

DEER LODGE SCHOOL DISTRICT NUMBER ONE

POWELL COUNTY, MONTANA

AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2025

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
JUNE 30, 2025

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JUNE 30, 2025

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DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
JUNE 30, 2025

ORGANIZATION

BOARD OF TRUSTEES

Mr. Scott Perkins	Chairperson
Mr. Bart Smith	Vice Chairperson
Ms. Jennifer Nicholson	Trustee
Mr. Rex Anderson	Trustee
Ms. Melissa Merrill	Trustee.
Mr. Robert Rabel	Trustee
Mr. William Gravely	Trustee
Ms. Katie Applegate	Trustee
Ms. Kathy Clark	Trustee

OFFICIALS

Mr. Rick Duncan	District Superintendent
Ms. Kerry Glisson	County Superintendent
Ms. Kathryn McEnery	County Attorney
Ms. Tara Johnson	District Clerk



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Deer Lodge School District Number One
Deer Lodge, MT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deer Lodge School District Number One, Deer Lodge, Montana as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Deer Lodge School District Number One as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter- Unification of School Districts

As discussed in Note 1.A. to the financial statements, effective July 1, 2024, Powell County High School was unified with Deer Lodge Elementary School District Number One in accordance with Montana law and a majority vote of the Powell County electorate. As a result, these financial statements represent the first audited financial statements of Deer Lodge School District No. 1 as an independent entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Deer Lodge School District Number One'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 the Deer Lodge School District Number One'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, schedule of changes in total OPEB liability and related ratios, schedules of proportionate net pension liability and contributions and budgetary comparison information 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 basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Deer Lodge School District Number One's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information required by the Montana Office of Public Instruction as listed in the table of contents is also presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards and the other supplemental information are 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 24, 2026, on our consideration of the Deer Lodge School District Number One's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Deer Lodge School District Number One'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 Deer Lodge School District Number One's internal control over financial reporting and compliance.

Newland and Company

Newland and Company
A Professional Corporation

Butte, Montana
March 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Introduction

This section of the Deer Lodge School District Financial Statements presents the management's discussion and analysis of the financial performance during the fiscal year ending June 30, 2025. This narrative overview and analysis of the financial activities of the district includes a comparison of prior year financial statements as per compliance with Governmental Accounting Standards Board Statement #34. Readers of the management's discussion and analysis are encouraged to consider the information presented in this section as well as other areas of financial statements.

Financial Highlights

- The Deer Lodge District net position increased \$78,413 or 19.2% to a negative \$329,982 at the close of FY 2025, mostly due to more revenue than expenses.
- The overall revenues from all sources for the district in FY 2025 were \$10,612,291 which represented a 2.5% or \$273,606 decrease from FY 2024. The decrease was mostly due to decreases in federal/state unrestricted grant revenue of \$360,289 or 35.8% and state revenue of \$117,746 or 3.3%.
- Revenue from property taxes increased \$155,135 or 4.5% and county revenue was up \$103,891 or 13.9% in FY 2025.
- State of Montana revenue was \$3,467,113 in FY 2025 and was 32.6% (was 32.9% in FY 2024) of the total district revenue. District levies were \$3,627,113 or 34.2% of total revenue in FY 2025 (was 31.9% in FY 2024).
- Total expenses for the district were down 7% or \$797,125 due to decreases in instruction of \$281,539 or 4.8%, student support services of \$180,309 or 36.8%, staff services of \$87,377 or 38.3%, and operation/maintenance of \$99,089 or 6.7%.
- The district revenues exceeded expenses for FY 2025 by \$78,413.
- District expenses for instruction account for 52.5% of the total expenses in FY 2025, up from 51.3% in FY 2024.
- The district capital assets had a 2.6% or \$108,676 increase in value in FY 2025 when compared to FY 2024. The increase was due to added capital assets of \$419,554 and a principal payment of \$315,000 along with depreciation of \$652,235.
- The district had long term liabilities of \$8,935,906 which included \$612,354 for compensated absences, \$445,114 of OPEB (Other Post-Employment Benefits), net pension liability of \$5,540,314, GO Bonds of \$2,180,000, and bond premium of \$158,124.
- The district governmental fund balances increased \$73,362 or 4.65% in FY 2025 and were \$1,681,185.
- The overall financial position of the Deer Lodge School District is good and showed an increase in net position of 19.2% or \$78,413 during FY 2025.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Overview of the Deer Lodge District Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* provide readers with a broad overview of the Deer Lodge District finances in a manner like a private-sector business. This broad overview is accomplished using a *statement of net position* and a *statement of activities*. Each statement distinguishes between governmental and business type activities and between the total governmental and business type activities of the school district. The *statement of net position* presents information on all the assets and liabilities of the district, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the 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 leave).

Both government-wide financial statements distinguish functions of the district principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a sizable portion of their costs through user fees and charges (*business-type activities*). Most services normally associated with school government fall into the governmental activity category including instruction, support services, general, school and business administrative services, operation and maintenance, student transportation, community services, and other expenditures. The Deer Lodge District does not operate any business-type activities.

Fund-based Financial Statements

Fund-based financial statements, consisting of a series of statements, provide information about government's major and non-major governmental funds. These governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The governmental fund statements consist of the balance sheet and statement of revenues, expenditures, and change in fund balance. A *fund* is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The Deer Lodge District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the district can be divided into three categories: governmental, proprietary, and fiduciary funds.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Governmental funds

Governmental funds are used to account for the same function reported as governmental activities in the government-wide financial statements. 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. Such information may be useful in evaluating a government's near-term financing requirements.

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 the Deer Lodge School District. 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 Deer Lodge elementary district and high school district are recognized as separate districts by state law and are combined for this report. Major government funds are reported separately, and all other funds are combined for this report. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund (elementary and high school), elementary bus depreciation fund, elementary retirement fund, and the elementary miscellaneous programs fund because they were the major funds for the 2025 fiscal year. The other governmental funds are combined into a single aggregated presentation.

The district adopts an annual appropriate budget for its general funds, selects special revenue, debt service, and building reserve funds as required by state law. A budgetary comparison is provided for the general fund, bus depreciation fund, and elementary retirement fund later in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds may include pension and employee benefit trust funds where resources are held in trust for employee benefit plans. Fiduciary funds are *not* reflected in the government-wide financial statement because these funds are *not* available to support the programs of the Deer Lodge District. Scholarship trusts are the most common fiduciary funds in school districts. The district does not have any fiduciary funds currently.

Notes to the Financial Statements

The notes for the financial statements provide additional information that can be extremely helpful for a full understanding of the data provided in the government-wide and fund financial statements and is found later in this report.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the Schedule of Contributions and Net Pension Liability along with OPEB funding progress and Budgetary Comparison Schedules.

Net Position of the District

Governmental Activities				
	FY 2025	FY 2024**	Change	Percent Change
Current and Other Assets	\$1,760,814	\$1,725,888	\$34,926	2.0%
Capital Assets, net of depreciation	\$6,679,384	\$6,912,062	(\$232,678)	-3.4%
Total Assets	\$8,440,198	\$8,637,950	(\$197,752)	-2.3%
Deferred Outflow Resources	\$910,466	\$696,605	\$213,861	30.7%
Liabilities				
Due Within One Year	\$546,549	\$606,120	(\$59,571)	-9.8%
Due in More Than One Year	\$8,689,357	\$8,518,066	\$171,291	2.0%
Total Liabilities	\$9,235,906	\$9,124,186	\$111,720	1.2%
Deferred Inflows Resources	\$444,740	\$618,764	(\$174,024)	-28.1%
Net Position				
Net Investment in Capital Assets	\$4,341,260	\$4,232,584	\$108,676	2.6%
Restricted	\$919,242	\$906,805	\$12,437	1.4%
Unrestricted	(\$5,590,484)	(\$5,547,784)	(\$42,700)	-0.8%
Total Net Position	(\$329,982)	(\$408,395)	\$78,413	19.2%

**FY 2024 assets and liabilities are the combined amounts for the districts prior to unification.

A substantial portion of the net position of the Deer Lodge District at the close of FY 2025 reflects the investment by the school district in capital assets such as land, buildings, machinery, and equipment. The value of the district capital assets after depreciation and debt were subtracted increased \$108,676 or 2.6% during FY 2025. The 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. Another portion of the net position of the district represents *unrestricted funds* which may be used to meet the ongoing obligations of the school district to citizens and creditors. The unrestricted funds decreased \$42,700 or 0.8% during FY 2025 and remained negative mostly due to the addition of net pension liability to district financial statements in FY 2015.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

The *restricted funds* which are subject to external restrictions on their use increased \$12,437 or 1.4% during FY 2025. The district had a negative net position in FY 2025 due to the addition of the pension liabilities in FY 2015. However, the pension liability does not necessarily reflect the financial condition of the district, because pension liability cannot be made immediately due and payable. Therefore, the district net position is stronger than it appears. The net position of the Deer Lodge District increased \$78,413 or 19.2% during FY 2025, mostly due to more revenue than expenses.

District Wide - Statement of Activities

Governmental Activities				
	FY 2025	FY 2024	Change	% Change
Program revenues:				
Charges for Services	\$161,547	\$240,255	(\$78,708)	-32.8%
Operating Grants & Contributions	\$1,840,696	\$1,784,950	\$55,746	3.1%
General revenues				
Property Taxes	\$3,627,113	\$3,471,978	\$155,135	4.5%
State of Montana	\$3,467,113	\$3,584,859	(\$117,746)	-3.3%
County	\$851,251	\$747,360	\$103,891	13.9%
Federal & State Unrestricted Grants	\$646,383	\$1,006,672	(\$360,289)	-35.8%
Investment Earnings	\$13,688	\$21,618	(\$7,930)	-36.7%
Miscellaneous	\$4,500	\$28,205	(\$23,705)	-84.0%
Total Revenues	\$10,612,291	\$10,885,897	(\$273,606)	-2.5%
Expenses:				
Instruction	\$5,535,073	\$5,816,612	(\$281,539)	-4.8%
Student Services	\$309,611	\$489,920	(\$180,309)	-36.8%
Staff Services	\$140,482	\$227,859	(\$87,377)	-38.3%
General Administration	\$392,116	\$366,084	\$26,032	7.1%
School Administration	\$684,169	\$697,240	(\$13,071)	-1.9%
Business	\$248,798	\$299,094	(\$50,296)	-16.8%
Operation & Maintenance	\$1,387,198	\$1,486,287	(\$99,089)	-6.7%
Transportation	\$667,562	\$666,492	\$1,070	0.2%
Food Services	\$433,536	\$499,294	(\$65,758)	-13.2%
Interest on Long-term Debt	\$74,382	\$87,082	(\$12,700)	-14.6%
Extracurricular Activities	\$660,951	\$695,039	(\$34,088)	-4.9%
Total Expenses	\$10,533,878	\$11,331,003	(\$797,125)	-7.0%
Change in Net Position	\$78,413	(\$445,106)	\$523,519	117.6%
Beginning Net Position	(\$408,395)	\$36,711	(\$445,106)	-1212.5%
Ending Net Position	(\$329,982)	(\$408,395)	\$78,413	19.2%

**FY 2024 revenues and expenses are the combined amounts for the districts prior to unification.

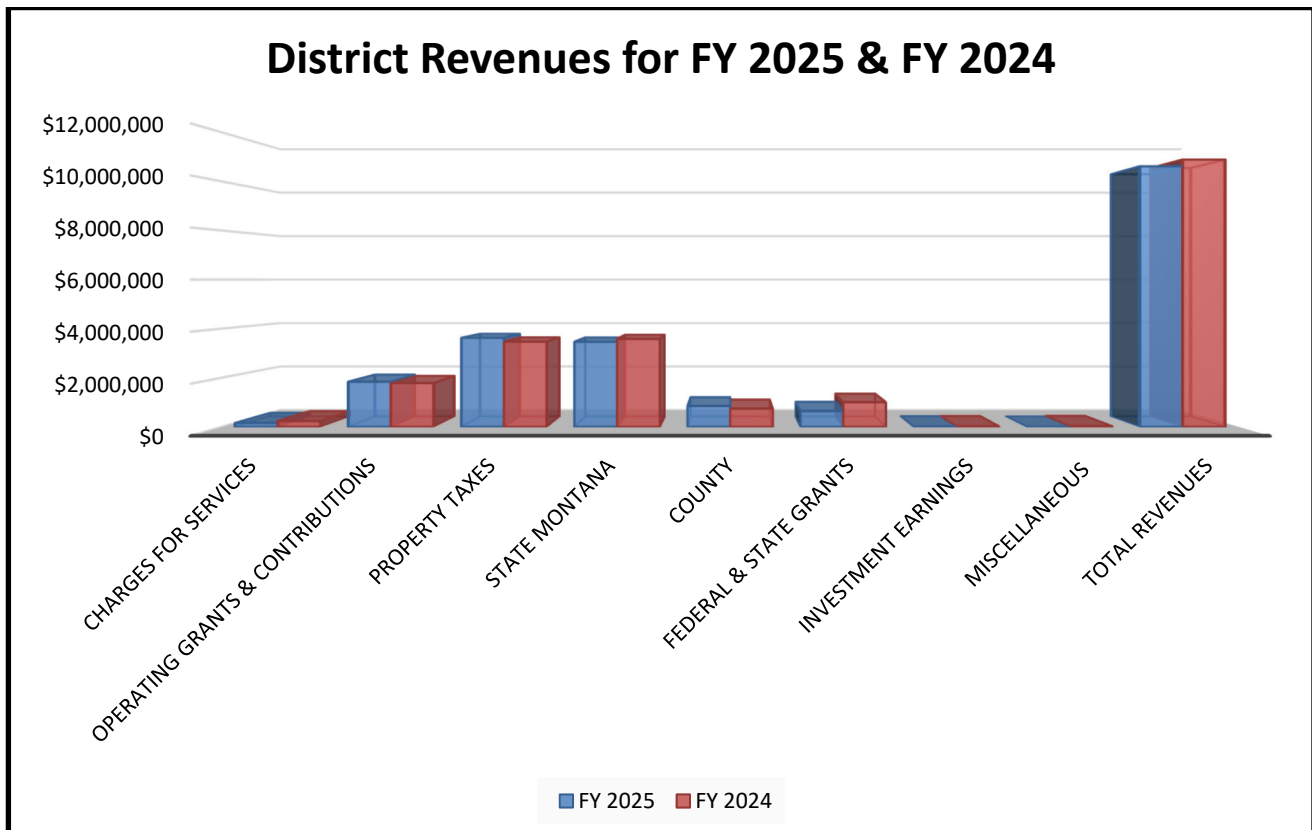
Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Major changes in district-wide governmental activities from FY 2024 to FY 2025 include:

- The overall revenues in FY 2025 were \$10,612,291 which was a 2.5% or \$273,606 decrease from FY 2024. The decrease was mostly due to a \$360,289 or 35.8% decrease in federal/state unrestricted grant revenue and a 3.3% or \$117,746 decrease in revenue from the state.
- Property tax revenue was up \$155,135 or 4.5% in FY 2025 and county revenue was up 13.9% or \$103,891. Operating grant revenue increased \$55,746 or 3.1% and charges for services revenue decreased \$78,708 or 32.8% in FY 2025.
- Total expenses were down 7% or \$797,125 due to decreases in instruction of \$281,539 or 4.8%, operation/maintenance of \$99,089 or 6.7%, and student services of \$180,309 or 36.8%.
- The district had \$78,413 more revenue than expenses in FY 2025.
- Net position for the district was up \$78,413 or 19.2% in FY 2025 and was a negative \$329,982.

Revenue by Source for FY 2025 and FY 2024

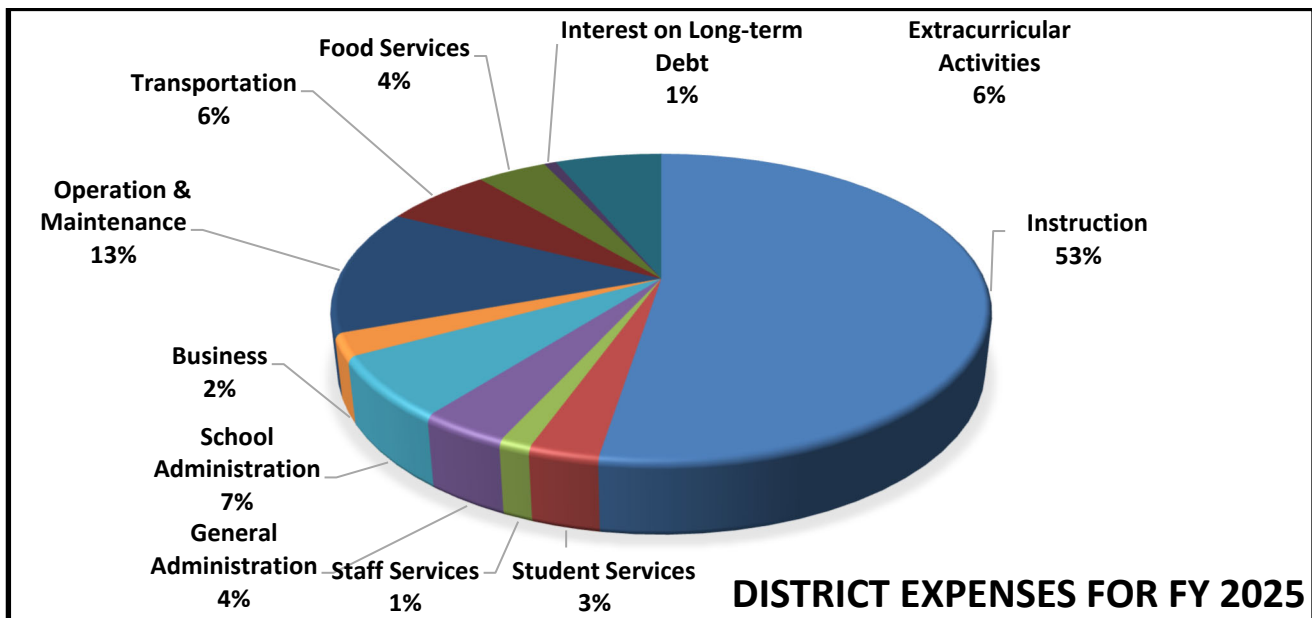
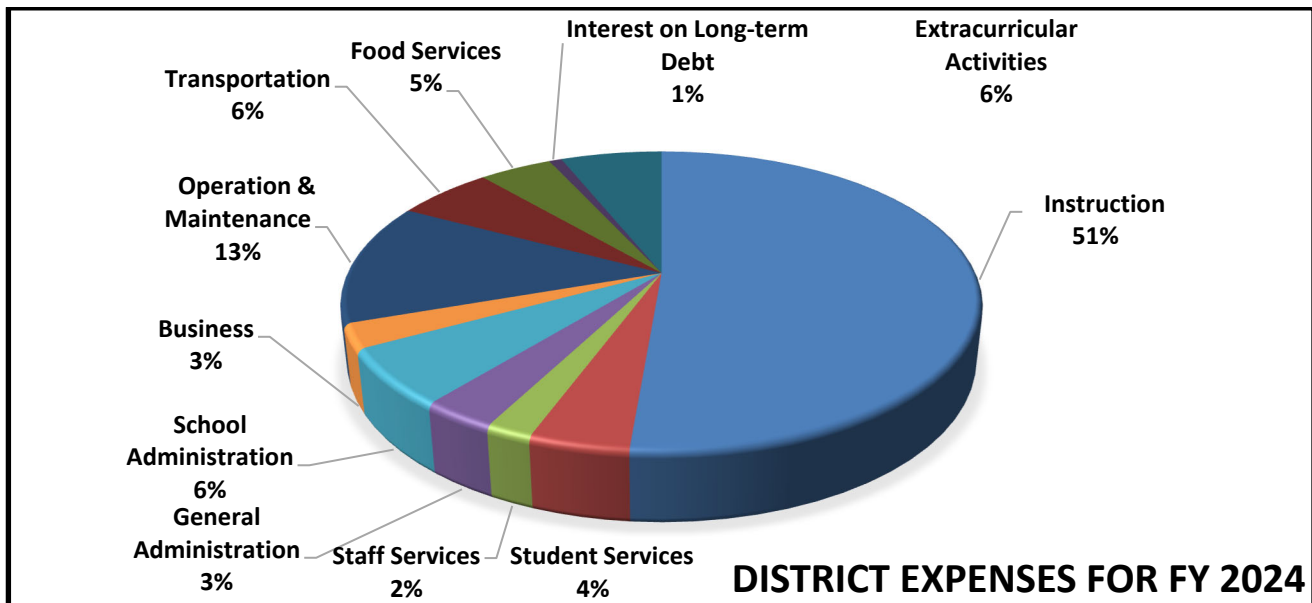
The graph presented below shows that revenue from property taxes was the largest source for the district in FY 2025 followed by state revenue and operating grants/contributions. The major changes were increases in operating grants, property taxes, and county. All other revenue sources including total revenue decreased in FY 2025. Since state law requires levied fund budgets to be “balanced,” the changes in expenditures matched the changes in the revenues of these funds.



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District Expenses

The following charts present district expenses by category for FY 2024 and FY 2025, showing the allocation of resources for specific purposes in the district. The graphs show the major expenditure areas, with instruction costs accounting for 51% & 53% of the district expenses, operation & maintenance was 13% and 13%, extracurricular was 6% and 6%, transportation 6% and 6%, food services at 5% and 4%, and school administration at 6% and 7% of the total district expenses. The major changes in FY 2025 were instruction up 2%, food services down 1%, business down 1%, school administration up 1%, staff services down 1%, general administration up 1%, and student services down 1% of the total expenses.



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(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
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Financial Analysis of the Government's Funds

Fund accounting is mandated by Montana State law and is used by the Deer Lodge 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. Unassigned *fund balance* may serve as a useful measure of the net resources available for spending at the end of the year. At the end of FY 2024, the governmental funds of the school district reported a combined ending fund balance of \$1,607,823 and at the end of FY 2025 the fund balance was \$1,681,185 which represents a 4.65% or \$73,362 increase. The entire general fund of \$557,506 or 33.2% of the total fund balances in FY 2025 constitutes *unassigned fund balance*, which is available for spending at the discretion of the Board of Trustees. The general fund is the main operating fund of the district. At the end of FY 2024, the general fund had a balance of \$196,861 and at the close of FY 2025 the balance was \$557,506 which was a \$360,645 or 183.2% increase. The total fund balances in the district increased \$73,362 or 4.65% during FY 2025.

Governmental Fund Financial Statements

Fund-based financial statements, consisting of a series of statements, provide information about the government's major and non-major funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The governmental funds balance sheet for FY 2025 is comprised of major funds and all other funds. The general fund (elementary and high school), elementary bus depreciation fund, elementary retirement fund, and the elementary miscellaneous programs fund were the major funds in FY 2025. The other funds category includes the remainder of the governmental district funds. The governmental balance sheet for FY 2025 demonstrates that the district is in good financial condition. The district has cash in the general fund which makes up 33.2% in FY 2025 of the total fund balances. The district fund balances would seem to be strong enough to resolve any reasonable financial situation that might occur.

Statement of Revenues, Expenditures, and Changes in Fund Balances

The statement of revenues, expenditures, and changes in fund balances presents revenue and expenditures in each of the major fund categories. The major fund categories in FY 2025 were the general fund (elementary and high school), elementary bus depreciation fund, elementary retirement fund, and the elementary miscellaneous programs fund. The other funds category includes all the remaining governmental funds that the district is utilizing. State revenue is the major source for the general fund at 62.7% of the total revenue in FY 2025 followed by district levy revenue at 37.3%. The major expenditure in the general fund is instruction. Instruction expenditures make up 60.3% of the general fund total cost for FY 2025. Operation and maintenance followed by school administration rank 2 & 3 for general fund expenditures in FY 2025.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

General Fund Budgetary Highlights

The general fund budgetary highlights in the district for FY 2025 included \$18,702 more revenue than was expected in the original and final budget. The district tax levy revenue was \$18,762 more than the final budget and state revenue was \$804 less than the budget, while interest revenue was \$744 more revenue than expected. Total actual expenditures in the general fund were \$18,756 less than was expected in the original and final budget. The areas with the largest difference were operation/maintenance which was \$4,082 under budget, business services at \$8,895 under budget, and instructional services \$6,812 under budget. Actual revenues minus expenditures were a positive \$37,458 in FY 2025. The district did make a transfer out of the general fund in FY 2025 for \$3,919 and had proceeds of \$300,000 for long-term debt. The proceeds from debt along with more revenue than expenses, the transfer out, and a correction resulted in an increase of \$306,421 in the general fund at the end of FY 2025. The general fund final balance was \$499,238.

Long-term debt

The district had long term liabilities of \$8,935,906 at the end of FY 2025. The long-term liabilities included \$612,354 for compensated absences, \$445,114 of OPEB (Other Post-Employment Benefits), net pension liability of \$5,540,314, GO Bonds of \$2,180,000, and bond premium of \$158,124.

Capital Assets

The investment by the Deer Lodge District in capital assets for governmental activities as of June 30, 2025, was \$4,341,260 after depreciation and debt was subtracted. This investment in capital assets included land, building improvements, buildings, furniture, and equipment. The value of the capital assets for the Deer Lodge District showed a 2.6% or \$108,676 increase in FY 2025 when compared to FY 2024. The increase was due to added capital assets of \$419,554 and a principal payment of \$315,000 along with depreciation of \$652,235. The added capital assets of \$419,554 included \$260,244 for machinery and equipment, \$98,928 for improvements to grounds, and \$60,382 for buildings and building improvements.

Government-wide Analysis and Overall Position of the District for FY 2025

The overall net position of the district increased \$78,413 or 19.2% to a negative \$329,982 at the close of FY 2025, mostly due to more revenue than expenses. The overall revenues from all sources for the district in FY 2025 were \$10,612,291 which represented a 2.5% or \$273,606 decrease from FY 2024. The decrease was mostly due to decreases in federal/state unrestricted grant revenue of \$360,289 or 35.8% and state revenue of \$117,746 or 3.3%. Revenue from property taxes increased \$155,135 or 4.5% and county revenue was up \$103,891 or 13.9% in FY 2025. Revenue from the state was \$3,467,113 in FY 2025 and was 32.6% (was 32.9% in FY 2024) of the total district revenue. District levies were \$3,627,113 or 34.2% of total revenue in FY 2025 (was 31.9% in FY 2024). Total expenses for the district were down 7% or \$797,125 due to decreases in instruction of \$281,539 or 4.8%, student support services of \$180,309 or 36.8%, staff services of \$87,377 or 38.3%, and operation/maintenance of \$99,089 or 6.7%.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

The district revenues exceeded expenses for FY 2025 by \$78,413. The district capital assets had a 2.6% or \$108,676 increase in value in FY 2025 when compared to FY 2024. The increase was due to added capital assets of \$419,554 and a principal payment of \$315,000 along with depreciation of \$652,235. The district had long term liabilities of \$8,935,906 which included \$612,354 for compensated absences, \$445,114 of OPEB (Other Post-Employment Benefits), net pension liability of \$5,540,314, GO Bonds of \$2,180,000, and bond premium of \$158,124. The district governmental fund balances increased \$73,362 or 4.65% in FY 2025 and were \$1,681,185. The overall financial position of the Deer Lodge School District is good and continued to improve in FY 2025 with a 19.2% or \$78,413 increase in net position. The district net position at the end of FY 2025 was a negative \$329,982. The net position of the district is negative due to the addition of net pension liability to the financial statements in FY 2015. However, net pension liability does not necessarily reflect the financial condition of the district, because pension liability cannot be made immediately due and payable. Therefore, the district net position is stronger than it appears.

The Districts Future

The future of the district is dependent on many factors and one of the most important is student enrollment. Student enrollment was 520 students in the fall of 2025, 597 students in the fall of 2024, and 594 students in the fall of 2023. Student enrollment decreased this past year after showing increases in recent years. The Powell County population has increased 3.1% or 216 people from 2020 to 2025. The percentage of the population at or under 5 years of age is 3.3% compared to Montana at 5% and the percentage of the population at or under 18 years of age is 14.6% in the county compared to the state at 20.5%. The percentage of people at or over age 65 is 22.3% in the county and 21% in the state. In addition, the level of poverty in the county is 15% compared to Montana at 10.2%. Powell County has lower percentages of school age children in the county versus the state, which is not a positive indicator for enrollment, but increasing population in the county may add additional students. However, the overall trend for enrollment may include some decreases in students.

The district does have ongoing contracts with each of the employee groups in the district. However, during FY 2025 the district did not enter into any new agreements or contracts outside of these groups that would have an influence on the financial position of the district. The district did not have any new litigation or ongoing litigation in FY 2025 that might impact future district finances. There are currently no other known facts, decisions, or conditions that would have a material effect on the financial position or operations of the district. Given that the district has good fund balances, decreasing expenses, an increasing net position, and an increasing county population coupled with the lack of other negative factors, it would seem to indicate that the near-term future of the district finances would be positive.

Requests for Information

The information and data included in this management's discussion and analysis report is designed to provide a general overview of the finances of the Deer Lodge School District for all those with an interest in the government's finances.

Deer Lodge School District No. 1
(UNAUDITED) MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
July 01, 2024 - June 30, 2025

Questions concerning any of the information contained in this report should be addressed to the Deer Lodge School District administration and business office located in Deer Lodge, Montana.

BASIC FINANCIAL STATEMENTS

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and Equivalents	\$ 1,446,876
Taxes Receivable	79,629
Due from other governments	234,309
Capital assets	
Land, not being depreciated	345,109
Buildings, improvements and equipment, net of depreciation	6,334,275
Total capital assets	6,679,384
Total Assets	8,440,198
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	910,466
LIABILITIES	
Due within one year	
Compensated absences	153,089
Loan payable	37,106
Bond and premium payable	356,354
Due in more than one year	
Compensated absences	459,265
Loan payable	262,894
Bond and premium payable	1,981,770
Other postemployment benefits	445,114
Net pension liability	5,540,314
Total Liabilities	9,235,906
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	444,740
NET POSITION	
Net investment in capital assets	4,341,260
Restricted	919,242
Unrestricted	(5,590,484)
Total net position	\$ (329,982)

The accompanying notes are an integral part of these financial statements.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instructional Activities	\$ 5,535,073	\$ 6,240	\$ 1,057,237	\$ (4,471,596)
Student Services	309,611	63,908	9,388	(236,315)
Staff Services	140,482	-	-	(140,482)
General Administration	392,116	-	-	(392,116)
School Administration	684,169	-	-	(684,169)
Business	248,798	-	-	(248,798)
Operation and Maintenance	1,387,198	-	47,441	(1,339,757)
Student Transportation Services	667,562	-	113,455	(554,107)
Food Services	433,536	91,399	306,652	(35,485)
Extracurricular Activities	660,951	-	306,523	(354,428)
Interest on longterm debt	74,382	-	-	(74,382)
Total governmental activities	<u>\$ 10,533,878</u>	<u>\$ 161,547</u>	<u>\$ 1,840,696</u>	<u>(8,531,635)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				2,203,399
Property taxes, levied for specific purposes				1,423,714
State of Montana				3,467,113
Federal and state grants unrestricted				646,383
Powell County Distribution				851,251
Investment earnings				13,688
Miscellaneous revenue				4,500
Total general revenues				<u>8,610,048</u>
Change in net assets				<u>78,413</u>
Net position - beginning				<u>(408,395)</u>
Net position - ending				<u>\$ (329,982)</u>

The accompanying notes are an integral part of these financial statements.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Elementary Bus Depreciation Fund	Elementary Retirement Fund	Elementary Misc Programs Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 496,011	\$ 282,607	\$ -	\$ 70,812	\$ 597,446	\$ 1,446,876
Taxes receivable, net	49,755	2,189	-	-	27,685	79,629
Due from other funds	61,495	-	-	-	-	61,495
Due from other governments	-	-	163,221	-	71,088	234,309
Total assets	<u>\$ 607,261</u>	<u>\$ 284,796</u>	<u>\$ 163,221</u>	<u>\$ 70,812</u>	<u>\$ 696,219</u>	<u>\$ 1,822,309</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 61,495	\$ -	\$ -	\$ 61,495
Total liabilities	<u>-</u>	<u>-</u>	<u>61,495</u>	<u>-</u>	<u>-</u>	<u>61,495</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of tax revenues	<u>49,755</u>	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>27,685</u>	<u>79,629</u>
Total deferred inflows of resources	<u>49,755</u>	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>27,685</u>	<u>79,629</u>
FUND BALANCES						
Restricted	-	282,607	101,726	70,812	668,534	1,123,679
Unassigned	<u>557,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>557,506</u>
Total Fund balances	<u>557,506</u>	<u>282,607</u>	<u>101,726</u>	<u>70,812</u>	<u>668,534</u>	<u>1,681,185</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 607,261</u>	<u>\$ 284,796</u>	<u>\$ 163,221</u>	<u>\$ 70,812</u>	<u>\$ 696,219</u>	<u>\$ 1,822,309</u>

The accompanying notes are an integral part of these financial statements.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balance, governmental funds	\$ 1,681,185
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	6,679,384
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. These assets include receivables related to unearned revenue of \$79,629.	79,629
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Deferred outflows of resources are not available to pay current period expenditures. Deferred outflows of resources are related to employer contributions to pension obligations.	910,466
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Some liabilities, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. These liabilities include: Compensated Absences \$612,354, Loan Payable \$300,000, OPEB \$445,114 and the Net Pension Liability of \$5,540,314.	(9,235,906)
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Deferred inflows of resources are not available to pay current expenditures and are related to unavailable resources for pension obligations.	<u>(444,740)</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u>\$ (329,982)</u>
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The accompanying notes are an integral part of these financial statements.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Elementary Bus Depreciation Fund	Elementary Retirement Fund	Elementary Miscellaneous Programs Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
District tax levies	\$ 2,212,012	\$ 98,891	\$ -	\$ -	\$ 1,324,986	\$ 3,635,889
Powell County	-	-	469,182	-	406,533	875,715
State of Montana	3,714,081	-	93,263	31,091	282,820	4,121,255
Federal sources	-	-	-	1,035,553	503,157	1,538,710
Charges for services	-	-	-	-	97,639	97,639
Investment earnings	818	-	-	-	11,045	11,863
Other revenue	-	-	-	6,537	324,957	331,494
Total Revenues	<u>5,926,911</u>	<u>98,891</u>	<u>562,445</u>	<u>1,073,181</u>	<u>2,951,137</u>	<u>10,612,565</u>
EXPENDITURES						
Current:						
Instructional services	3,538,237	-	334,243	950,710	777,683	5,600,873
Support services students	174,079	-	19,803	18,511	103,963	316,356
Support services staff	132,516	-	14,818	1,000	12,373	160,707
General administration	278,184	-	14,859	800	82,931	376,774
School administration	558,919	-	59,098	-	63,979	681,996
Business	187,163	-	8,069	14,538	44,272	254,042
Operation and maintenance	751,001	-	46,333	40,541	174,796	1,012,671
Student transportation	-	-	34,962	-	559,097	594,059
Food services	-	-	16,356	2,363	395,274	413,993
Extracurricular activities	246,167	-	6,996	-	339,278	592,441
Debt service:						
Principal	-	-	-	-	315,000	315,000
Interest	-	-	-	-	100,736	100,736
Capital Outlay	-	-	-	119,529	300,026	419,555
Total Expenditures	<u>5,866,266</u>	<u>-</u>	<u>555,537</u>	<u>1,147,992</u>	<u>3,269,408</u>	<u>10,839,203</u>
Excess (deficiency) of revenues over expenditures	<u>60,645</u>	<u>98,891</u>	<u>6,908</u>	<u>(74,811)</u>	<u>(318,271)</u>	<u>(226,638)</u>
Other financing sources(uses)						
Proceeds from longterm debt	300,000	-	-	-	-	300,000
Transfers in	-	-	-	-	153,000	153,000
Transfers out	-	(80,000)	-	-	(73,000)	(153,000)
Total other financing sources (uses)	<u>300,000</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>300,000</u>
Net change in fund balances	360,645	18,891	6,908	(74,811)	(238,271)	73,362
Fund balances - beginning	196,861	263,716	94,818	145,623	906,805	1,607,823
Fund balances - ending	<u>\$ 557,506</u>	<u>\$ 282,607</u>	<u>\$ 101,726</u>	<u>\$ 70,812</u>	<u>\$ 668,534</u>	<u>\$ 1,681,185</u>

The accompanying notes are an integral part of these financial statements.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, & CHANGES
IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds: \$ 73,362

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. The amount capital outlay \$419,555 is exceeded by depreciation expense (\$652,235). (232,680)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

2024 Taxes Receivable Deer Lodge Elementary	\$	(40,705)	
2024 Taxes Receivable PCHS		(42,536)	
2025 Taxes Receivable Unified		79,629	(3,612)

Long term loan proceeds are reported in governmental funds as another financing source but are shown in the government wide statements as a long term liability. (300,000)

Governmental funds report repayment of loan principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. The amount of repayment is \$315,000. 315,000

Governmental funds report the effect of bond premiums in the year of issuance, whereas these amounts are deferred and amortized as a component of interest in the statement of activities. 26,354

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Employee benefits not reflected on governmental funds:

(Increase) decrease in compensated absences payable	\$	(26,404)	
(Increase) decrease in OPEB GASB No. 75 expense		(7,632)	
(Increase) decrease in GASB No. 68 pension expense		234,025	199,989

Change in net assets of governmental activities	\$	78,413
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Deer Lodge School District Number One (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to School Districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below.

A. Change in Reporting Entity- District Unification

Effective July 1, 2024, the Powell County High School and the Deer Lodge Elementary School District were unified under MT MCA 20-6-312 whereby any county high school may be unified with the elementary school district where the county high school building is located to establish a unified school system under a unified board of trustees. Pursuant to MT law, resolutions for an election was passed by both entities and the unification was approved by a majority of the electorate in the county.

Upon unification, all assets, liabilities and fund balances of Powell County High School were unified with Deer Lodge Elementary District No. 1 as of the merger date at the carrying values as reported in the financial statements prior to unification.

All county high school bonds outstanding at the time of the unification remained the obligation of the county against which the bonds were originally issued. The high school district will be responsible for the maintenance of the debt service fund for the bonds and will continue to pay the principal and interest payments in the same manner and by the same means as though unification had not occurred

The high school and elementary school district budgets will remain separate after unification.

Upon unification, the county high school Board of Trustees did not have the capacity to govern, but representation for the new high school district was appointed to the unified board until the next regular school election. Educational programs and operations will be governed by the unified board. The intent of the unification was to provide avenues and opportunities for the alignment of the PK-12 curriculum.

These financial statements represent the first audited financial statements of Deer Lodge School District No. 1 as an independent reporting entity. The following table summarizes the beginning net position of the districts immediately prior to unification July 1, 2024:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Change in Reporting Entity- District Unification - Continued

Statement of Net Position July 1, 2024

	Deer Lodge Elementary	Powell County High School	Combined Districts
Cash	\$ 1,107,680	\$ 532,867	\$ 1,640,547
Taxes receivable	42,536	40,705	83,241
Due from other governments	-	2,100	2,100
Capital assets, net	2,297,108	4,614,954	6,912,062
Deferred outflows of resources	422,487	274,118	696,605
Total assets and deferred outflows	3,869,811	5,464,744	9,334,555
Accounts payable	-	34,823	34,823
Short term liabilities	179,913	391,384	571,297
Long term liabilities	3,749,383	4,768,683	8,518,066
Deferred inflows of resources	486,321	132,443	618,764
Total liabilities and deferred inflows	4,415,617	5,327,333	9,742,950
Net position	<u>\$ (545,806)</u>	<u>\$ 137,411</u>	<u>\$ (408,395)</u>

B. Reporting Entity

Deer Lodge School District No. 1 delivers public education services at all levels below the college and university level. The District consists of two legally separate Districts. The Elementary District provides education Kindergarten through eighth grade; the High School District provides education for grades nine through twelve. Both are managed by one central Board of Trustees, elected in a district-wide election, and by a central administration appointed by and responsible to the Board. Yet both Districts must be maintained separately per state law because of differences in funding provided by the state legislature. These basic financial statements present, as a single reporting entity, all activities over which the Board of Trustees exercises financial accountability.

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability is defined as appointment of a voting majority of the organization's governing board and either a) the ability to impose will by the School District, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. Based on the application of this criteria, there were no potential component units required to be included in this report.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Indirect expenses generally are not recorded as expenses as typically can be allocated to specific functions. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary. The District does not have proprietary or fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred inflows is reported as fund balance.

The financial statements report the financial activities of individual funds. Major funds are determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB). A fund is classified as major if it meets the following criteria:

- Quantitative Thresholds:
 - Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary and special items) of the fund are at least 10 percent of the corresponding total for all funds of that type (governmental).
 - The same element of the fund is at least 5 percent of the corresponding total for all governmental funds combined.
- Qualitative Considerations:
 - A fund may also be classified as major if management believes that its presentation is important for understanding the government's financial position or operations, even if it does not meet the quantitative thresholds.

Nonmajor funds are aggregated and presented in a single column in the governmental fund financial statements.

The following are the School District's major governmental funds.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

General Fund

The General Fund is authorized by MCA 20-9-301 for the purpose financing general maintenance and operational costs of the district not financed by other funds. The General Fund is a budgeted fund.

Elementary Bus Depreciation Fund

The Bus Depreciation Fund is a Special Revenue fund and is used to account for financial resources to be used for the acquisition of major transportation equipment. It is a budgeted fund per state law.

Elementary Retirement Fund

The Elementary Retirement Fund is a Special Revenue fund and is used for the purpose of financing the employer's contributions to state retirement plans, unemployment, Social Security and Medicare. It is funded by a county wide levy for retirement. It is a budgeted fund per state law.

Elementary Miscellaneous Programs Fund

The Miscellaneous Programs Fund is a Non-Budgeted Special Revenue fund authorized by Section 20-9-507, MCA for the purpose of accounting for local, state or federal grants and reimbursements not accounted for in the General Fund. Federal and state grants and other agreements typically restrict or commit resources to approved expenditures.

Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

1. Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-monetary assistance for commodities received and disbursed is recorded at fair market value as determined by the Montana Office of Public Instruction.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis of accounting, revenues are recognized when a potential revenue meets the “measurable” and “available” criteria for recognition in the current period.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Revenues - Exchange and Nonexchange Transactions - Continued

In the fund financial statements uncollected taxes at the end of the fiscal year are recorded as deferred inflows due to the difficulty in estimating the amount of uncollected taxes that will be received within the 60 days criterion. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is due, if measurable. Expenditures related to compensated absences are recorded when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Cash and Cash Equivalents

The School District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Inventories

Inventories are considered to be immaterial at year end and are not recorded.

H. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their estimated acquisition value on the date donated.

The School District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are reported in the governmental activities on the government-wide statement of net position but are not reported on the fund financial statements. All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Building Improvements	15 – 50 years
Machinery and Equipment	5 – 20 years

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Compensated Absences

Non-certified employees earn vacation leave at the rate of 15 days per year for the first 10 years. Between 10 years and 20 years, employees earn vacation leave at an increasing rate, reaching 24 days per year after 20 years.

There is no requirement that vacation leave be taken, but the maximum permissible accumulation is the amount earned in the most recent two-year period. At termination employees are paid for any accumulated vacation leave.

Employees earn sick leave at the rate of 12 days per year. There is no limit on the accumulation of sick leave. At termination, non-certified employees are paid one day for every four days of accumulated sick leave earned after 1970. Certified employees are paid per their union contract. It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to employees upon termination. The entire compensated absence liability is reported on the government-wide statement of net assets. Management has evaluated the liability when leave is earned by employees for services already rendered and when it is probable to be used or paid through historical leave usage patterns.

On governmental fund financial statements, compensated absences are recognized as expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

K. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Net Position - Continued

Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position balances are those that do not meet the above definitions for the other two components.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balances

Under generally accepted governmental accounting standards, fund balance classifications can be nonspendable, restricted, committed, assigned, and unassigned which comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Fund balances are restricted when constraints are placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Montana law authorizes the district to assess, levy, charge or mandate payment to support school district programs and includes the legally enforceable requirement that those resources be used only for those specific purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Special revenue funds that do not have specific revenue sources that are restricted or committed to expenditure for specified purposes are reported in the General Fund.

Other fund balances that are negative are reported as unassigned.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Fund Balances - Continued

The District considers restricted resources to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

Restricted net position in the government-wide statements will not agree to restricted fund balance in the government fund financial statements due to differences in accounting methods.

M. Deferred Inflows or Outflows of Resources

A deferred outflow of resources is a financial statement element representing a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until that time. The District has reported deferred outflows of resources on the government statement of net position related to the pension contributions.

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. The government-wide statement of net position and governmental fund balance sheet report a separate section for deferred inflows of resources. In the government statement of net position, deferred inflows of resources are reported for pension activity. In the fund financial statements, deferred inflows of resources in the levied funds represent outstanding general property taxes and special assessments at June 30, 2024. These amounts are reported as revenue in the Government Wide Financial Statements in the period in which they are levied

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenditures during the reporting period. Actual amounts could differ from those estimates.

O. Interfund Transactions

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities. Interfund transfers in the fund financial statements are reported as transfers within the other financing sources/uses category.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Adoption of New of Accounting Standard

Effective for the year beginning July 1, 2024, the School District adopted the requirements of *GASB Statement No. 101, Compensated Absences*. This Statement establishes recognition and measurement guidance for leave benefits that accumulate and are attributable to services already rendered. Under prior standards, only vacation leave and similar leave that was both earned and vested was accrued. Under GASB 101, compensated absences are recognized as a liability when earned by employees if (1) the leave is attributable to services already rendered and (2) it is probable that the leave will be used or paid.

The entity evaluated the impact of this new standard on its financial statements. The Statement did not have a material impact on the District's financial statements as a result of implementation of the new standard.

NOTE 2. CASH AND INVESTMENTS

Cash and investments, except for those of the Extracurricular Fund, are held by the County Treasurer. The District participates in a County-wide investment program whereby a portion of available cash is invested by the County Treasurer in a pooled investment. Interest earned on the pooled investment is distributed to each contributing entity and fund on a pro rata basis. Montana statutes require that the Powell County Treasurer have pledged securities equal to 50 percent of its total deposits and investments that are not insured or guaranteed, held in Powell County's name by the pledging bank's trustee.

At year end, the carrying amount of the District's bank deposits for the Extracurricular Funds was \$140,610 and for the School Lunch fund was \$3,791 and the bank balance was \$141,537 and \$3,791, respectively. The bank balances were fully covered by Federal depository insurance. Under the government's investment policy and in accordance with Montana law, the government is restricted to investing funds in specific types of investment instruments.

The District restricts investments to those authorized by Montana statute but has not adopted a formal investment policy addressing exposure to credit risk, custodial credit risk, concentration of credit risk or interest rate risk.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 2. CASH AND INVESTMENTS - CONTINUED

The following are the types of permitted instruments:

- Interest bearing savings accounts, certificates of deposits and time deposits insured by the Federal Deposit Insurance Corporation or which are fully collateralized.
- Short-term discount obligations of the Federal National Mortgage Association or in share of Savings and Loan Associations insured by the Federal Savings and Loan Insurance Corporation.
- Montana State Short-Term Investment Pool.
- Repurchase agreements where there is a master repurchase agreement and collateral held by a third party.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Montana statutes required that the District obtain securities for the uninsured portion of the deposits as follows:

- 1) Securities equal to 50% of such deposits if the institution in which the deposits are made has a net worth to total assets ratio of 6% or more, or
- 2) Securities equal to 100% of the uninsured deposits if the institution in which the deposits are made has a net worth to total assets ratio less than 6%.

The State statutes do not specify in whose custody or name the collateral is to be held. The District is in compliance with the State statute. Montana statutes authorize the District to invest in direct obligations of the United States government and securities issued by agencies of the United States government, repurchase agreements, and the State of Montana Short-Term Investment Pool (S.T.I.P.). Historically, the District has not invested in any investment other than certificates of deposit.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 3. CAPITAL ASSETS

As described in Note 1.A., Deer Lodge Elementary and Powell County High School were unified July 1, 2024. Capital assets of the districts were recorded at their historical cost and accumulated depreciation on that unification date:

	Deer Lodge Elementary	Powell County High School	Combined
Land	\$ 304,472	\$ 40,637	\$ 345,109
Land improvements	380,772	283,738	664,510
Buildings & improvements	7,276,635	8,121,889	15,398,524
Machinery & equipment	1,813,066	871,567	2,684,633
Less accumulated depreciation	<u>(7,477,837)</u>	<u>(4,702,877)</u>	<u>(12,180,714)</u>
Net governmental assets	<u>\$ 2,297,108</u>	<u>\$ 4,614,954</u>	<u>\$ 6,912,064</u>

A summary of capital asset activity for the year ended June 30, 2025 follows:

	Beginning Balance 7-1-2024	Additions	Reductions	Ending Balance 6-30-2025
Governmental activities:				
Non-depreciable assets:				
Land	\$ 345,109	\$ -	\$ -	\$ 345,109
Capital assets, not being depreciated	<u>345,109</u>	<u>-</u>	<u>-</u>	<u>345,109</u>
Depreciable assets:				
Land Improvements	664,510	98,928	-	763,438
Buildings & Building Improvements	15,436,116	60,382	-	15,496,498
Machinery & Equipment	<u>2,647,043</u>	<u>260,244</u>	<u>-</u>	<u>2,907,287</u>
Capital assets, being depreciated	18,747,669	419,554	-	19,167,223
Less acc. depreciation:				
Land improvements	(624,005)	(32,308)	-	(656,313)
Buildings and improvements	(10,109,369)	(388,855)	-	(10,498,224)
Machinery & Equipment	<u>(1,447,340)</u>	<u>(231,071)</u>	<u>-</u>	<u>(1,678,412)</u>
Total acc. depreciation	<u>(12,180,714)</u>	<u>(652,235)</u>	<u>-</u>	<u>(12,832,948)</u>
Capital assets being depr. net	<u>6,566,955</u>	<u>(232,680)</u>	<u>-</u>	<u>6,334,275</u>
Governmental activities net capital assets	<u>\$ 6,912,064</u>	<u>\$ (232,680)</u>	<u>\$ -</u>	<u>\$ 6,679,384</u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 3. CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities of the District as follows:

Governmental activities:	
Instructional services	\$ 71,600
Transportation services	115,403
Food Services	15,198
Operations and maintenance	378,830
Vocational education	25,632
Extracurricular	<u>45,572</u>
Total Depreciation Expense	<u>\$ 652,235</u>

NOTE 4. LONG TERM OBLIGATIONS

Beginning balances of the respective long term obligations for the unified school districts were combined as follows:

July 1, 2024

	Deer Lodge Elementary	Powell County High School	Combined
Balances			
Compensated absences	\$ 359,926	\$ 226,024	\$ 585,950
Other postemployment benefits	135,549	301,933	437,482
Net Pension Liability	3,433,821	1,952,632	5,386,453
Bonds payable	-	2,495,000	2,495,000
Bond premium	-	184,478	184,478
Totals	<u>\$ 3,929,296</u>	<u>\$ 5,160,067</u>	<u>\$ 9,089,363</u>

Changes in the School District's long-term obligations during the year ended June 30, 2025 were as follows:

Governmental Activities	Beginning Balance 7-1-24	Additions	Reductions	Ending Balance 6-30-25	Amounts Due Within One Year
Employee Benefits					
Compensated absences	\$ 585,950	\$ 26,404	\$ -	\$ 612,354	\$ 153,089
Other postemployment benefits	437,482	7,632	-	445,114	-
Net pension liability	5,386,453	153,861	-	5,540,314	-
Loan Payable	-	300,000	-	300,000	37,106
GO Bonds Payable	2,495,000	-	(315,000)	2,180,000	330,000
Bond Premium	184,478	-	(26,354)	158,124	26,354
Total	<u>\$ 9,089,363</u>	<u>\$ 487,897</u>	<u>\$ (341,354)</u>	<u>\$ 9,235,906</u>	<u>\$ 546,549</u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 4. LONG TERM OBLIGATIONS - CONTINUED

The change in compensated absences is shown as a net change.

The High School issued general obligation bonds in order to finance renovations and upgrades of the High School's facilities which was completed in the fall of 2016. The bonds are backed by the full faith, credit and taxing power of the High School. The bonds were issued pursuant to a resolution adopted by the High School on October 21, 2015. The proceeds of these bonds were used (a) to pay associated costs of the project, and (b) pay costs of issuance of the bonds. Bond payments are due in semi-annual installments of principal and interest at fixed rates between 2% and 4%. The first payment was due on January 1, 2017 and the final payment is due on July 1, 2031. The Debt Service Fund is the funding source for bond payments of principal and interest.

The Cash requirements for debt service of the Bonds until maturity are as follows:

Year Ended June 30	Interest Rate	Principal	Interest	Bond Premium Amortization	Total
2026	2%	\$ 330,000	\$ 87,200	\$ 26,354	\$ 443,554
2027	2%	340,000	74,000	26,354	440,354
2028	2%	355,000	60,400	26,354	441,754
2029	4%	370,000	46,200	26,354	442,554
2030-2031	4%,4%,4%,4%	785,000	47,400	52,708	885,108
		<u>\$ 2,180,000</u>	<u>\$ 315,200</u>	<u>\$ 158,124</u>	<u>\$ 2,653,324</u>

An agreement for a promissory note was made between Powell County and Powell County High School as of June 1, 2025 for a \$300,000 financial loan for operating expenses. The contract term is from June 1, 2025 until June 30, 2035. Payments are to be made semi-annually on December 1st and June 30th of each year. The loan is unsecured. The interest rate will be associated with the Short Term Investment Pool (STIP) average yield. The average yield for the loan was set at 4.3825035% but will be redetermined each year based on the STIP average yield percentage.

Annual debt service principal and interest payments required to maturity are as follows:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 4. LONG TERM OBLIGATIONS - CONTINUED

Years Ended June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 24,221	\$ 12,885
2027	25,294	11,812
2028	26,415	10,691
2029	27,585	9,521
2030	28,808	8,299
2031-2035	167,677	21,179
Total	<u>\$ 300,000</u>	<u>\$ 74,387</u>

NOTE 5. REAL AND PERSONAL PROPERTY TAX ASSESSMENTS

Powell County levies and collects taxes for the District. Powell County's real property taxes are assessed on November 1st each year. Payments are due in two equal installments on November 30th and May 31st. The property taxes become an enforceable lien against the property when levied; therefore, management does not consider an allowance for uncollectible taxes necessary. Tax foreclosures are initiated for real property with taxes which are three years delinquent. Personal property taxes are assessed throughout the year with payments due approximately thirty days after the assessment date.

NOTE 6. RESTRICTED NET POSITION

State law authorizes certain funds and mandates restricted revenue sources for specific purposes. The District classifies the net position of these funds as restricted. These individual funds and their restricted net position at June 30, 2025 are as follows:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 6. RESTRICTED NET POSITION - CONTINUED

<u>Fund Name</u>	<u>Fund Type</u>	<u>Amount</u>
Transportation	Special revenue	\$ 36,793
Bus depreciation	Special revenue	365,149
School food services	Special revenue	7,224
Tuition	Special revenue	40,434
Retirement	Special revenue	30,997
Miscellaneous grants	Special revenue	94,840
Adult education	Special revenue	3,232
Traffic education	Special revenue	5,070
Technology acquisition	Special revenue	8,283
Extracurricular	Special revenue	140,676
Debt service	Debt service	16,341
Building	Capital projects	58
Building reserve	Capital projects	170,145
Total restricted net position		<u>\$ 919,242</u>

NOTE 7. GOVERNMENTAL FUND BALANCES

The beginning governmental fund balances as unified on July 1, 2024 are as follows:

Beginning governmental fund balances
July 1, 2024

	<u>Deer Lodge Elementary</u>	<u>Powell County High School</u>	<u>Combined</u>
General Fund			
Unassigned	\$ 378,495	\$ (181,634)	\$ 196,861
Major Funds			
Restricted			
Elementary Depreciation	263,716	-	263,716
Elementary Retirement	94,818	-	94,818
Elementary Misc Programs	145,623	-	145,623
Other governmental funds			
Restricted	<u>225,028</u>	<u>681,777</u>	<u>906,805</u>
Total	<u>\$ 1,107,680</u>	<u>\$ 500,143</u>	<u>\$ 1,607,823</u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 7. GOVERNMENTAL FUND BALANCES - CONTINUED

The fund balance classifications presented are restricted and unassigned as follows:

	General Fund	Elementary Bus Depreciation Fund	Elementary Retirement Fund	Elementary Miscellaneous Programs Fund	Other Funds
Fund balances:					
Restricted for:					
Transportation	\$ -	\$ -	\$ -	\$ -	\$ 89,546
Bus depreciation	-	282,607	-	-	79,674
School food services	-	-	-	-	7,224
Tuition	-	-	-	-	39,417
Retirement	-	-	101,726	-	96,524
Miscellaneous grants	-	-	-	70,812	24,029
Adult education	-	-	-	-	2,382
Traffic education	-	-	-	-	10,598
Extracurricular	-	-	-	-	140,676
Technology acquisition	-	-	-	-	3,904
Debt service	-	-	-	-	7,132
Capital projects	-	-	-	-	167,428
Unassigned:	557,506	-	-	-	-
Total fund balances	<u>\$ 557,506</u>	<u>\$ 282,607</u>	<u>\$ 101,726</u>	<u>\$ 70,812</u>	<u>\$ 668,534</u>

NOTE 8. RETIREMENT PLANS

The district participates in two multiple employer cost-sharing retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers Retirement System (TRS) covers certified teaching employees, including principals and superintendents, and the Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established by state law and are administered by the Teachers' Retirement System and the Montana Public Employees Retirement Administration respectively. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

Although a unified district, the actuarial valuation remains for Deer Lodge Elementary and Powell County High School for FY2025.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Deer Lodge Elementary School District

Montana Public Employee Retirement System:

In accordance with the Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2024, measurement date for the 2025 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2025.

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 Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan 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).

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Plan Description - Continued

This plan provides retirement benefits to covered employees of the State, and 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 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. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

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

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:

Age 60, 5 years of membership service;
Age 65, regardless of membership service; or
Any age, 30 years of membership service.

Hired on or after July 1, 2011:

Age 65, 5 years of membership service;
Age 70, regardless of membership service.

Early Retirement

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:

Age 50, 5 years of membership service; or
Any age, 25 years of membership service.

Hired on or after July 1, 2011:

Age 55, 5 years of membership service.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Second Retirement

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

Member's highest average compensation (HAC)

Hired prior to July 1, 2011:

Highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011:

Highest average compensation during any consecutive 60 months

Compensation Cap

Hired on or after July 1, 2013:

110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

Members hired prior to July 1, 2011:

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Monthly Benefit Formula - Continued

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

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.

Not Special Funding

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Not Special Funding - Continued

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
2025	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012 - 2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010 - 2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008 - 2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000 - 2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

- 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.
- Employer contributions to the system:
 - 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 of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contribution rates.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Not Special Funding - Continued

- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- 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.
- Non-Employer contributions:
 - Special Funding
 - The State contributes 0.1% of members' compensation on behalf of local government entities.
 - The State contributes 0.37% of members' compensation on behalf of school district entities.
 - The state contributed a Statutory Appropriation from the General Fund of \$35,329,705.

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$714,090 and the employer's proportionate share was 0.029197 percent.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

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

	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
Deer Lodge Elementary School District #1 Proportionate Share	\$ 714,090	\$ 636,864	0.029197%	0.026097%	0.003100%
State of Montana Proportionate Share associated with employer	\$ 206,903	\$ 195,143	0.008460%	0.007997%	0.000463%
Total	<u>\$ 920,993</u>	<u>\$ 832,007</u>	<u>0.037657%</u>	<u>0.034094%</u>	<u>0.003563%</u>

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

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

Pension Expense

At June 30, 2024, the employer recognized a Pension Expense of \$37,246 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$11,088 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer. (Two years of pension expense are documented in the table below but are not necessary for the employer's disclosures.)

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Pension Expense - Continued

<u>As of measurement date</u>	<u>Pension Expense as of 6/30/2024</u>	<u>Pension Expense as of 6/30/2023</u>
Employer's Proportionate Share	\$ 37,246	\$ 62,966
Employer Grant Revenue - State of Montana Proportionate Share for employer	11,088	18,307
Total	<u><u>\$ 48,334</u></u>	<u><u>\$ 81,273</u></u>

Recognition of Deferred Inflows and Outflows

At June 30, 2024, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Actual vs. Expected Experience	\$ 36,086	\$ -
Projected Investment Earnings vs. Actual Investment Earnings	-	15,879
Changes in Assumption Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	41,888	-
Employer Contributions Subsequent to the Measurement Date	57,983	-
Total	<u><u>\$ 135,957</u></u>	<u><u>\$ 15,879</u></u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Recognition of Deferred Inflows and Outflows - Continued

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:	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense
2025	\$ 8,055
2026	\$ 72,042
2027	\$ (11,163)
2028	\$ (6,839)
Thereafter	\$ -

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment return (net of pension plan investment
Expense, including inflation) 7.30%
- General Wage Growth* 3.50%
*includes Inflation at 2.75%
- Merit increases 0% to 4.80%
- Postretirement benefit increases

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Mortality

- Active Participants: PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Mortality - Continued

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

The actuarial assumptions and methods utilized in the June 30, 2024 valuation, were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under 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 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown in the experience study.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Target Allocations - Continued

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

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

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

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate - Continued:

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Deer Lodge Elementary School District #1's Net Pension Liability	\$ 1,040,989	\$ 714,090	\$ 439,970

PERS Disclosure for the defined contribution plan

Deer Lodge School District #1 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.

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Pension plan fiduciary net position:

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 <https://mpera.mt.gov/about/annualreports1/annualreports>.

Montana Teacher Retirement System:

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, 2025 and June 30, 2024 (reporting dates).

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
Deer Lodge Elementary School District #1					
Proportionate Share	\$ 2,880,212	\$ 2,796,957	0.1537%	0.1444%	0.0093%
State of Montana					
Proportionate Share associated with employer	1,527,709	1,510,726	0.0815%	0.0780%	0.0035%
Total	<u>\$ 4,407,921</u>	<u>\$ 4,307,683</u>	<u>0.2352%</u>	<u>0.2224%</u>	<u>0.0128%</u>

At June 30, 2025, the employer recorded a liability of \$2,880,212 for its proportionate share of the Net Pension Liability.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Net Pension Liability - Continued

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions received by TRS during the measurement period July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2025, the employer's proportion was 0.1537 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. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

	Pension Expense as of <u>6/30/2025</u>
Deer Lodge Elementary School District #1 Proportionate Share	\$ 113,177
State of Montana Proportionate Share associated with the Employer	<u>82,175</u>
Total	<u>\$ 195,352</u>

At June 30, 2025, the employer recognized a Pension Expense of \$195,352 for its proportionate share for the TRS' pension expense. The employer also recognized grant revenue of \$82,175 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the employer.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Deferred Inflows and Outflows

At June 30, 2025, 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 expected and actual economic experience	\$ 72,868	\$ -
Change in actuarial assumptions	-	95,736
Difference between projected and actual investment earnings	-	55,582
Changes in proportion & Difference between actual and expected contributions	119,995	157,176
*Contributions paid to TRS subsequent to the measurement date - FY 2025 Contributions	450,917	-
Total	\$ 643,780	\$ 308,493

*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, 2026.

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

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2026	\$ (249,651)
2027	\$ 143,863
2028	\$ (13,656)
2029	\$ 3,814
2030	\$ -
Thereafter	\$ -

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Plan Description

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

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

Summary of Benefits

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

- Tier Two uses a 5-year average final compensation (as opposed to a 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 (through 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 $1.6667 \times \text{AFC} \times \text{years of creditable service}$)

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Summary of Benefits - Continued

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Overview of Contributions, Continued

School District and Other Employers				
	Members	Employers	General fund	Total employee & 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%

State and University Employers				
	Members	Employers	General fund	Total employee & employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

TRS Stand-Alone Statements

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Actuarial Assumptions

The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation as of July 1, 2024. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2024 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

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

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

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

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Target Allocations - Continued

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%)
Employer's proportion of Net Pension Liability	\$ 4,139,576	\$ 2,880,212	\$ 1,828,002

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.

Summary of Significant Accounting Policies

The Teacher's Retirement System prepare 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 Teacher's Retirement System (TRS) and additions to/deductions from the 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>.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Powell County High School

Montana Public Employee Retirement System:

In accordance with the Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes the proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions. Employers are provided guidance in GASB Statement 68, paragraph 74, where pension amounts must be combined as a total or aggregate for reporting, whether provided through cost-sharing, single-employer, or agent plans. This report provides information for employers who are using a June 30, 2024, measurement date for the 2025 reporting. If an employer's fiscal year end is after June 30th, the employer will not use the measurements shown in this report but will need to wait for the measurement date as of June 30, 2025.

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 Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Plan 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).

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Plan Description - Continued

This plan provides retirement benefits to covered employees of the State, and 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 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. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

Benefits provided – 76b: The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:

Age 60, 5 years of membership service;
Age 65, regardless of membership service; or
Any age, 30 years of membership service.

Hired on or after July 1, 2011:

Age 65, 5 years of membership service;
Age 70, regardless of membership service.

Early Retirement

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:

Age 50, 5 years of membership service; or
Any age, 25 years of membership service.

Hired on or after July 1, 2011:

Age 55, 5 years of membership service.

Second Retirement

- Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Second Retirement - Continued

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

Member's highest average compensation (HAC)

Hired prior to July 1, 2011:

Highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011:

Highest average compensation during any consecutive 60 months

Compensation Cap

Hired on or after July 1, 2013:

110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

Members hired prior to July 1, 2011:

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Monthly Benefit Formula - Continued

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

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.

Not Special Funding

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Not Special Funding - Continued

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
2025	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2024	7.900%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012 - 2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010 - 2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008 - 2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000 - 2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

- 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.
- Employer contributions to the system:
 - 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 of the PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contribution rates.
 - Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Not Special Funding - Continued

- 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.
- Non-Employer contributions:
 - Special Funding
 - The State contributes 0.1% of members' compensation on behalf of local government entities.
 - The State contributes 0.37% of members' compensation on behalf of school district entities.
 - The state contributed a Statutory Appropriation from the General Fund of \$35,329,705.

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

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

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$156,614 and the employer's proportionate share was 0.006403 percent.

	Net Pension Liability as of 6/30/2024	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
Powell County High School Proportionate Share	\$ 156,614	\$ 186,281	0.006403%	0.007633%	-0.001230%
State of Montana Proportionate Share associated with employer	\$48,864	\$60,402	0.001998%	0.002475%	-0.000477%
Total	<u>\$ 205,478</u>	<u>\$ 246,683</u>	<u>0.008401%</u>	<u>0.010108%</u>	<u>-0.001707%</u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

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

Changes in benefit terms: There 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.

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

Pension Expense

At June 30, 2024, the employer recognized a Pension Expense of \$2,504 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of \$2,619 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer. (Two years of pension expense are documented in the table below but are not necessary for the employer's disclosures.)

<u>As of measurement date</u>	<u>Pension Expense as of 6/30/2024</u>	<u>Pension Expense as of 6/30/2023</u>
Employer's Proportionate Share of PERS	\$ 2,504	\$ 14,194
State of Montana Proportionate Share for employer	<u>2,619</u>	<u>5,667</u>
Total	<u>\$ 5,123</u>	<u>\$ 19,861</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2024, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Recognition of Deferred Inflows and Outflows - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual vs. Expected Experience	\$ 7,914	\$ -
Projected Investment Earnings vs. Actual Investment Earnings	-	3,483
Changes in Assumption	-	19,586
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date		-
Total	<u>\$ 7,914</u>	<u>\$ 23,069</u>

the employer's contributions subsequent to the measurement date must be entered by the employer. These are the FY2025 contributions paid to the Plan.

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:	Amount of deferred outflows and deferred inflows recognized in future years as an increase or (decrease) to Pension Expense
2025	\$ (11,576)
2026	\$ 369
2027	\$ (2,448)
2028	\$ (1,500)
Thereafter	\$ -

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment return (net of admin expense) 7.30%
- General Wage Growth* 3.50%
*includes Inflation at 2.75%
- Merit increases 0% to 4.80%

Postretirement benefit increases

1. 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 each January, inclusive of other adjustments to the member's benefit.
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013
 - 1.5% for each year PERS is funded at or above 90%
 - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90 % and
 - 0% whenever the amortization period for PERS is 40 years or more.

Mortality

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

The actuarial assumptions and methods utilized in the June 30, 2024, valuation, were developed in the five-year experience study for the period ending 2021.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under 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 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years.

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Target Allocations - Continued

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

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

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

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

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Employer's Net Pension Liability	\$ 228,309	\$ 156,614	\$ 96,494

PERS Disclosure for the defined contribution plan

Powell County High School 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.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

PERS Disclosure for the defined contribution plan - Continued

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.

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

Pension plan fiduciary net position:

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 <https://mpera.mt.gov/about/annualreports1/annualreports>.

Montana Teacher Retirement System:

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).

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Net Pension Liability - Continued

Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective Net Pension Liability. In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2025 and June 30, 2024 (reporting dates).

	Net Pension Liability as of 6/30/2025	Net Pension Liability as of 6/30/2024	Percent of Collective NPL as of 6/30/2025	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
Powell County High School Proportionate Share	\$ 1,789,398	\$ 766,351	0.0955%	0.0912%	0.0043%
State of Montana Proportionate Share associated with employer	949,094	953,443	0.0507%	0.0492%	0.0015%
Total	<u>\$ 2,738,491</u>	<u>\$ 1,719,794</u>	<u>0.1462%</u>	<u>0.1404%</u>	<u>0.0058%</u>

At June 30, 2025, the employer recorded a liability of \$1,789,398 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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, 2023 through June 30, 2024 relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2025, the employer's proportion was 0.0955 percent.

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

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

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

Pension Expense

	Pension Expense as of 6/30/2025
Powell County High School Proportionate Share	\$ 123,088
State of Montana Proportionate Share Associated with the Employer	51,051
Total	<u>\$ 174,139</u>

At June 30, 2025, the employer recognized a Pension Expense of \$174,139 for its proportionate share of the TRS' pension expense. The employer also recognized grant revenue of \$51,051 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, 2025, the employer reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS – CONTINUED

Deferred Inflows and Outflows - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 45,271	\$ -
Change in actuarial assumptions	-	59,478
Difference between projected and actual investment earnings	-	34,531
Changes in proportion & Difference between actual and expected contributions	77,545	3,289
*Contributions paid to TRS subsequent to the measurement date - FY 2025 Contributions	-	
Total	\$ 122,815	\$ 97,299

*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, 2026.

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

Year ended June 30:	Outflows(Inflows) to be recognized as an increase or (decrease) to Pension Expense
2026	\$ (77,158)
2027	105,828
2028	(1,270)
2029	(1,883)
2030	-
Thereafter	-

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Plan Description

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

Summary of Benefits

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

- Tier Two uses a 5-year average final compensation (as opposed to a 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 (through 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.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Summary of Benefits - Continued

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Overview of Contributions - Continued

School District and Other Employers				Total employee & employer
	Members	Employers	General fund	
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%

State and University Employers				Total employee & employer
	Members	Employers	General fund	
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

TRS Stand-Alone Statements

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, 2024, is based on the results of an actuarial valuation date of July 1, 2024. There were several significant assumptions and other inputs used to measure the total pension liability.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Actuarial Assumptions, Continued

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

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

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

Discount Rate

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Discount Rate - Continued

Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

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

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

Target Allocations - Continued

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%)
Employer's proportion of Net Pension Liability	\$ 2,571,807	\$ 1,789,398	\$ 1,135,688

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.

Summary of Significant Accounting Policies

The Teacher's 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 Teacher's Retirement System (TRS) and additions to/deductions from the 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>.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 8. RETIREMENT PLANS - CONTINUED

**Pension Amounts Total for Employer – Employer's proportion of TRS
and PERS pension amounts combined**

	The employer's proportionate share associated with TRS	The employer's proportionate share associated with PERS	The employer's proportionate share associated with TRS	The employer's proportionate share associated with PERS	The employer's total pension amounts
Net Pension	\$ 2,880,212	\$ 714,090	\$ 1,789,398	\$ 156,614	\$ 5,540,314
Deferred Outflows	\$ 643,780	\$ 135,957	\$ 122,815	\$ 7,914	\$ 910,466
Deferred Inflows	\$ 308,493	\$ 15,879	\$ 97,299	\$ 23,069	\$ 444,740
Pension Expenses	\$ 195,352	\$ 48,334	\$ 174,139	\$ 5,123	\$ 422,948
On Behalf Payments	\$ 82,175	\$ 11,088	\$ 51,051	\$ 2,619	\$ 146,933

NOTE 9. POSTEMPLOYMENT BENEFITS

Plan Description

The Deer Lodge Elementary School District participated in a Pacific Source health plan for employee and retired member health insurance during the 2025 fiscal year. As required by state law, the District allows its retiring employees that qualify, along with their eligible spouses and dependents, the option to continue participation in the group health insurance plan until the retiree becomes eligible for Medicare coverage. Retirement eligibility is determined based on a minimum of reaching age 50 with at least 5 years of membership with the Teachers' Retirement System (TRS) or the Public Employees' Retirement System (PERS) employer. A retiree is on the same health insurance plan as the District's active employees and the level of coverage is available at the same premium. This option creates a defined benefit other post-employment benefits plan (OPEB), since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single-employer, defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The District covers OPEB costs when they come due, on a pay-as-you-go basis.

Because the Deer Lodge Elementary School District has fewer than 100 employees (active and inactive) that are provided with OPEB through the plan, the District qualifies to use the alternative measurement method for calculating the OPEB Liability.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POSTEMPLOYMENT BENEFITS - CONTINUED

Benefits Provided

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents. The BCBS plan has four basic levels for active district employees and retired members consisting of single, two party (employee and spouse), employee and child, and family coverage. These levels of coverage are available to active employees and retired employees and retired employees at the same premium for both. The District pays 99% of the employee premium for the chosen option. Eligible retirees are required to pay the full amount of their health insurance premiums. As of June 30, 2025, the District had 39 active employees and 7 spouses of employees participate in the health insurance plan. There was 1 retired employee and no spouses of retired employees participating in the health insurance plan.

Groups	Number Participating
Active Employees	
Single	24
Two Party	3
Employee and Child	7
Family	5
Retired Members	
Single Retired	1
Two Party Retired	0
Total	40

Total OPEB Liability

As of June 30, 2025, the Deer Lodge Elementary School District total OPEB liability is \$139,615 and was determined by using the alternative method

Estimates and Assumptions

The total OPEB liability as of June 30, 2024 and subsequent year roll forward to fiscal year 2025, was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement based on historical data	60
Turnover rate	7.69%
Discount rate	3.50%
Average salary increase	2.00%
Healthcare cost trend rate	5.00%

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POSTEMPLOYMENT BENEFITS - CONTINUED

Estimates and Assumptions - Continued

The Pacific Source health plan does not distinguish individuals by gender or age for determining premiums and uses the same premiums for active and retired members in the same subgroups. The average number of service years for employees is 9 and the average age of active employees is 43. The marital status of members at the calculation date was assumed to continue throughout retirement.

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability reported by the district, as well as how that liability would change if the discount rate used to calculate the OPEB liability were decreased or increased by 1 percent:

	1% Decrease <u>2.50%</u>	Discount Rate 3.50%	1% Increase <u>4.50%</u>
Total OPEB liability	\$ 168,795	\$ 139,615	\$ 109,909

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability reported by the district, as well as how that liability would change if the healthcare trend rate used in projecting benefit payments were to decreased or increased by 1 percent:

	1% Decrease <u>4.00%</u>	Healthcare Cost Trend Rates <u>5.00%</u>	1% Increase <u>6.00%</u>
Total OPEB liability	\$ 106,921	\$ 139,615	\$ 173,185

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

The District does not report deferred outflows of resources or deferred inflows of resources related to OPEB as there were no differences between expected and actual experience or changes in assumptions performed under the alternative measurement method.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POSTEMPLOYMENT BENEFITS - CONTINUED

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

In addition, since the District records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan. OPEB expense for the year was recognized as \$4,066 as calculated below:

Fiscal Year Ending 06/30	2025
Total OPEB Liability - Boy	\$ 135,549
Service Cost - BOY	20,813
Interest	4,744
Changes of assumptions or other inputs	4,066
Benefit Payments	<u>(25,557)</u>
Net Change in TOL	<u>4,066</u>
Total OPEB Liability - EOY	<u><u>\$ 139,615</u></u>

Post-Employment Health Care Plan Description

Powell County High School participated in Employee Benefit Management Services (EBMS), for employee and retired member health insurance during the 2025 fiscal year. As required by state law, the High School allows its retiring employees, that qualify, along with their eligible spouses and dependents, the option to continue participation in the group health insurance plan until the retiree is eligible for Medicare coverage. The High School's retirement eligibility is determined based on a minimum of reaching age 60 with at least 5 years of service. A retiree is on the same health insurance plan as the High School's active employees and the level of coverage is available at the same premium. This option creates a defined benefit other post-employment benefits plan (OPEB), since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a third-party administered self-funded plan.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The High School covers OPEB costs when they come due, on a pay-as-you-go basis.

Because the High School has fewer than 100 employees (active and inactive) that are provided with OPEB through the plan, the High School qualifies to use the alternative measurement method for calculating the OPEB liability.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Benefits Provided

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents. The High School plan has four basic levels for active district employees and retired members consisting of single, two party (employee and spouse), employee and child, and family coverage. These levels of coverage are available to active employees and retired employees and retired employees at the same premium for both. The District pays 100% of the chosen option for active employees. Eligible retirees are required to pay the full amount of their health insurance premiums. As of June 30, 2025, the District had 24 active employees and 14 spouses of employees participate in the health insurance plan. There were no retired employees or spouses of retired employees participating in the health insurance plan.

Groups	Number Participating
Active Employees	
Single	8
Two Party	6
Employee and Child	2
Family	8
Retired Members	
Single Retired	0
Two Party Retired	0
Total	24

Total OPEB Liability

As of June 30, 2025, the High School's total OPEB liability is \$305, 499 and was determined by using the alternative method

Estimates and Assumptions

The total OPEB liability as of June 30, 2024, with a roll forward to fiscal year 2025, was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement based on historical data	65
Turnover rate	16.67%
Discount rate	3.75%
Average salary increase	2.00%
Healthcare cost trend rate	5.00%

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POSTEMPLOYMENT BENEFITS - CONTINUED

Estimates and Assumptions - Continued

The EBMS Health Insurance plan does not distinguish individuals by gender or age for determining premiums and uses the same premiums for active and retired members in the same subgroups. The average number of service years for employees is 11 and the average age of active employees is 47. The marital status of members at the calculation date was assumed to continue throughout retirement.

Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability reported by the High School, as well as how that liability would change if the discount rate used to calculate the OPEB liability were decreased or increased by 1 percent:

	1% Decrease <u>2.75%</u>	Discount Rate <u>3.75%</u>	1% Increase <u>4.75%</u>
Total OPEB liability	\$ 367,164	\$ 305,499	\$ 249,912

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability reported by the district, as well as how that liability would change if the healthcare trend rate used in projecting benefit payments were to decreased or increased by 1 percent:

	1% Decrease <u>4.00%</u>	Healthcare Cost Trend Rates <u>5.00%</u>	1% Increase <u>6.00%</u>
Total OPEB liability	\$ 244,983	\$ 305,499	\$ 374,317

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

The District does not report deferred outflows of resources or deferred inflows of resources related to OPEB as there were no differences between expected and actual experience. The changes in assumptions include current participant demographic information, discount rate and turnover rate. In addition, since the High School records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 9. POSTEMPLOYMENT BENEFITS - CONTINUED

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

(Interest rate is based on an average of 6/30/2025 20-year municipal bond index per GASB 75 requirements.)

OPEB expense for the year was recognized as a increase of \$3,566 as calculated below:

Fiscal Year Ending 06/30	2025
Total OPEB Liability - Boy	\$ 301,933
Service Cost - BOY	23,468
Interest	11,322
Changes of assumptions or other inputs	3,566
Benefit Payments	(34,790)
Net Change in TOL	3,566
Total OPEB Liability - EOY	<u>\$ 305,499</u>

Employer OPEB totals:

	Deer Lodge Elementary OPEB	Powell County High School	The employer's Total OPEB Amounts
Total Pension Liability	\$ 139,615	\$ 305,499	\$ 445,114

NOTE 10. RISK MANAGEMENT

The District faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e., errors and omissions, d) environmental damage, e) workers' compensation, i.e. employee injuries, and f) medical insurance costs of employees.

A variety of methods is 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 liabilities. Given the lack of coverage available, the District has no coverage for potential losses from environmental damages.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 10. RISK MANAGEMENT - CONTINUED

Coverage limits and the deductibles on the commercial policies have stayed 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 any of the past three fiscal years.

NOTE 11. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2025, consisted of amounts provided with a requirement for repayment. Repayment of interfund loans is required within a reasonable time within the following fiscal year. The Elementary Retirement Fund has recorded a due to other funds of \$61,495 at June 30, 2025 to recognize a short term cash loan from the General Fund for current expenditures.

MT MCA 20-9-236 allows school districts to transfer state or local revenue from any budgeted or nonbudgeted fund, other than the Debt Service or Retirement Fund, to the Building Reserve Fund. The amount transferred must not exceed the estimated costs of improvement to school and student safety and security. In the year ended June 30, 2025, the District transferred \$80,000 from the Elementary Bus Depreciation Fund and \$73,000 from the High School Bus Depreciation to the respective Building Reserve Funds. The transferred funds were spent on allowable costs under the law.

DEER LODGE SCHOOL DISTRICT NUMBER ONE

DEER LODGE, MONTANA

REQUIRED SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2025

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIO
FISCAL YEAR ENDING JUNE 30, 2025

Deer Lodge Elementary School District:

	Last 10 Fiscal Years*						
Fiscal Year Ending 6/30	2025	2024	2023	2022	2021	2020	2019
Service Cost	\$ 20,813	\$ 22,999	\$ 64,775	\$ 70,611	\$ 17,416	\$ 24,681	\$ -
Interest	4,744	4,161	3,963	4,566	1,744	1,329	-
Benefit Payments	(25,557)	(27,160)	(68,738)	(75,177)	(19,160)	(26,010)	-
Changes in assumptions	4,066	16,659	8,803	(16,745)	2,264	29,611	-
Net change in total OPEB liability	4,066	16,659	8,803	(16,745)	2,264	29,611	-
Total OPEB Liability - BOY	135,549	118,890	110,087	126,832	124,568	94,957	94,957
Total OPEB Liability - EOY	\$ 139,615	\$ 135,549	\$ 118,890	\$ 110,087	\$ 126,832	\$ 124,568	\$ 94,957
Employee covered payroll	\$ 2,141,302	\$ 2,141,302	\$ 2,430,546	\$ 2,430,546	\$ 3,345,058	\$ 2,962,002	\$ 2,652,141
Total OPEB liability as a percent of annual covered employee payroll	6.52%	6.33%	4.89%	4.53%	3.79%	4.21%	3.58%

Powell County High School:

	Last 10 Fiscal Years*						
Fiscal Year Ending 6/30	2025	2024	2023	2022	2021	2020	2019
Service Cost	\$ 23,468	\$ 25,805	\$ 26,181	\$ 35,464	\$ 37,465	\$ 35,322	\$ 33,067
Interest	11,322	12,427	14,051	11,911	14,701	25,542	26,706
Benefit Payments	(34,790)	(38,232)	(25,804)	(78,924)	(105,761)	(102,956)	(99,727)
Differences between expected and actual experience	-	-	-	(110,520)	-	(111,539)	-
Changes in assumptions	3,566	(29,447)	(6,401)	(23,844)	(742)	2,793	4,437
Net change in total OPEB liability	3,566	(29,447)	8,027	(165,913)	(54,337)	(150,838)	(35,516)
Total OPEB Liability - BOY	301,933	331,380	323,353	489,264	543,599	694,438	729,954
Total OPEB Liability - EOY	\$ 305,499	\$ 301,933	\$ 331,380	\$ 323,353	\$ 489,264	\$ 543,599	\$ 694,439
Employee covered payroll	\$ 1,506,861	\$ 1,506,861	\$ 1,342,056	\$ 1,299,812	\$ 1,224,945	\$ 1,224,945	\$ 1,188,806
Total OPEB liability as a percent of annual covered employee payroll	20.27%	20.04%	24.69%	24.88%	39.94%	44.38%	58.41%

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS
FOR THE YEAR ENDING JUNE 30, 2025

DEER LODGE ELEMENTARY SCHOOL DISTRICT NUMBER ONE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year ended June 30:	Employer's proportion of the net pension liability as a percentage	Employer's proportionate share of the net pension liability as an amount	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll ¹	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
MPERS:							
2024	0.029197%	\$ 714,090	\$ 206,903	\$ 920,993	\$ 589,604	121.11%	74.77%
2023	0.026097%	\$ 636,864	\$ 195,143	\$ 832,007	\$ 499,693	127.45%	73.93%
2022	0.027140%	\$ 645,351	\$ 212,371	\$ 857,722	\$ 487,165	132.47%	73.66%
2021	0.029498%	\$ 534,856	\$ 173,605	\$ 708,461	\$ 518,773	103.10%	79.91%
2020	0.025610%	\$ 675,636	\$ 233,173	\$ 908,809	\$ 443,498	152.34%	68.90%
2019	0.026184%	\$ 547,323	\$ 196,476	\$ 743,799	\$ 446,083	122.70%	73.85%
2018	0.029479%	\$ 615,273	\$ 225,634	\$ 840,907	\$ 504,474	121.96%	73.47%
2017	0.041036%	\$ 799,233	\$ 36,508	\$ 835,740	\$ 526,030	151.94%	73.75%
2016	0.044027%	\$ 749,940	\$ 35,049	\$ 784,989	\$ 545,170	137.56%	74.71%
2015	0.041592%	\$ 581,405	\$ 27,320	\$ 608,725	\$ 501,853	115.85%	78.40%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

¹All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
 POWELL COUNTY, MONTANA
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AND CONTRIBUTIONS – CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 CONTINUED

Year ended June 30:	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability associated with the Employer	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>MT TRS:</u>							
2025	0.1537%	\$ 2,880,212	\$ 1,527,709	\$ 4,407,921	\$ 2,309,792	124.70%	73.33%
2024	0.1444%	\$ 2,796,957	\$ 1,510,726	\$ 4,307,683	\$ 2,146,993	130.27%	71.75%
2023	0.1508%	\$ 2,965,176	\$ 1,636,285	\$ 4,601,461	\$ 2,212,743	134.00%	70.61%
2022	0.1704%	\$ 2,822,108	\$ 1,609,731	\$ 4,431,839	\$ 2,426,492	116.31%	75.54%
2021	0.1637%	\$ 3,682,383	\$ 2,176,197	\$ 5,858,580	\$ 2,253,248	163.43%	64.95%
2020	0.1683%	\$ 3,244,569	\$ 1,965,444	\$ 5,210,013	\$ 2,284,112	142.05%	68.64%
2019	0.1627%	\$ 3,019,680	\$ 1,880,421	\$ 4,900,101	\$ 2,173,049	138.96%	69.09%
2018	0.1646%	\$ 2,775,074	\$ 1,761,708	\$ 4,536,782	\$ 2,170,856	127.83%	70.09%
2017	0.1698%	\$ 3,102,498	\$ 2,024,455	\$ 5,126,953	\$ 2,204,427	140.74%	66.69%
2016	0.1743%	\$ 2,863,383	\$ 1,924,123	\$ 4,787,506	\$ 2,224,378	128.73%	69.30%

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS

Year ended June 30:	Contractually Required DB Contributions	Plan Choice Rate Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency	Employer's Covered Payroll ¹	Contributions as a Percent of Covered Payroll
<u>MPERS:</u>						
2025	\$ 64,589	\$ -	\$ 64,589	\$ -	\$ 733,963	8.80%
2024	\$ 52,125	\$ -	\$ 52,125	\$ -	\$ 589,604	8.84%
2023	\$ 43,885	\$ -	\$ 43,885	\$ -	\$ 499,693	8.78%
2022	\$ 42,418	\$ -	\$ 42,418	\$ -	\$ 487,165	8.71%
2021	\$ 46,174	\$ -	\$ 46,174	\$ -	\$ 518,773	8.61%
2020	\$ 37,646	\$ -	\$ 37,646	\$ -	\$ 443,498	8.49%
2019	\$ 37,157	\$ -	\$ 37,157	\$ -	\$ 446,083	8.33%
2018	\$ 41,063	\$ -	\$ 41,063	\$ -	\$ 504,474	8.12%
2017	\$ 42,609	\$ -	\$ 42,609	\$ -	\$ 526,030	8.00%
2016	\$ 44,081	\$ -	\$ 44,081	\$ -	\$ 545,170	8.81%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

¹All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
 POWELL COUNTY, MONTANA
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AND CONTRIBUTIONS – CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS - CONTINUED

Year ended June 30:	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency	District's Covered Payroll	Contributions as a Percent of Covered Payroll
<u>MT TRS:</u>					
2025	\$ 450,917	\$ 450,917	\$ -	\$ 4,148,583	10.87%
2024	\$ 221,203	\$ 221,203	\$ -	\$ 2,309,792	9.58%
2023	\$ 206,209	\$ 206,209	\$ -	\$ 2,146,993	9.60%
2022	\$ 359,297	\$ 359,297	\$ -	\$ 2,212,743	16.24%
2021	\$ 288,388	\$ 288,388	\$ -	\$ 2,426,492	11.88%
2020	\$ 229,405	\$ 229,405	\$ -	\$ 2,253,248	10.18%
2019	\$ 236,949	\$ 236,949	\$ -	\$ 2,284,112	10.37%
2018	\$ 253,931	\$ 253,931	\$ -	\$ 2,173,049	11.69%
2017	\$ 232,540	\$ 232,540	\$ -	\$ 2,170,856	10.71%
2016	\$ 279,487	\$ 279,487	\$ -	\$ 2,204,427	12.68%

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

POWELL COUNTY HIGH SCHOOL

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year ended June 30:	Employer's proportion of the net pension liability as a percentage	Employer's proportionate share of the net pension liability as an amount	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll ¹	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
MPERS:							
2024	0.006403%	\$ 156,614	\$ 48,864	\$ 205,478	\$ 119,678	130.86%	74.77%
2023	0.007633%	\$ 186,281	\$ 60,402	\$ 246,683	\$ 140,672	132.42%	73.93%
2022	0.007597%	\$ 180,646	\$ 62,846	\$ 243,492	\$ 135,360	133.46%	73.66%
2021	0.007101%	\$ 128,753	\$ 44,524	\$ 173,277	\$ 129,141	99.70%	79.91%
2020	0.008074%	\$ 213,004	\$ 77,660	\$ 290,664	\$ 139,821	152.34%	68.90%
2019	0.010138%	\$ 211,915	\$ 78,588	\$ 290,503	\$ 172,716	122.70%	73.85%
2018	0.009710%	\$ 202,662	\$ 78,008	\$ 280,670	\$ 166,538	121.69%	73.47%
2017	0.012278%	\$ 239,136	\$ 15,451	\$ 254,587	\$ 159,318	150.10%	73.75%
2016	0.015537%	\$ 264,647	\$ 12,368	\$ 277,015	\$ 192,386	137.56%	74.71%
2015	0.014844%	\$ 207,497	\$ 9,750	\$ 217,247	\$ 179,106	115.85%	78.40%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

¹All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CONTINUED

Year ended June 30:	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability associated with the Employer	State of Montana's proportionate share of the net pension liability associated with the employer	Total	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>MT TRS:</u>							
2025	0.0955%	\$ 1,789,398	\$ 949,094	\$ 2,738,491	\$ 1,435,017	124.70%	73.33%
2024	0.0912%	\$ 1,766,351	\$ 953,443	\$ 2,719,794	\$ 1,355,875	130.27%	71.75%
2023	0.0905%	\$ 1,779,828	\$ 981,430	\$ 2,761,258	\$ 1,327,579	134.07%	70.61%
2022	0.0844%	\$ 1,397,527	\$ 796,824	\$ 2,194,351	\$ 1,201,598	116.31%	75.54%
2021	0.0879%	\$ 1,976,518	\$ 1,167,334	\$ 3,143,852	\$ 1,209,422	163.43%	64.95%
2020	0.0856%	\$ 1,651,177	\$ 1,000,838	\$ 2,652,015	\$ 1,162,397	142.05%	68.64%
2019	0.0951%	\$ 1,765,038	\$ 1,101,300	\$ 2,866,338	\$ 1,270,164	138.96%	69.09%
2018	0.0998%	\$ 1,681,991	\$ 1,067,866	\$ 2,749,857	\$ 1,315,771	127.83%	70.09%
2017	0.1080%	\$ 1,972,103	\$ 1,288,081	\$ 3,260,184	\$ 1,401,263	140.74%	66.69%
2016	0.1146%	\$ 1,882,140	\$ 1,267,312	\$ 3,149,452	\$ 1,462,111	128.73%	69.30%

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS

Year ended June 30:	Contractually Required DB Contributions	Plan Choice Rate Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency	Employer's Covered Payroll ¹	Contributions as a Percent of Covered Payroll
<u>MPERS:</u>						
2025	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2024	\$ 11,432	\$ -	\$ 11,432	\$ -	\$ 119,678	9.55%
2023	\$ 12,836	\$ -	\$ 12,836	\$ -	\$ 140,672	9.12%
2022	\$ 11,641	\$ -	\$ 11,874	\$ -	\$ 135,360	8.77%
2021	\$ 11,115	\$ -	\$ 11,115	\$ -	\$ 129,141	8.61%
2020	\$ 11,869	\$ -	\$ 11,869	\$ -	\$ 139,821	8.49%
2019	\$ 14,387	\$ -	\$ 14,387	\$ -	\$ 172,716	8.33%
2018	\$ 13,525	\$ -	\$ 13,525	\$ -	\$ 166,538	8.12%
2017	\$ 12,749	\$ -	\$ 12,749	\$ -	\$ 159,318	8.00%
2016	\$ 15,556	\$ 1,385	\$ 16,941	\$ -	\$ 192,386	8.81%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

¹All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS - CONTINUED

Year ended June 30:	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency	District's Covered Payroll	Contributions as a Percent of Covered Payroll
<u>MT TRS:</u>					
2025	\$ -	\$ -	\$ -	\$ -	0.00%
2024	\$ 136,852	\$ 136,852	\$ -	\$ 1,435,017	9.54%
2023	\$ 128,357	\$ 128,357	\$ -	\$ 1,355,875	9.47%
2022	\$ 123,887	\$ 123,887	\$ -	\$ 1,327,579	9.33%
2021	\$ 117,034	\$ 117,034	\$ -	\$ 1,201,598	9.74%
2020	\$ 113,089	\$ 113,089	\$ -	\$ 1,209,422	9.35%
2019	\$ 107,994	\$ 107,994	\$ -	\$ 1,162,397	9.29%
2018	\$ 175,574	\$ 175,574	\$ -	\$ 1,270,164	13.82%
2017	\$ 142,903	\$ 142,903	\$ -	\$ 1,315,771	10.86%
2016	\$ 123,760	\$ 123,760	\$ -	\$ 1,401,263	8.83%

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
DEER LODGE, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

MONTANA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations- for PERS

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

Refunds

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

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Changes in Actuarial Assumptions and Methods:

Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

MONTANA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – CONTINUED

Method and assumptions used in calculations of actuarially determined contributions - continued

General Wage Growth*	3.50%
Investment rate of return	7.30%
*Includes inflation at	2.75%
Merit increase	0% to 4.80%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Mortality	
• Active Participants	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Health Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS RETIREMENT SYSTEM OF MONTANA

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

Changes in actuarial assumptions and other inputs:

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

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

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS RETIREMENT SYSTEM OF MONTANA - CONTINUED

Changes in actuarial assumptions and other inputs, continued

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

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

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

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

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three-year COLA deferral period for Tier 2 Members.
- 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 state 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).

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS RETIREMENT SYSTEM OF MONTANA - CONTINUED

Changes in actuarial assumptions and other inputs, continued

- Additionally, only the portion of the terminated members that are assumed to “retain membership in the System” are covered by the \$500 death benefit after termination.

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

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

Method and assumptions used in calculations of actuarially determined contributions:

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

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Varicance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
District tax levies	\$ 2,193,250	\$ 2,193,250	\$ 2,212,012	\$ 18,762
State of Montana	3,714,885	3,714,885	3,714,081	(804)
Interest earnings	69	69	813	744
Total revenues	<u>5,908,204</u>	<u>5,908,204</u>	<u>5,926,906</u>	<u>18,702</u>
EXPENDITURES				
Current:				
Instructional Services	3,543,916	3,543,916	3,537,104	6,812
Support services - students	174,078	174,078	174,078	-
Support services - staff	132,516	132,516	132,516	-
General administration	284,400	284,400	283,789	611
School administration	561,383	561,383	562,205	(822)
Business services	200,474	200,474	191,579	8,895
Operation and maintenance	762,911	762,911	758,829	4,082
Extracurricular activities	248,526	248,526	249,348	(822)
Total Expenditures	<u>5,908,204</u>	<u>5,908,204</u>	<u>5,889,448</u>	<u>18,756</u>
Excess (deficiency) of revenues over expenditures	-	-	37,458	37,458
Other financing sources(uses)				
Proceeds of longterm debt	-	-	300,000	300,000
Transfers to interlocal agreement fund	-	-	(3,919)	(3,919)
Total other financing sources(uses)			<u>296,081</u>	
Net change in fund balance			333,539	
Fund balances - beginning			192,817	
Powell Co High School FY23			(27,118)	
Fund balances - ending			<u>\$ 499,238</u>	

See accompanying notes to the budgetary comparison schedule

DEER LODGE SCHOOL DISTRICT NUMBER ONE
 POWELL COUNTY, MONTANA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (WITH VARIANCES)
 BUS DEPRECIATION FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Varicance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
District tax levies	\$ 97,600	\$ 97,600	\$ 98,891	\$ 1,291
Total revenues	<u>97,600</u>	<u>97,600</u>	<u>98,891</u>	<u>1,291</u>
EXPENDITURES				
Current expenditures				
Capital outlay	<u>361,316</u>	<u>361,316</u>	-	<u>361,316</u>
Total Expenditures	<u>361,316</u>	<u>361,316</u>	-	<u>361,316</u>
Excess (deficiency of revenues over expenditures	(263,716)	(263,716)	98,891	362,607
Other financing sources(uses)				
Transfers out			(80,000)	
Total other financing sources(uses)			<u>(80,000)</u>	
Net change in fund balance			18,891	
Fund balances - beginning			<u>263,716</u>	
Fund balances - ending			<u><u>\$ 282,607</u></u>	

See accompanying notes to the budgetary comparison schedule

DEER LODGE SCHOOL DISTRICT NUMBER ONE
 POWELL COUNTY, MONTANA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (WITH VARIANCES)
 ELEMENTARY RETIREMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual Amounts Budgetary Basis	Varicance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Powell County	\$ 469,182	\$ 469,182	\$ 469,182	\$ -
Total revenues	<u>469,182</u>	<u>469,182</u>	<u>469,182</u>	<u>-</u>
EXPENDITURES				
Current:				
Instructional Services	277,100	277,100	268,782	8,318
Support services - students	16,600	16,600	17,538	(938)
Support services - staff	10,300	10,300	10,333	(33)
General administration	11,500	11,500	11,447	53
School administration	54,500	54,500	54,122	378
Business services	7,500	7,500	7,366	134
Operation and maintenance	38,600	38,600	39,415	(815)
Transportation	32,800	32,800	31,622	1,178
Food services	15,000	15,000	15,138	(138)
Extracurricular activities	6,100	6,100	6,511	(411)
Total Expenditures	<u>470,000</u>	<u>470,000</u>	<u>462,274</u>	<u>7,726</u>
Excess (deficiency of revenues over expenditures	(818)	(818)	6,908	7,726
Fund balances - beginning			<u>94,818</u>	
Fund balances - ending			<u>\$ 101,726</u>	

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. BUDGETARY PROCESS

A budget is adopted by the Board of Trustees each fiscal year for the General Fund and those other Governmental Fund Types classified by state law as budgeted funds, generally those supported by property taxes. State law requires formal budgets for the General Fund, Transportation Fund, Bus Depreciation Fund, Tuition Fund, Retirement Fund, Adult Education Fund, Technology Fund, Flexibility Fund and Debt Service Fund.

The General Fund budget is based on the Montana statutes designed to equalize taxing effort and provide equity for schools throughout the state and bases the budget on enrollment. Budgets for other funds are based primarily on estimated revenues and expenditures. Budgeted fund expenditures are limited by State law to budgeted amounts at the individual fund level except that they can be increased for emergencies as defined by State law. Transfers may be made between expenditure objects and/or functions within the same fund. The budgeted amounts as shown in the General Fund, Elementary Bus Depreciation Fund and Elementary Retirement Fund budgetary comparison schedules are as originally adopted, amended, or as revised by legal budget transfers. All appropriations lapse at year end. Only General Fund and Major Special Revenue Funds report budget to actual schedules. The Miscellaneous Programs Fund is not a budgeted fund.

The budgetary data reflected in this schedule is established by the Board of Trustees within the time frames required by State law. The preliminary budgets are adopted between February 1st and the fourth Monday in June for the next ensuing school fiscal year.

At any time between February 1st and the fourth Monday in June, the Trustees must meet to consider the preliminary budgets with the final budgets to be adopted no later than the fourth Monday in August. Notice of budget meetings are published in the area's newspapers and taxpayer comments can be heard on any item included in the budget.

All budgets are adopted on a basis consistent with the modified accrual basis of accounting except that outstanding encumbrances at June 30th related to construction in progress and personal property are added to expenditures to arrive at the budgetary basis, in accordance with Montana law. Budgetary comparisons in this schedule include outstanding encumbrances at June 30th.

Powell County High School had expenditures incurred in FY23 of \$27,117 that were previously charged against the FY24 budget.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. BUDGETARY PROCESS - CONTINUED

Adjustments necessary to reconcile the fund financial statement to the budgetary comparison schedule for the General Fund and the Elementary Retirement Fund are as follows:

General Fund:

<u>Revenues</u>	
Modified Accrual Basis	\$ 5,926,911
Non General Fund revenues	(5)
Budgetary Basis	<u>\$ 5,926,906</u>
<u>Expenditures</u>	
Modified Accrual Basis	\$ 5,866,266
Non General Fund expenditures	(11,055)
Conversion to GAAP adjustments	34,237
Budgetary Basis	<u>\$ 5,889,448</u>

Elementary Retirement Fund:

<u>Revenues</u>	
Modified Accrual Basis	\$ 562,445
State of MT on behalf payments	(93,263)
Budgetary Basis	<u>\$ 469,182</u>
<u>Expenditures</u>	
Modified Accrual Basis	\$ 555,537
State of MT on behalf payments	(93,263)
Budgetary Basis	<u>\$ 462,274</u>

DEER LODGE SCHOOL DISTRICT #1

DEER LODGE, MONTANA

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2025

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SUPPLEMENTAL SCHEDULE
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2025

DLE	7/1/2024 Beginning Balance	Revenues	Expenditures	Transfers In (Out)	Misc. Earnings	6/30/2025 Ending Balance
Student Council	\$ 15,215	\$ 304	\$ (3,217)	\$ (12,302)	\$ -	\$ -
Shop Fund	205	-	(205)	-	-	-
Swim Fund	10,930	3,350	(13,059)	(1,221)	-	-
Duval Enterprises	91	-	(91)	-	-	-
Library Fund	1,294	-	(1,294)	-	-	-
Band	1,364	575	-	(1,939)	-	-
Lifelines	3	-	(3)	-	-	-
Total	<u>\$ 29,102</u>	<u>\$ 4,228</u>	<u>\$ (17,869)</u>	<u>\$ (15,462)</u>	<u>\$ -</u>	<u>\$ -</u>

PCHS	Beginning Balance	Revenues	Expenditures	Transfers In (Out)	Misc. Earnings	Ending Balance
Activity Tickets	\$ 2	\$ 10,960	\$ (84)	\$ (10,831)	\$ 3	\$ 50
Agribusiness	1,424	999	(1,405)	-	10	1,028
Annual	18,607	12,147	(12,006)	675	166	19,588
AP Exam Fees	-	2,957	(2,780)	-	16	193
Art Club	501	-	-	-	5	505
Athletics/District Tournament Host	-	3,140	(2,409)	(551)	-	180
Athletics/Smelter City-Prison City	(308)	-	-	308	-	-
Athletics	(8,712)	65,154	(65,227)	11,074	3	2,291
Band/Chorus	1,891	2,492	(2,245)	(142)	19	2,015
Cheerleading	1,163	9,605	(10,004)	-	11	775
Class of 2025 - Seniors	2,736	-	(2,231)	(525)	20	-
Class of 2026 - Juniors	770	4,115	(2,526)	(300)	14	2,073
Class of 2027 - Sophomores	820	800	(407)	50	9	1,272
Class of 2028 - Freshman	-	-	-	300	1	301
Close Up 23-24	1,030	825	(938)	(800)	7	124
Close Up Savings	80	-	-	-	1	81
Close Up - College/Edu	3	-	-	-	-	3
Drama Club	1,720	-	-	-	16	1,736
Driver's Ed	15	11,180	(6,620)	-	19	4,595
Fandom Club	170	-	-	-	2	172
F.C.C.L.A.	5,813	22,616	(19,650)	800	40	9,619
Fees	2,057	2,838	(2,439)	(35)	(17)	2,405
Food Pantry/Backpack Program	11,383	650	(9,249)	(196)	60	2,648
Future Farmers of America	38,101	36,677	(45,772)	-	359	29,365
Home Ec Crafts	6,021	3,694	(6,395)	142	44	3,507
I.A. Shop	2,355	4,400	(4,030)	-	17	2,742
JH Band	-	182	(568)	1,939	-	1,553
JH Chromebook Fees	-	294	-	-	-	294
JH Library	-	51	(7)	-	-	44
JH Student Council	-	15,643	(12,172)	12,302	-	15,773
JH Swim Fund	-	-	(52)	1,220	-	1,168
Jobs for Montana Graduates	68	-	-	-	-	68
JR High Athletics	-	1,019	(628)	-	1	392
Lettermen Athletics	(102)	173	-	-	1	72
Library Club	432	12	-	-	4	448
Maggie Breakfast Program	1,922	15,731	(16,888)	(255)	26	537
National Honor Society	162	2,926	(1,256)	-	8	1,841
Pay It Forward Scholarship	1,830	-	-	-	17	1,846
PCHS Fishing Club	367	-	-	-	3	370
PCHS Scholarship Fund	20,745	60,850	(58,400)	-	161	23,356
Phys Ed Ski Trips	369	-	-	-	3	372
Scoreboard Account/Class of 63	1,451	-	-	-	13	1,464
Sound System	5,109	3,000	(8,148)	35	4	-
Spanish	221	-	-	-	2	223
Student Council	1,002	3,405	(2,364)	251	14	2,308
Travel Club	-	2,425	(2,425)	-	-	-
VOAG Shop	1,054	150	-	-	11	1,215
Total	<u>\$ 122,274</u>	<u>\$ 301,110</u>	<u>\$ (299,324)</u>	<u>\$ 15,461</u>	<u>\$ 1,090</u>	<u>\$ 140,610</u>

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SUPPLEMENTAL SCHEDULE
SCHEDULE OF ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2025

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Classroom-Based Early Lit	0	0	0
Kindergarten Full Day	49	49	0
Grades 1-6	279	279	0
Grades 7-8	88	88	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Classroom-Based Early Lit	0	0	0
Kindergarten Full Day	48	48	0
Grades 1-6	274	274	0
Grades 7-8	89	89	0

Part Time Students:

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

Students Grade 9 – 12:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12	181	181	0
19-year olds included	0	0	0
Job Corps	1	1	0
Youth challenge	0	0	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9 - 12	179	179	0
19-year olds included	0	0	0
Job Corps	1	1	0
Youth challenge	1	1	0
Early Graduates	0	0	0

Part Time Students:

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

SINGLE AUDIT SECTION

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Pass- Through Grantor's Number	Program or Award Amount	Balance 7/1/2024	Revenues	Expenditures	Balance 6/30/2025
<u>U.S. Department of Agriculture</u>							
Passed Through Montana Office of Public Instruction							
Child Nutrition Cluster							
National School Breakfast Severe Need - cash assistance (1)	10.553	39-0712	N/A	\$ -	\$ 59,722	\$ 59,722	\$ -
National School Lunch Program-cash assistance (1)	10.555	39-0712	N/A	-	151,611	151,611	-
Food distribution (commodities)-non-cash assistance (1)	10.555	39-0712	N/A	-	31,052	31,052	-
National School Fresh Fruits and Vegetables- cash assistance(1)	10.582	39-0712	N/A	-	24,834	24,834	-
Supply Chain Assistance	10.555	39-0712	37633	-	37,633	37,633	-
Total child nutrition cluster				-	304,852	304,852	-
Total U.S. Department of Agriculture				-	304,852	304,852	-
<u>U.S. Department of Education</u>							
Passed through Montana Office of Public Instruction							
Title I Part A Improving Basic Programs (1)	84.010A	390712312025	185,125	-	181,926	181,926	-
Title I Part A Improving Basic Programs(2)	84.010A	390713312025	93,887	-	87,642	87,642	-
Subtotal Title I				-	269,568	269,568	-
Title II Part A Supporting Effective Instruction(1)	84.367A	390712142025	35,352	-	35,352	35,352	-
Title II Part A Supporting Effective Instruction	84.367A	390713142025	20,016	-	7,966	7,966	-
Subtotal Title II				-	43,318	43,318	-
Title IV Part A Student Support and Academic Enrichment(1)	84.424	390712142025	18,148	-	18,335	18,335	-
Title IV Part A Student Support and Academic Enrichment(2)	84.424	390713522025	10,264	-	4,900	4,900	-
Subtotal Title IV				-	23,235	23,235	-
Special Education Cluster:							
IDEA Part B (1)	84.027A	390712772025	131,365	-	132,952	132,952	-
IDEA Part B (2)	84.027A	390713772025	62,853	-	62,854	62,854	-
IDEA Part B Preschool	84.173A	390712792025	8,496	-	8,496	8,496	-
Subtotal Special Education Cluster				-	204,302	204,302	-
COVID-19 ARP State School Emergency Relief Fund ESSER III	84.425U	390712932021	1,343,350	-	643,952	643,952	-
Carl Perkins Career & Technical Education	84.048A	390713812025	20,364	-	20,364	20,364	-
Direct Program:							
Title V Part B Subpart 2 Rural Low Income Schools(1)	84.358	S358A212192	14,538	-	14,538	14,538	-
Title V Part B Subpart 2 Rural Low Income Schools(2)	84.358	S358A212192	14,579	-	14,579	14,579	-
Subtotal Title V				-	29,117	29,117	-
Total U.S. Department of Education				-	1,233,856	1,233,856	-
Total Federal Awards				\$ -	\$ 1,538,708	\$ 1,538,708	\$ -

(1) Elementary
(2) High School

See accompanying notes to schedule of expenditures of federal awards.

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
NOTES TO THE REQUIRED SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") included the federal award activity of the Deer Lodge School District Number One under programs of the federal government for the year ended June 30, 2025. 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 of Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operation of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the de minimis direct cost rate allowed under the Uniform Guidance.



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
Deer Lodge School District Number One
Deer Lodge, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deer Lodge School District Number One as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Deer Lodge School District Number One's basic financial statements, and have issued our report thereon dated March 24, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Deer Lodge School District Number One's internal control over financial reporting (internal control) to determine the 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 Deer Lodge School District Number One's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Lodge School District Number One's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deer Lodge School District Number One's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the 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 matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Newland and Company

NEWLAND AND COMPANY
A Professional Corporation

Butte, Montana
March 24, 2026



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

Board of Trustees
Deer Lodge School District Number One
Deer Lodge, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Deer Lodge School District Number One's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Deer Lodge School District Number One's major federal programs for the year ended June 30, 2025. Deer Lodge School District Number One'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, Deer Lodge School District Number One complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Deer Lodge School District Number One'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 Deer Lodge School District Number One'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 Deer Lodge School District Number One'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.

Newland and Company

NEWLAND AND COMPANY
A Professional Corporation

Butte, Montana
March 24, 2026

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	No
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	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 Section 2 CFR 200.516(a)	No

U.S. Department of Education
Passed Through MT Office of Public Instruction

COVID-19 ESSER 84.425D

Dollar threshold used to distinguish between type A and type B programs:
\$750,000

Auditee determined a low-risk auditee
Yes

Financial Statement and Federal Awards Finding Major Programs

None

DEER LODGE SCHOOL DISTRICT NUMBER ONE
POWELL COUNTY, MONTANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR FISCAL YEAR ENDED JUNE 30, 2025

Summary Schedule of Prior Audit Findings

Deer Lodge Elementary School District:

There were no findings or questioned costs for the year ended June 30, 2024.

Powell County High School:

Finding 2024-001 – Material cash overdraft in General Fund

Recommendation: Limit expenditures to legally adopted budget and available cash in the High School General Fund.

Current status: Implemented