

GALLATIN GATEWAY PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2024

AUDIT REPORT

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GALLATIN GATEWAY PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

Fiscal Year Ended June 30, 2024

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GALLATIN GATEWAY PUBLIC SCHOOL

GALLATIN COUNTY, MONTANA

ORGANIZATION

Fiscal Year Ended June 30, 2024

BOARD OF TRUSTEES

Mary Thurber
Tim Melton
Carissa Paulson
Aaron Schwieterman
Brian Nickolay

Chairperson
Vice Chairperson
Trustee
Trustee
Trustee

DISTRICT OFFICIALS

Brittney Bateman
Kelly Henderson
John Nielson
Audrey Cromwell

Business Manager/District Clerk
Superintendent
County Superintendent
County Attorney

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Gallatin Gateway Public School
Gallatin County
Belgrade, Montana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gallatin Gateway Public School, Gallatin County, Montana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Gallatin Gateway Public School, Gallatin County, Montana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gallatin Gateway Public School, Gallatin County, Montana, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, GASB No. 100 Accounting Changes and Error Corrections is effective for years beginning after June 15, 2023, and all reporting periods thereafter. Our opinion is not modified with respect to this matter.

Emphasis of Matter

The District has a deficit unrestricted net position of \$1,317,564 which was due to net pension liabilities as required under GASB Statement No. 68 and other post-employment benefits (OPEB) under GASB Statement No. 75 and as such, our opinion is not modified in respect to this matter. In addition, the Miscellaneous Programs Fund had a deficit cash balance at year-end of \$95,465 but has due from other governments of \$157,623 which was more than sufficient to cover the balance and as such our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Gallatin Gateway Public School, Gallatin County, Montana has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gallatin Gateway Public School, Gallatin County, Montana's basic financial statements. The Schedule of Revenues, Expenditures for the Extracurricular Fund, and the Schedule of Enrollment are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Revenues, Expenditures for the Extracurricular Fund, and the Schedule of Enrollment 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 June 4, 2025, on our consideration of the Gallatin Gateway Public School, Gallatin County, Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gallatin Gateway Public School, Gallatin County, Montana's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gallatin Gateway Public School, Gallatin County, Montana's internal control over financial reporting and compliance.

Derring, Downey and Associates, CPA's, P.C.

June 4, 2025

Gallatin Gateway Public School, Gallatin County, Montana
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 767,295
Taxes and assessments receivable, net	25,763
Accounts receivable - net	35,869
Due from other governments	157,623
Prepaid expenses	30,156
Total current assets	\$ <u>1,016,706</u>
Noncurrent assets	
Capital assets - land	\$ 58,361
Capital assets - depreciable, net	1,372,685
Total noncurrent assets	\$ <u>1,431,046</u>
Total assets	\$ <u>2,447,752</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	\$ 181,533
Total deferred outflows of resources	\$ <u>181,533</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>2,629,285</u>
LIABILITIES	
Current liabilities	
Warrants payable	\$ 113,326
Other payroll liabilities	302,454
Current portion of compensated absences payable	21,109
Total current liabilities	\$ <u>436,889</u>
Noncurrent liabilities	
Other post employment benefits (OPEB)	\$ 49,078
Noncurrent portion of compensated absences	63,738
Net pension liability	1,291,508
Total noncurrent liabilities	\$ <u>1,404,324</u>
Total liabilities	\$ <u>1,841,213</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	\$ 163,302
Total deferred inflows of resources	\$ <u>163,302</u>
NET POSITION	
Net investment in capital assets	\$ 1,431,046
Restricted for capital projects	236,925
Restricted for debt service	7,144
Restricted for special projects	267,219
Unrestricted	(1,317,564)
Total net position	\$ <u>624,770</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>2,629,285</u>

See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Statement of Activities
For the Fiscal Year Ended June 30, 2024

<u>Functions/Programs</u>	Net (Expenses) Revenues and Changes in Net Position			
	<u>Program Revenues</u>		<u>Primary Government</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
Instructional - regular	\$ 1,321,270	\$ 991	\$ 205,325	\$ (1,114,954)
Instructional - special education	66,728	-	-	(66,728)
Instructional - adult education	3,230	-	-	(3,230)
Supporting services - operations & maintenance	320,484	-	100	(320,384)
Supporting services - general	29,453	-	-	(29,453)
Supporting services - educational media services	16,781	-	161	(16,620)
Supporting services - central	67	-	-	(67)
Administration - general	323,676	-	-	(323,676)
Administration - school	1,833	-	-	(1,833)
Administration - business	104,155	-	81,356	(22,799)
Student transportation	62,506	1,111	-	(61,395)
Extracurricular	16,989	-	15,238	(1,751)
School food	100,521	23,535	94,828	17,842
Unallocated depreciation*	29,091	-	-	(29,091)
Total primary government	<u>\$ 2,396,784</u>	<u>\$ 25,637</u>	<u>\$ 397,008</u>	<u>\$ (1,974,139)</u>
General Revenues:				
Property taxes for general purposes			\$	806,480
Grants and entitlements not restricted to specific programs				702,842
Investment earnings				25,785
Miscellaneous (other revenue)				107,645
State contributions to retirement				59,064
County retirement				178,755
Total general revenues, special items and transfers			\$	<u>1,880,571</u>
Change in net position			\$	<u>(93,568)</u>
Net position - beginning			\$	737,759
Restatements				<u>(19,421)</u>
Net position - beginning - restated			\$	<u>718,338</u>
Net position - end			\$	<u>624,770</u>

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

Gallatin Gateway Public School, Gallatin County, Montana
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Bus Depreciation</u>	<u>Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and investments	\$ 459,144	\$ 161,923	\$ -	\$ 241,693	\$ 862,760
Taxes and assessments receivable, net	16,596	902	-	8,265	25,763
Accounts receivable - net	-	-	35,869	-	35,869
Due from other governments	-	-	157,623	-	157,623
Prepaid expenses	30,156	-	-	-	30,156
TOTAL ASSETS	\$ 505,896	\$ 162,825	\$ 193,492	\$ 249,958	\$ 1,112,171
LIABILITIES					
Current liabilities:					
Cash overdraft	\$ -	\$ -	\$ 95,465	\$ -	\$ 95,465
Warrants payable	113,326	-	-	-	113,326
Other payroll liabilities	302,454	-	-	-	302,454
Total liabilities	\$ 415,780	\$ -	\$ 95,465	\$ -	\$ 511,245
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources	\$ 16,596	\$ 902	\$ -	\$ 8,265	\$ 25,763
Total deferred inflows of resources	\$ 16,596	\$ 902	\$ -	\$ 8,265	\$ 25,763
FUND BALANCES					
Restricted	\$ -	\$ 161,923	\$ 98,027	\$ 242,721	\$ 502,671
Unassigned fund balance	73,520	-	-	(1,028)	72,492
Total fund balance	\$ 73,520	\$ 161,923	\$ 98,027	\$ 241,693	\$ 575,163
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 505,896	\$ 162,825	\$ 193,492	\$ 249,958	\$ 1,112,171

See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2024

Total fund balances - governmental funds	\$ 575,163
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,431,046
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	25,763
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(84,847)
Net pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,340,586)
The changes between actuarial assumptions, differences in expected vs actual pension experiences, changes in proportionate share allocation, and current year retirement contributions as they relate to the net pension liability are a deferred outflow of resources and are not payable in current period, therefore are not reported in the funds.	181,533
The changes between actuarial assumptions, differences in projected vs actual investment earnings, and changes in proportionate share allocation as they relate to the net pension liability are a deferred inflows of resources and are not available to pay for current expenditures, therefore are not reported in the funds.	(163,302)
Total net position - governmental activities	\$ <u>624,770</u>

See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	<u>General</u>	<u>Bus Depreciation</u>	<u>Miscellaneous Programs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local revenue	\$ 537,587	\$ 33,663	\$ 239,509	\$ 308,314	\$ 1,119,073
County revenue	-	-	-	178,755	178,755
State revenue	771,629	-	4,844	14,641	791,114
Federal revenue	-	-	160,631	31,498	192,129
Total revenues	<u>\$ 1,309,216</u>	<u>\$ 33,663</u>	<u>\$ 404,984</u>	<u>\$ 533,208</u>	<u>\$ 2,281,071</u>
EXPENDITURES					
Instructional - regular	\$ 768,247	\$ -	\$ 406,278	\$ 128,593	\$ 1,303,118
Instructional - special education	58,200	-	-	8,528	66,728
Instructional - adult education	-	-	-	3,230	3,230
Supporting services - operations & maintenance	106,467	-	9,489	193,080	309,036
Supporting services - general	25,206	-	1,199	3,048	29,453
Supporting services - educational media services	14,989	-	1,792	-	16,781
Supporting services - central	67	-	-	-	67
Administration - general	237,682	-	1,369	82,519	321,570
Administration - school	344	-	-	1,489	1,833
Administration - business	73,676	-	14,026	16,453	104,155
Student transportation	254	-	848	44,443	45,545
Extracurricular	7,071	-	9,379	539	16,989
School food	38,896	-	527	53,021	92,444
Capital outlay	10,529	-	68,594	103,925	183,048
Total expenditures	<u>\$ 1,341,628</u>	<u>\$ -</u>	<u>\$ 513,501</u>	<u>\$ 638,868</u>	<u>\$ 2,493,997</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (32,412)</u>	<u>\$ 33,663</u>	<u>\$ (108,517)</u>	<u>\$ (105,660)</u>	<u>\$ (212,926)</u>
Net Change in Fund Balance	<u>\$ (32,412)</u>	<u>\$ 33,663</u>	<u>\$ (108,517)</u>	<u>\$ (105,660)</u>	<u>\$ (212,926)</u>
Fund balances - beginning	\$ 105,932	\$ 128,260	\$ 211,244	\$ 362,074	\$ 807,510
Restatements	-	-	(4,700)	(14,721)	(19,421)
Fund balances - beginning, restated	<u>\$ 105,932</u>	<u>\$ 128,260</u>	<u>\$ 206,544</u>	<u>\$ 347,353</u>	<u>\$ 788,089</u>
Fund balance - ending	<u>\$ 73,520</u>	<u>\$ 161,923</u>	<u>\$ 98,027</u>	<u>\$ 241,693</u>	<u>\$ 575,163</u>

See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$ (212,926)
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Capital assets purchased	183,048
- Depreciation expense	(72,707)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

- Long-term receivables (deferred inflows)	(767)
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The change in compensated absences is shown as an expense in the Statement of Activities

(5,598)

Termination benefits are shown as an expense in the Statement of Activities and not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance:

- Post-employment benefits other than retirement liability	(5,199)
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Pension expense related to the net pension liability is shown as an expense on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

(110,734)

State aid revenue related to the net pension liability is shown as a revenue on the Statement of Activities and not reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance

22,912

Current year contributions to retirement benefits are shown as deferred outflows of resources on the Statement of Net Position and shown as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance when paid.

108,403

Change in net position - Statement of Activities	\$ <u>(93,568)</u>
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See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Statement of Net Position
Fiduciary Funds
June 30, 2024

	<u>Private Purpose Trust Funds</u>
ASSETS	
Cash and short-term investments	\$ 1,623
TOTAL ASSETS	<u>\$ 1,623</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 1,623
Total net position	\$ 1,623
TOTAL NET POSITION	<u>\$ 1,623</u>

See accompanying Notes to the Financial Statements

Gallatin Gateway Public School, Gallatin County, Montana
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust Funds
ADDITIONS	
Interest and change in fair value of investments	\$ <u>68</u>
Total additions	\$ <u>68</u>
Change in net position	\$ <u>68</u>
Net Position - Beginning of the year	\$ <u>1,555</u>
Net Position - End of the year	\$ <u>1,623</u>

See accompanying Notes to the Financial Statements

GALLATIN GATEWAY PUBLIC SCHOOL
GALLATIN COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements

GASB No. 100 Accounting Changes and Error Corrections is effective for years beginning after June 15, 2023, and all reporting periods thereafter. This statement's primary objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. The District has implemented this pronouncement in the current fiscal year.

Financial Reporting Entity

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

Primary Government

The District was established under Montana law to provide elementary educational services to residents of the District. The District provides education from kindergarten through the eighth grade.

The District is managed by a Board of Trustees, elected in district-wide elections, and by an administration appointed by and responsible to the Board. The financial statements include all of the operations of the District controlled by the Board of Trustees. Based on the criteria for determining the reporting entity (separate legal entity and financial or fiscal dependency on other governments) the District is a primary government as defined by GASB Cod. Sec. 2100 and has no component units.

GALLATIN GATEWAY PUBLIC SCHOOL
GALLATIN COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Basis of Presentation, Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

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

GALLATIN GATEWAY PUBLIC SCHOOL
GALLATIN COUNTY, MONTANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Fund Financial Statements:

Basis of Presentation

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

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

Measurement Focus and Basis of Accounting

Governmental Funds:

Modified Accrual

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

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

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

Major Funds:

The District reports the following major governmental funds:

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

Bus Depreciation Reserve Fund – Authorized by Section 20-10-147, MCA for financing the replacement of buses and communication system or safety devices owned by a school district.

Miscellaneous Programs Fund – Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations and expendable trusts for scholarships or other purposes that support district programs are deposited in this fund. The Student Activities Fund is also reported with this fund for financial reporting purposes.

Fiduciary Funds:

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

Private-purpose Trust Funds – To report the fiduciary activities of those resources held in a trust that are not required to be reported in Pension (and other employee benefit) or Investment Trust funds. These funds are used for specific purposes that were originally defined by the individual or organization that gave the funds to the government.

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NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash Composition

The District's cash is held by the County Treasurer and pooled with other County cash. School district cash which is not necessary for short-term obligations, the District participates in a County-wide investment program whereby all available cash is invested by the County Treasurer in pooled investments. Interest earned on the pooled investments is distributed to each contributing entity and fund on a pro rata basis. The County's investment portfolio as of June 30, 2024, consisted of the State Short-Term Investment Pool (STIP), repurchase agreements, nonnegotiable certificates of deposits, and U.S. Government Securities.

The School District does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and fair values for Gallatin County deposits and investments is available from Gallatin County Treasurer's office, 311 West Main Street Room 306, Bozeman, Montana 59715. Fair value approximates carrying value for investments as of June 30, 2024.

	<u>Primary Government</u>
<u>Cash on hand and deposits:</u>	
Cash held at County	\$ 768,918
Total	<u>\$ 768,918</u>

NOTE 3. RECEIVABLES

Tax Receivables

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

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

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

NOTE 4. INVENTORIES AND PREPAIDS

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

NOTE 5. CAPITAL ASSETS

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

Buildings	20 – 80 years
Improvements	20 – 80 years
Equipment	6 – 20 years

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

Governmental activities:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	Balance <u>June 30, 2024</u>
Capital assets not being depreciated:			
Land	\$ 58,361	\$ -	\$ 58,361
Total capital assets not being depreciated	\$ 58,361	\$ -	\$ 58,361
Other capital assets:			
Buildings	\$ 1,839,059	\$ -	\$ 1,839,059
Improvements other than buildings	123,537	-	123,537
Machinery and equipment	259,485	183,048	442,533
Total other capital assets at historical cost	\$ 2,222,081	\$ 183,048	\$ 2,405,129
Less: accumulated depreciation	(959,737)	(72,707)	(1,032,444)
Total	\$ 1,320,705	\$ 110,341	\$ 1,431,046

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

Governmental Activities:	
Instructional – regular	\$ 5,024
Supporting services – operations and maintenance	11,448
Administration – general	2,106
Student transportation	16,961
School food	8,077
Unallocated	<u>29,091</u>
Total governmental activities depreciation expense	\$ <u>72,707</u>

NOTE 6. LONG TERM DEBT OBLIGATIONS

In the governmental-wide financial statements, outstanding debt is reported as liabilities.

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

Changes in Long-Term Debt Liabilities - During the year ended June 30, 2024, the following changes occurred in liabilities reported in long-term debt:

Governmental Activities:

	Balance		Balance		Due Within
	July 1, 2023	Additions	June 30, 2024		One Year
Compensated absences	\$ 79,249	\$ 5,238	\$ 84,487	\$	21,109
Total	<u>\$ 79,249</u>	<u>\$ 5,238</u>	<u>\$ 84,487</u>	<u>\$</u>	<u>21,109</u>

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

Compensated Absences

Compensated absences are absences for which employees will be paid for time off earned for time during employment, such as earned vacation and sick leave. Non-teaching District employees earn vacation leave ranging from fifteen to twenty-four days per year depending on the employee's years of service. Vacation leave may be accumulated not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for non-teaching employees. Upon retirement or termination, employees are paid for 100% of unused vacation leave and 25% of unused sick leave. Upon termination, all payments are made at the employee's current rate of pay.

Teachers can accumulate a maximum of 80 annual leave days. Upon termination, teachers receive a lump sum payment for all days unused of annual leave at the current substitute teacher's pay.

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The liability associated with governmental fund-type employees is reported in the governmental-type activities.

NOTE 7. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The healthcare plan, as required by section 2-18-704, MCA, provides employees with at least 5 years of service and who are at least age 50, along with surviving spouses and dependents, to stay on the government's health care plan as long as they pay the same premium. This creates a defined benefit Other Post-Employment Benefits Plan (OPEB); since retirees are usually older than the average age of the plan participants, they receive a benefit of lower insurance rates. The OPEB plan is a single employer defined benefit plan administered by the District. The government has not created a trust to accumulate assets to assist in covering the defined benefit plan costs and covers these when they come due. The government has less than 100 plan members and thus qualifies to use the "Alternative Measurement Method" for calculating the liability. The above described OPEB plan does not provide a stand-alone financial report.

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

Employees covered by benefit terms. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	-
Active employees	<u>20</u>
Total employees	<u><u>20</u></u>

Total OPEB Liability

The District's total OPEB liability of \$49,078 at June 30, 2024 was determined by using the alternative measurement method. The measurement date of the determined liability was June 30, 2024.

Actuarial assumptions and other input. The total OPEB liability in the June 30, 2024, alternative measurement method was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Average age of retirement (based on historical data)	62
Discount rate (average anticipated rate)	3.80%
Average salary increase (Consumer Price Index)	3.28%
Participation rate	10.00%

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

<u>Year</u>	<u>% Increase</u>
2024	5.2%
2025	4.9%
2026	5.0%
2027	5.9%
2028	5.5%
2029	5.8%
2030	5.4%
2031	5.4%
2032	5.4%
2033	5.4%
2034 and after	5.4%

The discount rate was based on the 20-year General obligation (GO) bond index.

Life expectancy of employees was based on the Montana Life Tables, 2021 for Males: Table 2 and Females: Table 3 as published in the National Vital Statistics Reports, Vol. 73, No. 3, August 21, 2024

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

Changes in the Total OPEB Liability

Balance at 6/30/2023	\$ 43,879
Changes for the year:	
Service Cost	\$ 3,606
Change in assumptions	1,594
Net Changes	\$ 5,199
Balance at 6/30/2024	\$ 49,078

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

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB Liability \$	\$ 59,288	\$ 49,078	\$ 41,074

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

			Healthcare	
	1% Decrease		Cost Trends*	1% Increase
Total OPEB Liability	\$ 39,543	\$	49,078	\$ 61,469

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

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

For the year ended June 30, 2024, the District recognized an OPEB expense of \$5,199. The District does not report any deferred outflows of resources and deferred inflows of resources related to OPEB as there were no differences between expected and actual experience or changes in assumptions performed in the alternative measurement method. In addition, since District records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan trust.

NOTE 8. NET PENSION LIABILITY (NPL)

As of June 30, 2024 the District reported the following balances as its proportionate share of PERS and TRS pension amounts:

District's Proportionate Share Associated With:

		PERS		TRS		Pension Totals
Net Pension Liability	\$	259,443	\$	1,032,065	\$	1,291,508
Deferred outflows of resources*	\$	56,412	\$	125,121	\$	181,533
Deferred inflows of resources	\$	9,253	\$	154,049	\$	163,302
Pension expense	\$	39,125	\$	111,673	\$	150,798

*Deferred outflows for PERS and TRS are reported as of the reporting date which includes employer contributions made subsequent to the measurement date of \$20,009, and \$88,394, respectively. These amounts will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Total deferred inflows and outflows in the remainder of the note are as of the reporting date of June 30, 2024.

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

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Public Employee's Retirement System – Defined Benefit Retirement Plan

Summary of Significant Accounting Policies

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

Plan Descriptions

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

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature.

Summary of Benefits

Service retirement:

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

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- Hired on or after July 1, 2011:
 - Age 65, 5 years of membership service;
 - Age 70, regardless of membership service.

Early Retirement (actuarially reduced):

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

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

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

Member's highest average compensation (HAC)

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

Compensation Cap

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

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Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Contributions

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

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

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

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

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

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of the employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.

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- ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a statutory appropriation from its General Fund of \$34,979,900.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's Total Pension Liability (TPL). The basis for the TPL for the reporting of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

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 District proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The District recorded a liability of \$259,443 and the District's proportionate share was 0.010631 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
Employer Proportionate Share	\$ 259,443	\$ 206,280	0.010631%	0.008675%	0.001956%
State of Montana Proportionate Share associated with Employer	78,704	68,357	0.003225%	0.002875%	0.000350%
Total	<u>\$ 338,147</u>	<u>\$ 274,637</u>	<u>0.013856%</u>	<u>0.011550%</u>	<u>0.002306%</u>

Changes in actuarial assumptions and methods:

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

Changes in benefit terms:

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

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.

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Pension Expense:

At June 30, 2024, the District recognized a Pension Expense of \$31,741 for its proportionate share of the pension expense. The District also recognized grant revenue of \$7,384 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

	Pension Expense as of 6/30/24	Pension Expense as of 6/30/23
Employer Proportionate Share	\$ 31,741	\$ 18,586
State of Montana Proportionate Share associated with the Employer	7,384	7,085
Total	<u>\$ 39,125</u>	<u>\$ 25,671</u>

Recognition of Beginning Deferred Outflow

At June 30, 2024, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2023 contributions of \$13,965.

Recognition of Deferred Inflows and Outflows:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,333	\$ -
Actual vs. Expected Investment Earnings	658	-
Changes in Assumptions	-	9,253
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	25,411	-
Employer contributions subsequent to the measurement date - FY24*	20,009	-
Total	<u>\$ 56,412</u>	<u>\$ 9,253</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date have been recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2024	\$ 2,939
2025	\$ 10,443
2026	\$ 15,341
2027	\$ (1,575)
Thereafter	\$ -

Actuarial Assumptions

The total pension liability used to calculate the NPL was determined by taking the results of the June 30, 2023 actuarial valuation, and was determined using the following actuarial assumptions.

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

Postretirement Benefit Increases - Guaranteed Annual Benefit Adjustment (GABA)

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

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

Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among Disabled members are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.

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- Mortality assumptions among contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and projected generationally using MP-2021.
- Mortality assumptions among Healthy members are based on 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.

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, 2023, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation or a fundamental change in the market that alters expected returns in future years. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	(0.33%)
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	<u>6.00%</u>	3.02%
Total	<u>100%</u>	

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Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed coal severance tax and interest money from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 374,764	\$ 259,443	\$ 162,698

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

PERS Disclosure for the defined contribution plan

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

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

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

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

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At the plan level for the measurement period ended June 30, 2023, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 348 employers that have participants in the PERS-DCRP totaled \$1,409,309.

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) Comprehensive Annual Financial Report (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

Teachers Retirement System

Summary of Significant Accounting Policies

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

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

Plan Descriptions

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

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

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Summary of Benefits

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

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

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

Contributions

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

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

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

School District and Other Employers

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

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

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

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	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
Employer Proportionate Share	\$ 1,032,065	\$ 1,110,172	0.0533%	0.0564%	-0.0031%
State of Montana Proportionate Share associated with Employer	556,408	611,479	0.0287%	0.0311%	-0.0024%
Total	<u>\$ 1,588,473</u>	<u>\$ 1,721,651</u>	<u>0.0820%</u>	<u>0.0875%</u>	<u>-0.0055%</u>

At June 30, 2024, the District recorded a liability of \$1,032,065 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2022, through June 30, 2023, relative to the total District contributions received from all of TRS' participating employers. At June 30, 2024, the District's proportion was 0.0533 percent.

Changes in actuarial assumptions and methods:

There have been no changes in actuarial assumptions since the previous measurement date.

Changes in benefit terms:

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

Changes in proportionate share:

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

Pension Expense:

At June 30, 2024, the District recognized a Pension Expense of \$59,993 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$51,680 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

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	Pension Expense as of 6/30/24
Employer Proportionate Share	\$ 59,993
State of Montana Proportionate Share associated with the Employer	51,680
Total	\$ <u>111,673</u>

Recognition of Beginning Deferred Outflow

At June 30, 2024, the District recognized a beginning deferred outflow of resources for the District's fiscal year 2023 contributions of \$74,369.

Recognition of Deferred Inflows and Outflows:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 19,525	\$ -
Actual vs. Expected Investment Earnings	14,971	64,476
Changes in Assumptions	2,231	-
Changes in Proportion Share and Differences between Employer Contributions and Proportionate Share of Contributions	-	89,573
Employer contributions subsequent to the measurement date - FY24*	88,394	-
Total	\$ <u>125,121</u>	\$ <u>154,049</u>

*Amounts reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in Future years as an increase or (decrease) to Pension Expense
2025	\$ (53,564)
2026	\$ (88,796)
2027	\$ 39,443
2028	\$ (14,404)
2029	\$ -
Thereafter	\$ -

Actuarial Assumptions

The Total Pension Liability as of June 30, 2023, is based on the results of an actuarial valuation date of July 1, 2023. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

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

Postretirement Benefit Increases

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

Mortality

- Mortality among contributing members
 - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
- Mortality among service retired members
 - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
- 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.

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

Discount Rate

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

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Equity	15.00%	9.13%
Natural Resources	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	<u>3.00%</u>	(0.33)%
Total	<u>100.00%</u>	

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

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

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Sensitivity Analysis

1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
\$ 1,457,980	\$ 1,032,065	\$ 675,935

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

NOTE 9. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

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

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

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

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

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

Restricted Fund Balance

<u>Fund</u>	<u>Amount</u>	<u>Purpose of Restriction</u>
Bus Depreciation	\$ 161,923	Bus replacement
Miscellaneous Programs	98,027	Third party grantor restrictions
All other aggregate	6,364	Debt Service
	56,685	Pupil Transportation
	15,822	Student instructional services
	79,658	Employer costs of benefits
	590	Vacation and sick leave payouts
	11,929	Adult Education
	71,673	Future construction costs
Total	\$ <u>502,671</u>	

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NOTE 10. DEFICIT FUND BALANCES/NET POSITION

<u>Fund Name</u>	<u>Amount</u>	<u>Reason for Deficit</u>
Technology Fund	\$ (1,028)	Deficit Cash Balance
Governmental Government-Wide Unrestricted Net Position	\$ (1,302,497)	Net pension liability and Other post-employment benefits

NOTE 11. RESTATEMENTS

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

<u>Fund</u>	<u>Amount</u>	<u>Reason for Adjustment</u>
Miscellaneous Programs Fund	\$ (19,421)	Overstated prior year accounts receivable due to uncollectible accounts
Miscellaneous Programs Fund	14,721	Overstated prior year accounts payable
Building Fund	<u>(14,721)</u>	Understated prior year accounts payable
Total	\$ <u>(19,421)</u>	

NOTE 12. JOINT VENTURES

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

Special Education Cooperative

The District is a member of the Gallatin-Madison County Special Education Cooperative. The Cooperative is comprised of fourteen member districts, each of which contributes to the operating costs of providing special educational services to the participating districts. Each year each member District appoints a member to the Joint Advisory Board.

The District's contributions for the payment of the special educational services provided was \$2,561 for the fiscal year ended June 30, 2024. Separate financial statements are available from the Gallatin-Madison County Special Education Cooperative, P.O. Box 162, Belgrade, MT 59714.

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Multidistrict Educational Cooperative

The District is cooperative agency in a interlocal agreement with Amsterdam District, Cottonwood District, and Malmborg District to collaborate and collectively pay for staff, contracted services, and purchase classroom supplies and materials to meet student needs of the participating districts. Amsterdam Public School is the prime agency in the agreement.

NOTE 13. SERVICES PROVIDED BY OTHER GOVERNMENTS

County Provided Services

The District is provided various financial services by Gallatin County. The County also serves as cashier and treasurer for the District for tax and assessment collections and other revenues received by the County which are subject to distribution to the various taxing jurisdictions located in the County. The collections received by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

NOTE 14. RISK MANAGEMENT

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

Insurance Policies:

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

Insurance Pools:

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

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

Separate audited financial statements are available from Montana Schools Group Insurance Authority for MSGIA and MSUIP.

REQUIRED SUPPLEMENTARY INFORMATION

Gallatin Gateway Public School, Gallatin County, Montana
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

	General				
	BUDGETED AMOUNTS		ACTUAL	VARIANCE	
	ORIGINAL	FINAL	AMOUNTS (BUDGETARY BASIS) See Note A	WITH FINAL BUDGET	
RESOURCES (INFLOWS):					
Local revenue	\$ 589,497	\$ 589,497	\$ 537,091	\$	(52,406)
State revenue	754,297	754,297	735,477		(18,820)
Amounts available for appropriation	<u>\$ 1,343,794</u>	<u>\$ 1,343,794</u>	<u>\$ 1,272,568</u>	<u>\$</u>	<u>(71,226)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):					
Instructional - regular	\$ 1,343,794	\$ 1,343,794	\$ 732,095	\$	611,699
Instructional - special education	-	-	58,200		(58,200)
Supporting services - operations & maintenance	-	-	106,467		(106,467)
Supporting services - general	-	-	25,206		(25,206)
Supporting services - educational media services	-	-	14,989		(14,989)
Supporting services - central	-	-	67		(67)
Administration - general	-	-	237,682		(237,682)
Administration - school	-	-	344		(344)
Administration - business	-	-	73,676		(73,676)
Student transportation	-	-	254		(254)
Extracurricular	-	-	7,071		(7,071)
School food	-	-	38,896		(38,896)
Capital outlay	-	-	10,529		(10,529)
Total charges to appropriations	<u>\$ 1,343,794</u>	<u>\$ 1,343,794</u>	<u>\$ 1,305,476</u>	<u>\$</u>	<u>38,318</u>
Net change in fund balance			<u>\$ (32,908)</u>		
Fund balance - beginning of the year			<u>\$ 94,367</u>		
Fund balance - end of the year			<u>\$ 61,459</u>		

Gallatin Gateway Public School, Gallatin County, Montana
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation

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

	<u>General</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,272,568
Combined funds (GASBS 54) revenues	<u>36,648</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances- governmental funds.	\$ <u>1,309,216</u>
Actual amounts (Budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,305,476
Combined funds (GASBS 54) expenditures	<u>36,152</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ <u>1,341,628</u>

Note B

The Miscellaneous Programs Fund is a major revenue fund, however, a budget is not required, and the Bus Depreciation Fund is not a special revenue fund.

Gallatin Gateway Public School, Gallatin County, Montana
Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
For Fiscal Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability								
Service Cost	\$ 3,606	\$ 3,009	\$ 3,009	\$ 2,824	\$ 2,824	\$ 2,053	\$ 2,053	\$ -
Change in assumptions and inputs	<u>1,594</u>	<u>-</u>	<u>(997)</u>	<u>-</u>	<u>1,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	5,199	3,009	2,012	2,824	4,807	2,053	2,053	-
Total OPEB Liability - beginning	43,879	40,870	38,858	36,034	31,227	29,174	24,942	24,942
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,179</u>	<u>-</u>
Total OPEB Liability - ending	<u>\$ 49,078</u>	<u>\$ 43,879</u>	<u>\$ 40,870</u>	<u>\$ 38,858</u>	<u>\$ 36,034</u>	<u>\$ 31,227</u>	<u>\$ 29,174</u>	<u>\$ 24,942</u>
Covered-employee payroll	\$ 917,304	\$ 813,685	\$ 813,685	\$ 768,723	\$ 768,723	\$ 718,322	\$ 718,322	\$ 466,451
Total OPEB liability as a percentage of covered -employee payroll	5%	5%	5%	5%	5%	4%	4%	5%

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

Gallatin Gateway Public School, Gallatin County, Montana
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.010631%	0.008675%	0.009390%	0.009734%	0.008942%	0.008732%	0.010785%	0.008589%	0.008036%	0.008708%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 259,443	\$ 206,280	\$ 170,256	\$ 256,815	\$ 186,920	\$ 182,259	\$ 210,046	\$ 146,296	\$ 112,336	\$ 108,509
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 78,704	\$ 68,357	\$ 54,920	\$ 88,219	\$ 66,279	\$ 66,839	\$ 9,595	\$ 6,837	\$ 5,279	\$ 5,072
Total	<u>\$ 338,147</u>	<u>\$ 274,637</u>	<u>\$ 225,176</u>	<u>\$ 345,034</u>	<u>\$ 253,199</u>	<u>\$ 249,098</u>	<u>\$ 219,641</u>	<u>\$ 153,133</u>	<u>\$ 117,615</u>	<u>\$ 113,581</u>
Employer's covered payroll	\$ 201,729	\$ 157,239	\$ 171,126	\$ 168,577	\$ 152,344	\$ 148,338	\$ 138,246	\$ 106,350	\$ 96,965	\$ 101,992
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	128.61%	131.19%	99.49%	152.34%	122.70%	122.87%	151.94%	137.56%	115.85%	111.22%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%
	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.5330%	0.0564%	0.0587%	0.0590%	0.0588%	0.0552%	0.0534%	0.0553%	0.0566%	0.0576%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 1,032,065	\$ 1,110,172	\$ 972,335	\$ 1,327,156	\$ 1,132,990	\$ 1,024,848	\$ 900,459	\$ 1,010,369	\$ 929,872	\$ 885,950
State of Montana's proportionate share of the net pension liability associated with the Employer	\$ 556,408	\$ 611,479	\$ 554,207	\$ 783,292	\$ 687,142	\$ 641,648	\$ 571,780	\$ 661,572	\$ 629,878	\$ 609,412
Total	<u>\$ 1,588,473</u>	<u>\$ 1,721,651</u>	<u>\$ 1,526,542</u>	<u>\$ 2,110,448</u>	<u>\$ 1,820,132</u>	<u>\$ 1,666,496</u>	<u>\$ 1,472,239</u>	<u>\$ 1,671,941</u>	<u>\$ 1,559,750</u>	<u>\$ 1,495,362</u>
Employer's covered payroll	\$ 792,239	\$ 828,574	\$ 836,024	\$ 812,086	\$ 797,608	\$ 737,508	\$ 704,400	\$ 717,904	\$ 722,359	\$ 726,030
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	130.27%	133.99%	116.30%	163.43%	142.05%	138.96%	127.83%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.09%	66.69%	69.30%	70.36%

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

Gallatin Gateway Public School, Gallatin County, Montana
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2024

	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS	PERS
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 20,009	\$ 13,965	\$ 13,559	\$ 14,698	\$ 14,310	\$ 12,690	\$ 12,164	\$ 11,198	\$ 8,599	\$ 7,728
Contributions in relation to the contractually required contributions	\$ 20,009	\$ 13,965	\$ 13,559	\$ 14,698	\$ 14,310	\$ 12,690	\$ 12,164	\$ 11,198	\$ 8,599	\$ 7,728
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 232,663	\$ 160,517	\$ 157,239	\$ 171,126	\$ 168,577	\$ 152,344	\$ 148,338	\$ 138,246	\$ 106,350	\$ 96,965
Contributions as a percentage of covered payroll	8.60%	8.70%	8.62%	8.59%	8.49%	8.33%	8.20%	8.10%	8.09%	7.97%

	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS	TRS
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 88,394	\$ 74,369	\$ 76,964	\$ 76,663	\$ 73,724	\$ 80,196	\$ 67,374	\$ 66,413	\$ 62,242	\$ 91,033
Contributions in relation to the contractually required contributions	\$ 88,394	\$ 74,369	\$ 76,964	\$ 76,663	\$ 73,724	\$ 80,196	\$ 67,374	\$ 66,413	\$ 62,242	\$ 91,033
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 932,206	\$ 792,239	\$ 828,574	\$ 836,024	\$ 812,086	\$ 797,608	\$ 737,508	\$ 704,400	\$ 717,904	\$ 722,359
Contributions as a percentage of covered payroll	9.48%	9.39%	9.29%	9.17%	9.08%	10.05%	9.14%	9.43%	8.67%	12.60%

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

Public Employees' Retirement System of Montana (PERS)

Changes of Benefit Terms

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

2013 Legislative Changes

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- The law requires employer contributions on working retiree compensation.
- Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013

- All PERS members hired on or after July 1, 2013 are subject to a 110% annual cap on compensation considered as part of a member's highest or final average compensation.
- All bonuses paid to PERS members on or after July 1, 2013 will not be treated as compensation for retirement purposes.

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

Guaranteed Annual Benefit Adjustment (GABA) - for PERS

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

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

2015 Legislative Changes

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

Second Retirement Benefit - for PERS

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

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

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

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

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

2017 Legislative Changes

Working Retiree Limitations – for PERS

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

Refunds

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

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, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Teachers' Retirement System of Montana (TRS)

Changes of Benefit Terms:

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

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

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

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

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

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

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

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

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

Changes in actuarial assumptions and other inputs:

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

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

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

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

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
 - 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.

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

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

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

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

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net 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.

Gallatin Gateway Public School, Gallatin County, Montana
Notes to Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and
Schedule of Contributions
For the Year Ended June 30, 2024

Method and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Inflation	2.75 percent
	3.50 to 9.00 percent, including inflation for Non-
	University Members and 4.25% for University
Salary Increase	Members
	7.30 percent. Net of pension plan investment expense,
Investment rate of return	and including inflation

SUPPLEMENTAL INFORMATION

Gallatin Gateway Public School
Gallatin County, Montana
Schedule of Enrollment/ANB Schedule
For the Fiscal Year Ended June 30, 2024

Students Grade K – 8

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	20	20	0
Grades 1-6	85	85	0
Grades 7-8	27	27	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	20	20	0
Grades 1-6	89	89	0
Grades 7-8	28	28	0

Part Time Students:

Fall Enrollment-EI District	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-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0
Spring Enrollment-EI District	Per MAEFAIRS Reports 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-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	0	0	0	0	0	0	0	0	0

Gallatin Gateway Public School
Gallatin County, Montana
EXTRACURRICULAR FUND
SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS ACCOUNTS
Fiscal Year Ended June 30, 2024

FUND ACCOUNT	Beginning Balance	Revenues	Expenditures	Ending Balance
Class of 2023	\$ -	\$ 199	\$ 33	\$ 166
Class of 2024	189	5,140	1,368	3,961
Class of 2025	237	-	-	237
Class of 2026	23	-	-	23
Class of 2027	397	-	-	397
Class of 2028	13,699	-	-	13,699
Class of 2029	19	-	-	19
Class of 2030	75	-	-	75
Class of 2031	19	-	-	19
Student Council	1,246	-	214	1,032
Volleyball	874	1,900	-	2,774
Girls Basketball	(552)	1,249	-	697
Boys Basketball	(396)	1,367	-	971
Wrestling	1,105	250	-	1,355
Cheerleading	260	-	-	260
Track	3,443	3,820	-	7,263
Athletic Scholarship Fund	70	-	-	70
Interest/Investment Earnings	208	-	-	208
Yearbooks	730	974	-	1,704
Miscellaneous	7	-	-	7
Student Activities	22,442	7,497	4,659	25,280
Field Trips	-	134	30	104
Total	\$ 44,095	\$ 22,530	\$ 6,304	\$ 60,321

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

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

To the Board of Trustees
Gallatin Gateway Public School
Gallatin County
Belgrade, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gallatin Gateway Public School, Gallatin County, Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Gallatin Gateway Public School's basic financial statements and have issued our report thereon dated June 4, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below that we consider to be material weaknesses listed as item(s) 2024-001 through 2024-005.

2024-001 Accounting System and Internal Controls related to the Accounting System

Condition:

We noted several issues with the accounting system and/or Internal Controls for fiscal year 2024 as follows:

1. There were some revenues, that were collected at the County for the District, that were not receipted into the accounting system by the District until year end closing was completed in September 2024.
2. There was payments (expenditures) in the accounting system in different amounts than what cleared the County and these had to be corrected at year end closing.
3. Cash was not balanced to the County throughout the year and was balanced for the year in closing completed in September 2024.
4. The fiscal year 2025 insurance payment was made in June 2024 which overstated the current year expenditures and understated prepaid expenses.
5. Due from other governments was overstated for the REAP Grant.

Context:

We reviewed and tested the internal controls of the District, performed substantive testing on revenues and expenditures, and reviewed the year end manual adjustments to the accounting system.

Criteria:

There should be adequate internal controls to ensure that:

1. Revenues are recorded in the accounting system as they are received.
2. In order to properly balance each month to the County, payments made during the year must be recorded in the correct amount in the accounting system.
3. Cash is balanced on a monthly basis with follow up on any and all discrepancies immediately to avoid the possibility of misappropriation of assets.
4. If expenditures are prepaid for a future year, a year end adjustment must be completed to remove that payment from expenditures and record it as a prepaid expense, an asset account.
5. Due from other governments should only be recorded for reimbursement grants were the expenditures were incurred but the revenues were no received by year end.

Effect:

We noted the following

1. Year end journal entries were completed to recognized \$159,489 in revenues that should have been recorded by the District throughout the year.
2. Year end journal entries were completed to correct for payments entered into the accounting system incorrectly in the amount of \$19,350. In addition, there was an adjustment for unbalanced miscellaneous payments that cleared the County for \$9,196.
3. Not balancing cash on a monthly basis can lead to misappropriation of assets. In addition, the District is spending monies but they truly do not know how much they have available to spend.
4. Expenditures were overstated and assets understated by \$30,156. This was corrected for financial reporting purposes.

5. Due from other governments was overstated and cash was understated in the Miscellaneous Programs Fund by \$15,067 and cash was overstated and revenues overstated in the General Fund by \$15,067.

Cause:

We noted the following causes:

1. The District failed to record revenues throughout the year.
2. The District failed to record payments in the correct amount or at all.
3. The District didn't complete monthly bank reconciliations with follow up on any and all discrepancies.
4. The District paid for the insurance due in July 2024 in June 2024 and did not do a year end entry to move it to prepaid expenses.
5. The District was not recording all of their revenues each month. The REAP grant monies were reimbursed to the District in January 2024 but didn't get recorded by the District. At year end, those monies were part of the adjustment for cash balancing made to the General Fund which was not correct.

Recommendation:

We recommend the following:

1. All revenues are recorded through out the year as they are received either at the District directly or at the County.
2. The District ensure that all payments are recorded within the accounting system and in the correct amount.
3. Cash is balanced on a monthly basis and all discrepancies be follow up on and/or corrected immediately. We also recommend that the reconciliation, along with the County report and/or bank statements and district cash report be reviewed and approved by both the superintendent and the Board of Trustees on a monthly basis.
4. We recommend the District ensure if they pay an expenditure for a future year that they do a year end entry to remove the expenditure and record it as a prepaid expense.
5. We recommend the District ensure that revenues are posted on a monthly basis and balanced to the County and to the correct fund. At year end, due from other governments should only be recorded for amounts not yet received by the District but expenditures were incurred.

2024-002 There is a Lack of Internal Controls Over Payroll

Condition:

We noted the following internal control issues with payroll

1. Payroll processes were not segregated.
2. There were payroll benefit transactions that cleared the County in an amount that was different than what was recorded in the District's accounting records.
3. The District was not paying the payroll benefit and/or tax payments nor were they filing the required reports.
4. The payroll clearing fund was not being reconciled on a monthly basis (this was reconciled at year end)

Context:

We reviewed internal controls and processes at the District related to payroll through inquiry, observation of what occurred, and testing.

Criteria:

There should be adequate internal controls surrounding payroll processes to ensure that:

1. There is segregation of duties with proper checks and balances in place to ensure resources are safeguarded against the risk of misappropriation.
2. All payroll transactions should be recorded in the accounting system as they occur in the correct amount.
3. Payroll benefit and tax payments as well as required reports are made/filled and are made/filled in a timely manner and adequate support is kept and provided as part of the audit.
4. The payroll clearing fund is reconciled on a monthly basis to ensure that all transactions are accounted for and any payable balances represent actual liabilities of the District.

Effect:

We noted the following:

1. There was a lack of segregation of duties related to payroll.
2. There was a manual adjustment completed at year end to adjust the accounting system to match the actual benefit payments that processed through the County.
3. In talking with the former clerk and reviewing the County reports versus the accounting system, we noted that the District had not paid their Federal or State Tax Payments for a majority of fiscal year 2024 nor had the former clerk filed the required reports. This resulted in a liability in the General Fund of \$26,646 in unpaid State Taxes and \$250,946 in unpaid federal taxes as of 6-30-24.
4. There was a year end journal entry completed to correct the payroll clearing fund in the amount of \$3,589 which shows that the District was not reconciling the payroll clearing fund on a monthly basis.

Cause:

For all of these issues noted above, the District did not follow proper internal control procedures relating to payroll.

Recommendation:

We recommend:

1. There are proper policies and procedures implemented at the District and those internal controls be consistently monitored to ensure they are followed.
2. The District ensure that the payroll benefit payments recorded in the system accurately reflect the actual payments made that clear the County.
3. Payroll tax and benefit payments be made and made timely and reports are filed as required by the deadlines. In addition, supporting documentation should be kept to show that what the District paid was what they should have paid. We also recommend the District contact the necessary authorities and get the amounts paid and reports filed as necessary.
4. The payroll clearing fund should be reconciled on a monthly basis with all issues and/or discrepancies followed up on immediately.

2024-003 Student Activities

Condition:

We noted weaknesses in the receipting and/or disbursement processes related to student activity accounts as follows:

1. There are current year and/or prior year revenues and expenses that were not classified to an activity.
2. There is a lack of internal controls over receipting.
3. There is a lack of internal controls over student activity disbursements.

Context:

We scheduled the student activity by account and compared to recorded and reported amounts. We also chose a sample of receipts and disbursements and tested for specific internal control procedures were functioning based on inquiry of the control systems.

Criteria:

Internal control procedures regarding the receipting and disbursing processes to ensure the safeguarding of assets and proper reporting. Furthermore, as stated in the Montana School Compliance Manual, fund accounts should not be permitted to become overdrawn, in that the overdraft becomes a liability to other funds and to future classes. Whenever a fund account becomes nearly depleted, remedial action should be ordered immediately by the Board.

Effect:

1. A majority of the cash is not allocated per activity. It is just in operating cash in the amount of \$60,323. We also noted that there was \$7,497 in current year revenues and \$1,768 in current year expenditures that were not classified to an activity.
2. There is a lack of internal controls over receipting as follows:
 - o Receipt books are generic (are not preprinted with the District's name etc. on it) and the receipts issued were not all accounted for and/or in the correct order, therefore, we were unable to determine if deposits were made intact.
 - o There is no supporting documentation for student activities receipting such as fundraising, class trips, sporting events (games and concession) etc. showing a reconciliation of what has been collected to what should have been collected. The only thing that could be provided was a receipt out of the receipts book and a cash count form.
 - o Posting to the accounting system is not being done timely.
 - o We could not tell if deposits were being done timely with the County Treasurer.
3. There is a lack of internal controls over student activity disbursements.

Cause:

Control procedures established were not adequate.

Recommendation:

We recommend the following internal control procedures be put in place to ensure the safeguarding of assets related to student activity funds.

1. Project reporter codes should be established to post all activity including cash and receivables so that each activity can be tracked by specific student activity.

2. Receipting Internal control procedures and policies should be implemented to ensure that:
 - a. Preprinted, prenumbered receipts in the District's name should be issued for all collections at the time the collections are made.
 - b. Fund raisers, gates, concessions etc. should be supported by documentation to ensure a proper accounting of all monies received and to be able to determine if all monies collected were turned in for receipt and deposit such as the following:
 - c. Preprinted, prenumbered tickets to be used for raffles and gates. If tallies are used, the tallies should be totaled and multiplied by the price of the ticket and reconciled to the monies turned in for deposit and receipt.
 - d. Reconciliation forms which calculate the number of tickets sold by including the first and last ticket number sold and the ticket price, which should reconcile to the monies turned in for receipt and deposit.
 - e. Reconciliation forms should be dated and signed by the person collecting the monies.
 - f. Concessions sales should be supported by a cash register tape or if a cash register is not used, a beginning and ending inventory count to show the total sold and calculate the sales based on the sales amounts. Then reconcile to the monies received and turned in for receipt and deposit.
 - g. Posting to the accounting system should occur in a timely fashion.
 - h. Deposits to the County Treasurer should be done weekly.
3. All disbursements for student activities should have a supervisory staff approval on an invoice and/or claim form prior to a check being issued. In addition, all disbursements should have supporting documentation in the form of a receipts and/or invoices the from the vendor.

2024-004 Credit Cards

Condition:

There is a lack of Internal Controls over Credit Cards.

Context:

Through inquiry, inspection, and testing of internal controls over credit cards, we found there is a lack of internal controls.

Criteria:

A proper system of internal controls over credit cards would ensure that:

- All credit card transactions are entered into the accounting system as they occur.
- There is proper supporting documentation for credit cards including approvals.
- Any person using a District credit cards has proper authorization to do so.
- Any expenditures put on a credit cards are preapproved prior to the use of the credit card.
- There is proper supporting documentation for all expenditures on credit cards and that documentation be reviewed to ensure that it is in the amount and to the vendor that was originally approved. In addition, that support be retained by the District and provided for the audit when requested.

Effect:

We found the following material weaknesses with credit cards:

- No credit card purchases were entered into the accounting system, only payments were made. Starting in August 2024, the District went back in and recorded them for the entire year and back dated them to the month in which they were billed and paid.
- There is insufficient documentation to substantiate some of the credit card purchases made. We tested 96 credit card transactions and of those 23 did not have support and there were 24 that did not have a form of approval such as a credit card authorization form signoff by the superintendent or a purchase order signed off by the superintendent.

Cause:

The former District Clerk did not require and/or keep documentation showing authorization for the purchases made on credit cards and documentation to support the charges on the credit cards.

Recommendation:

We recommend the District implement internal control processes and procedures to ensure:

- All credit card transactions are entered into the accounting system as they occur.
- There is proper supporting documentation for credit cards including approvals:
 - o Any person using a District credit card as proper authorization to do so.
 - o Any expenditures put on District credit cards are preapproved prior to the use of the credit card.
 - o There is proper supporting documentation for all expenditures on credit cards and that documentation is reviewed to ensure that it is in the amount and to the vendor that was originally approved. In addition, that support be retained by the District and provided for the audit when requested.

2024-005 Management Discussion & Analysis (MD&A)**Condition:**

The District prepared an MD &A, however, it was misleading, did not tie to the financial statements, and didn't include all the information required under GASB Statement No. 34 thus it was not included in the audit report.

Context:

As part of compliance testing, we were to determine if the District provided an MD&A and if it met the requirements set forth in GASB Statement No. 34 and tied to the financial statements.

Criteria:

Under GASB Statement No. 34, the District is to provide a Management Discussion & Analysis (MD&A), it is to precede the financial statements for the fiscal years under audit. In addition, the MD &A is required to include (only those requirements that would be required for this District are listed below):

- A brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant difference in information they provide.
- Condensed financial information derived from the government wide financial statements comparing the current year to the prior year.
- An analysis of the overall financial position and results of operations to assess whether the financial position has improved or deteriorated during the year, including the reasons for significant changes from the prior year and important economic factors that significantly affected operating results.
- An analysis of balances and transactions of individual funds, including the reasons for significant changes in fund balances.
- An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the General Fund, including reasons for those variations that are expected to have a significant effect on the future or liquidity.
- A description of capital assets (including current year additions) and long-term debt activity, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.
- Other Analysis necessary to meet the requirement of an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, and conditions.

In addition, the MD &A would need to tie to the current financial statements.

Effect:

The District has an internal control deficiency as they are not in compliance with GASB Statement No. 34.

Cause:

The MD&A was completed but the information contained in the MD & A was misleading, did not tie to the financial statements, and did not contain all of the requirements as listed above.

Recommendation:

We recommend that the District prepare and present the MD&A, meeting all requirements as set forth by GASB Statement No. 34 and present is as part of the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gallatin Gateway Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described below as item(s) 2024-006.

2024-006 Budget Authority

Condition:

The District exceeded its budget authority in the Technology Fund.

Context:

As part of compliance testing for the audit, we compared the actual expenditures within each budgeted fund to the budget as filed with the Montana Office of Public Instruction and noted any variances.

Criteria:

20-9-133 (2) MCA states “Except as provided in subsection (3), the trustees and all officers and employees of the district are limited in making expenditures or incurring liabilities to the total amount of each fund's budget. Transfers from any appropriation item to another appropriation item within a fund's budget or transfers between different funds or between the final budget and a budget amendment may be made as provided by 20-9-208. Except as provided in subsection (3), money of the district may not be used to pay expenditures made, liabilities incurred, or warrants issued in excess of the final budget established for each budgeted fund.

Effect:

The District is not in compliance with MCA 20-9-133 as they exceeded their budget in the Technology Fund by \$1,929.

Cause:

The District spent more than was allowed per their budget.

Recommendation:

We recommend the District monitor the expenditures to ensure that they do not exceed the budget as filed with the Montana Office of Public Instruction.

Gallatin Gateway Public School’s Response to Findings

Gallatin Gateway Public School’s response to the findings identified in our audit is described in the Auditee’s Corrective Action Plan. Gallatin Gateway Public School’s response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

Denning, Downey and Associates, CPA's, P.C.

June 4, 2025

Denning, Downey & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1740 U.S. Hwy 93 South, P.O. Box 1957, Kalispell, MT 59903-1957

REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS

To the Board of Trustees
Gallatin Gateway Public School
Gallatin County
Belgrade, Montana

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

<u>Recommendation</u>	<u>Action Taken</u>
2023-001 Student Activities	Repeated
2023-002 Accounting System and Internal Controls related to the Accounting System	Repeated
2023-003 Credit Cards	Repeated
2023-004 Grant Management	Implemented
2023-005 Management Discussion & Analysis (MD&A)	Repeated
2023-006 IRS Overpayment Refund	Not Repeated
2023-007 Accounts Receivable	Implemented
2023-008 There is a Lack of Internal Controls Over Payroll	Repeated
2023-009 Budget Authority	Repeated

Denning, Downey and Associates, CPA's, P.C.

June 4, 2025

GALLATIN GATEWAY PUBLIC SCHOOL

Contact Person:

Kelly Henderson, Superintendent of Schools

Expected Completion Date of Corrective Action Plan:

August 1, 2025

CORRECTIVE ACTION PLAN

FINDING 2024-001: Accounting System and Internal Controls Related to the Accounting System

Response: We have made the following changes in response to Finding 2024-001:

- When revenues are received, a bank deposit slip is created, an A101 deposit slip is created whereby revenues are assigned to the fund in which they will be deposited. A revenue voucher is created in Black Mountain Software. The bank deposit slip, the A101 (documentation which is sent to the County) and the revenue voucher must be reconciled with each other before the transaction is considered complete. This occurs for cash, check and credit card revenues.
- Before any Purchase Order or Invoice is paid, it is reviewed by both Superintendent and Business Manager. There must be acceptable documentation before any payment is made to any vendor. An accounting code is then generated by either the Superintendent or Business Manager to ensure that the warrant is paid from the correct fund. Claims as well as the associated warrants are paid via Black Mountain Software. Vendor addresses are checked to ensure that they are updated. A claim approval list is generated from Black Mountain Software, reviewed and signed by the Superintendent before any claim is paid. Warrants (checks) are signed by both Superintendent and Business Manager.
- At the end of each month, upon receipt of the County MUNIS report, the Business Manager reconciles all deposits and payments made in the MUNIS report and Black Mountain software to ensure that both systems match up. Anything that is out of the ordinary is investigated and corrected. This reconciliation has been conducted since July, 2024.
- There is still an overall discrepancy between individual fund and overall total fund cash balances between the County and Black Mountain Software. We believe most of the discrepancy lies in the payroll and claims clearing funds. The Business Manager is currently working closely with our auditors to reconcile cash balances with an expectation of having this completed by the beginning of August, 2025. Thereafter, the Business Manager will reconcile Black Mountain Software fund cash balances to the County fund cash balances at the end of every month.
- Federal, local and state revenues are posted on a monthly basis and reconciled against the County to ensure that they are for the correct amount and in the correct fund. Any discrepancy is investigated.
- Insurance payments will be made in the year in which coverage occurs. Any revenues not yet received by the District but for which expenditures have been incurred will be recorded as Due From Other Governments.

FINDING 2024-002: Lack of Internal Controls over Payroll

Response: We have made the following changes in response to Finding 2024-002:

- Payroll is completed by both the Superintendent and Business Manager. Either the Superintendent or Business Manager enters time card information. The resulting payroll worksheet is reviewed by both Superintendent and Business Manager before any payroll is generated. A liability grid is generated in Black Mountain Software and is reconciled to the payroll deduction reports before any liabilities are paid.
- All liabilities are paid through bank checks but a few are paid electronically. Once a liability grid has been created, each individual liability, including federal and state taxes, are paid on the specific liability website. For example, federal taxes are paid on the EFTPS website whereas state taxes are paid through the MT Transaction Portal. The liabilities are then marked off as they are paid. Any liability checks generated are signed by both the Superintendent and Business Manager.
- The District should be caught up with all past and present Form 941 submissions. Form 941's are expected to be filed by the last day of the month following the end of the calendar quarter, per Federal IRS guidelines.
- Liability payments are reconciled with the County MUNIS reports. There is still additional payroll clearing fund reconciliation that needs to take place between the County and Black Mountain Software. This is in process and expected to be completed by August 1, 2025.

FINDING 2024-003: Student Activities

Response: We have made the following changes in response to Finding 2024-003:

- Preprinted, prenumbered receipts in the Districts name are now being issued for any receipt of student activity funds, except for credit card revenues which have their own tracking mechanism through the deposit report generated by Infinite Campus.
- Funds from fundraising activities are not accepted by the Business Manager unless there is proper documentation and amounts are reconciled. Reconciliations must be signed and dated by the person collecting the money as well as the Business Manager.
- Only preprinted, prenumbered tickets are used for raffles. Neither concession sales or tallies are currently not being used.
- Revenue vouchers are generated within the week of receiving any deposits. A deposit slip is received when the bank deposit is made. A County deposit A101 slip is created and sent to the County. Monthly reconciliations between the County and the District are conducted to ensure amounts match up.
- The District is working on enhancing our project coding. We currently assign specific function codes to each student activity and student class revenue. We do not yet assign specific project codes. This enhancement is expected to be completed by August 1, 2025.
- Any disbursements made from Fund 184 Student Activities are part of the claims process whereby claims must be backed up with documentation, approved by the Superintendent and coded appropriately. Warrants are signed by both the Superintendent and Business Manager.

FINDING 2024-004: Credit Cards

Response: We have made the following changes in response to Finding 2024-004:

- All credit cards must be signed out and signed back in. Each credit card has its own sign out/sign in sheet.
- No credit card charges are allowed without preapproval from the Superintendent (Purchase Orders must be filled out and signed by the Superintendent). Supporting documentation must accompany any Purchase Orders/charges and must add up to the amount of the credit card charge. If this does not occur, the employee using the credit card will be personally responsible for the credit card charge.
- Purchase orders are entered into Black Mountain Software on a monthly basis. Reconciliation against payments made through the County are a work in progress. A smoothed out, final process is expected to be completed by August 1, 2025.

FINDING 2024-005: Management's Discussion and Analysis

Response: In response to Finding 2024-005, a completed Management's Discussion and Analysis was completed by the Superintendent in a timely and accurate manner. Unfortunately, this document was destroyed along with the Superintendent's harddrive. The Superintendent was unable to recreate the document for this audit. For future audits, the Superintendent and Business Manager will work together closely to complete the Management's Discussion and Analysis. We will use Google drive so as to ensure that a backup document is created.

FINDING 2024-006: Budget Authority

Response: We are aware that we exceeded our budget authority in the Technology Fund. Per an earlier finding, cash balances across our funds have not been reconciled on a regular basis. There is progress in this regard and our expectation is to have reconciliation completed by August 1, 2025 as well as a detailed, realistic budget, complete with revenues and expenditures, loaded into Black Mountain Software. Once we have accomplished these two items, we will implement a system of monthly checks and balances on the budget. Trustees will be given revenue and expenditure reports during their monthly Governing Board meetings so that they can also track our budget. The Superintendent and Business Manager will closely monitor revenues and expenses against the budget in order to ensure that the District stays within its budget authority.

STATUS OF PRIOR AUDIT FINDINGS

FINDING 2023-001: Student Activities

Response: See Response to Finding 2024-003

FINDING 2023-002: Accounting System and Internal Controls Related to the Accounting System

Response: See Response to Finding 2024-001

FINDING 2023-003: Credit Cards

Response: See Response to Finding 2024-004

FINDING 2023-004: Grant Management

Response: Implemented

FINDING 2023-005: Management's Discussion and Analysis

Response: See Response to Finding 2024-005

FINDING 2023-006: IRS Overpayment Refund

Response: Not Repeated

FINDING 2023-007: Accounts Receivable

Response: Implemented

FINDING 2023-008: Lack of Internal Controls Over Payroll

Response: See Response to Finding 2024-002

FINDING 2023-009: Budget Authority

Response: See Response to Finding 2024-006