year	\$	<u><u>3,486,867</u></u>

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Combined Statement of Cash Flows
All Proprietary Fund Types
Fiscal Year Ended June 30, 2025

		Governmental Activities
		Internal Service Fund
Cash flows from operating activities:		
Cash received for health insurance benefits	\$	3,631,596
Cash payments for health promotion program		(9,995)
Cash payments for medical claims		(212,358)
Cash payments to administration services		(3,053,996)
Net cash provided (used) by operating activities	\$	<u>355,247</u>
Net increase (decrease) in cash and cash equivalents	\$	355,247
Cash and cash equivalents at beginning		<u>3,457,975</u>
Cash and cash equivalents at end	\$	<u><u>3,813,222</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	445,302
Changes in assets and liabilities:		
Accounts receivables		(61,867)
IBNR liability		(27,850)
Payroll payable		(338)
Net cash provided (used) by operating activities	\$	<u>355,247</u>

See accompanying notes to the financial statements

Columbia Falls School District, Flathead County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2025

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and short-term investments	\$ <u>145,986</u>
TOTAL ASSETS	\$ <u><u>145,986</u></u>
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ <u>145,986</u>
TOTAL NET POSITION	\$ <u><u>145,986</u></u>

See accompanying Notes to the Financial Statements

Columbia Falls School District, Flathead County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust Funds
ADDITIONS	
Contributions:	
Other revenue from local sources	\$ 4,529
Total additions	\$ 4,529
 DEDUCTIONS	
Other expenditures	\$ 9,000
Total deductions	\$ 9,000
Change in net position	\$ (4,471)
Net Position - Beginning of the year	\$ 150,457
Net Position - End of the year	\$ 145,986

See accompanying Notes to the Financial Statements

COLUMBIA FALLS PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

New Accounting Pronouncements

For the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GASB Statement No. 101 requires recognition of liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or otherwise settled. A liability for unused leave is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The liability is generally measured using the employee's pay rate as of the date of the financial statements. The Statement also requires inclusion of certain salary-related payments that are directly and incrementally associated with leave payments in the measurement of the liability.

Financial Reporting Entity

In determining the financial reporting entity, the District complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*, as amended by GASB statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all component units of which the District appointed a voting majority of the component units board; the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. In addition, the District complies with GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units* which relates to organizations that raise and hold economic resources for the direct benefit of the District.

Primary Government

The District was established under Montana law to provide elementary and secondary educational services to residents of the District. The District actually consists of two legally separate districts. The Elementary District provides education from kindergarten through the eighth grade and the High School District provides education from grades nine through twelve. Based on the criteria for determining the reporting entity (separate legal entity and financial or fiscal dependency on other governments) the District is a primary government as defined by GASB Cod. Sec. 2100 and has no component units.

COLUMBIA FALLS PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Separate accounting records must be maintained for each District because of differences in funding and legal requirements. However, both districts are managed as a single system by a central board of trustees, elected in district-wide elections, and by a central administration appointed by and responsible to the Board. These financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercises responsibility.

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole and its component units. They include all funds of the District except fiduciary funds. The statements distinguish between governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities for the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. The types of transactions reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) operating grants and contributions, and 3) capital grants and contributions. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net position are available.

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Fund Financial Statements:

Basis of Presentation

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are organized into three categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column in the governmental funds statements. All of the remaining funds are aggregated and reported in a single column as non-major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets combined with deferred outflows of resources, liabilities combined with deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus and Basis of Accounting

Governmental Funds:

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District defined the length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements as collection within 60 days of the end of the current fiscal period, except for property taxes and other state grants that are recognized upon receipt.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and inception of leases and subscription-base IT arrangements are reported as other financing sources.

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Property taxes, charges for current services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

Major Funds:

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund and it accounts for all financial resources of the District except those required to be accounted for in other funds.

Elementary Technology Fund – The Technology Fund is authorized by Section 20-9-533, MCA. It is used to account for revenues and expenditures related to technology acquisition, implementation, and maintenance, including hardware, software, infrastructure, and related support services.

High School Building Fund – The Building Fund is authorized by Section 20-9-508, MCA. It is used primarily to account for the proceeds of bonds sold for the purposes provided in Section 20-9-403, MCA. The fund is also used to account for insurance proceeds for damaged property as provided in 20-6-608, MCA, or the sale or rental of property as provided by 20-6-604 and 607, MCA.

Internal Service Funds:

All internal service funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in internal service funds.

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies for the government on a cost-reimbursement basis. The District maintains one internal service fund relating to self-insurance fund activity.

Fiduciary Funds:

Fiduciary funds presented using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans). The required financial statements are a statement of fiduciary net position and a statement of changes in fiduciary net assets. The fiduciary funds are:

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Private-purpose Trust Funds – To report the fiduciary activities of those resources held in a trust that are not required to be reported in Pension (and other employee benefit) or Investment Trust funds. These funds are used for specific purposes that were originally defined by the individual or organization that gave the funds to the government. The student activities funds have been reclassified to the Miscellaneous programs per the implementation of GASB No. 84 *Fiduciary Activities*.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District’s cash, except for the Student Extracurricular Fund, Endowment Funds, Ruder Education Foundation Funds are held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County’s investment portfolio as of June 30, 2025, consisted of certificates of deposit, U.S. Government Securities, and the State Short-Term Investment Pool (STIP).

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Flathead County deposits and investments is available from Flathead County Treasurer’s office, 290 A. North Main Street, Kalispell, Montana 59901. Fair value approximates carrying value for investments as of June 30, 2025.

Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions.

For purposes of the Statement of Cash Flows, cash equivalents include all cash and investments.

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash held at the County	\$ 10,863,750
Cash in banks:	
Demand deposits	214,215
Savings deposits	106,998
Total	<u>\$ 11,184,963</u>

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Deposits

The District’s deposit balance at year end was \$321,213 and the bank balance was \$337,673.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. All deposits are carried at cost plus accrued interest. As of June 30, 2025, the government’s bank balance was exposed to custodial credit risk as follows:

	June 30, 2025 <u>Balance</u>
<u>Depository Account</u>	
Insured	\$ <u>337,673</u>
Total deposits and investments	\$ <u><u>337,673</u></u>

Deposit Security

Section 7-6-207, Montana Code Annotated (MCA), states (1) The local governing body may require security only for that portion of the deposits which is not guaranteed or insured according to law and, as to such unguaranteed or uninsured portion, to the extent of:

- a. 50% of such deposits if the institution in which the deposit is made has a net worth of total assets ratio of 6% or more; or
- b. 100% if the institution in which the deposit is made has a net worth of total assets ratio of less than 6%.

The amount of collateral held for District deposits at June 30, 2025, equaled or exceeded the amount required by State statutes.

NOTE 3. RECEIVABLES

Tax Receivables

Property tax levies are set in August, after the County Assessor delivers the taxable valuation information to the County, in connection with the budget process and are based on taxable values listed as of January 1 for all property located in the District. Taxable values are established by the Montana Department of Revenue, and a revaluation of all property is required to be completed on a periodic basis. Taxable value is defined by Montana statute as a fixed percentage of market value.

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Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Special assessments are either billed in one installment due November 30 or two equal installments due November 30 and the following May 31. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

Taxes that become delinquent are charged interest at the rate of $\frac{5}{6}$ of 1% a month plus a penalty of 2%. Real property on which taxes remain delinquent and unpaid may be sold at tax sales. In the case of personal property, the property is to be seized and sold after the taxes become delinquent.

NOTE 4. INVENTORIES AND PREPAIDS

The cost of inventories are recorded as an expenditure when purchased.

NOTE 5. CAPITAL ASSETS

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value when received. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	30 – 60 years
Improvements	30 – 60 years
Equipment	5 – 60 years
Infrastructure	50 – 65 years

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A summary of changes in governmental capital assets was as follows:

Governmental activities:

	Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatements</u>	Balance <u>June 30, 2025</u>
Capital assets not being depreciated:					
Land	\$ 409,252	\$ -	\$ -	\$ -	\$ 409,252
Construction in progress	17,282,870	4,395,326	-	(13,325,831)	8,352,365
Total capital assets not being depreciated	<u>\$ 17,692,122</u>	<u>\$ 4,395,326</u>	<u>\$ -</u>	<u>\$ (13,325,831)</u>	<u>\$ 8,761,617</u>
Other capital assets:					
Buildings	\$ 45,949,869	\$ 18,195	\$ -	\$ 12,966,905	\$ 58,934,969
Improvements other than buildings	3,881,755	261,750	(31,665)	358,926	4,470,766
Machinery and equipment	5,718,580	575,099	(227,168)	-	6,066,511
Leases	529,420	-	-	-	529,420
Total other capital assets at historical cost	<u>\$ 56,079,624</u>	<u>\$ 855,044</u>	<u>\$ (258,833)</u>	<u>\$ 13,325,831</u>	<u>\$ 70,001,666</u>
Less: accumulated depreciation	<u>(15,831,339)</u>	<u>(1,794,335)</u>	<u>258,833</u>	<u>0</u>	<u>(17,366,841)</u>
Total	<u>\$ 57,940,407</u>	<u>\$ 3,456,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,396,442</u>

Governmental capital assets depreciation expense was charged to functions as follows:

Governmental Activities:

Instructional – regular	\$ 101,224
Supporting services – operations and maintenance	128
Supporting services – general	1,145
Supporting services – educational media services	1,810
Administration – business	11,876
Administration – school	105,826
Student transportation	353,290
Extracurricular	10,497
School food	66,203
Unallocated	<u>1,142,336</u>
Total governmental activities depreciation expense	<u>\$ 1,794,335</u>

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide and proprietary, financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, are expensed at the date of sale.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

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Changes in Long-Term Debt Liabilities - During the year ended June 30, 2025, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance				Balance		Due Within
	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatements</u>	<u>June 30, 2025</u>		<u>One Year</u>
General obligation bonds	\$ 31,965,000	\$ -	\$ (1,480,000)	\$ -	\$ 30,485,000	\$	1,540,000
Contracted debt	329,071	-	(38,721)	-	290,350		31,962
Bond Premium	4,052,307	-	(266,988)	-	3,785,319		266,988
Intercap loans	-	1,263,364	-	-	1,263,364		1,263,364
Compensated absences	497,654	248,281	-	133,214	879,149		553,742
Total	\$ <u>36,844,032</u>	\$ <u>1,511,645</u>	\$ <u>(1,785,709)</u>	\$ <u>133,214</u>	\$ <u>36,703,182</u>	\$	<u>3,656,056</u>

In prior years the General Fund (and the compensated absences fund) was used to liquidate compensated absences and claims and judgments.

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding as of June 30, 2025, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Annual Payment</u>	<u>Balance June 30, 2025</u>
K-8 Facility Bonds							
- Series 2019	12/30/19	Varies	20yrs	7/1/40	\$ 32,000,000	Varies	\$ 26,270,000
K-8 Facility Bonds							
- Series 2021	9/30/21	Varies	20yrs	7/1/40	<u>5,072,000</u>	Varies	<u>4,215,000</u>
					<u>\$ 37,072,000</u>		<u>\$ 30,485,000</u>

Reported in the governmental activities.

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Annual requirement to amortize debt:

For Fiscal Year Ended	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,540,000	\$ 1,156,050
2027	1,595,000	1,101,100
2028	1,670,000	1,028,550
2029	1,745,000	952,400
2030	1,810,000	887,500
2031	1,895,000	804,650
2032	1,950,000	747,800
2033	2,005,000	689,300
2034	2,070,000	629,150
2035	2,150,000	549,200
2036	2,235,000	466,150
2037	2,315,000	379,800
2038	2,405,000	290,300
2039	2,500,000	197,300
2040	<u>2,600,000</u>	<u>100,600</u>
Total	<u>\$ 30,485,000</u>	<u>\$ 9,979,850</u>

Bond Premium

As of June 30, 2025, the District recognized bond premium liabilities totaling \$3,785,319. The premiums are amortized over the life of the bonds that equal 20 years. The bond annual bond premiums amortized are \$243,239 and \$24,999. The bond premiums were received with the issuance of Elementary General Obligation Bonds Series 2019 and the Elementary General Obligation Bonds Series 2021. The amortization related to the 2019 bonds were not recognized in current period as prior year two years were reported.

Contracted Debt

Loans/contracted debts outstanding as of June 30, 2025, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Balance June 30, 2025</u>
Energy Improvement Measures	7/15/19	Varies	15yrs	6/15/34	\$ 415,157	\$ 275,554
Xerox B9100 Copy Machine	12/22/22	Varies	5yrs	12/31/27	<u>28,458</u>	<u>14,796</u>
Total					<u>\$ 443,615</u>	<u>\$ 290,350</u>

Reported in the governmental activities.

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Annual requirement to amortize debt:

For Fiscal <u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 31,962	\$ 9,934
2027	32,944	8,954
2028	31,670	7,948
2029	29,335	6,871
2030	30,420	5,785
2031	31,556	4,650
2032	32,730	3,476
2033	33,960	2,246
2034	35,773	985
Total	<u>\$ 290,350</u>	<u>\$ 50,849</u>

Intercap Loans

Intercap loans have variable interest rates. Interest rates are subject to change annually. Interest rates to the borrower are adjusted on February 16th of each year and are based on a spread over the interest paid on one-year term, tax-exempt bonds which are sold to fund the loans.

Intercap loans outstanding as of June 30, 2025, were as follows:

<u>Purpose</u>	<u>Origination Date</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Balance June 30, 2025</u>
BOI 3039 Intercap Loan Reported in the governmental activities.	4/10/24	Varies	2yrs	6/15/26	\$ <u>2,750,000</u>	\$ <u>1,263,364</u>

Annual requirement to amortize debt:

For Fiscal <u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,263,364	\$ 28,614
Total	<u>\$ 1,263,364</u>	<u>\$ 28,614</u>

Compensated Absences

The District records a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. The liability represents amounts owed to employees for (1) leave that has not been used and (2) leave that has been used but not yet paid or otherwise settled. A liability for unused leave is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

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The liability is measured using employees' pay rates in effect as of the end of the fiscal year and includes salary-related payments that are directly and incrementally associated with payments for leave.

The table above summarizes the activity in the compensated absences liability for the year ended June 30, 2025, presented as a net change. The net change represents the combined effect of benefits earned during the year and benefits used, paid, or forfeited.

The full liability is reported in the government-wide financial statements. In the governmental fund financial statements, only the portion of the liability expected to be liquidated with current financial resources is reported. The District has elected to present the activity for the year as a net change in the notes to the financial statements, as permitted by GASB Statement No. 101.

Leave Policies

Under District policy, non-teaching employees earn vacation leave ranging from fifteen to twenty-four days per year, depending on years of service. Vacation leave may be accumulated up to two times the maximum number of days earned annually. Non-teaching employees earn sick leave at a rate of one day per month.

Upon termination or retirement, non-teaching employees are compensated for 100 percent of unused vacation leave and 25 percent of unused sick leave. Payments are made at the employee's current rate of pay.

Teaching staff are granted ten days of sick leave at the beginning of each school year. Sick leave may be used for personal illness or disability, immediate family illness, medical appointments, quarantine, or communicable disease. Unused sick leave accumulates without limit.

Employees with unused sick leave balances exceeding 180 days at the end of the school year are compensated \$57 per day for each day in excess of the 180-day threshold, paid on or before June 30. The number of days eligible for compensation is calculated by dividing total unused sick leave hours by eight and rounding to the nearest whole day.

Upon termination, teaching staff are compensated at a rate of \$57 per day for eligible unused sick leave balances in accordance with District policy.

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NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan, as required by section 2-18-704, MCA, provides employees with at least 5 years of service and who are at least age 50, along with surviving spouses and dependents, to stay on the government's health care plan as long as they pay the same premium. This creates a defined benefit Other Post-Employment Benefits Plan (OPEB); since retirees are usually older than the average age of the plan participants, they receive a benefit of lower insurance rates. The OPEB plan is a single employer defined benefit plan administered by the District. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs and covers these when they come due. The above described OPEB plan does not provide a stand-alone financial report.

Benefits Provided. The government provides healthcare insurance benefits for retirees and their dependents upon reaching the age and service years defined in section 2-18-704, MCA. The benefit terms require that eligible retirees cover 100 percent of the health insurance premiums, but may pay the same premiums as the other members in the group health plan.

Employees covered by benefit terms. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	24
Active employees	203
Total employees	227

Total OPEB Liability

The District's total OPEB liability of \$4,360,926 at June 30, 2025, and was determined by actuarial valuation using the actuarial entry age normal funding method. The measurement date of the determined liability was June 30, 2025.

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

Average age of retirement (based on historical data)	60.89
Discount rate (average anticipated rate)	4.93%
Average salary increase (Consumer Price Index)	3.50%

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Health care cost rate trend (Federal Office of the Actuary)

<u>Year</u>	<u>Medical</u>	<u>Pre-65 Rx</u>	<u>Post-65 Rx</u>
2025*	3.8%	3.8%	3.8%
2026	6.9%	6.5%	1.5%
2027	6.3%	5.2%	1.2%
2028	5.6%	5.1%	2.9%
2029	5.5%	5.1%	3.0%
2030	5.4%	5.1%	3.2%
2031	5.3%	5.1%	4.1%
2032	5.2%	5.0%	4.1%
2033	5.1%	5.0%	4.6%
2034	5.0%	5.0%	5.0%
2035	4.8%	4.7%	4.7%
2036	4.7%	4.6%	4.6%
2037-2045	4.6%	4.6%	4.6%
2046-2059	4.5%	4.5%	4.5%
2060-2068	4.4%	4.4%	4.4%
2069-2070	4.3%	4.3%	4.3%
2071-2072	4.2%	4.2%	4.2%
2073-2074	4.1%	4.1%	4.1%
2075+	4.0%	4.0%	4.0%

Participation

- 40.0% of future retirees are assumed to elect medical coverage.
- 95% of the future retirees who elect medical coverage and are married (see marriage rate assumption) are assumed to elect spousal coverage as well.

Marital Status – At Retirement

- Actual spouse information is used for current retirees
- Future retired members who elect to participate in the plan are assumed to be married at a rate of 60%
- Males are assumed to be 3 years older than females

Mortality – Contributing Members

For TRS employees, mortality follows the Pub-2010 Teacher table, projected generationally using MP-2021.

For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.

Mortality – Retired

For TRS retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102% for males and 103% for females, projected generationally using MP-2021.

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For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

Mortality – Surviving Beneficiaries

For TRS survivors, mortality follows the Pub-2010 Contingent Survivor table, projected generationally using MP-2021.

For general MPERA survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.

Mortality – Disabled

For disabled TRS members, mortality follows the Pub-2010 General Disabled table, projected generationally using MP-2021.

For disabled MPERA members, mortality follows the Pub-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021.

The turnover rates were determined from the periodic experience studies of the Montana public retirement systems for the covered groups as documented in the GASB 68 actuarial valuations.

Changes in the Total OPEB Liability

Balance at 6/30/2024	\$ <u>4,198,749</u>
Changes for the year:	
Service Cost	\$ 216,007
Interest	188,197
Differences in experience	(247,011)
Change in assumptions	163,485
Benefit payments	<u>(158,501)</u>
Net Changes	\$ <u>162,177</u>
Balance at 6/30/2025	\$ <u>4,360,926</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following summarizes the total OPEB liability reported, and how that liability would change if the discount rate used to calculate the OPEB liability were to decrease or increase 1%:

	1% Decrease (3.93%)	Discount Rate (4.93%)	1% Increase (5.93%)
Total OPEB Liability	\$ 5,025,847	\$ 4,360,926	\$ 3,825,501

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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following summarizes the total OPEB liability reported, and how that liability would change if the healthcare trend rates used in projecting the benefit payments were to decrease or increase 1%:

	<u>1% Decrease</u>	<u>Healthcare Cost Trends*</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,756,049	\$ 4,360,926	\$ 5,132,483

**Reference the assumptions footnotes to determine the healthcare cost trends used to calculate the OPEB liability.*

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized an OPEB expense of \$162,177.

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

	<u>Deferred Outflows of Resources - OPEB</u>		<u>Deferred Inflows of Resources - OPEB</u>
Differences between expected and actual economic experience	\$ 102,048	\$	(4,224,507)
Changes in actuarial assumptions	1,282,026		(2,319,637)
Total	<u>\$ 1,384,074</u>	<u>\$</u>	<u>(6,544,144)</u>

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

OPEB: Year ended June 30:	Amount recognized in OPEB Expense as an increase or (decrease) to OPEB Expense
2026	\$ (855,770)
2027	\$ (844,998)
2028	\$ (858,977)
2029	\$ (944,948)
2030	\$ (944,879)
Thereafter	\$ (710,498)

NOTE 8. NET PENSION LIABILITY (NPL)

As of June 30, 2025, the District reported the following balances as its proportionate share of PERS and TRS pension amounts:

District's Proportionate Share Associated With:	PERS	TRS	Pension Totals
Net Pension Liability	\$ 3,284,359	\$ 17,153,405	\$ 20,437,764
Deferred outflows of resources*	\$ 412,908	\$ 2,554,979	\$ 2,967,887
Deferred inflows of resources	\$ 122,688	\$ 1,104,061	\$ 1,226,749
Pension expense	\$ 203,377	\$ 1,446,528	\$ 1,649,905

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$246,934, and \$1,336,432, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2025.

The following are the detailed disclosures for each retirement plan as required by GASB 68.

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Public Employee’s Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

The District’s employees participate in the Public Employees Retirement System (PERS) administered by the Montana Public Employee Retirement Administration (MPERA), MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to, or Deductions from, Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan Descriptions

The PERS-Defined Benefit Retirement Plan (PERS) administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, local governments, certain employees of the Montana University System, and school districts.

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 defined contribution retirement plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the *defined contribution* and *defined benefit* retirement plans. For members that choose to join the PERS-DCRP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP. 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. Benefits are established by state law and can only be amended by the Legislature.

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Summary of Benefits

Service retirement:

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

Early Retirement (actuarially reduced):

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

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

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

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;

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Compensation Cap

- Hired on or after July 1, 2013-110% annual cap on compensation considered as a part of a member's 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 July 1, 2011:

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Contributions

The state Legislature has the authority to establish and amend contributions rates. Member and employer contribution rates are specified by Montana Statute 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 the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

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

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

Fiscal Year	Member		School Districts	
	Hired<07/01/11	Hired>07/01/11	Employer	State
2025	7.900%	7.900%	8.800%	0.370%
2024	7.900%	7.900%	8.800%	0.370%
2023	7.900%	7.900%	8.700%	0.370%
2022	7.900%	7.900%	8.600%	0.370%
2021	7.900%	7.900%	8.500%	0.370%
2020	7.900%	7.900%	8.400%	0.370%
2019	7.900%	7.900%	8.300%	0.370%
2018	7.900%	7.900%	8.200%	0.370%
2017	7.900%	7.900%	8.100%	0.370%
2016	7.900%	7.900%	8.000%	0.370%
2015	7.900%	7.900%	7.900%	0.370%
2014	7.900%	7.900%	7.800%	0.370%
2012 – 2013	6.900%	7.900%	6.800%	0.370%
2010 – 2011	6.900%		6.800%	0.370%
2008 – 2009	6.900%		6.800%	0.235%
2000 - 2007	6.900%		6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following 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 the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

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3. Non-Employer Contributions

a. Special Funding

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2025 (reporting period), is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2025, and 2024 (reporting period), are displayed below. The District proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of \$3,284,359 and the District's proportionate share was 0.134288 percent.

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
Employer Proportionate Share	\$ 3,284,359	\$ 3,181,229	0.134288%	0.130359%	0.003929%
State of Montana Proportionate Share associated with Employer	949,651	974,357	0.038828%	0.039927%	-0.001099%
Total	<u>\$ 4,234,010</u>	<u>\$ 4,155,586</u>	<u>0.173116%</u>	<u>0.170286%</u>	<u>0.002830%</u>

Changes in actuarial assumptions and methods:

There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in benefit terms:

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

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Changes in proportionate share:

There were no changes between the measurement date of the collective NPL and the employer’s reporting date that are expected to have a significant effect on the employer’s proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known.

Pension Expense:

At June 30, 2025, the District recognized a Pension Expense of \$152,484 for its proportionate share of the pension expense. The District also recognized grant revenue of \$50,893 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

		<u>Pension Expense as of 6/30/25</u>		<u>Pension Expense as of 6/30/24</u>
Employer Proportionate Share	\$	152,484	\$	286,860
State of Montana Proportionate Share associated with the Employer		50,893		91,409
Total	\$	<u>203,377</u>	\$	<u>378,269</u>

Recognition of Beginning Deferred Outflow

At June 30, 2025, the District recognized a beginning deferred outflow of resources for the District’s fiscal year 2024 contributions of \$225,786.

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Recognition of Deferred Inflows and Outflows:

At June 30, 2025, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 165,974	\$ -
Actual vs. Expected Investment Earnings	-	73,035
Changes in Assumptions	-	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	49,653
Employer contributions subsequent to the measurement date - FY25*	246,934	-
Total	\$ <u>412,908</u>	\$ <u>122,688</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
<u>For the Measurement Year ended June 30:</u>	<u>Expense</u>
2025	\$ (121,806)
2026	\$ 247,889
2027	\$ (51,344)
2028	\$ (31,454)
<u>Thereafter</u>	<u>\$ -</u>

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Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2024 actuarial valuation, and was determined using the following actuarial assumptions.

- | | |
|--|-------------|
| • Investment Return (net of admin expense) | 7.30% |
| • Admin Expense as % of Payroll | 0.28% |
| • General Wage Growth* | 3.50% |
| *includes Inflation at | 2.75% |
| • Merit Increases | 0% to 4.80% |

Postretirement 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 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
- Member hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more.

Mortality

- Active Participants – PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Disabled Retirees – PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Contingent Survivors – PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and 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.

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Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
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	<u>6.00%</u>	3.02%
Total	<u>100%</u>	

Discount Rate

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

1.0% Decrease	Current	1.0% Increase
<u>(6.30%)</u>	<u>Discount Rate</u>	<u>(8.30%)</u>
\$ 4,787,883	\$ 3,284,359	\$ 2,023,580

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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.

PERS Disclosure for the defined contribution plan

Columbia Falls Public Schools contributed to the state of Montana Public employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the 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 participants of both the defined benefit and defined contribution retirement plans.

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

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

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

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) 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 both are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

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Teachers Retirement System

Summary of Significant Accounting Policies

The Teachers' Retirement System prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, 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. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

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

Plan Descriptions

Teachers' Retirement System (TRS or the System) 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, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

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)

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

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

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 Employers including State Agency and University System Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year.

MCA 19-20-605 requires each employer to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

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The tables below show the legislated contribution rates for TRS members, employers and the State.

School District and Other Employers

	<u>Members</u>	<u>Employers</u>	<u>General fund</u>	<u>Total employee & 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%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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. 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).

	<u>Net Pension Liability as of 6/30/2025</u>	<u>Net Pension Liability as of 6/30/2024</u>	<u>Percent of Collective NPL as of 6/30/2025</u>	<u>Percent of Collective NPL as of 6/30/2024</u>	<u>Change in Percent of Collective NPL</u>
Employer Proportionate Share	\$ 17,153,405	\$ 16,890,089	0.9155%	0.8718%	0.0437%
State of Montana Proportionate Share associated with Employer	9,098,863	9,131,190	0.4856%	0.4713%	0.0143%
Total	<u>\$ 26,252,268</u>	<u>\$ 26,021,279</u>	<u>1.4011%</u>	<u>1.3431%</u>	<u>0.0580%</u>

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

At June 30, 2025, the District recorded a liability of \$17,153,405 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 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 0.9155 percent.

Changes in actuarial assumptions and methods:

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. However, each employer may have unique circumstances that will impact the employer’s proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer’s proportionate share of the collective net pension liability, if known.

Pension Expense:

At June 30, 2025, the District recognized a Pension Expense of \$1,446,528 for its proportionate share of the TRS’ pension expense. The District also recognized grant revenue of \$489,425 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/25
Employer Proportionate Share	\$ 957,103
State of Montana Proportionate Share associated with the Employer	489,425
Total	\$ 1,446,528

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

Recognition of Beginning Deferred Outflow

At June 30, 2025, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2024 contributions of \$1,352,782.

Recognition of Deferred Inflows and Outflows:

At June 30, 2025, the District reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 433,972	\$ -
Actual vs. Expected Investment Earnings	-	570,163
Changes in Assumptions	-	331,022
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	784,575	202,876
Employer contributions subsequent to the measurement date - FY25*	1,336,432	-
Total	<u>\$ 2,554,979</u>	<u>\$ 1,104,061</u>

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

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2026	\$ (1,057,227)
2027	\$ 1,102,724
2028	\$ 75,082
2029	\$ (6,093)
2030	\$ -
Thereafter	\$ -

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 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 Increases* 3.50% - 9.00% for Non-University Members and 4.25%
for University Members
- Investment Return 7.30%
- Price Inflation 2.75%

Postretirement Benefit Increases

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

Mortality

- 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.

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

- 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 table projected to 2021.

*Total Wage Increases include 3.50% general wage increase assumption.

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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.

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Equity	15.00%	9.13%
Natural Resources	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	<u>3.00%</u>	(0.33)%
Total	<u>100.00%</u>	

* The assumed rate is comprised of a 2.50% inflation rate and a real long-term expected rate of return of 5.00%.

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

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.

Sensitivity Analysis

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 24,653,678	\$ 17,153,405	\$ 10,886,854

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.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The following is an analysis of operating transfers in and out during fiscal year 2025:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Operating - Multidistrict expenditures	Elementary Interlocal*** – Major Governmental	Elementary Bus Depreciation – Nonmajor Governmental High School Bus	\$ 78,063
Operating - Multidistrict expenditures	Elementary Interlocal*** – Major Governmental	Depreciation – Nonmajor Governmental	59,649
		<u>Total</u>	<u>\$137,712</u>

***Elementary Interlocal Fund is combined and reported with the General Funds per GASB 54.

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 10. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

Governmental Fund equity is classified as fund balance. The District, categorizes fund balance of the governmental funds into the following categories:

Non-spendable – Resources not in spendable form, such as inventory, or those legally required to be maintained intact, such as principle portion of permanent funds.

Restricted - constraint is externally imposed by a third party, State Constitution, or enabling legislation.

Assigned – constraint is internally imposed by the body or official authorized to assign amounts for a specific purpose.

Unassigned – negative fund balance in all funds, or fund balance with no constraints in the General Fund.

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Reason Nonspendable</u>
General	\$ <u>21,093</u>	Inventory

Restricted Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Elementary Technology	\$ 888,726	Technology upgrades and maintenance
High School Building	85,131	Future construction costs
All other aggregate	476,558	Debt Service
	465,999	Pupil Transportation
	196,788	Food services
	294,213	Student instructional services
	1,253,000	Third party grantor restrictions
	7,878	Operations and maintenance
	31,747	Vacation and sick leave payouts
	56,469	Technology upgrades and maintenance
	25,126	Adult Education
	22,032	Bus replacement
	428,788	Future construction costs
	234,543	Permanent Endowment
	<u>786,372</u>	Employer cost of benefits
Total	\$ <u>5,253,370</u>	

COLUMBIA FALLS PUBLIC SCHOOLS
 FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

Assigned Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Assignment</u>
General	\$ <u>77,927</u>	Encumbrances

NOTE 11. RESTATEMENTS

During the current fiscal year, the following adjustments relating to prior years' transactions were made to fund balance and net position.

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Elementary Miscellaneous	\$ (605,532)	Restatement for change in major funds from prior year per GASB 100.
Elementary Technology	760,456	Restatement for change in major funds from prior year per GASB 100.
High School Building	149,735	Restatement for change in major funds from prior year per GASB 100.
Other Governmental Funds	(304,659)	Restatement for change in major funds from prior year per GASB 100.
Governmental-Wide	<u>(133,214)</u>	Beginning compensated absence balances were restated upon adoption of GASB Statement No. 101.
Total	<u>\$ (133,214)</u>	

NOTE 12. DEFICIT NET POSITION

As of June 30, 2025, the District reported a deficit in unrestricted net position of \$26,502,035 in the government-wide financial statements. This deficit is primarily the result of the recognition of long-term liabilities related to the net pension liability, other post-employment benefits (OPEB) liability, and the related deferred outflows and inflows of resources, totaling \$28,217,622, as required by Governmental Accounting Standards Board (GASB) standards. These liabilities are actuarially determined estimates of the District's proportionate share of collective pension and OPEB obligations and are measured using assumptions regarding future events, including investment returns, salary growth, mortality, and healthcare cost trends. The recognition of these liabilities does not require the immediate expenditure of financial resources.

The District funds pension and OPEB obligations on a pay-as-you-go basis and through required contributions to the applicable retirement systems. Accordingly, the deficit in unrestricted net position does not represent an immediate financial hardship but reflects the long-term nature of these obligations under GASB reporting requirements.

COLUMBIA FALLS PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 13. EXTRAORDINARY ITEM

On May 7, 2024, the registered electors of the High School District approved a \$2,750,000 building reserve levy to fund a roof replacement project. Construction commenced in spring 2024, with the intent to complete the project prior to the start of the 2024–2025 school year.

During construction, the roof was exposed and subjected to multiple rain events in July 2024, resulting in significant water damage. The District filed a property insurance claim and initiated a restoration project.

The restoration project began in August 2024 and resulted in temporary student displacement. High school students were relocated to Glacier Gateway and Canyon Elementary Schools through January 2025. The District substantially completed the restoration project to be completed in August 2025. The final repair (elevator) was completed in March 2026 and the District is still working with the insurance carrier to determine if the rain event caused the failure of the elevator

Total restoration costs incurred during the current fiscal year were approximately \$4,234,810. Restoration costs in subsequent periods were \$433,091. These costs were substantially covered by insurance proceeds, with the District responsible for a \$5,000 deductible.

NOTE 14. JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose which are subject to joint control, in which the participating governments retain 1) an ongoing financial interest or 2) an ongoing financial responsibility.

The District entered into an interlocal agreement with West Glacier School District. The agreement allows the districts to combine transportation services in each of the cooperating districts.

The District is a member of the Flathead Crossroads Interlocal Agreement which is a collaborative effort by the school districts of Flathead County to meet the needs of students who have severe emotional behavioral needs. The Special Education Directors from the participating district will serve as the Advisory Board of the interlocal. Evergreen School District, Flathead County, Montana is the host District Each District electing to participate agrees to provide fiscal responsibility to the Host District. Each District is charged a fee for each student participating in the program.

COLUMBIA FALLS PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

An Interlocal agreement between the City of Columbia Falls, Flathead County and the Columbia Falls School District is in place for the City to provide one School Resource Officer assigned to concentrate the majority of his or her time with the administration, faculty and students of the High School. The School Resource Officer will also provide services to the other schools included in the Columbia Falls School District.

NOTE 15. RISK MANAGEMENT

The District faces considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Insurance Policies:

Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employee torts, and professional liability. Employee medical insurance is provided for by a commercial carrier. And, given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

Insurance Pools:

The Montana Schools Group Insurance Authority (MSGIA) was created pursuant to the Interlocal Cooperation Act by execution of an Interlocal Agreement creating the MSGIA. The MSGIA is responsible for paying all workers' compensation claims of the member school districts. Each member of the MSGIA is jointly and severally liable for the full amount of any and all known or unknown claims of each member arising during the member's participation in the program. The MSGIA purchases workers' compensation reinsurance to provide statutory excess limits. The MSGIA contracts with Montana School Boards Association (MTSBA) to provide third party administrative services to the program. The MTSBA provides general program management, claim management, and risk management services to its program members.

The Montana School Unemployment Insurance Program (MSUIP) was created pursuant to the Interlocal Cooperation Act by execution of an Interlocal Agreement creating the MSUIP. The MSUIP is responsible for paying all unemployment insurance claims of the member school districts. Each member of the MSUIP is jointly and severally liable for the full amount of any and all known or unknown claims of each member arising during the member's participation in the program. The MSUIP contracts with Montana School Boards Association (MTSBA) to provide third party administrative services to the program. The MTSBA provides general program management and technical services to its program members. Separate audited financial statements are available from Montana Schools Group Insurance Authority for MSGIA and MSUIP.

COLUMBIA FALLS PUBLIC SCHOOLS
FLATHEAD COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Self-Insurance

The District provides medical insurance coverage for its employees via a partially self-insured plan administered by EBMS. It provides medical and dental benefits and is operated as an Internal Service Fund. Rates are determined in consultation with the administrator based on past claim experience and are set based on estimated claims for the coming year plus an administrative fee. The rates include a premium for a commercial “stop-loss” policy for when claims, in total, exceed the 100% amount or when any one claimant exceeds \$135,000 in covered charges during a year. A reconciliation of claims payable follows:

Claims payable, June 30, 2024	\$ 486,306
Claims incurred	2,965,304
Claims paid	<u>2,993,154</u>
Claims payable, June 30, 2025	<u>\$ 458,456</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

Columbia Falls School District, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	General			
	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS) See Note A	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
RESOURCES (INFLOWS):				
Local revenue	\$ 5,610,308	\$ 5,610,308	\$ 5,588,653	\$ (21,655)
State revenue	13,016,446	13,016,446	13,016,446	-
Amounts available for appropriation	\$ 18,626,754	\$ 18,626,754	\$ 18,605,099	\$ (21,655)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 9,414,741	\$ 9,414,741	\$ 9,402,959	\$ 11,782
Instructional - special education	886,309	886,309	886,309	-
Instructional - vocational education	353,981	353,981	348,682	5,299
Supporting services - operations & maintenance	2,804,179	2,804,179	2,754,477	49,702
Supporting services - general	1,298,447	1,298,447	1,298,447	-
Supporting services - educational media services	749,493	749,493	749,493	-
Administration - general	530,258	530,258	530,258	-
Administration - school	1,223,982	1,223,982	1,189,895	34,087
Administration - business	435,677	435,677	454,035	(18,358)
Student transportation	126,158	126,158	124,068	2,090
Extracurricular	637,763	637,763	637,513	250
School food	7,500	7,500	7,500	-
Debt service expense - principal	25,296	25,296	38,721	(13,425)
Debt service expense - interest	10,867	10,867	13,171	(2,304)
Capital outlay	122,103	122,103	177,107	(55,004)
Total charges to appropriations	\$ 18,626,754	\$ 18,626,754	\$ 18,612,635	\$ 14,119
Net change in fund balance			\$ (7,536)	
Fund balance - beginning of the year			\$ 1,332,464	
Fund balance - end of the year			\$ 1,324,928	

Columbia Falls School District, Flathead County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	Elementary Technology			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET
RESOURCES (INFLOWS):				
Local revenue	\$ 932,636	\$ 932,636	\$ 956,363	\$ 23,727
State revenue	9,309	9,309	9,309	-
Amounts available for appropriation	\$ 941,945	\$ 941,945	\$ 965,672	\$ 23,727
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Instructional - regular	\$ 1,146,286	\$ 1,146,286	\$ 147,040	\$ 999,246
Supporting services - educational media services	548,236	548,236	665,658	(117,422)
Administration - general	5,550	5,550	8,074	(2,524)
Administration - school	-	-	6,245	(6,245)
Administration - business	2,330	2,330	10,385	(8,055)
Total charges to appropriations	\$ 1,702,402	\$ 1,702,402	\$ 837,402	\$ 865,000
Net change in fund balance			\$ 128,270	
Fund balance - beginning of the year			\$ -	
Restatements			760,456	
Fund balance - beginning of the year - restated			\$ 760,456	
Fund balance - end of the year			\$ 888,726	

Columbia Falls School District, Flathead County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

Note A - Explanation of differences between budgetary inflows and outflows and GAAP Revenues and Expenditures

	General	Elementary Technology
Sources/Inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 18,605,099	\$ 965,672
Combined funds (GASBS 54) revenues	744,729	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds.	\$ 19,349,828	\$ 965,672
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 18,612,635	\$ 837,402
Combined funds (GASBS 54) expenditures	947,639	-
- Encumbrances reported at the beginning of the year	98,558	-
- Encumbrances reported at the end of the year	(77,927)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 19,580,905	\$ 837,402

Columbia Falls Public Schools, Flathead County, Montana
Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
For Fiscal Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service Cost	\$ 216,007	\$ 243,975	\$ 228,412	\$ 358,325	\$ 509,527	\$ 570,515	\$ 403,732	\$ 440,288
Interest	188,197	175,519	203,059	149,155	327,477	419,389	346,727	377,653
Differences in experience	(247,011)	-	(484,944)	-	(6,652,383)	226	-	-
Change in assumptions and inputs	163,485	(162,626)	(522,094)	(1,641,595)	(202,086)	(8,367)	1,465,208	(186,693)
Benefit payments	<u>(158,501)</u>	<u>(167,661)</u>	<u>(272,687)</u>	<u>(239,614)</u>	<u>(169,395)</u>	<u>(163,118)</u>	<u>(222,290)</u>	<u>(243,072)</u>
Net change in total OPEB liability	162,177	89,207	(848,254)	(1,373,729)	(6,186,860)	818,645	1,993,377	388,176
Total OPEB Liability - beginning	<u>4,198,749</u>	<u>4,109,542</u>	<u>4,957,796</u>	<u>6,331,526</u>	<u>12,518,386</u>	<u>11,699,741</u>	<u>9,706,364</u>	<u>9,318,188</u>
Total OPEB Liability - ending	\$ <u>4,360,926</u>	\$ <u>4,198,749</u>	\$ <u>4,109,542</u>	\$ <u>4,957,796</u>	\$ <u>6,331,526</u>	\$ <u>12,518,386</u>	\$ <u>11,699,741</u>	\$ <u>9,706,364</u>
Covered-employee payroll	\$ 11,441,537	\$ 10,082,507	\$ 9,741,553	\$ 10,672,598	\$ 10,286,842	\$ 11,297,535	\$ 10,899,190	\$ 10,318,464
Total OPEB liability as a percentage of covered -employee payroll	38.11%	41.64%	42.19%	46.45%	61.55%	110.81%	107.35%	94.07%

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**The above schedule is presented by combining the required schedules from GASB 75 paragraphs 170a and 170b. The GASB requires that 10 years of information related to the OPEB liability be presented, additional data will be provided as it becomes available.*

Columbia Falls Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

	PERS 2025	PERS 2024	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016
Employer's proportion of the net pension liability	0.134288%	0.130359%	0.144726%	0.137088%	0.131290%	0.137377%	0.138430%	0.177348%	0.048387%	0.048088%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 3,284,359	\$ 3,181,229	\$ 3,441,418	\$ 2,485,717	\$ 3,463,709	\$ 2,871,597	\$ 2,889,239	\$ 2,454,075	\$ 824,191	\$ 672,215
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 949,651	\$ 974,357	\$ 1,130,790	\$ 808,748	\$ 1,200,948	\$ 1,026,023	\$ 1,067,333	\$ 168,469	\$ 38,519	\$ 31,587
Total	\$ 4,234,010	\$ 4,155,586	\$ 4,572,208	\$ 3,294,465	\$ 4,664,657	\$ 3,897,620	\$ 3,956,572	\$ 2,622,544	\$ 862,710	\$ 703,802
Employer's covered payroll	\$ 2,711,399	\$ 2,496,786	\$ 2,621,647	\$ 2,498,246	\$ 2,273,816	\$ 2,340,521	\$ 2,356,635	\$ 2,273,323	\$ 599,148	\$ 580,237
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	121.13%	127.41%	131.27%	99.50%	152.33%	122.69%	122.60%	151.94%	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%
	TRS 2025	TRS 2024	TRS 2023	TRS 2022	TRS 2021	TRS 2020	TRS 2019	TRS 2018	TRS 2017	TRS 2016
Employer's proportion of the net pension liability	0.9155%	0.8718%	0.8422%	0.8738%	0.8699%	0.8385%	0.8365%	0.8471%	0.8337%	0.8268%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 17,153,405	\$ 16,890,089	\$ 16,564,456	\$ 14,474,372	\$ 19,568,547	\$ 16,168,146	\$ 15,526,548	\$ 14,282,963	\$ 15,229,941	\$ 13,584,475
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 9,098,863	\$ 9,131,190	\$ 9,149,326	\$ 8,258,776	\$ 11,571,428	\$ 9,789,101	\$ 9,647,047	\$ 9,066,377	\$ 9,924,670	\$ 9,100,568
Total	\$ 26,252,268	\$ 26,021,279	\$ 25,713,782	\$ 22,733,148	\$ 31,139,975	\$ 25,957,247	\$ 25,173,595	\$ 23,349,340	\$ 25,154,611	\$ 22,685,043
Employer's covered payroll	\$ 13,756,233	\$ 12,965,098	\$ 12,362,546	\$ 12,444,987	\$ 11,973,965	\$ 11,382,058	\$ 11,173,317	\$ 11,173,119	\$ 10,821,377	\$ 10,552,892
Employer'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 is intended to show information for 10 years. Additional years will be displayed as they become available.

Columbia Falls Public Schools, Flathead County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2025

	PERS 2025	PERS 2024	PERS 2023	PERS 2022	PERS 2021	PERS 2020	PERS 2019	PERS 2018	PERS 2017	PERS 2016
Contractually required contributions	\$ 246,934	\$ 225,786	\$ 219,210	\$ 226,200	\$ 214,592	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037
Contributions in relation to the contractually required contributions	\$ 246,934	\$ 225,786	\$ 219,210	\$ 226,200	\$ 214,592	\$ 192,997	\$ 194,951	\$ 192,825	\$ 184,144	\$ 49,037
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,806,068	\$ 2,565,750	\$ 2,496,786	\$ 2,621,647	\$ 2,498,246	\$ 2,273,816	\$ 2,340,521	\$ 2,356,635	\$ 2,273,323	\$ 599,148
Contributions as a percentage of covered payroll	8.80%	8.80%	8.78%	8.63%	8.59%	8.49%	8.33%	8.18%	8.10%	8.18%

	TRS 2025	TRS 2024	TRS 2023	TRS 2022	TRS 2021	TRS 2020	TRS 2019	TRS 2018	TRS 2017	TRS 2016
Contractually required contributions	\$ 1,336,432	\$ 1,352,782	\$ 1,224,974	\$ 1,170,887	\$ 1,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147
Contributions in relation to the contractually required contributions	\$ 1,336,432	\$ 1,352,782	\$ 1,224,974	\$ 1,170,887	\$ 1,162,809	\$ 1,102,626	\$ 1,032,428	\$ 998,211	\$ 987,996	\$ 950,147
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 13,726,615	\$ 13,756,233	\$ 12,965,098	\$ 12,362,546	\$ 12,444,987	\$ 11,973,965	\$ 11,382,058	\$ 11,173,317	\$ 11,173,119	\$ 10,821,377
Contributions as a percentage of covered payroll	9.74%	9.83%	9.45%	9.47%	9.34%	9.21%	9.07%	8.93%	8.84%	8.78%

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

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

Permanent Injunction Limits Application of the GABA Reduction – Passed under House Bill 454

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

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

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

2015 Legislative Changes

General Revisions - House Bill 101, effective January 1, 2016

Second Retirement Benefit - for PERS

- Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment;
 - Start same benefit amount the month following termination; and
 - GABA starts again in the January immediately following second retirement.
- For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
 - Member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
 - GABA starts in the January after receiving recalculated benefit for 12 months.
- For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
 - Refund of member's contributions from second employment, plus regular interest (currently 2.5%);
 - No service credit for second employment
 - Start same benefit amount the month following termination; and,
 - GABA starts again in the January immediately following second retirement.
- For members who retire on or after January 1, 2016, return to PERS-covered employment, and accumulate five or more years of service credit before retiring again:

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

- Member receives same retirement benefit as prior to return to service;
- Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
- GABA starts on both benefits in January after member receives original and new benefit for 12 months.

Revise DC Funding Laws - House Bill 107, effective July 1, 2015

Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP

The PCR was paid off effective March 2016, and the contributions of 2.37%, 0.47%, and the 1.0% increase previously directed to the PCR are now directed to the Defined Contribution or MUS-RP member's account.

2017 Legislative Changes

Working Retiree Limitations – for PERS

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

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 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.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. 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%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0% to 4.80%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality	
• Active Participation	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Health Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

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

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

Teachers' Retirement System of Montana (TRS)

Changes of Benefit Terms:

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

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or, after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The GABA for Tier 1 members has also been modified as follows:

- If the most recent actuarial valuation of the System shows that the funded ratio is less than 90%, then the maximum increase that can be granted is 0.50%.
- If the funded ratio is at least 90% and the increase is not projected to cause the System's funded ratio to be less than 85%, an increase can be granted to that is greater than 0.50% but not more than 1.50%.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below:

- *Final Average Compensation:* Average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- *Service Retirement:* Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- *Early Retirement:* Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- *Professional Retirement Option:* If the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- *Annual Contribution:* 8.15% of member's earned compensation
- *Supplemental Contribution Rate:* On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5%, if the following three conditions are met:
 - The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

- Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- Guaranteed Annual Benefit Adjustment (GABA):
If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded, and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

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

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

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

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

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- 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: RP 2000 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 rates were updated
- Termination rates were updated
- 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.

Columbia Falls Public Schools, Flathead County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2025

- The 0.63% load applied to the projected retirement benefits of the university members “to account for larger than average annual compensation increases observed in the years immediately preceding retirement” is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 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.

Method and assumptions used in calculations of actuarially determined contributions:

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

SUPPLEMENTAL INFORMATION

Columbia Falls School District
Flathad County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2025

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	122	122	0
Grades 1-6	1,000	1,000	0
Grades 7-8	372	372	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	125	125	0
Grades 1-6	987	987	0
Grades 7-8	357	357	0

Part Time Students:

Fall Enrollment-EI District	Per MAEFAIRS Enrollment Reports				Per District Reports				Difference
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	1	0	0	0	1	0
Spring Enrollment-EI District	Per MAEFAIRS Reports Reports				Per District Reports				Difference
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	1	2	0	0	1	2	0

Students Grades 9 – 12:

Full-Time Students:

Fall Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	693	693	0
19-year olds included	0	0	0
Job Corps	0	0	0
Youth challenge	1	1	0
Spring Enrollment-HS District	MAEFAIRS Reports	District Reports	Difference
Grades 9 - 12	666	666	0
19-year olds included	0	0	0
Job Corps	0	0	0
Youth challenge	0	0	0
Early Graduates	0	0	0

Part Time Students:

Fall Enrollment - HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				Difference
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Grades 9 - 12	1	2	0	2	1	2	0	2	0
Spring Enrollment-HS District	Per MAEFAIRS Enrollment Reports				Per District Reports				Difference
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	
Grades 9 - 12	1	2	0	1	1	2	0	1	0

Columbia Falls Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2025 - Continued

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
District Recycling	\$ 6,142	\$ 3,050	\$ 4,985	\$ -	\$ 4,207
Believe Blue Suicide Prevention	1,234	476	948	-	762
HS Band Instrument Rental	3,557	1,180	376	-	4,361
HS Activity Fees	13,719	-	5,521	-	8,198
HS Special Education	8,568	1,683	493	-	9,758
HS Annual	25,830	8,420	3,594	-	30,656
HS Art Club	1,667	350	272	-	1,745
HS Gay Straight Alliance	231	-	-	-	231
HS Close Up	-	337	-	-	337
HS Chorus	17,954	9,110	12,619	-	14,445
HS Columbians	11,534	21,940	23,274	(522)	9,678
HS Conservation Crew	1,208	496	1,147	-	557
HS Drama	5,050	-	-	-	5,050
Crossfit	595	-	-	-	595
HS FCCLA (FHA)	427	-	23	-	404
HS Forensics	(2,781)	12,120	8,186	-	1,153
HS Gate Receipts	3,768	448	-	-	4,216
HS Sonifers	2,460	309	612	-	2,157
HS Wildcate Warehouse	940	-	-	-	940
Speech/Debate Tournament	4,922	785	970	-	4,737
HS Smith's Earn & Learn Prog.	6,516	3,602	9,056	-	1,062
HS La Cuisine	649	2,588	2,973	-	264
HS FCS Preschool	450	-	-	-	450
HS Honor Society	2,476	3,051	2,164	-	3,363
HS Key Club	1,340	512	735	-	1,117
HS Athletic Fund Raising	22,825	42,944	48,923	-	16,846
HS Library	1	1,376	-	-	1,377
HS OEA/Bus Prof of America	551	-	-	-	551
HS Metal Shop	6,105	3,457	3,202	-	6,360
HS Wood Shop	1,578	2,616	2,535	-	1,659
HS Spanish Club	(93)	280	600	-	(413)
HS Student Council	5,335	2,770	1,949	-	6,156
HS Class of 2027	-	-	-	2,500	2,500
HS Class of 2026	542	6,856	4,010	(955)	2,433
HS Class of 2024	1,545	-	-	(1,545)	-
HS Class of 2025	1,391	147	-	-	1,538
HS Faculty Community Service	3,904	508	322	-	4,090
HS Tournaments	977	-	229	-	748
NW "A" Conference	296	-	-	-	296
HS Pop Fund	6,227	2,941	68	-	9,100
HS Advanced Science	43	-	-	-	43
HS District 1 Music Festival	159	-	-	-	159
HS Girls Wrestling	-	558	-	-	558
HOSA	374	750	1,026	-	98
HS Athletic Director	91	-	80	-	11
HS Athletic Medicine	3,629	725	1,914	-	2,440
HS Cheerleaders	454	3,827	4,720	-	(439)
HS Football	9,058	53,938	53,385	-	9,611

Columbia Falls Public Schools
Flathead County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2025 - Continued

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Transfers In(Out)	Ending Balance
HS Girls Soccer	12,389	4,077	19,432	-	(2,966)
HS Boys Soccer	13,273	4,077	25,202	-	(7,852)
HS Cross Country	2,993	4,280	3,092	-	4,181
HS Girls Basketball	1,498	10,246	7,355	-	4,389
HS Wrestling	3,652	5,765	4,268	-	5,149
HS Boys Basketball	517	10,432	4,307	-	6,642
HS Volleyball	9,154	4,131	10,185	-	3,100
HS Girls Track	13	9,756	3,989	-	5,780
HS Boys Track	457	9,491	4,732	-	5,216
HS Golf	781	2,578	1,678	-	1,681
HS Girls Tennis	7,428	-	1,534	-	5,894
HS Girls Softball	4,456	12,246	7,473	-	9,229
HS Boys Tennis	5,076	-	1,346	-	3,730
HS Swim Team Cooperativ	5,612	3,350	3,524	-	5,438
High School Baseball	11,540	39,614	45,219	-	5,935
JH Activity	1,431	6,551	822	-	7,160
JH Shop	197	-	115	-	82
JH Pop	6,076	498	1,094	-	5,480
JH CF Choral Fest.	446	1,046	969	-	523
JH Yearbook	5,041	2,630	1,317	-	6,354
JH Student Council	6,852	7,009	4,735	-	9,126
JH Builders Club	2,170	-	-	-	2,170
JH Band	2,140	5,826	3,349	522	5,139
GG Spec. Olympics	19,261	-	-	-	19,261
GG Elem. Casual For A Cause	425	90	252	-	263
GG Elem. General	13,148	1,188	996	-	13,340
GG Elem. Library	1,135	59	-	-	1,194
Ruder Pop Fund	637	134	-	-	771
Ruder Activity	10,590	10,138	8,565	-	12,163
Ruder Physical Education	582	-	-	-	582
Ruder Casual for a Cause	188	513	300	-	401
Ruder Fifth Grade	505	-	-	-	505
Admin. Pop Fund	3,586	825	1,440	-	2,971
Transportation Pop Fund	23	-	-	-	23
Total	\$ 336,720	\$ 350,700	\$ 368,201	\$ -	\$ 319,219

OTHER INFORMATION

Columbia Falls Public Schools
Flathead County, Montana
Other Information
June 30, 2025

	Final										
Description	Origination Date	Interest Rate	Term of Bond	Maturity Date	Amount Issued	Annual Payment	Balance July 1, 2024	New Borrowing	Principal Reductions	Interest Payment	Balance June 30, 2025
General Obligation Bonds:											
K-8 Facility Bonds - Series 2019	12/30/19	2.00-5.00%	20 yrs.	7/1/40	\$ 32,000,000	varies	\$ 27,515,000	\$ -	\$ (1,245,000)	\$ (1,104,100)	\$ 26,270,000
K-8 Facility Bonds - Series 2021	9/30/21	2.00-3.00%	20 yrs.	7/1/40	\$ 5,072,000	varies	\$ 4,450,000	\$ -	\$ (235,000)	\$ (118,900)	\$ 4,215,000
							Subtotal	\$ 31,965,000	\$ (1,480,000)	\$ (1,223,000)	\$ 30,485,000

HIGH SCHOOL District

2025/26 State Average Taxable Value per ANB	\$ 135,170	Tax Value /1000
FY 26 ANB	<u>706</u>	ANB used for budget
Total	\$ 95,430,020	

Less Outstanding General Obligation Debt June 30, 2025 \$ -

Available Bonding Capacity 7/1/2025 \$ 95,430,020

Elementary District TAX LEVY HISTORY

	General	Transportation	Bus Reserve	Tuition	Technology	Building Reserve	Debt Service	Total								
2007	\$2,742,769	11.51%	\$ 257,230	48.64%	\$ 62,266	-9.22%	\$ 62,314	-9.08%	\$ -	\$ -	\$ 686,045	-8.63%	\$ 3,810,624	8.23%		
2008	\$2,976,271	8.51%	\$ 255,251	-0.77%	\$ 131,288	110.85%	\$ 123,673	98.47%	\$ -	\$ -	\$ 764,370	11.42%	\$ 4,250,853	11.55%		
2009	\$3,049,787	2.47%	\$ 292,498	14.59%	\$ 226,000	72.14%	\$ 170,192	37.61%	\$ -	\$ -	\$ 730,434	-4.44%	\$ 4,468,911	5.13%		
2010	\$3,095,660	1.50%	\$ 388,678	32.88%	\$ 233,855	3.48%	\$ 141,000	-17.15%	\$ -	\$ -	\$ 753,288	3.13%	\$ 4,612,481	3.21%		
2011	\$3,113,208	0.57%	\$ 277,088	-28.71%	\$ 177,860	-23.94%	\$ 171,953	21.95%	\$ -	\$ -	\$ 804,337	6.78%	\$ 4,544,446	-1.48%		
2012	\$3,078,506	-1.11%	\$ 318,695	15.02%	\$ 259,290	45.78%	\$ 224,799	30.73%	\$ -	\$ -	\$ 824,489	2.51%	\$ 4,705,779	3.55%		
2013	\$3,166,881	2.87%	\$ 290,325	-8.90%	\$ 185,801	-28.34%	\$ 265,864	18.27%	\$ -	\$ -	\$ 757,678	-8.10%	\$ 4,666,549	-0.83%		
2014	\$3,245,045	2.47%	\$ 359,820	23.94%	\$ 409,531	120.41%	\$ 151,024	-43.20%	\$ -	\$ -	\$ 663,134	-12.48%	\$ 4,828,554	3.47%		
2015	\$3,206,984	-1.17%	\$ 318,943	-11.36%	\$ 367,852	-10.18%	\$ 134,159	-11.17%	\$ -	\$ -	\$ 719,094	8.44%	\$ 4,747,032	-1.69%		
2016	\$3,184,525	-0.70%	\$ 342,579	7.41%	\$ 359,320	-2.32%	\$ 243,444	81.46%	\$ -	\$ -	\$ 754,675	4.95%	\$ 4,884,543	2.90%		
2017	\$3,156,692	-0.87%	\$ 344,999	0.71%	\$ 359,320	0.00%	\$ 253,205	4.01%	\$ -	\$ -	\$ 843,701	11.80%	\$ 4,957,917	1.50%		
2018	\$3,476,208	10.12%	\$ 427,835	24.01%	\$ 359,320	0.00%	\$ 218,025	-13.89%	\$ -	\$ 161,000	\$ 920,929	9.15%	\$ 5,563,317	12.21%		
2019	\$3,286,623	-5.45%	\$ 496,150	15.97%	\$ 359,320	0.00%	\$ 259,521	19.03%	\$ 482,621	\$ 164,100	1.93%	\$ 904,566	-1.78%	\$ 5,952,901	7.00%	
2020	\$3,306,331	0.60%	\$ 538,260	8.49%	\$ 359,319	0.00%	\$ 538,347	107.44%	\$ 532,299	10.29%	\$ 95,896	-41.56%	\$ 888,265	-1.80%	\$ 6,258,717	5.14%
2021	\$3,308,499	0.07%	\$ 551,804	2.52%	\$ 359,319	0.00%	\$ 461,079	-14.35%	\$ 547,388	2.83%	\$ 98,093	2.29%	\$ 2,388,666	168.91%	\$ 7,714,848	23.27%
2022	\$3,286,441	-0.67%	\$ 588,745	6.69%	\$ 301,072	-16.21%	\$ 454,349	-1.46%	\$ 626,633	14.48%	\$ 98,605	0.52%	\$ 5,355,845	124.22%	\$ 10,711,690	38.85%
2023	\$3,349,647	1.92%	\$ 610,607	3.71%	\$ 301,072	0.00%	\$ 383,150	-15.67%	\$ 648,513	3.49%	\$ 100,200	1.62%	\$ 2,639,015	-50.73%	\$ 8,032,204	-25.01%
2024	\$3,597,851	7.41%	\$ 581,495	-4.77%	\$ 301,072	0.00%	\$ 855,423	123.26%	\$ 924,838	42.61%	\$ 100,650	0.45%	\$ 2,558,857	-3.04%	\$ 8,920,186	11.06%
2025	\$3,413,548	-5.12%	\$ 466,078	-19.85%	\$ 301,072	0.00%	\$ 807,369	-5.62%	\$ 932,636	0.84%	\$ 110,746	10.03%	\$ 2,514,599	-1.73%	\$ 8,546,048	-4.19%

Elementary District ANB

	FY 2016	FY 2016	FY 2017	FY 2017	FY 2018	FY 2018	FY 2019	FY 2019	FY 2020	FY 2020
		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.
	1,457	1,459	1,456	1,460	1,491	1,468	1,509	1,485	1,508	1,503
E1	1,132	1,121	1,118	1,128	1,156	1,135	1,168	1,147	1,172	1,165
M1	325	338	338	332	335	333	341	338	336	337
	1,457	1,459	1,456	1,460	1,491	1,468	1,509	1,485	1,508	1,503
	FY 2021	FY 2021	FY 2022	FY 2022	FY 2023	FY 2023	FY 2024	FY 2024	FY 2025	FY 2025
		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.		3 Year Aver.
	1,546	1,521	1,503	1,520	1,616	1,456	1,622	1,581	1,620	1,620
E1	1,205	1,182	1,134	1,171	1,245	1,195	1,257	1,212	1,246	1,250
M1	341	339	369	349	371	261	365	369	374	370
	1,546	1,521	1,503	1,520	1,616	1,456	1,622	1,581	1,620	1,620

Elementary General Fund TAX COLLECTIONS

FY 2018	
Taxes Levied	3,476,208
Tax Revenue	3,476,536
EXCESS Tax Revenue Collected	<u>328</u>
Reserves FYE	751,442
% of Subsequent Budget	7.12%

FY 2022	
Taxes Levied	3,286,441
Tax Revenue	3,289,938
EXCESS Tax Revenue Collected	<u>3,497</u>
Reserves FYE	786,755
% of Subsequent Budget	6.76%

FY 2019	
Taxes Levied	3,286,623
Tax Revenue	3,284,696
Tax Revenue NOT Collected	<u>(1,927)</u>
Reserves FYE	756,570
% of Subsequent Budget	7.17%

FY 2023	
Taxes Levied	3,349,647
Tax Revenue	3,346,689
Tax Revenue NOT Collected	<u>(2,958)</u>
Reserves FYE	807,376
% of Subsequent Budget	6.80%

FY 2020	
Taxes Levied	3,306,331
Tax Revenue	3,325,547
EXCESS Tax Revenue Collected	<u>19,216</u>
Reserves FYE	777,042
% of Subsequent Budget	7.11%

FY 2024	
Taxes Levied	3,597,851
Tax Revenue	3,595,226
Tax Revenue NOT Collected	<u>(2,625)</u>
Reserves FYE	847,020
% of Subsequent Budget	6.97%

FY 2021	
Taxes Levied	3,308,499
Tax Revenue	3,347,207
EXCESS Tax Revenue Collected	<u>38,708</u>
Reserves FYE	787,060
% of Subsequent Budget	7.19%

FY 2025	
Taxes Levied	3,413,547
Tax Revenue	3,391,070
Tax Revenue NOT Collected	<u>(22,477)</u>
Reserves FYE	867,361
% of Subsequent Budget	6.81%

Elementary General Fund

UNCOLLECTED TAX DETAIL

FY 2018

Uncollected/Delinquent Taxes Receivable FY	178,421
Protested Taxes Receivable FYE	<u>37</u>
TOTAL	178,458

FY 2022

Uncollected/Delinquent Taxes Receivable FYE	151,000
Protested Taxes Receivable FYE	<u>8</u>
TOTAL	151,008

FY 2019

Uncollected/Delinquent Taxes Receivable FY	176,435
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	176,435

FY 2023

Uncollected/Delinquent Taxes Receivable FYE	171,779
Protested Taxes Receivable FYE	<u>1,486</u>
TOTAL	173,265

FY 2020

Uncollected/Delinquent Taxes Receivable FY	167,498
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	167,498

FY 2024

Uncollected/Delinquent Taxes Receivable FYE	160,097
Protested Taxes Receivable FYE	<u>2,901</u>
TOTAL	162,998

FY 2021

Uncollected/Delinquent Taxes Receivable FY	135,317
Protested Taxes Receivable FYE	<u>-</u>
TOTAL	135,317

FY 2025

Uncollected/Delinquent Taxes Receivable FYE	178,703
Protested Taxes Receivable FYE	<u>6</u>
TOTAL	178,709

SINGLE AUDIT SECTION

Columbia Falls Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<u>Award Information</u>	<u>AL/other #</u>	<u>Pass-Through Entity Name</u>	<u>Pass-Through Entity #</u>	<u>Federal Expenditures (\$)</u>
Child Nutrition Cluster-Cluster				
United States Department of Agriculture				
School Breakfast Program	10.553	Montana Office of Public Instruction	Unknown	\$ 243,877
Total School Breakfast Program				<u>243,877</u>
National School Lunch Program	10.555	Montana Office of Public Instruction	Unknown	683,234
National School Lunch Program	10.555	Montana Office of Public Instruction	Unknown	75,933
Total National School Lunch Program				<u>759,167</u>
Summer Food Service Program for Children	10.559	Montana Office of Public Instruction	Unknown	64,086
Total Summer Food Service Program for Children				<u>64,086</u>
Fresh Fruit and Vegetable Program				
Fresh Fruit and Vegetable Program	10.582	Montana Office of Public Instruction	Unknown	83,580
Total Fresh Fruit and Vegetable Program				<u>83,580</u>
Total United States Department of Agriculture				<u>1,150,710</u>
Total Child Nutrition Cluster-Cluster				<u>1,150,710</u>
Special Education Cluster (IDEA)-Cluster				
Department of Education				
Special Education Grants to States	84.027	Montana Office of Public Instruction	15 0312 77 2025	655,175
Total Special Education Grants to States				<u>655,175</u>
Special Education Preschool Grants	84.173	Montana Office of Public Instruction	15 0312 79 2025	18,245
Total Special Education Preschool Grants				<u>18,245</u>
Total Department of Education				<u>673,420</u>
Total Special Education Cluster (IDEA)-Cluster				<u>673,420</u>
Other Programs (Treated individually for major program determination)				
Department of Education				
Title I Grants to Local Educational Agencies	84.010	Montana Office of Public Instruction	15 .012 31 2025	1,063,273
Total Title I Grants to Local Educational Agencies				<u>1,063,273</u>
Career and Technical Education -- Basic Grants to States	84.048	Montana Office of Public Instruction	15 0313 81 2025	46,849
Total Career and Technical Education -- Basic Grants to States				<u>46,849</u>
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Montana Dept. of Health and Human Services	24-01-175-0039-0	7,675
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Montana Dept. of Health and Human Services	25-01-175-0039-0	23,325
Total Rehabilitation Services Vocational Rehabilitation Grants to States				<u>31,000</u>
Education for Homeless Children and Youth	84.196	Montana Office of Public Instruction	015 0312 57 2024	344
Education for Homeless Children and Youth	84.196	Montana Office of Public Instruction	015 0312 57 2025	22,847
Total Education for Homeless Children and Youth				<u>23,191</u>
Education Stabilization Fund	84.425	Montana Office of Public Instruction	015 0313 93 2021	80,100
Total Education Stabilization Fund				<u>80,100</u>
Total Department of Education				<u>1,244,413</u>
Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Montana Office of Public Instruction	H79SM083651	1,999
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>1,999</u>
Total Department of Health and Human Services				<u>\$ 1,999</u>
Total Other Programs (Treated individually for major program determination)				<u>\$ 1,246,412</u>
Total Expenditures of Federal Awards				<u>\$ 3,070,542</u>

The accompanying notes are an integral part of this schedule

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2025

Basis of Presentation and Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Columbia Falls Public Schools, Flathead County, Montana. The information in this schedule is presented in accordance with the requirements Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Columbia Falls Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Columbia Falls Public Schools. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Columbia Falls Public Schools has elected not to use the 10 percent de Minimis indirect cost rate as provided in Sec. 200.414 Indirect Costs under Uniform Guidance.

Value of Federal Awards Expended in the form of Noncash Assistance

- *Food Commodities value equals the fair value at the time of the receipt \$75,933.*



**INDEPENDENT AUDITOR'S 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***

To the Board of Trustees
Columbia Falls Public Schools
Flathead County
Columbia Falls, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Columbia Falls Public Schools, Flathead County, Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Columbia Falls Public Schools' basic financial statements and have issued our report thereon dated March 31, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Falls Public Schools, Flathead County, Montana'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 Columbia Falls Public Schools, Flathead County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Falls Public Schools' internal control over financial reporting.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Nexus CPA Group

March 31, 2026



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

To the Board of Trustees
Columbia Falls Public Schools
Flathead County
Columbia Falls, Montana

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited Columbia Falls Public Schools' 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 Columbia Falls Public Schools' Major federal programs for the year ended June 30, 2025. Columbia Falls Public Schools' 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, Columbia Falls Public Schools 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 Columbia Falls Public Schools 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 Columbia Falls Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Columbia Falls Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Columbia Falls Public Schools' 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 Columbia Falls Public Schools' 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 risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Columbia Falls Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Columbia Falls Public Schools' 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 Columbia Falls Public Schools' 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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Columbia Falls Public Schools' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Columbia Falls Public Schools' response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

Nexus CPA Group

March 31, 2026

COLUMBIA FALLS PUBLIC SCHOOLS

FLATHEAD COUNTY, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified	None Reported
Type of auditor’s report issued on compliance for major programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.



REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

To the Board of Trustees
Columbia Falls Public Schools
Flathead County
Columbia Falls, Montana

The prior audit report contained one recommendation. The action taken on each recommendation is as follows:

<u>Recommendation</u>	<u>Action Taken</u>
2024-001 Wage Rate Compliance	Not Repeated

Nexus CPA Group
March 31, 2026