

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



HELENA
PUBLIC SCHOOLS

Helena School District #1

Helena, Montana

ANNUAL FINANCIAL REPORT

Of the

HELENA SCHOOL DISTRICT #1

1325 Poplar Street

Helena, MT 59601

For the Fiscal Year Ended

June 30, 2024

Siobhan Hathhorn, Chair Helena Board of Trustees

Rex Weltz, Superintendent

T. Janelle Mickelson, Business Services Administrator

Prepared by:

T. Janelle Mickelson, C.P.A.

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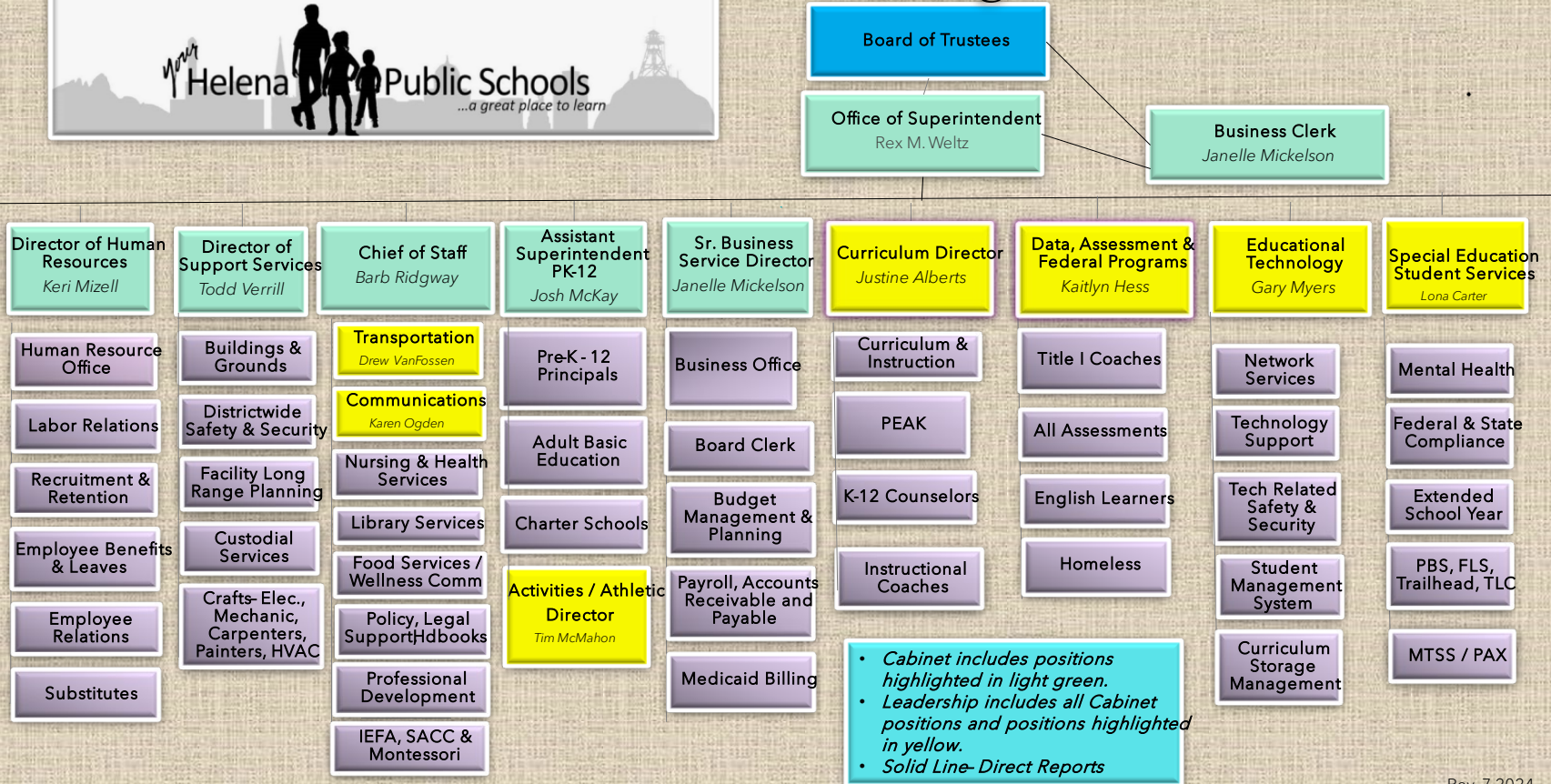
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District Organizational Structure



- Cabinet includes positions highlighted in light green.
- Leadership includes all Cabinet positions and positions highlighted in yellow.
- Solid Line- Direct Reports

School District No. 1
Lewis and Clark County
Helena, Montana

Organization

Board of Trustees

Elementary and High School Trustees

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Siobhan Hathhorn	Chairperson	2025
Jennifer McKee	Vice-chair	2026
Janet Armstrong	Trustee	2027
Linda Cleatus	Trustee	2026
Jeffrey Hindoien	Trustee	2025
Terry Beaver	Trustee	2024
Kay Satre	Trustee	2025

High School Trustees

Jennifer Walsh	Trustee - High School	2026
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List of Principal Officials

Rex Weltz	Superintendent
T. Janelle Mickelson	Business Services Administrator
Katrina Chaney	County Superintendent
Kevin Downs	County Attorney

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Helena School District No.1
Helena, Montana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Helena School District No.1, (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Helena School District No.1, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Helena School District No.1 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 unmodified audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1, III, M to the financial statements, the District adopted new accounting guidance, GASB Statement No. 100 - Accounting for Changes and Error Corrections. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Helena School District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Helena School District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Helena School District No. 1'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 the management's discussion and analysis, budgetary comparison schedule – general fund, budgetary comparison schedule – budget to GAAP reconciliation, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of the net pension liability – teachers retirement and public employees retirement systems of Montana, and schedule of contributions – teachers retirement and public employees retirement systems of Montana, as listed in the table of contents, 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 as a whole. The schedule of enrollment, schedule of student extracurricular funds and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

Billings, Montana
March 21, 2025

**Helena School District No. 1 Management’s Discussion and Analysis
For the Year Ended June 30, 2024**

The management’s discussion and analysis of Helena School District No. 1 (the District), Lewis and Clark County, Helena, Montana’s financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District’s financial performance.

Financial Highlights

- Elementary Average Number Belonging (ANB) increased by 40 in the elementary and decreased by 68 in the high school. The decrease in the high school was anticipated with East Helena opening all grade levels at their high school. The current year ANB in the elementary was used to calculate budget limits and the 3-year average ANB was used to calculate budget limits in the high school.
- The state provided an inflationary increase of 2.7% for the basic and per-ANB entitlements, quality educator payment, Indian Education for All payment, American Indian achievement gap payment, and data for achievement payment. The special education instructional block grant rate increased from \$152.47 to \$154.21, and the special education related services block grant increased from \$50.82 to \$51.40. The threshold to determine disproportionate costs was also raised. Overall, state aid to the general fund increased by \$154,348 in the elementary and decreased by \$201,187 in the high school for a net decrease of \$46,839 (see chart below).

	FY23		FY24		Increase/Decrease	
	Elementary	High School	Elementary	High School	Elementary	High School
Direct State Aid	\$15,132,168	\$8,952,786	\$15,649,250	\$8,971,372	\$517,082	\$18,586
Quality Educator	\$1,486,988	\$718,079	\$1,505,669	\$702,652	\$18,680	(\$15,427)
At risk	\$132,260	\$49,525	\$151,907	\$51,179	\$19,647	\$1,653
Indian Education for All	\$125,642	\$61,622	\$129,999	\$61,664	\$4,357	\$42
American Indian achievement gap	\$83,127	\$33,434	\$83,660	\$31,020	\$533	(\$2,414)
Data for achievement	\$120,299	\$59,002	\$124,453	\$59,033	\$4,154	\$32
SPED Allowable Costs	\$1,842,226	\$578,287	\$2,054,523	\$526,773	\$212,297	(\$51,514)
Guaranteed Tax Base Aid	\$8,754,464	\$4,961,136	\$8,132,063	\$4,808,991	(\$622,401)	(\$152,145)
Total	\$27,677,175	\$15,413,871	\$27,831,523	\$15,212,683	\$154,348	(\$201,187)

- Tuition revenues in the high school general fund were down approximately \$123,000 due to East Helena K-12 opening all grade levels
- Health benefits increased approximately \$63 per month from \$969 per month to \$1,032 per month.
- The District and the Helena Education Association negotiated a 1.5% increase for teachers. However, overall teacher salaries decreased approximately \$1,248,000 due to retiree placements being hired at a lower salary and reduction in FTE as a result of non-renewals, combination classes, and program remodeling.
- Craftsmen negotiated a 2.5% increase in salaries, along with steps and lanes. Para-Educators and secretaries received a 1% increase and steps and lanes. Administrators and independents did not receive an increase. Overall salaries decreased by approximately \$1,939,560 (including the health benefits increase, retirement incentives, substitutes, athletic/activities coaches, and overtime), reflecting the District’s effort to streamline programs.
- Several factors resulted in unanticipated underspend of budget in the transportation fund as follows:
 - Leadership changes – 50% of the staff changed in FY 2023-24 and one technical position wasn’t filled until early Spring.
 - Vacancy & salary savings – A new manager was hired at a lower salary. The position vacated by the new manager wasn’t filled until late in the year and became a part-time rather than a full-time position.
 - Bus lanes repaved – planned projects for repaving a number of bus lanes did not occur.

- Field trips – The District budgeted for field trips but was waiting on a legal opinion as to whether field trips are an allowable expenditure out of the transportation fund. A legal opinion has yet to be received.

The cash remaining from the unspent budget (\$1,561,000) was transferred to the interlocal fund (a fund that is reported as part of the general fund).

- On May 2, 2023, taxpayers generously approved an increase in the building reserve levies for 10 years. The increase in the elementary was 1,750,000 annually for a total levy of \$3,000,000 per year and the increase in the high school was \$750,000 annually for a total levy of \$1,500,000 per year. The increased levy increased ending cash balance by approximately \$2,844,000.
- Bond proceeds remaining at year-end were approximately \$46,560. The District plans to use the remaining bond proceeds to upgrade secure door access points.
- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,622,158 with a total increase in net position of \$2,385,516. The increase in net position was primarily due to a combination of changes in pension accounts, an increase in cash in the interlocal fund and the transportation funds (as noted above) and an increase in federal grant receivables (\$801,861) due to untimely reimbursements from the state. The net pension liability decreased by \$1,440,105, deferred pension outflows decreased by \$5,896,529 and deferred pension inflows decreased by \$2,312,192.

Fund Highlights

- Revenue in the general fund (comprised of the elementary and high school general funds, the elementary flexibility fund, and elementary interlocal fund) increased by approximately \$1,343,879. The increase was primarily due to an increase in property taxes of approximately \$1,233,264. However, with the end of ESSER funding and expenditures being shifted back to the general fund, expenditures and other financing uses increased by approximately \$360,431, resulting in a modest increase in fund balance of approximately \$418,966.
- The District agreed to an increase in the transportation contract with First Student of approximately 5%. This along with an increase in fuel and employee wages resulted in an overall increase in expenditures in the elementary transportation fund (former major fund) of approximately 10%. Revenues increased by approximately 14%, primarily due to an increase in the permissive tax levy revenue. As noted above several factors resulted in an unanticipated underspend of the budget. The District transferred \$1,330,000 to the interlocal fund from the previous year. The net change in fund balance was a decrease of approximately \$70,000.
- Revenues in the food service fund (former major fund) increased slightly (\$185,559) as a result of increased meals eligible for reimbursement being served. Total expenditures were also up by approximately \$574,319 (18%), primarily due to an increase in costs (\$431,497) to the District's third-party contractor, Sodexo America, LLC. Payments to the contractor are a direct function of meals served.
- The District spent down all but approximately \$244,000 of the COVID relief funding. In fiscal year 2023-24, the money was used for special education service, interventions for student learning loss and indirect costs.
- Revenues and expenditures in the elementary miscellaneous program fund were down significantly (revenues -\$5,367,103 and expenditures -\$4,966,709), reflecting the end of COVID funding. Fund balance remained fairly constant.
- The District received \$193,517 in Advanced Opportunity Aid. The grant money is accounted for in the high school flexibility fund and is used to reduce student and family out-of-pocket costs for AP exams, dual credit classes and other course fees and for the enhancement of career and technical education programs.
- Tuition for the School Age Child Care (SACC) program increased from the previous year by approximately, \$147,600. However, with the loss of ESSER grants, total revenues were down \$163,055. Expenditures held fairly steady. The program experienced an operating loss of \$325,656. This is the second year in a row that the program ran at a loss.
- At year-end, after all cash transfers, the interlocal fund had a cash balance of \$7,430,603 of which \$1,006,231 is earmarked for school building budgets.
- At the end of the current fiscal year, unassigned fund balance for the general funds was \$5,909,927. Fund balance assigned in the general fund was \$7,394,463 of which \$355,371 was

for encumbrances. Prepaid expenses of \$60,245 represented non-spendable fund balance. There were no restricted fund balances in the combined general funds.

Capital Asset and Long-term Debt Highlights

- On May 2, 2017, District voters approved a \$63 million elementary bond to build three new elementary schools and to address safety, security and technology upgrades in all K-8 school buildings. In September 2017, Helena School District issued \$55 million of the authorized \$63 million at a premium of \$6,359,194. The remaining \$8,000,000 of the \$63,000,000 authorized was issued June 5, 2019, at a premium of \$793,224. The combined bonded indebtedness on these issues was \$47,530,000 as of June 30, 2024.
- The governmental capital assets, net of depreciation decreased \$1,326,540 and business-type (SACC) capital assets, net of depreciation decreased \$3,954 in fiscal year 2024.
- At year end the assets, net of related amortization were \$298,419 and the outstanding lease obligations were \$75,975.
-

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Helena School District. The basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) budgetary schedules and other required supplemental information and 4) notes to the financial statements. Also included in the annual report is other supplementary information which is intended to furnish additional detail to support the basic financial statements. These components are described below:

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. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to private-sector accounting. The statement of net position and changes in it from year to year is a measure of the financial position of the District. Over time, increases or decreases are an indicator of the financial health. Other considerations such as the change in the tax base and funding decisions by the State of Montana affect the financial health.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of the District, with the difference between them 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 activities include governmental activities and business-type activities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Most services normally associated with school government are considered governmental activities, and fall into this category including instruction, support services, general, school and business administrative services, operation and maintenance, student transportation, food services, community services, and other expenditures. The business-type activity of the District is comprised of a school-aged childcare center.

The government-wide financial statements include the financial information for the District and are reported beginning on page 19.

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 compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary. With the implementation of GASB 84, Fiduciary Activities, the District no longer has fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same function reported as governmental activities within the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. They provide a short-term view of the District's general governmental operations and the basic services that it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year.

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 near-term financing decisions of the Board of Trustees of Helena Public Schools. 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 is comprised of an elementary district and a high school district that are separate legal entities required and recognized by state law. The elementary and high school districts each maintain fourteen 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 funds of each district, the elementary transportation fund, the elementary food service fund, and the elementary miscellaneous programs fund which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation.

The District adopts an annual appropriated budget for its general funds, select special revenue, debt service, and building reserve funds as required by state law. The District's high school general fund budget was amended to account for tuition receipts received from East Helena K-12 school district. All other original budgets and final budgets were identical. The budgetary comparison schedules (pages 66 and 67) show how actual expenditures compared to the original and final budgeted expenditures for the general fund. There were no significant variances between the final expenditure budget and the actual expenditures.

Proprietary funds. The District maintains two different types of proprietary funds. The *Enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for the School-Aged Child Care (SACC) program. *Internal service funds* are a group of accounts used to accumulate and allocate cost internally among the various functions of the school district. The District uses internal service funds to account for the warehousing of its art, office, custodial and nursing supplies, for printing services, for collecting health insurance premiums and costs for District employees, and finally to pay the liability premiums of the district. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the SACC program and when combined are considered to be a major fund (Business –Type Activities) of the District. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the programs of the District. With the implementation of GASB 84, Fiduciary Activities, the District does not operate any fiduciary funds.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-64 of this report.

Other information In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found beginning on page 65 of this report.

The School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the financial position of the government. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,622,158 at the close of the most recent fiscal year.

The school district's investment in capital assets such as land, buildings, and equipment, less related outstanding debt used to acquire the assets represents \$64,612,845 of net position. The Helena School District uses these capital assets to provide educational and related services to students; and as a result, these assets are not available for future spending. Although the investment in the capital assets by the District is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets by law cannot be used to liquidate these liabilities.

The second portion of the net position, *restricted net position*, of Helena School District which totals \$22,847,349 represents resources that are subject to external restrictions on how they may be used. Of the \$22,847,349, \$4,288,749 or 19% represents unobligated resources in the self-insurance fund, \$6,734,218 or 29% represents resources restricted for capital projects, \$1,714,513 or 8% represents resources restricted for pupil transportation, and \$3,960,205 or 17% represents resources restricted for retirement benefits.

The remaining balance is an *unrestricted net position* deficit totaling \$59,838,036. This deficit is primarily due to the net pension liability for the Montana Public Employees Retirement and Teachers' Retirements systems.

At the end of the current fiscal year, the District is able to report positive balances in net position for the government as a whole as was true for the prior fiscal year.

Net Position of Helena School District No. 1

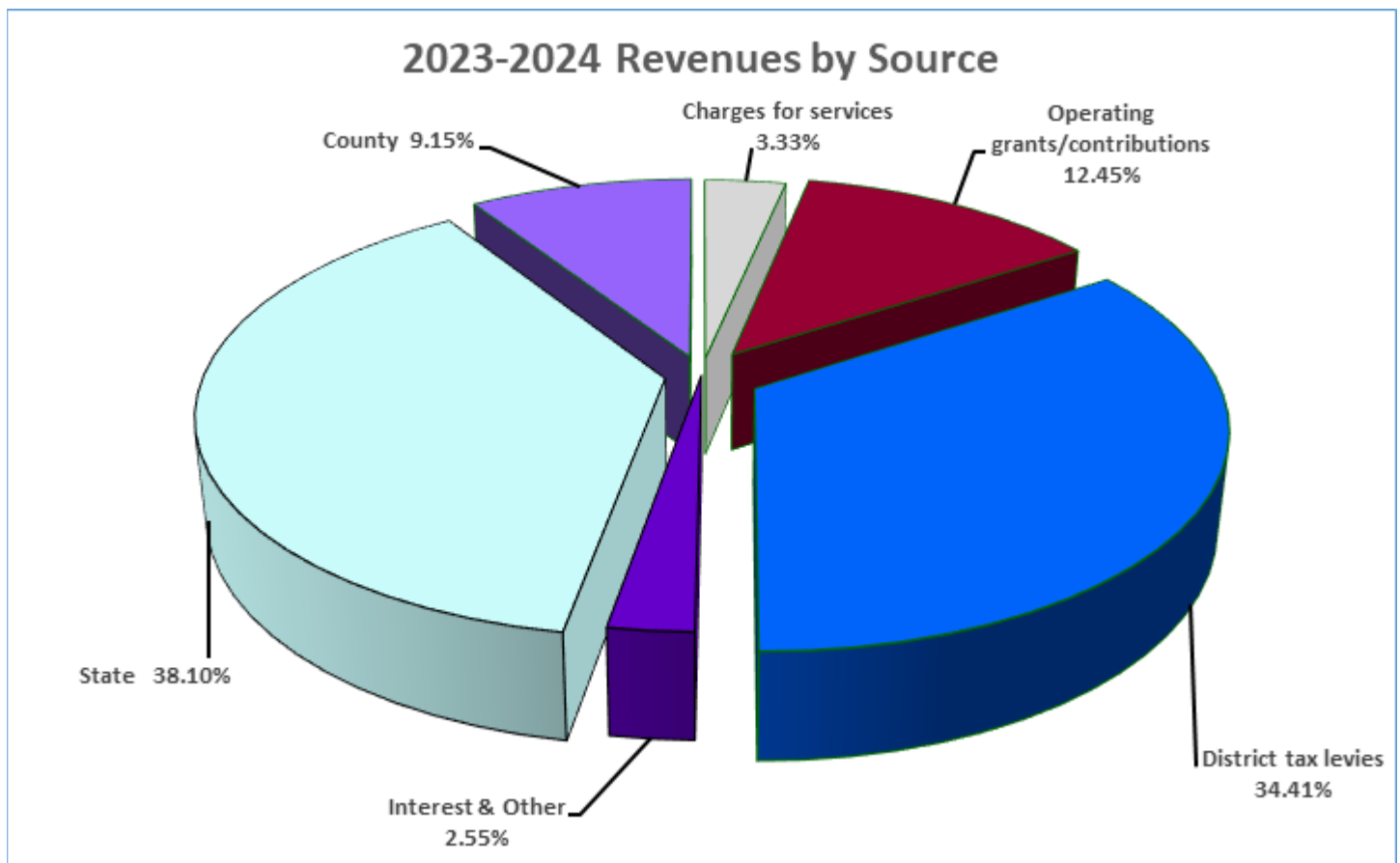
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$50,862,772	\$44,105,502	\$57,042	\$199,931	\$50,919,814	\$44,305,433
Capital assets, net	<u>117,687,819</u>	<u>119,014,359</u>	<u>8,106</u>	<u>12,060</u>	<u>117,695,925</u>	<u>119,026,419</u>
Total Assets	168,550,591	163,119,861	65,148	211,991	168,615,739	163,331,852
Deferred Outflows						
-Pensions	10,904,297	16,745,773	149,186	204,239	11,053,483	16,950,012
-Other post employment benefits	<u>1,751,465</u>	<u>1,976,578</u>			<u>1,751,465</u>	<u>1,976,578</u>
Total deferred outflows	12,655,762	18,722,351	149,186	204,239	12,804,948	18,926,590
Long-term liabilities outstanding	137,533,327	142,177,095	1,119,637	1,021,917	138,652,964	143,199,012
Other Liabilities	<u>5,186,566</u>	<u>4,848,923</u>	<u>28,712</u>	<u>27,828</u>	<u>5,215,278</u>	<u>4,876,751</u>
Total liabilities	142,719,893	147,026,018	1,148,349	1,049,745	143,868,242	148,075,763
Deferred Inflows						
-Resources received prior to being earned	270,184	161,795			270,184	
-Lease revenue	3,545,519					
-Pensions	4,995,667	7,281,948	64,183	90,095	5,059,850	7,372,043
-Other post-employment benefits	<u>1,054,734</u>	<u>1,412,199</u>			<u>1,054,734</u>	<u>1,412,199</u>
Total deferred inflows	9,866,104	8,855,942	64,183	90,095	6,384,768	8,784,242
Net position:						
Net investment in capital assets	64,604,739	62,888,881	8,106	12,060	64,612,845	62,900,941
Restricted	22,847,349	19,350,558			22,847,349	19,350,558
Unrestricted	<u>(58,831,732)</u>	<u>(56,279,252)</u>	<u>(1,006,304)</u>	<u>(735,670)</u>	<u>(59,838,036)</u>	<u>(57,014,922)</u>
Restatement						(143,018)
Total net position	<u>\$28,620,356</u>	<u>\$25,960,252</u>	<u>(\$998,198)</u>	<u>(\$723,610)</u>	<u>\$27,622,158</u>	<u>\$25,236,642</u>

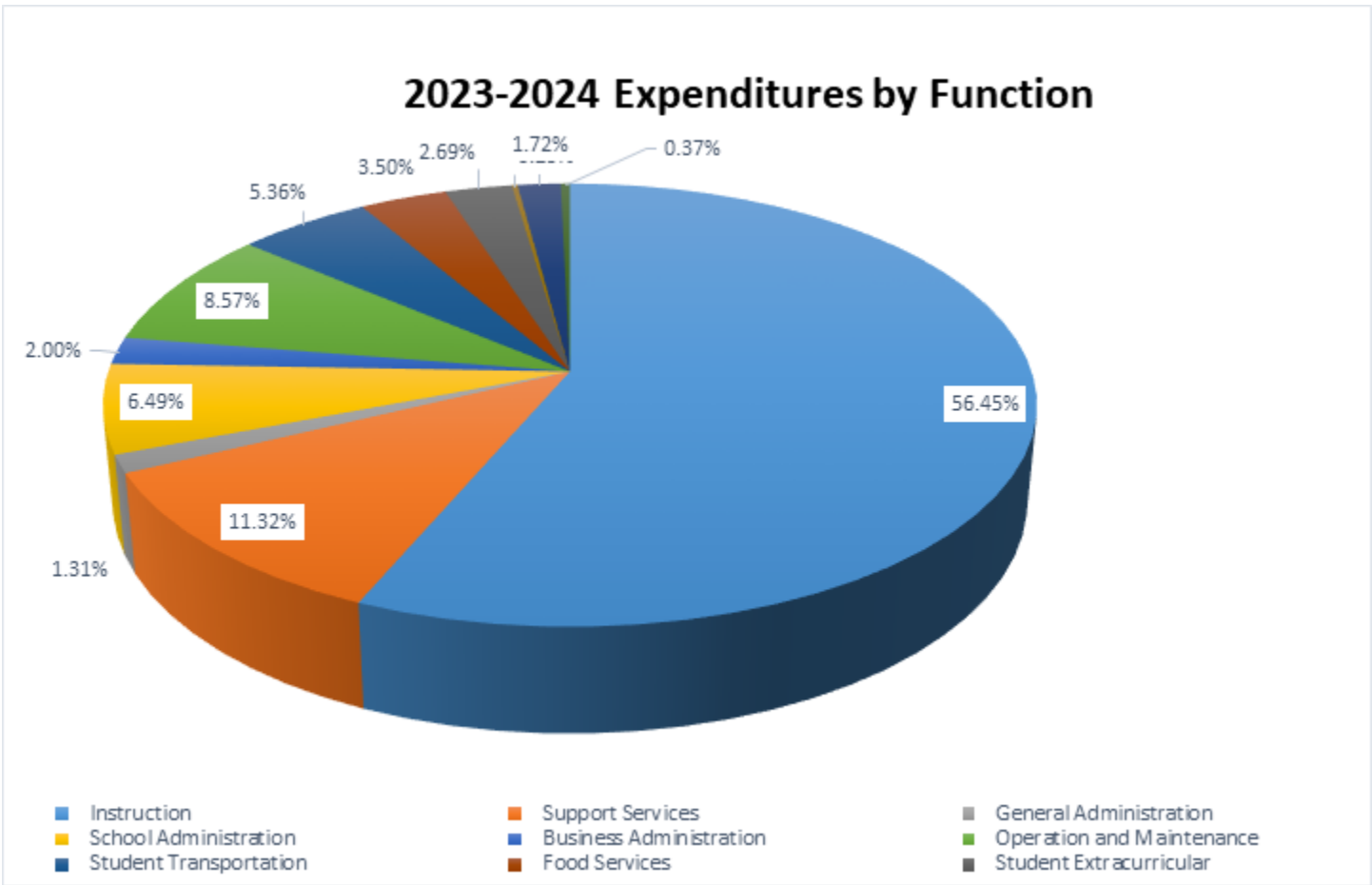
Changes in Net Activities of Helena School District No. 1

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$3,055,786	\$3,132,659	\$863,656	\$716,059	\$3,919,442	\$3,848,718
Operating grants/contributions	14,621,552	19,834,260	51,113	214,168	14,672,665	20,048,428
Capital grant/contributions						-
General revenues						
District tax levies	40,555,219	36,381,316			40,555,219	36,381,316
Interest	1,988,254	1,374,880	1,639	6,222	1,989,893	1,381,102
State	44,904,680	44,017,988			44,904,680	44,017,988
County	10,783,540	9,741,445			10,783,540	9,741,445
Net gain (loss) on disposition of property	25,323	2,567			25,323	2,567
All other	<u>968,839</u>	<u>783,220</u>	<u>51,438</u>	<u>45,357</u>	<u>1,020,277</u>	<u>828,577</u>
Total Revenues	116,903,193	115,268,335	967,846	981,806	117,871,039	116,250,141
Expenses:						
Instruction	65,160,637	66,776,148			65,160,637	66,776,148
Support Services	11,830,217	13,121,187	1,242,434	1,163,139	13,072,651	14,284,326
General Administration	1,510,350	1,248,842			1,510,350	1,248,842
School Administration	7,486,344	7,562,057			7,486,344	7,562,057
Business Administration	2,309,057	2,151,558			2,309,057	2,151,558
Operation and Maintenance	9,894,263	9,308,375			9,894,263	9,308,375
Student Transportation	6,185,810	5,845,821			6,185,810	5,845,821
Food Services	4,040,303	3,440,922			4,040,303	3,440,922
Student Extracurricular	3,102,483	2,865,734			3,102,483	2,865,734
Community Service	263,067	229,168			263,067	229,168
Interest and fees on Long-term debt	1,988,640	2,173,443			1,988,640	2,173,443
Other	<u>422,185</u>	<u>448,776</u>			<u>422,185</u>	<u>448,776</u>
Total expenses	<u>114,193,356</u>	<u>115,172,031</u>	<u>1,242,434</u>	<u>1,163,139</u>	<u>115,435,790</u>	<u>116,335,170</u>
Increase/(Decrease) in net position	2,709,837	96,304	(274,588)	(181,333)	2,435,249	(85,029)
Net position, prior year	<u>\$25,960,252</u>	<u>\$26,006,966</u>	<u>(\$723,610)</u>	<u>(\$542,277)</u>	<u>25,236,642</u>	<u>25,464,689</u>
Prior Period Adjustments:						
Restatements	(49,733)	(143,018)			(49,733)	(143,018)
Net position, current year	<u>28,620,356</u>	<u>25,960,252</u>	<u>(998,198)</u>	<u>(723,610)</u>	<u>27,622,158</u>	<u>25,236,642</u>

Governmental activities. The Net position of the District increased from governmental activities by \$2,709,837. Key elements of this change include:

- District tax levies increased approximately \$4,173,903.
- County reimbursement revenue increased by approximately \$1,042,095. The increased revenue was intended to fund potential retirement incentives. No retirement incentive package was negotiated.
- Interest revenue increased by approximately \$609,000.
- As mentioned earlier overall salary expenditures were down \$1,939,560.
- Operation and maintenance expenditures increased nearly \$600,000 with property and liability insurance alone increasing almost 10%.
- As mentioned earlier, food service expenditures increased approximately 18%.
- Extracurricular expenditures increased approximately 8%, primarily due to increases in costs for travel.
- The Trustees transferred a total of \$2,015,544 from the general, transportation and adult education funds to the elementary interlocal fund. At year end, the fund balance in the interlocal fund was \$7,410,036. This multidistrict cooperative fund was created for the purpose of purchasing K-12 curriculum and resource adoption, professional development, emergency staffing to achieve accreditation standards, and operational costs for the participating districts, which include but are not limited to one-time staffing costs of participating districts. Curriculum and technology purchases of approximately \$1,199,900, property and liability insurance of \$1,182,900, were the major purchases paid out of the multidistrict cooperative fund.





Generally, since Montana State law requires a balanced budget in the budgeted funds, the growth in expenditures matches the growth in the revenues for these funds. The greatest increase within all of the expense functions is in the benefits and salaries for employees. The district spends on an average 88-92% of the general fund budget on salaries and benefits. Since the non-salary expense budgets in all categories in the general fund have been frozen by the Board of Trustees, in order to balance the budgets; the increases in the expense categories reflects wage and benefit increases.

Business-type activities. The District's School-Aged Child Care (SACC) program had a deficit net position of \$998,198. The deficit is primarily due to the net pension liability.

Financial Analysis of the Government's Funds

Fund accounting is mandated by Montana State law and is used by the Helena School District to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the *governmental funds* of the District is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the financial requirements of the school district. In particular, *unassigned fund balance* may serve as a useful measure of the net resources available for spending at the end of the year. Unassigned fund balance represents amounts that are neither non-spendable, restricted, committed, or assigned – they are the residual balance.

As of the end of the current fiscal year, the governmental funds of the school district reported a combined ending fund balance of \$36,054,795 an increase of \$4,589,935. Of this total fund balance, \$17,937,981 is restricted by state law or by grant agreements for a specific purpose, \$12,135,222 is assigned, the bulk of which is assigned for the multidistrict cooperative agreement (\$7,388,713) and various funding sources in the miscellaneous program funds (\$4,677,163), \$5,909,927 is unassigned, and \$71,665 is non-spendable (prepaid expenditures).

The general funds are the main operating funds of the elementary and high school districts. For financial statement reporting purposes, they are comprised of the elementary and high school general funds, the elementary flexibility fund, and the elementary interlocal fund. At the end of the current fiscal year, \$355,371 of the fund balance was assigned for encumbrances and \$7,388,713 was assigned for the multi-district cooperative agreement and flexibility funds, \$5,909,927 was unassigned and available for any general operations, and the remaining \$60,245 was non-spendable fund balance

(prepaid expenditures). As a measure of the liquidity of this fund, it may be useful to compare the total fund balance of \$13,364,635 to total fund expenditures which represents approximately 20% of the total general fund expenditures.

Helena School District operates eleven special revenue funds, which account for activities related to transportation of students; food service; tuition payment to out-of-district schools and facilities; employer retirement benefits; federal program activities; adult education; facility rentals; and technology programs. The combined total fund balance of these funds at fiscal year-end is \$22,690,160. Of this total, \$11,420 is non-spendable prepaid expenses, \$17,937,981 is restricted by state law or grant agreements, and \$4,740,759 is assigned by the District, primarily for regular instruction.

The debt service funds have a total fund balance of \$1,018,176, an increase of \$658,718 from the previous year, primarily due to an unanticipated guarantee tax base aid payment from the state (\$861,450). As of June 30, 2024, the outstanding general obligation debt in the elementary school was \$47,530,000. The high school does not have any general obligation debt.

The capital projects funds have a total fund balance of \$6,723,794. A small portion (\$63,596) is assigned by the District for specific use. The remaining \$6,660,198 is restricted for facility modifications, renovations and repair; upgrades and maintenance of safety and security, roofing, heating, ventilation, air conditioning, electrical, plumbing, and structural systems; grounds improvement and maintenance. In May of 2023, district voters approved an increase in the building reserve levy for both the elementary and the high school. The increase for the elementary district is \$1,750,000 annually for a term of 10 years, for a total annual levy of \$3,000,000. The increase in the high school district is \$750,000 annually for a term of 10 years, for a total annual levy of \$1,500,000.

Proprietary funds. The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In addition to the single enterprise fund, SACC, that was discussed earlier, Helena has four internal service funds: Warehouse, Print-shop, Self (health) Insurance, and Liability Insurance. The net position for the Print-shop increased by \$44,048 indicating a slight increase in service from the prior year. The Warehouse net position increased ever so slightly (\$2,027). The net position of the Self-Insurance fund decreased by \$2,254,086, due to an increase in high-cost claims and increased health insurance claim payments. The District will request proposals for health insurance in fiscal year 2025 and is also researching the state-wide insurance pool enacted by legislature in the 2023 session..

Governmental Fund Budgetary Highlights

Differences between the original and final budget resulted from the transfer of unexpended line items for District purposes at year-end as authorized by the Board of Trustees. State law generally does not permit a school district to transfer from one fund balance to another fund to increase the district budgets. Also, the funds are not permitted to exceed the budgeted expenditures in total

Capital Asset and Debt Administration

Capital assets. The investment by the District in capital assets for the governmental and business-type activities as of June 30, 2024, was \$117,699,164 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and intangible right of use assets.

Major projects funded by the building reserve fund included: Smith Elementary re-roof, Capital High School partial re-roof, various repair & maintenance projects at Helena High School (basketball court upgrade, carpet & tile replacement, fire escape repairs and partial re-roof), bathroom upgrades at HMS, CRA, HHS, and CHS, and outdoor basketball court renovations at Helena Middle School.

Capital Assets of Helena School District No.1

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$4,062,830	\$4,062,830
Construction in Progress	295,030	825,125
Land Improvements	3,584,090	3,509,007
Buildings	108,225,110	108,745,545
Machinery and equipment	1,233,685	1,440,485
Intangible right of use of assets	<u>298,419</u>	<u>431,367</u>
Total	<u>\$117,699,164</u>	<u>\$119,014,359</u>

	<u>Business Activities</u>	
	<u>2024</u>	<u>2023</u>
Land Improvements		
Machinery and equipment	\$ 1,184	\$ 2,370
Building	<u>6,922</u>	<u>9,690</u>
Total	<u>\$8,106</u>	<u>\$12,060</u>

Long-term debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$47,530,000 and unamortized bond premium of \$5,470,649. All of the general obligation debt is backed by the full faith and credit of the government.

Outstanding Debt of Helena School District No.1

<u>Elementary</u>	<u>Original Issue Amount</u>	<u>Original Issue Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Balance</u>
Series 2017	\$55,000,000	7/1/2037	3.00-5.00%	\$41,050,000
Series 2019	\$8,000,000	7/1/2039	3.00-4.00%	<u>6,480,000</u>
				47,530,000
		Unamortized bond premium		<u>5,470,649</u>
				<u>\$53,000,649</u>

State law limits the amount of general obligation debt that the school district may issue up to 100 percent of its guaranteed tax base rate per student. The current debt limitation for the Elementary District is \$260,633,620 and \$341,111,520 at the High School District, both are in excess of the net amount of outstanding general obligation debt. The District received a rating from Moody's Investors Service of A1 based on the district's moderately sized tax base that has experienced steady growth, slightly below average wealth levels, satisfactory financial performance and a minimal debt burden.

Other long-term liabilities included compensated absences of \$5,583,509 for governmental funds and \$135,414 for the enterprise fund. The compensated absence liability increased slightly in both the governmental funds (\$159,224) and the enterprise fund (\$17,755). Another debt component, OPEB, reflects future health benefits estimated to be paid to employees for health insurance premiums. Additional information regarding the long-term debt for the District can be found in notes J and K.

Economic Factors and Next Year's Budgets and Rates

- Internal enrollment projections predict that enrollment in the District will remain flat. This is a budgetary concern since enrollment is the major funding factor of the general fund.
- Helena School District educators are among the highest paid educators in the state. With 88-92% of the District's budget being spent on salaries and benefits, sustainability is of great concern to the District. The District did negotiate language in the collective bargaining agreement to attempt to slow down lane movement. The new language will not show results until fiscal year 2025.
- Although the rate of inflation has slowed down, the District has not recouped the loss it sustained in the past three to four years.
- To address budget concerns, a budget consensus committee was formed in May of 2023. The committee was made up of nearly forty stakeholders including trustees, district administration, teachers, parents, business leaders, and community members. The committee was tasked with examining the budget and making recommendations for potential reductions. The committee's recommendations were presented to the board of trustees at the February 2024 regular board meeting. Many of the recommendations were implemented in both fiscal year 2024 and fiscal year 2025 (non-renewals, combination classes, and program remodeling).
- In fiscal year 2025, the state provided for a 3% inflationary increase on funding components for the general fund and increased the statewide guaranteed tax base ratio from 254% to 262%. The special education instructional block grant rate increased from \$154.21.45 to \$158.83, the special education related services block grant increased from \$51.40 to \$52.94, and the threshold to determine disproportionate costs was also raised. In addition, the Board of Public Education approved all five of the District's public charter school applications. The public charter schools brought an additional \$883,465 in revenue. Overall, state aid to the general fund is expected to increase by \$2,937,809.

- Taxable values increased in both the elementary and high school by approximately 26% in the elementary and 38% in the high school.
- The median age of the population in Helena is relatively high at 40.9, which explains the relatively flat birth rate.
- Taxpayers overwhelmingly voted down all District levies in 2024. It was a perfect storm. Property values doubled, which increased property taxes, there was great controversy over the growth and use of the state 95 mills and the amount of the safety and security levy that the District asked for was viewed as too high. Taxpayers were frustrated and angry.
- The District intends to propose a much needed technology levy in May 2024 at a lower amount.
- Several bills proposed in the 2025 legislature could have a great impact on school districts, both good and bad. The District is keeping a watchful eye on the bills.

All of these factors were considered in preparing the 2025 budgets. The general fund elementary budget for fiscal year 2025 is \$41,908,288 an increase of 1.93%, while the high school general fund budget is \$23,299,632 an increase of 1.84%.

Requests for Information

These financial reports are designed to provide a general overview of the finances of the District for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Business Services Administrator, 1325 Poplar St., Helena, MT, 59601

BASIC FINANCIAL STATEMENTS

HELENA SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 44,199,775	\$ 51,220	\$ 44,250,995
Property taxes receivable	999,765	-	999,765
Due from other governments	1,574,357	599	1,574,956
Accounts receivable	356,105	4,849	360,954
Lease receivable	3,545,519	-	3,545,519
Inventories	115,586	-	115,586
Prepaid expenses	71,665	374	72,039
Capital assets not being depreciated	4,357,860	-	4,357,860
Capital assets, net of accumulated depreciation	113,031,540	8,106	113,039,646
Intangible right of use assets, net of accumulated amortization	298,419	-	298,419
Total assets	168,550,591	65,148	168,615,739
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows - pension plans	10,904,297	149,186	11,053,483
Deferred outflows - other post-employment benefits	1,751,465	-	1,751,465
Total deferred outflows of resources	12,655,762	149,186	12,804,948
<u>LIABILITIES</u>			
Accounts payable	881,630	3,735	885,365
Accrued self-insurance claims	4,304,936	-	4,304,936
Unearned revenue	-	24,977	24,977
<u>Noncurrent liabilities</u>			
Due within one year:			
Bonds payable	3,321,662	-	3,321,662
Lease liability	37,679	-	37,679
Subscription liability	49,583	-	49,583
Compensated absences	1,378,380	41,898	1,420,278
Due in more than one year:			
Bonds payable	49,678,987	-	49,678,987
Lease liability	38,301	-	38,301
Subscription liability	37,674	-	37,674
Compensated absences	4,205,129	93,516	4,298,645
Other post-employment benefits	4,517,373	-	4,517,373
Net pension liability	74,268,559	984,223	75,252,782
Total liabilities	142,719,893	1,148,349	143,868,242
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Resources received prior to being earned	270,184	-	270,184
Deferred lease revenue	3,545,519	-	3,545,519
Deferred inflows - pension plans	4,995,667	64,183	5,059,850
Deferred inflows - other post-employment benefits	1,054,734	-	1,054,734
Total deferred inflows of resources	9,866,104	64,183	9,930,287
<u>NET POSITION (DEFICIT)</u>			
Net investment in capital assets	64,604,739	8,106	64,612,845
Restricted for:			
Instruction	1,897,251	-	1,897,251
Transportation	1,714,513	-	1,714,513
Retirement benefits	3,960,205	-	3,960,205
Support services	1,918,116	-	1,918,116
Debt service	1,115,053	-	1,115,053
Capital projects	6,734,218	-	6,734,218
Extracurricular activities	941,652	-	941,652
Scholarships	337,595	-	337,595
Health insurance benefits	4,228,746	-	4,228,746
Unrestricted	(58,831,732)	(1,006,304)	(59,838,036)
Total net position (deficit)	\$ 28,620,356	\$ (998,198)	\$ 27,622,158

The notes to the basic financial statements are an integral part of this statement

**HELENA SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

<u>ACTIVITIES OR FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>
<u>Governmental activities:</u>					
Instructional services:					
Regular	\$ 51,591,519	\$ 480,802	\$ 3,024,319	\$ (48,086,398)	\$ (48,086,398)
Special education	10,904,551	-	4,730,393	(6,174,158)	(6,174,158)
Vocational education	2,151,120	-	421,496	(1,729,624)	(1,729,624)
Adult education	513,447	140	95,165	(418,142)	(418,142)
Support services:					
Improvement of instruction services	9,764,793	15,883	2,259,359	(7,489,551)	(7,489,551)
Educational media services	2,065,424	33,928	-	(2,031,496)	(2,031,496)
General administration	1,510,350	-	-	(1,510,350)	(1,510,350)
School administration	7,486,344	-	-	(7,486,344)	(7,486,344)
Business services	2,309,057	-	-	(2,309,057)	(2,309,057)
Operations and maintenance of plant	9,894,263	197,485	470,402	(9,226,376)	(9,226,376)
Student transportation services	6,185,810	-	992,151	(5,193,659)	(5,193,659)
Community services	263,067	-	-	(263,067)	(263,067)
Other	422,185	-	-	(422,185)	(422,185)
Non-instructional services:					
Extracurricular	3,102,483	1,422,122	-	(1,680,361)	(1,680,361)
School food	4,040,303	905,426	2,628,267	(506,610)	(506,610)
Debt service:					
Interest payments	1,569,112	-	-	(1,569,112)	(1,569,112)
Bond agency fees	1,000	-	-	(1,000)	(1,000)
Special assessments	418,528	-	-	(418,528)	(418,528)
Total governmental activities	<u>114,193,356</u>	<u>3,055,786</u>	<u>14,621,552</u>	<u>(96,516,018)</u>	<u>(96,516,018)</u>
<u>Business-type activities:</u>					
SACC	1,242,434	863,656	51,113	\$ (327,665)	(327,665)
Total governmental and business-type activities	<u>\$ 115,435,790</u>	<u>\$ 3,919,442</u>	<u>\$ 14,672,665</u>	<u>(96,516,018)</u>	<u>(327,665)</u> <u>(96,843,683)</u>
General revenues					
				40,555,219	-
				44,904,680	-
				10,783,540	-
				958,535	51,438
				1,988,254	1,639
				2,058	2,058
				33,569	-
				<u>2,709,837</u>	<u>(274,588)</u>
				2,435,249	2,435,249
				25,960,252	(723,610)
				(49,733)	-
				<u>25,910,519</u>	<u>(723,610)</u>
				<u>25,910,519</u>	<u>(723,610)</u>
				<u>\$ 28,620,356</u>	<u>\$ (998,198)</u>
				<u>\$ 27,622,158</u>	<u>\$ 27,622,158</u>

The notes to the basic financial statements are an integral part of this statement.

HELENA SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Elementary Miscellaneous</u>		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,313,596	\$ 3,441,487	\$ 18,229,267	\$ 34,984,350
Property taxes receivable	509,401	-	490,364	999,765
Due from other governments	-	939,808	634,549	1,574,357
Accounts receivable	201,474	2,028	150,372	353,874
Lease receivable	-	3,545,519	-	3,545,519
Prepaid expenses	60,245	-	11,420	71,665
Total assets	<u>\$ 14,084,716</u>	<u>\$ 7,928,842</u>	<u>\$ 19,515,972</u>	<u>\$ 41,529,530</u>
<u>LIABILITIES</u>				
Accounts payable	312,795	46,749	506,060	865,604
Total liabilities	<u>312,795</u>	<u>46,749</u>	<u>506,060</u>	<u>865,604</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	407,286	-	386,142	793,428
Deferred lease revenue	-	3,545,519	-	3,545,519
Resources received prior to being earned	-	2,497	267,687	270,184
Total deferred inflows of resources	<u>407,286</u>	<u>3,548,016</u>	<u>653,829</u>	<u>4,609,131</u>
<u>FUND BALANCES</u>				
Non-spendable fund balance	60,245	-	11,420	71,665
Spendable fund balance:				
Restricted	-	449,241	17,445,842	17,895,083
Assigned	7,394,463	3,884,836	898,821	12,178,120
Unassigned	5,909,927	-	-	5,909,927
Total fund balances	<u>13,364,635</u>	<u>4,334,077</u>	<u>18,356,083</u>	<u>36,054,795</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 14,084,716</u>	<u>\$ 7,928,842</u>	<u>\$ 19,515,972</u>	<u>\$ 41,529,530</u>

The notes to the basic financial statements are an integral part of this statement.

HELENA SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances for governmental funds \$ 36,054,795

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 117,389,400

Intangible right of use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 298,419

Property taxes receivable are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 793,428

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 4,839,339

Some liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position:

General obligation bonds	(53,000,649)	
Lease obligations	(75,980)	
Subscription liability	(87,257)	
Compensated absences liability	(5,572,578)	
Post employment health insurance benefits	(4,517,373)	
Net pension liability	<u>(74,100,862)</u>	(137,354,699)

Deferred outflows and inflows of resources related to pension plans and other post-employment benefits are not current financial resources and, therefore, are not reported in the governmental funds. 6,599,674

Total net position of governmental activities \$ 28,620,356

The notes to the basic financial statements are an integral part of this statement.

HELENA SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds					Total Governmental Funds
	General	Elementary Miscellaneous	Former Major Fund Elementary Transportation	Former Major Fund Food Service	Other Governmental Funds	
REVENUES						
Property taxes	\$ 20,089,160	\$ -	\$ -	\$ -	\$ 20,110,490	\$ 40,199,650
Tuition and fees	288,155	129,403	-	-	398,884	816,442
Interest	597,449	180,525	-	-	798,219	1,576,193
Other district revenue	5,231	500,029	-	-	709,931	1,215,191
County	-	-	-	-	11,279,615	11,279,615
State of Montana	43,243,089	1,150,813	-	-	2,369,145	46,763,047
Federal	-	4,201,810	-	-	4,455,744	8,657,554
School lunch sales	-	-	-	-	905,426	905,426
Student extracurricular activity	-	-	-	-	1,171,668	1,171,668
Total revenues	<u>64,223,084</u>	<u>6,162,580</u>	<u>-</u>	<u>-</u>	<u>42,199,122</u>	<u>112,584,786</u>
EXPENDITURES						
Instructional services:						
Regular	35,836,544	1,842,439	-	-	7,085,180	44,764,163
Special education	6,586,144	300,024	-	-	3,741,681	10,627,849
Vocational education	1,788,633	-	-	-	307,626	2,096,259
Adult education	-	1,794	-	-	498,624	500,418
Support services:						
Improvement of instruction services	2,922,575	2,931,014	-	-	2,982,481	8,836,070
Educational media services	1,721,395	40,593	-	-	251,026	2,013,014
General administration	1,027,835	20,374	-	-	353,841	1,402,050
School administration	5,183,734	284,682	-	-	1,362,549	6,830,965
Business services	1,721,749	154,730	-	-	213,299	2,089,778
Operations and maintenance of plant	7,079,458	50,807	-	-	1,405,437	8,535,702
Student transportation services	356	-	-	-	5,917,331	5,917,687
Community services	13,928	168,356	-	-	228,566	410,850
Other	79,737	68,107	-	-	96,771	244,615
Non-instructional services:						
Extracurricular	1,435,496	756	-	-	1,507,843	2,944,095
School food	-	4,220	-	-	3,831,186	3,835,406
Capital outlay	-	-	-	-	1,570,252	1,570,252
Debt service:						
Principal payments	83,955	-	-	-	2,794,605	2,878,560
Interest payments	9,579	-	-	-	2,052,233	2,061,812
Bond agency fees	-	-	-	-	1,000	1,000
Special assessments	-	-	-	-	418,528	418,528
Total expenditures	<u>65,491,118</u>	<u>5,867,896</u>	<u>-</u>	<u>\$ -</u>	<u>36,620,059</u>	<u>107,979,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,268,034)</u>	<u>294,684</u>	<u>-</u>	<u>\$ -</u>	<u>5,579,063</u>	<u>4,605,713</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,015,544	-	-	-	-	2,015,544
Transfers (out)	(328,544)	-	-	-	(1,687,000)	(2,015,544)
Proceeds from sale of fixed assets	-	782	-	-	1,276	2,058
Transfers (To)/From other districts	-	-	-	-	(1,672)	(1,672)
Proceeds from loss on assets	-	24,937	-	-	8,632	33,569
Total other financing sources (uses)	<u>1,687,000</u>	<u>25,719</u>	<u>-</u>	<u>-</u>	<u>(1,678,764)</u>	<u>33,955</u>
Net change in fund balance	<u>418,966</u>	<u>320,403</u>	<u>-</u>	<u>-</u>	<u>3,900,299</u>	<u>4,639,668</u>
Fund Balance - Beginning	12,947,169	4,064,577	1,388,794	2,021,727	11,042,593	31,464,860
Prior period adjustments/restatements	(1,500)	(50,903)	(1,388,794)	(2,021,727)	3,413,191	(49,733)
Fund Balance - Beginning Restated	<u>12,945,669</u>	<u>4,013,674</u>	<u>-</u>	<u>-</u>	<u>14,455,784</u>	<u>31,415,127</u>
Fund Balance - Ending	<u>\$ 13,364,635</u>	<u>\$ 4,334,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,356,083</u>	<u>\$ 36,054,795</u>

The notes to the basic financial statements are an integral part of this statement.

HELENA SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ 4,639,668

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Capital outlays - governmental funds	\$ 1,570,252	
Depreciation expense	<u>(2,762,565)</u>	(1,192,313)

Lease accounting guidance requires the capitalizing of leases having a non-cancelable period greater than 12 months. Governmental funds report rental expenditures on these leases as incurred. However, in the statement of activities, the capitalized lease is amortized over the lease term and interest expense is recognized.

Rent expense - governmental funds	37,068	
Amortization expense	<u>(37,689)</u>	(621)

Subscription agreement accounting guidance requires the capitalizing of subscription agreements having a non-cancelable period greater than 12 months. Governmental funds report rental expenditures on these leases as incurred. However, in the statement of activities, the capitalized subscription agreement is amortized over the lease term and interest expense is recognized.

Rent expense - governmental funds	46,887	
Amortization expense	<u>(84,151)</u>	(37,264)

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows in the funds. Deferred property tax revenue decreased during the fiscal year.

355,569

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with the governmental activities.

(2,190,828)

The issuance of long-term debt (e.g. bonds, notes and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on long-term debt	2,794,605	
Amortization of bond premium	492,698	
Post employment health insurance benefits	26,880	
Compensated absences liability	(157,890)	

In the governmental funds, benefits earned net of employee contributions is not recognized as an expense.

(5,537,489)

On behalf pension contributions by the State are considered revenues in the statement of activities.

3,516,822

Change in net position - statement of activities

\$ 2,709,837

The notes to the basic financial statements are an integral part of this statement.

HELENA SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities SACC Enterprise Fund	Governmental Activities Internal Service Funds
<u>ASSETS</u>		
<u>Assets</u>		
Cash and cash equivalents	\$ 51,220	\$ 9,215,425
Due from other governments	599	-
Accounts receivable	4,849	2,231
Inventories	-	115,586
Prepaid expenses	374	-
Buildings	6,921	-
Machinery and equipment	1,185	-
Total assets	65,148	9,333,242
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows - pension plans	149,186	19,275
Total deferred outflows of resources	149,186	19,275
 <u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	3,735	16,026
Compensated absences	41,898	4,096
Claims payable	-	4,304,936
Resources received prior to being earned	24,977	-
Total current liabilities	70,610	4,325,058
 <u>Noncurrent liabilities</u>		
Compensated absences	93,516	6,835
Net pension liability	984,223	167,697
Total long-term liabilities	1,077,739	174,532
Total liabilities	1,148,349	4,499,590
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows - pension plans	64,183	13,588
Total deferred inflows of resources	64,183	13,588
 <u>NET POSITION</u>		
Net investment in capital assets	8,106	-
Restricted-health insurance benefits	-	4,228,746
Unrestricted	(1,006,304)	610,593
Total net position	\$ (998,198)	\$ 4,839,339

The notes to the basic financial statements are an integral part of this statement

HELENA SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities SACC Enterprise Fund	Governmental Activities Internal Service Funds
<u>OPERATING REVENUES</u>		
Grants	\$ 51,113	\$ -
Charges for services	863,656	13,565,033
Other	2,009	360
Total operating revenues	916,778	13,565,393
<u>OPERATING EXPENSES</u>		
Personal services	1,115,962	185,310
Contractual services	23,109	15,899,571
Supplies/materials	74,757	60,388
Other operating expenses	24,652	15,323
Depreciation and amortization	3,954	12,387
Total operating expenses	1,242,434	16,172,979
Operating income (loss)	(325,656)	(2,607,586)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Intergovernmental revenue	49,429	4,798
Interest earnings	1,639	412,061
Debt service interest expense	-	(101)
Total non-operating revenues (expenses)	51,068	416,758
Change in net position	(274,588)	(2,190,828)
Net position - beginning of the year	(723,610)	7,030,167
Net position - end of the year	\$ (998,198)	\$ 4,839,339

The notes to the basic financial statements are an integral part of this statement

HELENA SCHOOL DISTRICT NO. 1

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities SACC Enterprise Fund	Governmental Activities Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from sales and services	\$ 864,465	\$ 13,564,550
Receipts from grants	51,836	
Payments to suppliers for goods/services	(122,731)	(129,083)
Payments for claims	-	(15,382,663)
Payments to employees	(989,101)	(175,377)
Net cash provided (used) by operating activities	(195,531)	(2,122,573)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Principal paid on lease obligations	-	(11,277)
Interest paid on lease obligations	-	(101)
Net cash provided (used) by capital and related financing activities	-	(11,378)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Subsidy from other governments	49,429	4,798
Net cash provided (used) by noncapital financing activities	49,429	4,798
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	1,639	412,061
Net cash provided (used) by investing activities	1,639	412,061
Net increase (decrease) in cash and cash equivalents	(144,463)	(1,717,092)
Cash and cash equivalents at July 1, 2023	195,683	10,932,517
Cash and cash equivalents at June 30, 2024	\$ 51,220	\$ 9,215,425
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (325,656)	\$ (2,607,586)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,954	12,387
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(601)	(843)
Decrease (increase) in due from other governments	(599)	-
Decrease (increase) in prepaid expenses	(374)	-
Increase (decrease) in accounts payable	161	(53,372)
Increase (decrease) in deferred in/outflows	29,141	14,458
Increase (decrease) in claims payable	-	516,908
Increase (decrease) in grant resources received prior to being earned	723	
Increase (decrease) in compensated absences payable	17,755	1,334
Increase (decrease) in pension liability	79,965	(5,859)
Net cash provided (used) by operating activities	\$ (195,531)	\$ (2,122,573)

The notes to the basic financial statements are an integral part of this statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

Helena School District No. 1

Notes to the Basic Financial Statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Helena School District #1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Reporting entity

The District is a public school comprised of an elementary district that is governed by an elected seven-member board of trustees and a high school district that is governed by the seven elementary trustees and one additional elected high school only trustee. The accompanying financial statements include all of the operations of the two districts financially accountable to the combined Board of Trustees. There are no potential component units that meet any of the criteria to be either blended or discretely presented. The District is not a component unit of any other primary government.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Fiduciary activities are reported only in the fund financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that clearly are identifiable with a specific function or segment. *Program revenues* include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building that is used primarily for instructional and other functions such as administration) is ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line item.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related 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.

Helena School District No. 1

Notes to the Basic Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are measurable and available. Revenue is considered to be available if it is collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. These revenues include grants (to the extent that revenues are earned as eligible expenditures are incurred), and property taxes collected within sixty days of year end. All other revenue items are considered to be measurable and available only when the government receives cash. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures as well as expenditures relating to compensated absences and claims are recorded only when payment is due.

1) Fund Financial Statements

The District uses funds to report financial position and the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The financial activities of the District are classified into fund categories as described below.

Governmental Funds

The District reports the following major governmental funds:

- General Funds - are the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. In addition to Funds 101 and 201, (Elementary and High School General) the District includes Funds 129 (Elementary Flexibility), and Fund 182 (Elementary Interlocal) in its general funds as the revenue streams are unrestricted.
- Elementary Miscellaneous Programs - This fund accounts for the activities of grants. Major resources are federal, state and local grants while expenditures include salaries, benefits, and operational supplies in relation to the grant purpose, generally instructional. A significant amount of the resources available to this fund are restricted.

The District reports the following major proprietary fund:

- School Aged Child Care – This fund accounts for the activities of the day care of the school district. Significant revenues include tuition. Expenses consist of staff salaries/benefits and operational supplies for the program.

Additionally, the District reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources, generally taxes that are committed or legally restricted to expenditure for specified purposes other than major capital projects or debt.

Debt Service Funds – are used to account for resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds – are used to account for resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and procurement of equipment necessary for providing education programs for students within the District.

Permanent Funds – are used to account for resources that are permanently restricted to the extent that only earnings, not principal, may be used for the purposes of supporting the government's programs.

Proprietary Funds

Enterprise Funds – are used to account for operations 1) financed and operated similar to private business enterprises, where the intent of the Trustees is to finance or recover costs primarily through user charges; 2) where the Trustees have decided periodic determination of revenue earned, expenses incurred, or net income is appropriate, or 3) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity. The District has one enterprise fund.

Helena School District No. 1

Notes to the Basic Financial Statements

Internal Service Funds – are used to account for the financing of goods and services provided by one department or agency to other departments, agencies, or other governmental entities on a cost-reimbursement basis.

Fiduciary Funds

These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These assets cannot be used to support the programs of the government. The District does not report any private purpose trust funds or fiduciary funds.

Private Purpose Trust Funds – are to account for assets held by the District in a trustee capacity, where both the principal and earnings benefit individuals, private organizations or other governments.

Proprietary Activity Accounting and Financial Reporting

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants (state and federal), and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the ongoing operations of a proprietary fund. The principal operating revenues of the District's School Aged Child Care enterprise (SACC) fund and of the District's internal service funds are charges to customers, individual schools or employees for sales, services, or insurance premiums. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, depreciation, medical premiums and expenses and associated costs. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Indirect expenses include general government, support services, administration, transportation, extracurricular costs and are based on a full cost allocation approach which spread the expenses among the functions. The allocation is performed through the general fund and is included in the direct program expenses for various function activities within the individual funds.

D. Assets, liabilities, and net position or equity

1) Deposits and investments

The majority of the cash of the District is held by the Lewis and Clark County Treasurer and is pooled with other County cash in an external investment pool. A portion of the Student Extracurricular Fund has cash deposits in checking accounts at four different banks which are fully insured through the Federal Deposit Insurance Corporation (FDIC). The County Treasurer, at the direction of the District Trustees, invests the pooled cash pursuant to State Law (MCA 20-9-213(4)). Allowable investments include direct obligations of the United States Government and some United States Agencies, savings or time deposits in a state or national bank, building and loan associations, savings and loans associations, or credit unions insured by the FDIC or NCUA located in the State, or in a repurchase agreement. It is allowable to invest monies under the Short-term investment pool (STIP) of the State Unified Investment Program established in Title 17, Chapter 6, Montana Code Annotated. Interest income earned is distributed pro-rata to the appropriate funds using the average monthly balance of cash in each fund.

2) Receivables and payables

The District did not have activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year generally referred to as "due to/from other funds." The District does not have any residual balances outstanding between the governmental activities and business-type activities.

All trade receivables, including those for the SACC, are shown as the gross charge. These receivables are deemed to be fully collectible and, as such, no allowance for doubtful accounts receivable has been established. Property tax receivables are shown as the gross charge as entered into the system by the Lewis and Clark County Assessor/Treasurer and Clerk and Recorder. Both property taxes and payments from the County and State are not shared taxes.

Helena School District No. 1

Notes to the Basic Financial Statements

Property taxes are levied as assessed on January 1 of each year. The tax levy is divided into two billings and is due November 30 of the current year and May 31 of the ensuing year. The billings are considered past due after the due date, at which time, penalty and interest charges are assessed.

3) Inventory and prepaid expenses

Inventories are valued at cost using the weighted average method. Inventories reflect the balances in internal service funds and are recorded as expenditures based on the consumption method. Inventories are expensed when purchased because the amounts on hand at the end of the year are not material. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

4) Capital assets

Capital assets, which include property, plant, construction in progress, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with a significant value, more than \$25,000 for land, buildings and building improvements and \$5,000 for all other assets, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital assets purchased with grant funds comply with the specific requirements listed with each grant authorization.

The costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or extend its useful life beyond the original estimate are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when completed. Upon disposal of capital assets, historical cost or estimated historical cost is removed. Proceeds from the sales are generally recorded as revenue in the fund that originally acquired the assets.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives. Salvage value is not used:

<u>Assets</u>	<u>Years</u>
Land Improvements	80
Buildings	80
Building Improvements	80
Vehicles	5
Instructional, Computers, Audio Visual Equipment	3
Musical, Athletic, Playground Equipment, Other	10

5) Accounts payable

Accounts payable to vendors and contractors include general accounts, retainages, deposits, and other accrued contingent liabilities not included in short or long-term liabilities.

6) Compensated absences

Non-teaching District employees earn vacation leave ranging from fifteen to twenty-four days per year depending on the employee's years of service, as required by Montana State law. Vacation leave may be accumulated not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for all employees with no limit on accumulation. Upon retirement or termination, non-teaching employees are paid 100% of unused vacation leave; and all non-teaching employees and teachers with at least ten years of service are paid 25% of unused sick leave. All payments are made at the current rate of pay of the employee at the time of retirement or termination and include related payroll taxes. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements. Vested or accumulated leave for proprietary and fiduciary funds is recorded as an expense and liability of those funds in the financial statements.

Helena School District No. 1

Notes to the Basic Financial Statements

7) Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8) Statement of cash flows

In the statement of cash flows for proprietary funds, cash and cash equivalents include all assets in the cash and investment pool. This pool is similar to a demand deposit account for enterprise and internal service funds so that deposits and cash withdrawals may be made at any time without prior notice or penalty. This treatment is in conformity with GASB Statement No. 9, which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash. Additionally, the investment with STIP is deemed to be a cash equivalent since it is sufficiently liquid as to permit withdrawal of cash at any time without prior notice or penalty.

9) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. The element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources for pension-related amounts: payments since the measure date, changes in assumptions, and the difference between projected and actual earnings. Deferred outflows of resources are also reported for payments made since the measure date and the changes in assumptions related to other post-employment benefits.

In addition to liabilities, the Statement of Net Position reports a separate section of deferred inflows of resources. This element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows of resources for pension-related and other post-employment benefits amounts: for its share of TRS and MPERS differences between expected and actual earnings, its share of the difference between expected and actual experience, and the changes in assumptions and inputs. Tax revenues that are not expected to be collected in time to pay current liabilities are deferred inflows of resources as well.

10) Pensions

Montana Public Employees Retirement System (MPERS) and Teachers Retirement System (TRS) – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the MPERS/TRS and additions to/deductions from MPERS/TRS's fiduciary net position have been determined on the same basis as they are reported by MPERS/TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Helena School District No. 1

Notes to the Basic Financial Statements

11) Net position and fund balances

In the financial statements, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources are presented in one of two ways depending on the measurement focus of the statement.

On the *Statement of Net Position* for government-wide reporting and for the proprietary funds and on the fiduciary funds' *Statement of Fiduciary Net Position*, net position is segregated into three categories: net position invested in capital assets; restricted net position; and unrestricted net position.

Net investment in capital assets represents total capital assets net of accumulated depreciation, debt directly related to capital assets, and unspent bond proceeds. Any deferred outflows/inflows of resources directly related to debt, if applicable, are included in this section as well. Significant unspent deferred inflows of resources are not included.

Restricted net position represents amounts whose use is not subject solely to the government's own discretion. Restrictions may be placed on net position by an external third party that provided the resources, by laws or regulations of other governments, by enabling legislation, by endowment agreements, or by the nature of the asset.

Unrestricted surplus (deficit) net position represents amounts not included in other categories.

On the *Balance Sheet – Governmental Funds*, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources are reported as fund balances and are segregated into separate classifications indicating the extent to which the District is bound to honor constraints on the specific purposes for which those funds can be spent. The District adopted a spending policy for nonspendable and spendable fund balances with the following order of spending: restricted, committed, assigned, and unassigned.

Fund balance is reported as Nonspendable when the resources cannot be spent because they are either in a nonspendable form or are legally or contractually required to remain intact. Resources in nonspendable form include inventories and prepaid items.

Fund balance is reported as Restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, and then unrestricted resources, as they are needed.

Fund balance is reported as Committed when the Board of Trustees passes a resolution that places specific constraints on how the resources may be used. The Trustees can modify or rescind the resolution at any time through passage of an additional resolution.

Amounts in the Assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally exist temporarily. Action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that is not otherwise reported as nonspendable, restricted, committed, or assigned. Additionally, this classification is used to report any negative fund balance amounts in other governmental funds.

12) Use of estimates

The preparation of financial statements, in conformity with accounting principles generally accepted (GAAP) in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to the Basic Financial Statements

13) Adoption of GASB pronouncements:

During the fiscal year ending June 30, 2024, the District implemented the following GASB Pronouncements:

GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62. Defines accounting changes and describes the transaction or events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. Effective for the fiscal year ending June 30, 2024.

The following GASB pronouncements have been issued, but are effective in the future:

GASB Statement No. 101, Compensated absences, effective June 30, 2025. Updates the recognition and measurement guidance for compensated absences. Requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

GASB Statement No. 102, Certain Risk Disclosures, effective June 30, 2025. Provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, Financial Reporting Model Improvements, effective June 30, 2026. Designed to improve key components of the financial reporting model.

Helena School District will implement the new GASB pronouncements no later than the fiscal year required by the effective date. The District is currently evaluating whether the above-listed new GASB pronouncements will have a significant financial impact to the District or in issuing its financial statements.

II. Stewardship, compliance, and accountability

A. General budgetary information

An annual appropriated operating budget is adopted each fiscal year for each school district (elementary and high school) fund in accordance with State law. These levied funds are the General Fund, Special Revenue Funds – Transportation, Tuition, Retirement, Adult Education, Technology, and Flexibility – the Debt Service, and Building Reserve Fund. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control is at the fund level only. Budgetary transfers between funds are not permitted.

For the year ended June 30, 2024 actual expenditures in the budgeted funds were within the annual appropriations set for each fund.

B. Budget process

The District operates within the budget requirements for school districts as specified by State law. The District budgets are adopted and maintained under the following budgetary statutes and procedures:

- By March 1, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property in each school district to each district and to the County Superintendent of Schools to be used for preliminary estimates.
- By the second Monday in July, the Department of Revenue must certify the taxable value of the District including the value of new construction. Any anticipated budget increase resulting from this new construction requires public notice and formal resolution of intent to utilize this increase.
- Any increase in local property taxes, except through value from new construction, up to the cap in the general fund, must be submitted for electorate approval in May of each year. Any increase over the new construction value in the transportation, bus depreciation, and adult education funds must be submitted to the electorate for approval.

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Notes to the Basic Financial Statements

- By August 15th, the Board of Trustees must meet to legally adopt the final budgets. Tax levies to raise the appropriate revenues are fixed at that time.
- After adoption of the final budgets, the Board authorizes management to transfer budget between line items as limited to the total fund appropriation, in accordance with state law. However, an emergency, as defined by state law and adopted by resolution by the Board of Trustees, authorizes revisions that alter the total expenditures of any fund.
- Reported budget amounts represent the originally adopted budget as amended by resolution of the Board of Trustees.

Appropriations in all funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (for which performance under the executory contract is expected in the ensuing year) are re-appropriated and become part of the subsequent year's budget.

C. Budgetary/GAAP basis difference

Legally required budgets are adopted on the modified accrual basis of accounting that is consistent with the budget laws of the State of Montana, which is a basis of accounting not in accordance with generally accepted accounting principles (GAAP). Under the budget basis of the District, certain revenues and the related assets are recognized when received rather than when susceptible to accrual or earned, and certain expenditures are recognized when disbursed as determined by the date of the expenditure rather than when the obligation was incurred. Annual appropriated budgets are legally adopted for all school district budgeted funds. GAAP requires that budget to actual comparisons be presented for the general fund and all major special revenue funds for which annual budgets have been adopted.

Note A of the Budgetary Comparison Schedule, Budget-to-GAAP Reconciliation reconciles the amount reported in the basic governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (which is presented on a non-GAAP budgetary basis) to the amounts reported in the basic governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance (which is presented on a GAAP basis) for the general and major special revenue funds.

D. Deficit fund balance

The District has funds with a deficit as of June 30, 2024, as follows:

- School Aged Child Care Fund - \$(998,198) net position deficit. The deficit balance is primarily a result of a carryover deficit from the previous year a decrease in cash (\$144,463) as result of a net increase in operating loss of \$96,793, and increase in compensated absences liability of \$17,755, and an increase in net pension liability of \$79,965. The change in net position was \$(274,588).

III. Detailed notes on all funds

A. Deposits and investments

As noted previously, the Lewis and Clark County Treasurer holds District cash, except a portion of the Middle and High School Extracurricular funds. The District directs the investment of money pursuant to the provisions of State law. Cash and cash equivalents consist of:

Governmental activities (County)	\$44,122,333
Business-type activities (County)	47,220
Governmental activities (checking, savings)	77,442
Business-type activities (checking)	<u>4,000</u>
Total cash and cash equivalents	<u>\$44,250,995</u>

Helena School District No. 1

Notes to the Basic Financial Statements

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Middle and High School Extracurricular Fund cash is a combination of checking and savings accounts and is fully insured by the FDIC. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit risk quality per GASB Statement No. 40.

The District is a member of the Lewis and Clark County Investment Pool, an external investment pool. All cash, except the cash in checking/savings for student extracurricular funds listed above, is invested through this pool. The pool is not registered with the Securities and Exchange Commission (SEC). This investment pool is comprised of all money belonging to the county, school districts and special districts for which there is not an immediate demand. It is managed by the County Treasurer, County Commission and an Investment Committee that is comprised of county officials, school district officials, private sector individuals, and representatives from other entities that participate in the pool. The fair value of the school district's position in the pool is the same as the value of the pool shares. The County reported that as of June 30, 2024, the book value and fair value of the investments were almost the same; therefore, the County had no unrealized gain or loss to record.

The State of Montana permits the following investments by the County:

- Direct obligations of the United States Government
- Securities issued and guaranteed by agencies of the United States
- Mutual funds that invest only in government obligations
- Securities issued by agencies of the United States
- Securities guaranteed by the United States or by an agency of the United States but not issued by agencies of the United States
- Repurchase agreements
- State Short-term Investment Pool (STIP)

B. Inventories

Inventories are valued at cost or, if donated, at fair value when received, using the weighted average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received. As of year-end, the Internal Service funds had inventories valued at \$115,586.

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Notes to the Basic Financial Statements

C. Receivables

Receivables as of year-end for the individual major and non-major funds, internal service funds, and fiduciary funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Elementary Miscellaneous</u>	<u>Non-major Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:				-	
Taxes, gross	\$509,401	-	\$490,364		\$999,765
Accounts	201,474	\$2,028	150,372	\$2,231	356,105
Grants, Tuition	-	939,808	634,549		1,574,357
Total Receivables	<u>\$710,875</u>	<u>\$941,836</u>	<u>\$1,275,285</u>	<u>\$2,231</u>	<u>\$2,930,227</u>

Receivables of the School-Aged Child Care Fund, \$4,849 are gross receivables. Any uncollected accounts over 90 days are removed and turned over to collection.

D. Deferred inflows of resources and unearned revenue

Governmental funds report *deferred inflows of resources* for amounts for which asset recognition criteria has been met, but for which revenue recognition criteria has not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Governmental funds also report *deferred inflows of resources* in connection with revenues collected after all eligibility requirements are met, but prior to meeting time requirements. Unearned revenues are a liability created when prepayment is made in advance of receiving goods or services. At the end of the current fiscal year, the various components of *deferred inflows of resources and unearned revenues* reported in the governmental funds were as follows:

	<u>Deferred inflows</u>	<u>Unearned revenues – grants</u>
General fund	\$407,286	\$ -
Elementary miscellaneous fund	-	2,497
Non-major governmental funds grants	-	267,687
Non-major governmental funds taxes	386,142	-
Total	<u>\$793,428</u>	<u>\$270,184</u>

Proprietary funds report unearned revenues in the School-Aged Child Care fund of \$24,977 which represents tuition receipts received, but not yet earned.

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Notes to the Basic Financial Statements

E. Capital assets

Capital asset activity for the governmental funds for the year ended June 30, 2024, is listed below.

<u>Asset Category</u>	Beginning Balance	Additions	Disposals	Other/Transfer	Ending Balance
Capital assets, not depreciated:					
Land	\$ 4,062,830	\$ -	\$ -	\$ -	\$ 4,062,830
Construction in progress	825,125	295,030	-	(825,125)	295,030
Total capital assets, not depreciated	4,887,955	295,030	-	(825,125)	4,357,860
Capital assets, depreciated:					
Land improvements	7,536,056	331,323	-	4,650	7,872,029
Buildings/improvements	130,541,614	461,717	-	661,351	131,664,682
Machinery and equipment	11,989,590	482,182	-	159,124	12,630,896
Total capital assets, depreciated	150,067,260	1,275,222	-	825,125	152,167,607
Accumulated Depreciation					
Land improvements	(4,027,050)	(260,888)	-	-	(4,287,938)
Buildings/improvements	(21,796,069)	(1,643,503)	-	-	(23,439,572)
Machinery and equipment	(10,549,104)	(859,453)	-	-	(11,408,557)
Total accumulated depreciation	(36,372,223)	(2,763,844)	-	-	(39,136,067)
Total depreciable capital assets, net	113,695,037	(1,488,622)	-	825,125	113,031,540
Total capital assets, net	\$ 18,582,992	\$(1,193,592)	\$ -	\$ -	\$ 117,389,400

Depreciation expense and abandoned CIP projects were charged to functions/programs of the primary government as follows:

Governmental activities:	
Instruction	\$1,739,363
Administration	23,905
Operations and maintenance	833,628
Student transportation	76,430
Food services	<u>90,518</u>
Total depreciation expense – governmental activities	<u>\$2,763,844</u>

Capital asset activity for the SACC program (Business-type activities) for the year ended June 30, 2024 is listed below.

<u>Asset Category</u>	Beginning Balance	Additions	Disposals	Other/ Transfer	Ending Balance
Buildings/improvements	\$13,843	\$ -	\$ -	\$ -	\$13,843
Machinery and equipment	<u>5,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,925</u>
Total capital assets, depreciated	<u>19,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,768</u>
Accumulated Depreciation					
Buildings/improvements	(4,153)	(2,769)	-	-	(6,921)
Machinery and equipment	<u>(3,555)</u>	<u>(1,185)</u>	<u>-</u>	<u>-</u>	<u>(4,740)</u>
Total accumulated depreciation	<u>(7,708)</u>	<u>(3,954)</u>	<u>-</u>	<u>-</u>	<u>(11,661)</u>
Total capital assets, net	<u>\$12,060</u>	<u>\$3,954</u>	<u>\$-</u>	<u>\$-</u>	<u>\$8,107</u>

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Notes to the Basic Financial Statements

F. Intangible Right-to-Use Assets

	Beginning Balance	Additions	Deletions	Expirations	Balance June 30, 2024
Intangible right-to-use capital assets:					
Leased equipment	\$258,345	\$ -	\$ -	\$(69,898)	\$188,447
Subscription agreements	391,341	-	-	-	391,341
Total intangible right-to-use capital assets	<u>649,686</u>	<u>-</u>	<u>-</u>	<u>(69,898)</u>	<u>579,788</u>
Less – Accumulated depreciation:					
Leased equipment	(134,168)	(48,797)	-	\$69,898	(113,067)
Subscription agreements	(84,151)	(84,151)	-	-	(168,302)
Total accumulated depreciation	<u>(218,319)</u>	<u>(132,948)</u>	<u>-</u>	<u>69,898</u>	<u>(218,369)</u>
 Total intangible right-to-use capital assets, net	 <u>\$431,367</u>	 <u>\$(132,948)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$298,419</u>

G. Commitments

At year-end, the District had outstanding commitments, in the form of purchase orders of \$2,034,193. The bulk of the commitments were for construction and maintenance projects. The projects included re-roofs at the two high schools' CTE shop buildings, control access technology at various school buildings, roofing projects at Helena High School, Capital High School, Helena Middle School, and Smith Elementary School, flooring projects at various schools, and Capital High School Auditorium lighting upgrade. These projects were funded by the elementary building reserve fund and the high school building reserve fund. Including the aforementioned, the District had various encumbrances: \$355,371 in the general funds, \$6,393 in the elementary miscellaneous fund, and \$1,672,429 in the non-major governmental funds. Note L. delineates the fund balance status.

H. Inter-fund receivables, payables, and transfers

Inter-fund transfers

The elementary interlocal agreement fund received \$2,015,544 from other District funds, \$328,544 from the general fund, \$1,330,000 from the elementary transportation fund, \$231,000 from the high school transportation fund, \$70,000 from the elementary adult education fund, and \$56,000 from the high school adult education fund. These transfers are permitted by the interlocal agreement, as well as under state law. Transfers are permitted for the purpose of purchasing K-12 curriculum and resource adoption, professional development, emergency staffing to achieve accreditation standards, and operational costs for the participating districts, which include but are not limited to one-time staffing costs of participating districts.

I. Payables

Payables and other accrued liabilities at June 30th, are as follows:

	<u>General</u>	<u>Elementary Miscellaneous Programs</u>	<u>Non-Major Funds</u>	<u>Internal Service</u>	<u>Total</u>
Accounts to vendors and contractors	<u>\$312,795</u>	<u>\$46,749</u>	<u>\$506,060</u>	<u>\$16,026</u>	<u>\$881,630</u>

Helena School District No. 1

Notes to the Basic Financial Statements

J. Lease and Subscription Obligations

Lease Receivables

The District leases the Ray Bjork Learning Center to St. Peter's Health for the purpose of a childcare facility. The lease, dated January 9, 2024, has an initial term of 20 years. Lease payments are \$22,741.49 due on the first day of each month and increase by the lesser of 1.0% or the Consumer Price Index for the first ten years of the Term; beginning on the first calendar month following the tenth anniversary of the Commencement Date, rent shall increase annually by the lesser of 3.5% or the Consumer Price Index. The implicit rate on the lease was 5.75%. Minimum future rentals on the lease as of June 30, 2024, are as follows:

Future Lease Receivables			
Years	Principal	Interest	Total
2025	\$72,260	\$202,002	\$274,262
2026	79,342	197,663	277,005
2027	86,871	192,904	279,775
2028	94,872	187,701	282,573
2029	103,374	182,024	285,399
2030-2034	664,141	806,237	1,470,378
2035-2039	1,031,616	568,710	1,600,326
2040-2044	1,413,043	197,699	1,610,742
Totals	\$3,545,519	\$2,534,940	\$6,080,459

Lease payable

	Balance July 1, 2023	Additions	Reduction	Balance June 30, 2024	Due with in one year
HP Copier Lease	\$113,048	\$ -	\$(37,068)	\$75,980	\$37,679
Kelley Copier DC-125P/H Lease	11,277	-	(11,277)	-	-
Leases payable	\$124,325	\$ -	\$(48,345)	\$75,980	\$37,679

The terms and expiration dates of the District's leases payable at June 30, 2024, follow:

HP Copier Lease - Lease agreement dated June 29, 2020, in the original principal amount of \$188,447 (from implementation date), due in annual installments of \$38,933, including imputed interest at 1.65%, through July 2025.

Kelley Copier DC-125 Lease P/H - Lease agreement dated June 12, 2019, in the original principal amount of \$33,326 (from implementation date), due in monthly installments of \$948, including imputed interest at 1.65%, through June 2024.

Helena School District No. 1

Notes to the Basic Financial Statements

Future Minimum Leases			
Years	Principal	Interest	Total
2025	37,679	1,254	38,933
2026	38,301	632	38,933
Totals	\$75,980	\$1,886	\$77,866

Subscription Liability					
	Balance July 1, 2023	Additions	Reduction	Balance June 30, 2024	Due with in one year
Subscription agreements	\$134,144	\$0	\$(46,887)	\$87,257	\$49,583
Subscription agreements	\$134,144	\$ 0	\$(46,887)	\$87,257	\$49,583

The District has entered into noncancelable SBITAs with several third parties. The agreements mature in varying amounts through the year ended June 30, 2026. The related subscription liabilities have been discounted at 1.55%.

Future Minimum Subscription Payments			
Years	Principal	Interest	Total
2025	\$49,583	\$5,018	\$54,601
2026	37,674	2,166	39,840
Totals	\$87,257	\$7,184	\$94,441

K. Long-term debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition, construction, or major remodeling of school facilities. General obligation bonds have been issued for governmental activities. On September 21, 2017, the elementary district issued general obligation bonds with a principal amount of \$55,000,000. A premium of \$6,382,616 was associated with the issuance of these bonds. The remaining \$8,000,000 of the \$63,000,000 authorized was issued on June 5, 2019. A premium of \$793,224 is associated with the issuance of these bonds.

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Notes to the Basic Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as 20-year serial bonds with varying amounts of principal due each year. General obligation bonds currently outstanding are as follows:

<u>Elementary</u>	<u>Original</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding</u>
Series 2017	Issue Amount	Maturity Date		Balance
Series 2019	\$55,000,000	7/1/2037	3.00-5.00%	\$41,050,000
	\$8,000,000	7/1/2039	3.00-4.00%	<u>6,480,000</u>
				47,530,000
		Unamortized bond premium		<u>5,470,649</u>
				<u>\$53,000,649</u>

Changes in long-term liabilities

Long-term liability activity for fiscal year 2024 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Amount Due</u>
	<u>Balance</u>			<u>Balance</u>	<u>Within One</u>
					<u>Year</u>
Governmental activities:					
GO Bonds	\$50,165,000	-	\$2,635,000	\$47,530,000	\$2,760,000
GO Bond Premiums	5,963,347	-	492,698	5,470,649	561,662
Intercap Loan	159,605	-	159,605	-	
Lease Liability	124,325	-	48,345	75,980	37,679
Subscription Liability	134,144	-	46,887	87,257	49,583
Pension Liability	75,794,488	-	1,525,929	74,268,559	-
Compensated Absences	5,424,285	159,224		5,583,509	1,378,380
Other Post-Employment					
Benefits – Health	4,411,901	105,472	-	4,517,373	-
Governmental activity long-term liabilities	<u>\$142,177,095</u>	<u>\$264,696</u>	<u>\$4,908,464</u>	<u>\$137,533,327</u>	<u>\$4,787,304</u>
Business-type activities:					
Compensated Absences	\$117,660	\$17,754	-	\$135,414	\$ 41,898
Pension Liability	904,258	79,965	-	984,223	-
Business-type activity long term liabilities	<u>\$ 1,021,918</u>	<u>\$97,719</u>	<u>\$ -</u>	<u>\$1,119,637</u>	<u>\$ 41,898</u>

The Internal service funds (warehouse, print-shop, liability insurance, and health insurance) service the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the totals for governmental activities. At June 30, 2024, \$10,931 of compensated absences and \$167,697 of pension liability recorded in the internal service funds were included in the amounts above. Payment for compensated absences of employees is from the originating fund for the employee pay.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	2,760,000	1,921,000	4,681,000
2026	2,890,000	1,789,700	4,679,700
2027	3,025,000	1,652,650	4,677,650
2028	3,170,000	1,508,600	4,678,600
2029	3,320,000	1,357,500	4,677,500
2030-2034	18,405,000	4,997,300	23,402,300
2035-2039	13,960,000	1,229,600	15,189,600
	<u>\$47,530,000</u>	<u>\$14,456,350</u>	<u>\$61,986,350</u>

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Notes to the Basic Financial Statements

Annual maturities of bond premium are as follows:

Year Ending June 30,	
2025	561,662
2026	617,180
2027	693,206
2028	684,303
2029	134,151
2030-2034	1,603,663
2035-2039	1,176,484
	\$5,470,649

L. Net position/fund balances

The residual of all other elements presented in the statement of net position is *net position* on the government-wide and proprietary fund financial statements. The residual of all other elements presented in the balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports non-spendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

- Non-spendable. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaids are classified as non-spendable.
- Restricted. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) unspent tax revenues levied for specific purposes as required by law, such as transportation, out-of-district instruction payments, retirement payments, adult education, technology, capital projects and debt service;
 - b) balances remaining for nutrition services, driver education, curriculum adoption, low income instruction, drug and mental health services, professional development, building and maintenance projects, and student extracurricular activities.
- Committed. The committed fund balance classification includes amounts that can be used only for the specific purpose determined by formal action of the District's Board of Trustees. The Board is the highest level of decision-making authority for the District that can by resolution commit fund balance.
- Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. Assigned amounts include the following:
 - a) Used for curriculum adoption, field trip transportation, building and maintenance, technology and other general purposes.

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Notes to the Basic Financial Statements

- Unassigned. Residual balances in the general fund and flexibility funds are classified as unassigned.

	General Fund	Elementary Miscellaneous	Other Governmental Funds	Total
Nonspendable for:				
Prepaid expenses	\$ 60,245	\$ -	\$ 11,420	\$ 71,665
Restricted for:				
Instruction	-	195,464	626,545	822,009
Transportation	-	-	1,588,931	1,588,931
Tuition	-	-	53,438	53,438
Retirement benefits	-	-	3,960,205	3,960,205
Support services	-	44,456	2,011	46,467
Adult education	-	-	184,440	184,440
Drivers education	-	-	19,740	19,740
Operations & maintenance	-	143,143	51,562	194,705
Vocational education	-	-	144,289	144,289
School food program	-	-	1,849,344	1,849,344
Debt service	-	-	1,018,176	1,018,176
Capital projects	-	66,178	6,665,609	6,731,787
Scholarships	-	-	337,595	337,595
Other	-	-	2,305	2,305
Extracurricular	-	-	941,652	941,652
Assigned for:				
Instruction	7,375,335	1,521,400	29,159	8,925,894
Support services	-	2,153,054	36,918	2,189,972
Operations & maintenance	5,750	25,884	77,341	108,975
Extracurricular	13,378	62,803	179,151	255,332
Other	-	121,695	544,628	666,323
Capital outlay	-	-	31,624	31,624
Unassigned	5,909,927	-	-	5,909,927
Total	\$ 13,364,635	\$ 4,334,077	\$ 18,356,083	\$ 36,054,795

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Notes to the Basic Financial Statements

M. Accounting Changes and Error Corrections:

During the fiscal year 2024, the District had changes to or within the financial reporting entity and error corrections that resulted in adjustment to beginning fund balance as follows.

	Fund Balance/Net Position Beginning of Year	Change in Reporting Entity	Correction of Error	Fund Balance/Net Position Beginning - Restated
Governmental Activities	\$25,960,252	\$-	(\$49,733)	\$25,910,519
Business-Type Activities	(723,610)	-	-	(723,610)
Total Net Position	25,236,642	-	(49,733)	25,186,909
Governmental Funds				
General Fund	5,965,290	-	(1,500)	5,963,790
Elementary Flex	6,811	-	-	6,811
Interlocal	6,975,068	-	-	6,975,068
Total Combined General Fund	12,947,169	0	(1,500)	12,945,669
Elementary Transportation	1,388,794	(1,388,794)	-	-
Elementary Food Service	2,021,727	(2,021,727)	-	-
Elementary Miscellaneous	4,064,577	-	(50,903)	4,013,674
Remaining Aggregate	11,042,593	3,410,521	2,670	14,455,784
Total Governmental Funds	31,464,860	0	(49,733)	31,415,127
Fund Balance/Net Position				
School Aged Child Care	(723,610)	-	-	(723,610)
Internal Service Funds	7,030,167	-	-	7,030,167
Fund Balance/Net Position	\$6,306,557	\$-	\$-	\$6,306,557

Prior period adjustments were recorded, as follows:

- June 30, 2024, fund balance for the general fund decreased by \$1,500 due to recoding of an expenditure to the proper fund.
- June 30, 2024, elementary miscellaneous fund decreased by \$50,903 due to an overstated receivable.
- June 30, 2024, high school miscellaneous fund balance increased by \$2,670 due to recoding of expenditure to the proper fund (\$1,500) and an overstatement of expenditures in a prior year (\$1,170).

IV. Other information

A. Risk management

The District is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; professional liability, i.e. errors and omissions; environmental damage and natural disasters; workers' compensation, i.e. employee injuries; and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts and professional liability coverage. Coverage limits and the deductibles on the commercial policies have been relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement cost of the assets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages and a pool limit for earthquake and flood damages.

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Notes to the Basic Financial Statements

The District has joined with other Montana employers to form a self-insurance pool offering workers' compensation coverage. This pool, named Montana State Fund, provides claim administrative services. Premiums paid to Montana State Fund amounted to \$392,476 for the fiscal year.

Employee medical insurance is provided through an internally administered, self-funded plan. The District provides medical and dental coverage for employees through an Internal Service Fund that is administered by Allegiance Administrators for the period that ends on October 1, 2024. Rates for the employees and employer are determined in consultation with the administrator for the ensuing year. An excess coverage insurance policy is purchased by the District.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of these items. The balances of claims liabilities during the past two fiscal years are as follows:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
Unpaid claims, July 1	\$3,788,028	\$3,257,508
Incurred claims (including IBNR)	13,419,219	14,875,147
Claim payments	<u>(12,902,311)</u>	<u>(14,244,627)</u>
Unpaid claims, June 30	<u>\$4,304,936</u>	<u>\$3,788,028</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the State of Montana and the federal government. Any disallowed claim, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government. The costs associated with this are covered through District insurance.

C. Other post-employment benefits

Health Insurance

The District provides 18 to 36 months optional post-employment health care benefits in accordance with Public Law 99-272, known as the Consolidated Omnibus Budget Reconciliation Act (COBRA), to the following employees and dependents who elect to continue and pay administratively established premiums: (1) employees who were covered by the District health insurance plan at the time they discontinued employment, and (2) spouses or other dependents who lose dependent eligibility. At June 30, 2024 there were no ex-employees who elected to have COBRA coverage through the District.

In accordance with section 2-18-704, MCA, the District also provides optional post-employment health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement policy and (2) surviving dependents of deceased employees. Retirement eligibility differs by retirement system. Administratively established premiums vary from \$658 to \$963 depending on the coverage selected. The District acts as a secondary payor for retired Medicare-eligible claimants. As of the valuation date, 20 retirees and their dependents were covered for health care benefits. As of June 30, 2024, 49 retirees opted to continue insurance through the District. The District collects insurance premiums from participating retirees which are deposited into the District's health insurance fund.

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Notes to the Basic Financial Statements

Total OPEB Liability

	<u>June 30, 2024</u>
Total OPEB Liability	\$4,517,373
Covered payroll	N/A
Total OPEB Liability as a % of covered payroll	N/A

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

Discount Rate

Discount Rate	3.65%
20 Year Tax-Exempt Municipal Bond Yield	3.65%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of June 30, 2014 were based on the results of an actuarial experience study for the period 2016-2021 for the State of Montana Teachers' Retirement System (MTRS).

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal
Mortality	MTRS; see "Actuarial Assumptions" for details
Salary increases including inflation	MTRS; see "Actuarial Assumptions" for details

Changes in Total OPEB Liability

Changes in Total OPEB Liability

	<u>2023-2024</u>
Beginning of Year Balances	\$4,411,901
Changes for the year:	
Service cost	278,313
Interest on total OPEB liability	160,720
Effect of assumptions changes or inputs	(30,710)
Benefit payments	(302,851)
End of Year Balances	<u>\$4,517,373</u>

Sensitivity Analysis

The following presents the total OPEB liability of the Helena School District #1, calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>2023-2024</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Total OPEB Liability	\$4,802,822	\$4,517,373	\$4,246,597

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Notes to the Basic Financial Statements

The following presents the total OPEB liability of the Helena School District #1, calculated using the current healthcare cost trend rates as well as what the Helena School District #1's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	2023-2024		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$4,075,369	\$4,517,373	\$5,034,251

OPEB Expense

OPEB Expense	July 1, 2023 to June 30, 2024
Service cost	\$278,313
Interest on total OPEB liability	160,720
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	36,192
Recognition of assumption changes or inputs	<u>(293,314)</u>
OPEB Expense	<u>\$181,911</u>

As of June 30, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (55,739)	\$ 166,269
Changes of assumptions	<u>(998,995)</u>	<u>1,585,1967</u>
Total	<u>\$ (1,054,734)</u>	<u>\$ 1,751,465</u>

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

Year ending June 30:	
2025	(235,775)
2026	(198,833)
2027	(33,068)
2028	(44,578)
2029	58,022
Thereafter*	1,150,963

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

Actuarial Assumptions

The following actuarial assumptions were used in the development of the Helena School District #1 retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the State of Montana Teachers' Retirement System (MTRS) as provided in the July 1, 2022 Actuarial Valuation reports.

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Notes to the Basic Financial Statements

Interest Discount Rate:

<u>Measurement Date</u>	<u>Rate</u>
June 30, 2021	2.16%
June 30, 2022	3.54%
June 30, 2023	3.65%

Mortality:

<u>Pre-Retirement</u>		PubT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
<u>Non-Disabled:</u>	For Males:	PubT-2010 Retiree Mortality Table projected to 2021 adjusted 102%. Projected generationally using MP-2021.
	For Females:	PubT-2010 Retiree Mortality Table projected to 2021 adjusted 102%. Projected generationally using MP-2021.
<u>Beneficiaries:</u>		PubT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021.
<u>Post -Disablement:</u>		PubT-2010 Disabled Retiree Mortality Table projected to 2021.

Employee Turnover/Withdrawal: MTRS for all employees.

Disablement: MTRS disability rates for all employees.

Retirement: MTRS retirement rates for general members for all employees.

Salary Adjustment Factors: MTRS General Members for all employees. Rates are shown below.

% Merit and Longevity Increase Next Year	
Service	General Members
1	5.50%
2	4.50
3	3.50
4	3.50
5	2.50
6	2.50
7	2.50
8	1.50
9	1.50
10	1.50
11	1.50
12	1.50
13	0.50
14	0.50
15	0.50
16	0.50
17	0.50
18	0.00
19	0.00
20	0.00
21	0.00
22+	0.00

In addition to the merit and longevity increase, each person is assumed to get an economic increase of 3.50% each year.

Percentage of Retirees Participating In Retiree Medical Coverage:

Future retirees: 35% of current employees are expected to participate in the Helena School District #1's retiree health insurance plan.

Current retirees: Actual retiree participation.

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Notes to the Basic Financial Statements

Percentage of Retirees Electing Family Coverage:

Future retirees: 30% of future retirees that take coverage are assumed to elect two-party coverage.

Current retirees: Actual family coverage election.

Age Difference of Active Employees and Spouses: Spouses same age as participants.

Annual Medical Trend Rate Assumptions: Based on recent experience, the experience of medical insurers, Milliman's future trend expectations, and judgment. The trend rates reflect the anticipated impact of the excise tax on high cost health plans beginning in 2022.

Annual Medical Trend Rate	
2022	6.30%
2023	6.70%
2024	6.50%
2025	5.90%
2026	5.30%
2027	4.90%
2028	4.70%
2029	4.50%
2030	4.30%
2031	4.20%
2032-2065	4.10%
2066-2067	4.00%
2068-2069	3.90%
2070-2072	3.80%
2073+	3.70%

Expected Monthly 2022-23 Medical Costs Per Retiree: Relative cost factors were developed from the Milliman Health Cost Guidelines. Based on the District's claim experience, current premiums, plan provisions, and related age cost factors assumptions, age adjusted 'per member per month' (PMPM) costs for 2022-2023 were developed. The post-65 premiums are sufficient to cover the post-65 medical costs; therefore, no implied rate subsidy is valued after age 64.

Age	Male		Female	
	Single	EE & SPS	Single	EE & SPS
50	\$641	\$1,506	\$806	\$1,506
55	835	1,837	944	1,837
60	1,065	2,225	1,101	2,225
64	1,320	2,618	1,240	2,618

Changes in Assumptions Since Prior Valuation:

- The discount rate was updated as of June 30, 2022, and June 30, 2023 in accordance with the parameters defined by GASB 75. A higher discount rate results in lower liabilities and vice versa.
- The demographic and salary increase assumptions have been updated as a result of the MTRS Five-Year Experience Study for 2016-2022.
- The expected medical costs and trend rates were updated based on recent and expected future experience.

Summary of Plan Provisions

Eligibility Requirements and Benefits

Eligibility requirements and benefits are as follows:

Eligibility - A retiree is considered eligible for coverage under this plan only if the retiree was covered under the plan as a participant on their last day of active service prior to retirement and retires from MTRS.

Retiree Health Benefits - Retirees pay 100% of the premiums to continue coverage.

Helena School District No. 1

Notes to the Basic Financial Statements

Summary of Participant Data

Monthly Retiree Premiums: The District's current premium rates are shown in the following table.

Pre-65 Monthly Health Insurance Premiums		
10/01/2022-9/30/2023		
Plan	Single	Subscriber & Spouse
Premium	\$963.48	\$1,822.37
Standard	658.32	1,245.27

Participant Data: The District relied on the following medical plan participant data as of October 1, 2023 and assumed there have been no significant changes in data between June 30, 2022 and October 1, 2023.

	Participant Count	Average Age	Average Service
Active Employees	813	43.7	8.9
Retirees	69	59.5	

Other Employee Benefits

The District operates an Internal Revenue Code Section 125 plan for medical, day care, health insurance, and life insurance expenses. Employees can contribute pretax dollars up to \$2,400 per year for medical expenses and up to \$5,000 per year for day care expenses. The entire health and life insurance premiums are tax sheltered.

D. Employee benefit pension plans

Employees of the District participate in one of two state-wide cost sharing multiple-employer retirement benefits plans, Teachers Retirement System (TRS) and Public Employees Retirement System (PERS). Contributions to the plans are as required by state statute. Information about each plan is as follows:

Employer's proportion of TRS and PERS pension amounts combined

	District's proportionate share associated with TRS	District's proportionate share associated with PERS	Total Pension Amounts
District's share of net pension liability	\$ 65,615,029	\$ 9,637,753	\$ 75,252,782
State of Montana's share	35,477,861	2,939,721	38,417,582
Total pension liability	\$ 101,092,890	\$ 12,577,474	\$ 113,670,364
Deferred outflows of resources	\$ 9,945,758	\$ 1,107,725	\$ 11,053,483
Deferred inflows of resources	\$ 4,278,893	\$ 780,957	\$ 5,059,850
Pension expense	\$ 10,343,318	\$ 1,239,080	\$ 11,582,398

Teachers' Retirement System (TRS)

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

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Notes to the Basic Financial Statements

The TRS Board is the governing body of the Teachers' Retirement System and staff administers the systems 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 website at trs.mt.gov.

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

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

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

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

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Notes to the Basic Financial Statements

School District and Other Employers

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

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

Actuarial Assumptions - The total pension liability as of June 30, 2023, is based on the results of an actuarial valuation date of July 1, 2023. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2019 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%
- 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 among contributing members, service retired members, and beneficiaries
 - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021
- Mortality among service retired members
 - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021
- Mortality among beneficiaries
 - PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
- Mortality among disabled members
 - PUBT-2010 Disabled Retiree mortality table projected to 2021.

*Total wage increases include 3.50% general wage increase assumption

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Notes to the Basic Financial Statements

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

Target Allocations

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

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

Sensitivity Analysis

	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
The employer's proportion of net pension liability	\$92,693,122	\$65,615,029	\$42,973,544

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.

Helena School District No. 1

Notes to the Basic Financial Statements

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>.

Net Pension Liability - In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2024 and June 30, 2023 (reporting dates).

	Net Pension Liability <u>06/30/2024</u>	Net Pension Liability <u>06/30/2023</u>	Percent of collective NPL as of 6/30/2024	Percent of collective NPL as of 6/30/2023	Change in Percent of collective NPL
Helena proportionate share	\$ 65,615,029	\$66,489,550	3.3866%	3.3806%	0.0060%
State of Montana proportionate share associated with Helena	<u>35,477,861</u>	<u>36,730,831</u>	<u>1.8312%</u>	<u>1.8675%</u>	<u>(0.0363%)</u>
Total	<u>\$101,092,890</u>	<u>\$103,220,381</u>	<u>5.2178%</u>	<u>5.2481%</u>	<u>(0.0303%)</u>

At June 30, 2024, the employer recorded a liability of \$65,615,029 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2024, the employer's proportion was 3.3866 percent.

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

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

Changes in proportionate share: There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability.

Helena School District No. 1

Notes to the Basic Financial Statements

Pension Expense

	Pension Expense as of 6/30/2024
Helena's proportionate share	\$7,048,057
State of Montana proportionate share associated with Helena School	3,295,261
Total	\$10,343,318

At June 30, 2024, the employer recognized a pension expense of \$10,343,318 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$3,295,261 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected economic experience	1,241,311	-
Changes in actuarial assumptions	951,789	4,099,148
Differences between projected and actual investment earnings	141,858	-
Changes in proportion and differences between actual and expected contributions	2,414,320	179,745
* Contributions paid to TRS subsequent to the measurement date - FY 2023 contributions	5,196,480	-
Total	9,945,758	4,278,893

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the 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:

	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
Year ended June 30:	
2025	(\$449,002)
2026	(2,663,683)
2027	3,712,784
2028	(129,714)
2029	0
Thereafter	0

Helena School District No. 1

Notes to the Basic Financial Statements

Public Employees' Retirement System (PERS)

Plan Description - The PERS-Defined Benefit Retirement Plan (DBRP), 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, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

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

Summary of Benefits

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

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

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) Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retired 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) Retired 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 benefits in the January after receiving the new benefit for 12 months.
- 3) Retired 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;

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.

Helena School District No. 1

Notes to the Basic Financial Statements

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 all other adjustments to the member's benefit.

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

Overview of Contributions

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

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

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

Helena School District No. 1

Notes to the Basic Financial Statements

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 an actuary valuation that shows the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
- b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

3. Non-Employer contributions:

- a. Special funding
 - i. The State contributed 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$34,979,900.

Stand-Alone Statements

The financial statements of the Montana Public Employees Retirement Board (PERB) *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 <http://mpera.mt.gov/index.shtml>.

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions.

- General wage growth* 3.50% *includes inflation at 2.75%
- Merit increases 0% to 4.80%
- Investment return, net 7.30%
- Postretirement benefit increases:
 - Guaranteed annual benefit adjustment (GABA) each January
 - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - a. 1.5% for each year PERS is funded at or above 90%;
 - b. 1.5% reduced by 0.1% for each 2% PERS is funded below 90%; and
 - c. 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions among active participants, PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
- Mortality assumptions among disabled retirees, PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021..
- Mortality assumptions among 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.

Helena School District No. 1

Notes to the Basic Financial Statements

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 a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations - The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, are summarized in the table below:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash Equivalents	3.0%	(0.33%)
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	<u>15.0%</u>	1.14%
Non-Core Fixed Income	<u>6.0%</u>	3.02%
Total	<u>100.0%</u>	

Sensitivity Analysis

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

	<u>1.0% Decrease (6.30%)</u>	<u>Current Discount Rate</u>	<u>1.0% increase (8.30%)</u>
Helena School District Net Pension Liability	\$13,921,698	\$9,637,753	\$6,043,905

Helena School District No. 1

Notes to the Basic Financial Statements

Summary of Significant Accounting Policies – 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 inflows of resources and deferred outflows of resources related to pensions, pension expense, the fiduciary net position and additions to/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 adheres to all accounting principles generally accepted by the United States of America. MPERA applies all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Net Pension Liability – 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 TPL. The basis for the TPL as of June 30, 2023, is on an actuarial valuation performed by the Plan’s actuary as of June 30, 2023.

The 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, 2023, and 20202, are displayed below. The employer’s proportionate share equals the ratio of the employer’s contributions to the sum of all employer and non-employer contributions during the measurement period. The state’s proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$9,637,753 and the employer’s proportionate share was 0.394933 percent.

	Net Pension Liability <u>06/30/2023</u>	Net Pension Liability <u>06/30/2022</u>	Percent of collective NPL as of 6/30/2023	Percent of collective NPL as of 6/30/2022	Change in percent of collective NPL
District proportionate share	\$9,637,753	\$10,209,193	0.394933%	0.429339%	(0.034406)%
State of Montana proportionate Share associated with Helena	<u>2,939,721</u>	<u>3,348,209</u>	<u>0.120463%</u>	<u>0.140806%</u>	<u>(0.020343)%</u>
Total	<u>\$12,577,474</u>	<u>\$13,557,402</u>	<u>0.515396%</u>	<u>0.570145%</u>	<u>(0.054749)%</u>

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the TPL.

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 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.

Pension Expense

At June 30, 2023, the employer recognized \$963,291 for its proportionate share of the Plan’s pension expense and recognized grant revenue of \$275,789 for the state of Montana proportionate share of the pension expense associated with the employer

As of measurement date	Pension Expense as of 6/30/2023
District's proportionate share	\$963,291
State of Montana proportionate share	<u>275,789</u>
Total	<u>\$1,239,080</u>

Helena School District No. 1

Notes to the Basic Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. expected experience	\$385,311	\$ -
Projected investment earnings vs. actual	24,453	-
Changes in assumptions	-	343,754
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	437,203
Employer contribution subsequent to the measurement date	697,961	-
Total	\$1,107,725	\$780,957

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's 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
2024	\$(427,032)
2025	(455,559)
2026	569,895
2027	(58,497)
Thereafter	0

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

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

Helena School District No. 1

Notes to the Basic Financial Statements

At the plan level for the measurement period ended June 30, 2023, 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 348 employers that have participants in the PERS-DCRP totaled \$1,409,309.

E. Tax Abatements

The District's property tax revenue is subject to tax abatement agreements entered into by Lewis and Clark County. Under the Montana Code Annotated, Title 15, Chapter 24, Part 14, the localities may grant property tax abatements to new or expanding industries. In the first 5 years, qualifying expansions must be taxed at 50% of their taxable value. Each year thereafter, the percentage must be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property must be taxed at 100% of its taxable value. Property taxes abated by this section are subject to recapture if the ownership does not add at least \$50,000 worth of qualifying improvements or modernized processes within the first two years in which these benefits are provided. For the fiscal year ended June 30, 2024, the District portion of the property taxes abated by Lewis and Clark County totaled \$0.

Required Supplementary Information

**HELENA SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2024**

	General Fund			
	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	(BUDGETARY BASIS) - NOTE A	WITH FINAL BUDGET
<u>REVENUES</u>				
Property taxes	\$ 20,527,861	\$ 20,527,861	\$ 20,089,160	\$ (438,701)
Tuition and fees	103,896	103,896	288,155	184,259
Interest	210,569	210,569	285,742	75,173
Other district revenue	2,600	2,600	4,536	1,936
State of Montana	43,044,207	43,044,207	43,243,089	198,882
Amounts available for appropriation	63,889,133	63,889,133	63,910,682	21,549
<u>EXPENDITURES</u>				
Regular	34,048,673	34,048,673	35,539,610	(1,490,937)
Special education	4,778,436	4,778,436	6,567,779	(1,789,343)
Vocational education	1,699,907	1,699,907	1,775,836	(75,929)
Support services:				
Improvement of instruction services	4,195,665	4,195,665	2,023,471	2,172,194
Educational media services	1,631,487	1,631,487	1,719,211	(87,724)
General administration	1,278,098	1,404,313	930,220	474,093
School administration	5,374,389	5,374,389	5,168,167	206,222
Business services	1,032,019	1,032,019	1,224,693	(192,674)
Operations and maintenance of plant	6,807,300	6,807,300	7,039,144	(231,844)
Student transportation services	-	-	356	(356)
Community services	13,957	13,957	13,928	29
Other	79,229	79,229	79,737	(508)
Non-instructional services:				
Extracurricular	1,404,698	1,404,698	1,391,069	13,629
Non-instructional services:				
Capital outlay	74,500	74,500	-	74,500
Debt service:				
Principal payments	-	-	83,955	(83,955)
Interest payments	-	-	9,579	(9,579)
Total charges to appropriations	62,418,358	62,544,573	63,566,755	(928,648)
<u>Other Financing Sources (Uses):</u>				
Transfers (out)	-	-	(328,544)	(328,544)
Total other financing sources (uses)	-	-	(328,544)	(328,544)
Net change in fund balance			15,383	
Budgetary fund balance - July 1, 2023			5,965,290	
Restatements			(1,500)	
Budgetary fund balance - June 30, 2024			<u>\$ 5,979,173</u>	

See Independent Auditor's Report.

**HELENA SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

Note A - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 63,910,682
Fund 182 inflows of resources - included in the general fund for financial statement reporting purposes, but not for budgetary purposes	312,244
Fund 129 inflows of resources - included in the general fund for financial statement reporting purposes, but not for budgetary purposes	<u>158</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	<u><u>\$ 64,223,084</u></u>
Uses/Outflows of resources	
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 63,566,755
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	
Fund 182 outflows of resources - included in the general fund for financial statement reporting purposes, but not for budgetary purposes	1,892,820
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	
Encumbrances reported at the beginning of the year	37,293
Encumbrances reported at the end of the year	<u>(5,750)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 65,491,118</u></u>

Note: Amounts presented in the Budgetary Comparison Schedule and Related Budget-to-GAAP Reconciliation present only Funds 101 and 201. Other funds included in the general fund for financial statement reporting purposes are not included in these schedules

HELENA SCHOOL DISTRICT NO.1
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
For the Year Ended June 30, 2024

Total OPEB Liability	2024	2023	2022	2021	2020
Service cost	\$278,313	\$261,359	\$253,929	\$314,376	\$287,391
Interest on total OPEB liability	160,720	83,440	82,849	156,717	163,396
Effect of economic/demographic gains or (losses)	-	(70,969)	-	313,416	-
Effect of assumption changes or inputs	(30,710)	667,908	12,418	(1,172,709)	109,769
Benefit payments	(302,851)	(261,558)	(223,484)	(335,187)	(328,617)
Net change in total OPEB liability	105,472	680,180	125,712	(723,387)	231,939
Total OPEB liability - beginning	4,411,901	3,731,721	3,606,009	4,329,396	4,097,457
Total OPEB liability - ending	\$4,517,373	\$4,411,901	\$3,731,721	\$3,606,009	\$4,329,396

Covered employee payroll	N/A	N/A	N/A	N/A	N/A
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Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
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Total OPEB Liability	2019	2018	2017
Service cost	\$393,351	\$425,373	\$353,556
Interest on total OPEB liability	204,786	168,305	203,669
Effect of economic/demographic gains or (losses)	37,731	-	-
Effect of assumption changes or inputs	(1,642,661)	(299,813)	368,792
Benefit payments	(441,449)	(453,246)	(450,000)
Net change in total OPEB liability	(1,448,242)	(159,381)	476,017
Total OPEB liability - beginning	5,545,699	5,705,080	5,229,063
Total OPEB liability - ending	\$4,097,457	\$5,545,699	\$5,705,080

Covered employee payroll	N/A	N/A	N/A
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Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A
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HELENA SCHOOL DISTRICT NO.1
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios - Continued
Other Postemployment Benefits
For the Year Ended June 30, 2024

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period for the respective measurement date, as listed:

June 30, 2016	2.85%
June 30, 2017	3.58%
June 30, 2018	3.87%
June 30, 2019	3.50%
June 30, 2020	2.21%
June 30, 2021	2.16%
June 30, 2022	3.54%
June 30, 2023	3.65%

Governmental Accounting Standard Board, Statement 75 requires this information to be provided for 10 years. Additional years will be displayed as they become available.

HELENA SCHOOL DISTRICT NO. 1
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Teachers Retirement and Public Employees Retirement Systems of Montana
For the Year Ended June 30, 2024

Teachers Retirement System:	2024	2023	2022	2021	2020
As of the June 30 Measurement Date					
Employer's proportion of the net pension liability	3.3866%	3.3806%	3.1623%	3.2059%	3.1840%
Employer's proportionate share of the net pension liability associated with the employer	\$65,615,029	\$66,489,550	\$52,385,366	\$72,115,783	\$61,396,152
State of Montana's proportionate share of the net pension liability associated with the employer	35,477,861	36,730,831	29,891,716	42,648,393	37,169,121
Total	\$101,092,890	\$103,220,381	\$82,277,082	\$114,764,176	\$98,565,273
Employer's covered payroll	\$50,367,168	\$49,623,118	\$45,041,133	\$44,127,462	\$43,221,690
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	130.27%	133.99%	116.31%	163.43%	142.05%
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%
Public Employees Retirement System:	2023	2022	2021	2020	2019
As of the June 30 Measurement Date					
Employer's proportion of the net pension liability	0.394933%	0.429339%	0.415525%	0.385606%	0.362111%
Employer's proportionate share of the net pension liability associated with the employer	\$9,637,753	\$10,209,193	\$7,534,389	\$10,173,105	\$7,569,244
State of Montana's proportionate share of the net pension liability associated with the employer	2,939,721	3,348,209	2,444,924	3,514,592	2,700,174
Total	\$12,577,474	\$13,557,402	\$9,979,313	\$13,687,697	\$10,269,418
Employer's covered payroll	\$7,567,923	\$7,767,459	\$7,556,299	\$6,677,792	\$6,169,141
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	127.35%	131.44%	99.71%	152.34%	122.70%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%

See Independent Auditor's Report.

HELENA SCHOOL DISTRICT NO. 1
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Teachers Retirement and Public Employees Retirement Systems of Montana (Continued)
For the Year Ended June 30, 2024

Teachers Retirement System:	2019	2018	2017	2016	2015
As of the June 30 Measurement Date					
Employer's proportion of the net pension liability	3.1437%	3.1502%	3.1113%	3.1046%	3.1129%
Employer's proportionate share of the net pension liability associated with the employer	\$58,350,944	\$53,114,391	\$56,838,244	\$51,008,607	\$47,903,304
State of Montana's proportionate share of the net pension liability associated with the employer	<u>36,240,550</u>	<u>33,714,733</u>	<u>37,029,697</u>	<u>34,151,359</u>	<u>32,809,594</u>
Total	<u>\$94,591,494</u>	<u>\$86,829,124</u>	<u>\$93,867,941</u>	<u>\$85,159,966</u>	<u>\$80,712,898</u>
Employer's covered payroll	\$41,990,904	\$41,549,727	\$40,385,463	\$39,625,370	\$39,256,570
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	69.09%	70.09%	66.69%	69.30%	70.36%

Public Employees Retirement System:	2018	2017	2016	2015	2014
As of the June 30 Measurement Date					
Employer's proportion of the net pension liability	0.354348%	0.483453%	0.474258%	0.474299%	0.479773%
Employer's proportionate share of the net pension liability associated with the employer	\$7,395,754	\$9,415,853	\$8,078,258	\$6,630,090	\$5,978,024
State of Montana's proportionate share of the net pension liability associated with the employer	<u>2,729,715</u>	<u>453,964</u>	<u>377,542</u>	<u>311,547</u>	<u>279,453</u>
Total	<u>\$10,125,469</u>	<u>\$9,869,817</u>	<u>\$8,455,800</u>	<u>\$6,941,637</u>	<u>\$6,257,477</u>
Employer's covered payroll	\$6,020,372	\$6,197,232	\$5,872,509	\$5,722,913	\$5,654,050
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	122.85%	151.94%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.47%	73.75%	74.71%	78.40%	79.87%

See Independent Auditor's Report.

HELENA SCHOOL DISTRICT NO. 1
Required Supplementary Information
Schedule of Contributions
Teachers Retirement and Public Employees Retirement Systems of Montana
For the Year Ended June 30, 2024

Teachers Retirement System:	2024	2023	2022	2021	2020
As of the June 30 Reporting Date					
Contractually required contributions	\$5,196,480	\$5,780,723	\$5,133,013	\$4,316,202	\$5,925,998
Contributions in relation to the contractually required contributions	5,196,480	5,780,723	5,133,013	4,316,202	5,925,998
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$48,883,525	\$50,367,168	\$49,623,118	\$45,041,133	\$44,127,462
Contributions as a percentage of covered payroll	10.63%	11.48%	10.34%	9.58%	13.43%
Public Employees Retirement System:	2024	2023	2022	2021	2020
As of the June 30 Reporting Date					
Contractually required contributions	\$697,961	\$687,059	\$671,037	\$650,443	\$566,843
Plan choice rate required contributions		0	0	0	0
Contributions in relation to the contractually required contributions	697,961	687,059	671,037	650,443	566,843
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$7,931,370	\$7,902,677	\$7,767,459	\$7,556,299	\$6,677,792
Contributions as a percentage of covered payroll	8.80%	8.70%	8.64%	8.61%	8.49%

HELENA SCHOOL DISTRICT NO. 1
Required Supplementary Information
Schedule of Contributions
Teachers Retirement and Public Employees Retirement Systems of Montana (Continued)
For the Year Ended June 30, 2024

Teachers Retirement System:	2019	2018	2017	2016	2015
As of the June 30 Reporting Date					
Contractually required contributions	\$4,449,351	\$4,371,348	\$4,221,250	\$4,136,450	\$4,146,229
Contributions in relation to the contractually required contributions	4,449,351	4,371,348	4,221,250	4,136,450	4,146,229
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$43,221,690	\$41,990,904	\$41,549,727	\$40,385,463	\$39,625,370
Contributions as a percentage of covered payroll	10.29%	10.41%	10.16%	10.24%	10.46%
Public Employees Retirement System:	2019	2018	2017	2016	2015
As of the June 30 Reporting Date					
Contractually required contributions	\$513,872	\$493,585	\$501,979	\$474,831	\$456,120
Plan choice rate required contributions	0	0	-	11,288	17,863
Contributions in relation to the contractually required contributions	513,872	493,585	501,979	486,119	473,983
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered payroll	\$6,169,141	\$6,020,372	\$6,197,232	\$5,872,509	\$5,722,913
Contributions as a percentage of covered payroll	8.33%	8.20%	8.10%	8.28%	8.28%

HELENA PUBLIC SCHOOLS
Notes to Required Supplementary Information
Pension Plan Information
For the Year Ended June 30, 2024

Teacher's Retirement System

Changes of Benefit Terms:

The following changes to the plan provisions 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 second tier benefit structure for members hired on or after July 1, 2013 is summarized below.

- (1) **Final average compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- (2) **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
- (3) **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
- (4) **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%
- (5) **Annual contribution:** 8.15% of member's earned compensation
- (6) **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:
 - a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. 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.
- (7) **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
- (8) **Guaranteed annual benefit adjustment (GABA):**
 - a. 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%.

HELENA PUBLIC SCHOOLS
Notes to Required Supplementary Information
Pension Plan Information
For the Year Ended June 30, 2024

- The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 through fiscal year 2024. For 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%

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.

HELENA PUBLIC SCHOOLS
Notes to Required Supplementary Information
Pension Plan Information
For the Year Ended June 30, 2024

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.
- 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.

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%.
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00 % to 0.75%
- Investment return assumption was changed from net investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

HELENA PUBLIC SCHOOLS
Notes to Required Supplementary Information
Pension Plan Information
For the Year Ended June 30, 2024

- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	29 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increase	3.25 to 7.76 percent, including inflation for Non-University Members and 4.25% for University Members
Investment rate of return	7.50 percent , net of pension plan investment expense, and including inflation

Public Employees Retirement System

Changes of Benefit Terms

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

Working Retiree Limitations - for PERS

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

Refunds

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

Interest Credited to Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

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.

HELENA PUBLIC SCHOOLS
Notes to Required Supplementary Information
Pension Plan Information
For the Year Ended June 30, 2024

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2022 Experience Study:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%
*Includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as% of Payroll	0.29%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

Other Supplemental Information

HELENA SCHOOL DISTRICT NO. 1
Supplemental Schedule of School Enrollment
for the Year Ended June 30, 2024

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	N/A	N/A	N/A
Kindergarten Full Day	522	522	0
Grades 1-5	2956	2956	0
Grades 6-8	1714	1714	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	N/A	N/A	N/A
Kindergarten Full Day	532	532	0
Grades 1-5	2948	2948	0
Grades 6-8	1676	1676	0

Part Time Students:

Fall	Per MAEFAIRS Reports Enrollment				Per District Reports				
	<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	Difference
Grade									
K-Half	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K-Full	1	50	0	1	1	50	0	1	0
1-5	2	0	0	1	2	0	0	1	0
6-8	0	28	0	0	0	28	0	0	0
Spring	Per MAEFAIRS Reports Enrollment				Per District Reports				
	<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	Difference
Grade									
K-Half	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K-Full	1	53	2	1	1	53	2	1	0
1-5	2	0	0	2	2	0	2	2	0
6-8	0	28	0	0	0	28	0	0	0

Students Grade 9 – 12:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12	2481	2481	0
19-year olds included	1	1	0
Job Corps	0	0	0
Youth challenge	2	2	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12	2399	2399	0
19-year olds included	0	0	0
Job Corps	2	2	0
Youth challenge	4	4	0
Early Graduates	5	5	0

Part Time Students:

Fall	Per MAEFAIRS Reports Enrollment				Per District Reports				
	<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	Difference
Grade									
9 - 12	17	1	12	4	17	1	12	4	0
Spring	Per MAEFAIRS Reports Enrollment				Per District Reports				
	<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	Difference
Grade									
9 - 12	23	2	9	6	23	2	9	6	0

HELENA SCHOOL DISTRICT NO.1
Supplemental Schedule of Student Extracurricular Fund

		Balance			Balance
		7/1/2023	Expenditure	Revenue	6/30/2024
184		209,115	(117,221)	112,223	204,117
000		134,907	(45,945)	53,422	142,384
0196	CRA INVESTMENT	(56)	0	56	0
0193	BRYANT INVESTMENT- STUCO	1	0	(0)	1
0197	HMS INVESTMENT	5	0	1	6
0220_0801_0802	STUDENT ACTIVITIES	134,957	(45,945)	53,365	142,377
051- CRA		51,613	(40,883)	30,365	41,094
BAND	BAND FUND 184_284	12,268	(13,428)	11,127	9,968
CHES	CHESS CLUB_FUND 184	249	(99)	0	149
CHOR	CHORUS_FUND 184_284	4,436	(6,121)	2,291	606
DANC	DANCE CLUB_FUND 184	10,095	0	482	10,578
DSTU	DISTRICT STUDENT COUNCIL_FUND 184	5,164	(5,164)	0	0
HOTC	HOT CHOCOLATE FOR CANCER_FUND 184	14	(926)	951	39
INTL	INTERNATIONAL CLUB_FUND 184_284	246	0	0	246
NICE	NICENESS IS PRICELESS_FUND 284	390	0	0	390
ORCH	ORCHESTRA_FUND 184_284	5,639	(6,314)	6,312	5,637
SPAN	SPANISH CLUB_FUND 184_284	222	0	0	222
STUC	STUDENT COUNCIL_FUND 184_284	12,916	(8,831)	9,201	13,286
YRBK	YEARBOOK_FUND 184_284	(40)	0	0	(40)
CCCX	CROSS COUNTRY CO_ED FUND 184	5	0	0	5
PBSX	PBS CLUB_FUND 184	8	0	0	8
0196	CRA INVESTMENT	0	0	0	0
052-HMS		22,595	(30,393)	28,436	20,638
ARTT	ART TECHNOLOGY_FUND 184	2,320	(956)	79	1,443
BAND	BAND FUND 184_284	1,362	(15,699)	16,158	1,821
BIRD	HMS BOBCAT BIRDERS_FUND 184	607	0	0	607
BOOK	BOOK CLUB_FUND 184	1,172	(1,824)	2,350	1,698
CHES	CHESS CLUB_FUND 184	78	0	0	78
CHOR	CHORUS_FUND 184_284	1,310	(1,071)	17	256
COMP	COMPUTER TECH CLUB_FUND 184	251	0	0	251
CVCS	CIVICS CLUB_FUND 184	623	0	0	623
DRMA	DRAMA CLUB_FUND 184	244	0	32	276
FEST	FESTIVAL ORCHESTRA_FUND ???	319	(387)	1,172	1,105
FISH	FISHING CLUB_FUND 184	709	0	0	709
MATH	MATH COUNTS_FUND ???	763	(286)	0	477
OLYM	SCIENCE OLYMPIAD_FUND 115_184	438	(1,651)	1,472	259
OUTR	HMS OUTREACH_FUND 184	1,637	(1,258)	553	932
SPAN	SPANISH CLUB_FUND 184_284	223	0	0	223
STUC	STUDENT COUNCIL_FUND 184_284	3,731	(4,870)	4,204	3,065
WEBB	WEB_HMS WELCOME_INVOLVEMENT_FUND 184	3,180	(2,394)	2,150	2,936
YLWX	YELLOWSTONE CLUB_FUND 184	3,161	0	0	3,161
YRBK	YEARBOOK_FUND 184_284	5	0	0	5
CART	CONSTRUCTION ARTS CLUB_FUND 184	387	0	0	387
ITEC	INDUSTRIAL TECHNOLOGY_FUND 184	76	0	250	326

See independent auditors' report.

HELENA SCHOOL DISTRICT NO.1
Supplemental Schedule of Student Extracurricular Fund (Continued)

		Balance			Balance
		7/1/2023	Expenditure	Revenue	6/30/2024
284		660,019	(1,222,623)	1,307,927	745,323
District Activities - High School		2,231	(304,672)	343,461	41,020
0220_0803_0804	STUDENT ACTIVITIES	32,776	(264,815)	294,674	62,635
0296	CHS INVESTMENT	255			255
0297	HHS INVESTMENT	622	(1,000)	1,021	643
0225	DIST SPONSORED TOURNAMENT	(31,422)	(38,857)	47,766	(22,513)
Helena High School		302,775	(431,228)	435,130	306,677
ARTC	ART CLUB_FUND 284	1,621	0	77	1,698
ASTR	ASTRONOMY CLUB_FUND 284	0	(116)	300	184
AUTO	AUTO CLUB_FUND 284	7,432	(4,823)	6,485	9,094
BAND	BAND FUND 184_284	18,562	(6,138)	5,965	18,390
BBBX	BASKETBALL_BOYS_FUND 284	3,648	(27,136)	29,102	5,614
BBCX	BRAWNEY BENGAL CLUB_FUND 284	1,059	(1,000)	31	89
BBGX	BASKETBALL_GIRLS_FUND 284	4,498	(9,322)	7,309	2,485
BOWL-new	BOWLING CLUB_284	0	(486)	1,223	737
BPOA	BUSINESS PROFESSIONALS_FUND 284	5,394	(8,889)	7,310	3,815
CATE	CULINARY CATERING_FUND 284	9,875	(1,126)	691	9,441
CCBX	CROSS COUNTRY-BOYS_FUND 284	15,487	(16,822)	19,963	18,628
CCGX	CROSS COUNTRY-GIRLS_FUND 284	16,634	(19,486)	21,893	19,042
CHCC	CARNEGIE HALL CHOIR CLUB_FUND ???	259	0	0	259
CHOR	CHORUS_FUND 184_284	5,404	(4,981)	4,984	5,407
CHRX	CHEERLEADERS_FUND 284	1,579	(12,231)	13,774	3,122
CMNT	CONCESSIONS MANAGEMENT_FUND 284	3,365	0	1,237	4,602
CONC	CONCESSIONS_FUND 284	25,357	(16,461)	17,181	26,077
DECA	DECA CLUB_FUND 284	6,325	(20,667)	17,591	3,250
DRFT	DRAFTING CLUB_FUND 284	1,658	(1,032)	494	1,120
ETTE	BENGALETTES_FUND 284	(149)	(8,162)	8,415	104
FBXX	FOOTBALL_FUND 284	11,047	(44,081)	38,795	5,761
FCAX	FCA CLUB_FUND 284	229	0	0	229
FLSP	FLS PEERS_FUND 284	3,660	(2,038)	1,483	3,105
FORE	FORENSICS-SPEECH-DEBATE_FUND 284	2,050	(16,664)	21,947	7,333
FREN	FRENCH CLUB_FUND 284	270	0	0	270
GERM	GERMAN CLUB_FUND 284	0	0	169	169
GOLF	GOLF_FUND 284	686	(3,861)	7,252	4,077
GRNG	GREEN CLUB_FUND 284	3,306	(3,042)	3,729	3,993
GSAX	GAY-STRAIGHT ALLIANCE_FUND 284	366	0	0	366
HOSA	HOSA CLUB_FUND 284	1,039	(916)	602	725
JMGX	JOBS FOR MT GRADUATES_FUND 284	590	0	0	590
KEYX	KEY CLUB_FUND 284	514	(482)	657	689
KNIT	KNITTING CLUB_FUND 284	7	0	0	7
LATI	LATIN CLUB_FUND 284	2,329	0	111	2,440
LIBC	LIBRARY CLUB_FUND 284	659	0	0	659
LINK	LINK CREW_FUND 284	550	(351)	4,590	4,788
MOCK	MOCK TRIAL_FUND 284	3,236	(13,216)	12,179	2,199
NALX	NATIVE AMERICAN LEADERSHIP_FUND 284	662	(89)	535	1,108
NHSX	NATIONAL HONORS SOCIOETY_FUND 284	1,518	(1,511)	1,131	1,137
NICE	NICENESS IS PRICELESS_FUND 284	8	0	0	8
NUGG	NUGGET NEWSPAPER_FUND 284	32	0	0	32
ORCH	ORCHESTRA_FUND 184_284	2,906	(351)	183	2,739
OUTC	OUTDOORS CLUB_FUND 284	2,039	(525)	82	1,596
PTRY	POTTERY_FUND 284	1,897	0	91	1,987
SCIE	SCIENCE CLUB_FUND 284	1,767	(994)	876	1,649
SKIL	SKILLS USA_FUND 284	2,529	(1,189)	836	2,176
SOCB	SOCCER-BOYS_FUND 284	13,541	(26,321)	14,170	1,390
SOCG	SOCCER-GIRLS_FUND 284	7,654	(21,913)	16,854	2,596
SOFT	SOFTBALL_FUND 284	6,052	(7,770)	6,726	5,008

See independent auditor's report.

HELENA SCHOOL DISTRICT NO.1
Supplemental Schedule of Student Extracurricular Fund (Continued)

		Balance			Balance
		7/1/2023	Expenditure	Revenue	6/30/2024
Helena High School - Continued					
SPAN	SPANISH CLUB_FUND 184_284	283	0	0	283
SSEM	SCIENCE SEMINAR_FUND ???	2,065	(728)	1,617	2,954
STOR	SCHOOL STORE_FUND 284	9,837	(20,878)	15,182	4,141
STUC	STUDENT COUNCIL_FUND 184_284	9,977	(17,125)	17,873	10,724
SVNS	3-7-77'S CLUB_FUND 284	486	0	0	486
SWIM	SWIM TEAMS_FUND 284	8,152	(7,814)	4,927	5,265
TENN	TENNIS_FUND 284	5,851	(2,363)	7,180	10,667
THES	THESPIANS_FUND 284	3,921	(3,925)	4,853	4,849
TRKB	TRACK_BOYS_FUND 284	10,048	(16,253)	13,013	6,808
TRKG	TRACK_GIRLS_FUND 284	1,054	(14,296)	26,062	12,820
TRNR	STUDENT TRAINERS_FUND 284	3,554	(2,403)	107	1,259
TRVL	TRAVEL CLUB_FUND 284	5,913	(9,770)	8,378	4,522
VBXX	VOLLEYBALL_FUND 284	7,481	(20,799)	14,541	1,223
WELD	WELDING CLUB_FUND 284	10,639	(7,508)	8,174	11,305
WORD	WORD CLUES_FUND 284	64	0	0	64
WRES	WRESTLING_FUND 284	736	(3,057)	10,079	7,758
WWRK	WOODWORKERS CLUB_FUND 284	1,501	0	232	1,733
YRBK	YEARBOOK_FUND 184_284	22,062	(120)	5,889	27,830
YTHG	YOUTH IN GOVERNMENT_FUND 284	0	0	0	0
Capital High School		354,173	(486,289)	528,521	396,404
APLT	AP LITERATURE_FUND 284	2,560	(324)	118	2,354
ARTC	ART CLUB_FUND 284	1,065	(1,141)	268	192
ARTS	ART SEEN_FUND 284	35	0	0	35
AWQX	ACADEMIC WORLDQUEST	995	0	0	995
BAND	BAND FUND 184_284	1,441	(1,059)	1,560	1,943
BBBX	BASKETBALL_BOYS_FUND 284	21,719	(24,636)	17,886	14,969
BBGX	BASKETBALL_GIRLS_FUND 284	7,778	(20,718)	23,706	10,765
BEAR	BEAR NECESSITIES_FUND 284	15,816	(25,514)	27,656	17,958
BIOT	BIOLOGY II TRAVEL FUND 215	179	0	0	179
BPOA	BUSINESS PROFESSIONALS_FUND 284	3,553	(10,176)	10,209	3,586
BSCH	BAND SCHOLARSHIP_FUND 284	474	0	0	474
CADE	CADETTES_FUND 284	3,320	(5,600)	4,072	1,791
CCBX	CROSS COUNTRY-BOYS_FUND 284	13,326	(17,022)	19,885	16,188
CCGX	CROSS COUNTRY-GIRLS_FUND 284	11,886	(25,211)	21,267	7,942
CHMX	CHEMISTRY CLUB_AMERICAN CHEMICAL SOCIETY_FUND 284	151	0	0	151
CHOR	CHORUS_FUND 184_284	10,756	(5,989)	4,522	9,289
CHRX	CHEERLEADERS_FUND 284	1,853	(7,665)	9,930	4,117
CHTC-New	CAPITAL HIGH TRAVEL CLUB		(1,141)	1,405	264
CMPS	COMPUTER SCIENCE CLUB_FUND 284	221	0	0	221
CONC	CONCESSIONS_FUND 284	7,920	(16,859)	19,321	10,382
DECA	DECA CLUB_FUND 284	1,667	(37,576)	36,438	530
DOME	CAPITAL DOME_FUND 284	40,617	(31,490)	40,755	49,882
DSGN	DESIGN CLUB_FUND 284	155	0	0	155
ECOX	ECO CLUB_FUND284	162	(225)	340	277
FBXX	FOOTBALL_FUND 284	1,291	(47,712)	51,039	4,619
FCCL	FCCLA CLUB_FUND 284	3,217	0	154	3,370
FFSH	FLY FISHING CLUB_FUND 284	433	(987)	1,993	1,440
FOOD	FOOD PANTRY_FUND 184_284	1	0	0	1
FORE	FORENSICS-SPEECH-DEBATE_FUND 284	3,577	(3,588)	2,703	2,693
FPWR	FEMALE EMPOWERMENT_FUND 284	450	0	0	450
FREN	FRENCH CLUB_FUND 284	4,651	(12,129)	9,057	1,579
GALA	MUSIC DEPT GALA ACCOUNT_FUND???	420	0	0	420
GERM	GERMAN CLUB_FUND 284	1,207	(69)	780	1,918
GOLF	GOLF_FUND 284	7,444	(6,006)	8,491	9,929
GRNG	GREEN CLUB_FUND 284	6,992	(4,565)	4,635	7,062

See independent auditor's report.

HELENA SCHOOL DISTRICT NO.1
Supplemental Schedule of Student Extracurricular Fund (Continued)

		Balance			Balance
		7/1/2023	Expenditure	Revenue	6/30/2024
Capital High School - Continued					
GSAX	GAY-STRAIGHT ALLIANCE_FUND 284	432	0	0	432
HELP	BRUINS HELPING BRUINS_FUND 284	3,851	(392)	202	3,661
HOSA	HOSA CLUB_FUND 284	90	(3,922)	5,927	2,095
KEYX	KEY CLUB_FUND 284	6	0	527	533
LATI	LATIN CLUB_FUND 284	919	0	184	1,103
LIFT	LIFTING CLUB_FUND 284	1,609	0	77	1,686
LINK	LINK CREW_FUND 284	1,047	(442)	21	626
MEDX	SPORTS MED-1ST AID_FUND 284	36	0	0	36
MODB-New	MODERN BAND_FUND 284		(750)	1,400	650
NAHB	NATIONAL ASSOC OF HOME BUILDERS_FUND 284	0	0	0	0
NHSX	NATIONAL HONORS SOCIOETY_FUND 284	1,132	(1,478)	2,925	2,579
NICE	NICENESS IS PRICELESS_FUND 284	2	(2,606)	3,727	1,123
ORCH	ORCHESTRA_FUND 184_284	4,891	(749)	2,437	6,578
OUTC	OUTDOORS CLUB_FUND 284	71	0	0	71
PART	PARTNERS CLUB_FUND 284	1,457	0	70	1,527
PAWP	PAW PRINT_FUND 284	1,247	0	60	1,306
PENI	PEN AND INK_FUND 284	1,659	0	427	2,087
PPNT	PAWSITIVELY PRINTING_FUND 284	572	(684)	854	742
PURE	PURE PERFORMANCE GROUP_FUND 284	6,042	0	978	7,020
ROBO	SCIENCE ROBOTICS_FUND 284	6,578	0	314	6,893
RSPT	RESPECT CLUB_FUND 284	87	0	0	87
SCIE	SCIENCE CLUB_FUND 284	4,582	(1,061)	563	4,084
SKIL	SKILLS USA_FUND 284	1,510	(333)	364	1,542
SOCB	SOCCER-BOYS_FUND 284	554	(13,906)	21,195	7,844
SOCG	SOCCER-GIRLS_FUND 284	62	(5,053)	5,130	139
SOFT	SOFTBALL_FUND 284	7,574	(11,685)	8,731	4,620
SPAN	SPANISH CLUB_FUND 184_284	1,197	(98)	447	1,546
SPTV	SPANISH CLUB TRAVEL_FUND 215	86	0	0	86
STUC	STUDENT COUNCIL_FUND 184_284	36,311	(32,089)	34,058	38,280
SWIM	SWIM TEAMS_FUND 284	6,831	(7,686)	3,447	2,592
TENN	TENNIS_FUND 284	1,721	(6,291)	16,414	11,845
THES	THESPIANS_FUND 284	31,093	(15,549)	28,032	43,577
TRKB	TRACK_BOYS_FUND 284	8,236	(11,811)	16,422	12,847
TRKG	TRACK_GIRLS_FUND 284	11,871	(12,149)	10,968	10,691
UPWD	UPWARD BOUND	999	0	0	999
VBXX	VOLLEYBALL_FUND 284	12,058	(24,144)	23,374	11,288
VGCX	VIDEO GAME CLUB_FUND 284	174	0	0	174
VICA	VICA MACHINES_FUND 284	196	0	0	196
VPAR	VIGILANTE PARADE_FUND ???	1	(1,645)	1,945	301
WRES	WRESTLING_FUND 284	13,351	(21,367)	18,978	10,962
XIII	CLASS OF 2023_FUND 284	4,059	(3,000)	76	1,134
XXI	CLASS OF 2022_FUND 284	1,208	0	58	1,265
XXXI	CLASS OF 2021_FUND 284	1,000	0	0	1,000
YTHA	YOUTH ALIVE_FUND 284	262	0	0	262
YTHL	YOUTH LEGISTATURE_FUND 284	176	0	0	176
055-PAL		841	(434)	815	1,222
YRBK	YEARBOOK_FUND 184_284	841	(434)	815	1,222
	Grand Total	869,134	(1,339,844)	1,420,150	949,440

See independent auditor's report.

Single Audit Section

Helena School District #1
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-through Grantors Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Indian Education – Grants to Local Educational Agencies	84.060A	S060A150856	54,330
Total direct programs			<u>54,330</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-through Montana Office of Public Instruction:			
Special Education – Olympic Education Programs	84.380W	N/A	
Title I Grants to Local Educational Agencies	84.010	250487312023	259,354
Title I Grants to Local Educational Agencies	84.010	250487312024	1,748,037
Title I Grants to Local Educational Agencies	84.010	250487312023	9,876
Title I Grants to Local Educational Agencies	84.010	250487312024	16,175
Title I Grants to Local Educational Agencies	84.010	250487372024	1,180
Title I Grants to Local Educational Agencies	84.010	250487372023	62
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	250488312024	13,649
Comprehensive Literacy Development	84.371	250487392023	78,291
Comprehensive Literacy Development	84.371	250487392024	622,280
Education for Homeless Children and Youth	84.196	250487572023	2,546
Education for Homeless Children and Youth	84.196	250487572024	21,967
Adult Education – Basic Grants to States	84.002	250488562024	62,978
Career and Technical Education – Basic Grants to States	84.048	250488812024	164,409
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126		44,750
Student Support and Academic Enrichment Program- Stronger Connections	84.424	250487532024	109,604
Covid-19 Education Stabilization Fund	84.425		256,923
Covid-19 Education Stabilization Fund	84.425D	250487922021	6,237
Covid-19 Education Stabilization Fund	84.425U	250487932021	129,046
Covid-19 Education Stabilization Fund	84.425D	250487922021	3,492
Covid-19 Education Stabilization Fund	84.425W	250487972021	10,632
Covid-19 Education Stabilization Fund	84.425W	250487972021	8,346
Title III, Part A, English Language Acquisition & Enhancement	84.365	250487312024	3,410
Special Education Cluster:			
Special Education – Grants to States	84.027	250487772024	2,009,252
Special Education – Preschool Grants	84.173A	250487792024	54,600
Covid-19 Special Education – Grants to States	84.027X	250487702024	40,495
Total Special Education Cluster			<u>2,104,347</u>
Total pass-through Montana Office of Public Instruction			<u>5,677,591</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Montana Department of Transportation			
State and Community Highway Safety	20.600	N/A	12,492
State and Community Highway Safety	20.600	N/A	44,810
Total pass-through Montana Department of Transportation			<u>57,302</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass-through Montana Office of Public Information			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):	10.555	N/A	188,401
National School Lunch Program			
Cash Assistance:			
School Breakfast Program	10.553	N/A	555,775
National School Lunch Program	10.555	N/A	1,444,393
Summer Food Service Program for children	10.559	N/A	306,530
Fresh Fruit and Vegetable Program	10.582	N/A	103,168
Total Child Nutrition Cluster			<u>2,598,267</u>
Child and Adult Care Food Program	10.558	N/A	51,113
Local Food for Schools Cooperative Agreement	10.185		30,000
Total U.S Department of Agriculture			<u>2,679,380</u>
TOTAL FEDERAL ASSISTANCE			<u>8,468,603</u>

See independent auditor's report.

Helena School District #1
Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Helena School District #1 under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Helena School District #1.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

Helena School District #1 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Subrecipients

The District does not have any subrecipients or subrecipient expenditures.

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*

Board of Trustees
Helena School District No.1
Helena, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Helena School District No.1 (the “District”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 21, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statements. 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 District'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.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Billings, Montana
March 21, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

Board of Trustees
Helena School District No.1
Helena, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Helena School District No.1's (the "District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Helena School District No.1's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Helena School District No.1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; 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 Helena School District No.1 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 the major federal program. Our audit does not provide a legal determination of Helena School District No.1's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Helena School District No.1's federal programs

Auditor's Responsibility 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 Helena School District No.1's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Helena School District No.1's compliance with the requirements of the major federal programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Helena School District No.1's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Helena School District No.1's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Helena School District No.1's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Wipfli LLP

Billings, Montana

March 21, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024
Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness	<u> </u> yes	<u> X </u> no	
Significant deficiency	<u> </u> yes	<u> X </u> no	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness	<u> </u> yes	<u> X </u> no	
Significant deficiency	<u> </u> yes	<u> X </u> no	

Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with (2 CFR 200.516(a)) the Uniform Guidance?	<u> </u> yes	<u> X </u> no	

Identification of major programs:

AL Number(s)

84.027 & 84.173

Name of Federal Program or Cluster

Special Education Cluster

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Auditees Summary Schedule of Prior Audit Findings

None