



The accompanying financial statements and report are intended for the original recipient.

They must be presented in their entirety and may not be modified in any manner.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**FINANCIAL REPORT**  
**June 30, 2012**

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MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1

2011–2012

ORGANIZATION

BOARD OF TRUSTEES

Board Chair .....Toni Rehbein  
Vice Chair/Elementary.....Joe Knapp  
Vice Chair/Secondary .....James Sadler  
Trustee..... Scott Bixler  
Trustee..... Debbie Dupree  
Trustee..... Drake Lemm  
Trustee.....Joe Toth  
Trustee.....Shelly Wills  
Trustee..... Marcia Holland  
Trustee.....Larry Foust  
Trustee.....Michael Smith

OFFICERS

District Superintendent ..... Dr. Alex Apostle  
Director, Business Services/Clerk of Board ..... Pat McHugh  
County Superintendent of Schools.....Dr. Erin Lipkind  
County Attorney.....Fred Van Valkenburg

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Missoula County Public Schools  
School District No. 1  
Missoula, Montana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Missoula County Public Schools District No. 1 (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the District's 2011 financial statements and, in our report dated March 1, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Missoula County Public Schools, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4–14), employee group benefits plan-other postemployment benefits (page 48), and budgetary comparison – general funds (pages 49–50) be presented to supplement the basic financial statements. Such 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. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information on pages 51–68 and pages 75–76 is presented for purposes of additional analysis as required by the Montana Office of Public Instruction and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 77–79 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. This information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental information, supplemental information mandated by the Montana Office of Public Instruction, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information on pages 69–74 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana  
March 7, 2013



MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
MANAGEMENTS DISCUSSION AND ANALYSIS  
Year Ended June 30, 2012

The discussion and analysis of Missoula County Public Schools' (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

The District's general fund budgets for the 2012 fiscal year remained relatively flat as compared to the prior year. The elementary general fund grew by approximately \$232,000 or less than 1%. This increase was due to an add-back of the "at-risk" funding component. Without the restoration of the "at-risk" component, the elementary general fund would have remained the same as the previous year given the decrease in funding rates per pupil and the small enrollment increase. The general fund budget in the high school district remained virtually the same as the previous year.

The District had added approximately \$640,000 in fixed assets during the year. Notable in those fixed assets was construction in progress of two new modular classrooms at two different elementary school buildings. These classrooms were necessary to help with growing populations of students in those schools for the 2012-13 school year.

### **USING THIS FINANCIAL REPORT**

#### **Reporting the District as a Whole**

This report includes two district-wide statements that focus on operations of the District as a whole. These statements measure inputs and outflows using an economic resources measurement focus and the accrual basis of accounting. The *accrual basis of accounting* is similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

The *Statement of Net Assets* (page 15) presents the "assets" (what is owned), "liabilities" (what is owed) and the "net assets" (the resources that would remain if all obligations were settled) of the District. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (page 16) presents information showing how the net assets of the District changed during the most recent fiscal year.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2012

The Statement of Net Assets and the Statement of Activities provide information about the governmental activities of the District. This includes the school functions, such as instruction, student services, administration, etc. Property taxes, state revenues, and federal revenues usually support most of these functions of the District. The District has no business-type activities.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the funds used by the school District. State law and Generally Accepted Accounting Principles (GAAP) establish the fund structure of school districts. State law generally requires school districts to segregate money in separate fund accounts for specific purposes, like transportation, retirement and debt service.

The fund financial statements report balances and activities of the most significant, or "major" funds separately and combine activities of less significant funds under a single category. Significance of funds is determined based upon the proportional size of the funds, the relative importance of the activities of the funds to the school district's operations, and the existence of legal budget requirements.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are presented for governmental funds, such as the general fund, special revenue funds, and debt service and capital projects funds. These funds use the modified accrual basis of accounting and represent the majority of the District's activities and programs.

Fund statements include a reconciliation of the governmental fund statements to the district-wide statements. The most significant difference result from the use of different presentation bases. The district-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds use the modified accrual basis. In addition, general capital assets and general long-term debt are reported in the district-wide statements but not in the fund statements.

**Reporting the District's Trust and Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for the elementary and high school endowment funds and the elementary and high school student extracurricular funds. This report includes the activities in a separate Statement of Net Assets – Fiduciary Funds and Changes in Fiduciary Net Assets (pages 24 and 25) because the District cannot use these assets to fund its operations. The District is responsible for ensuring these assets are used for their intended purpose.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2012**

**GENERAL FUND BUDGET**

There were no significant variations between the original budget and the final budget. In addition, there were no significant variations between the final budget and actual expenditures. The District does try to budget certain accounts – utilities and substitute teacher pay accounts – at a higher than average level so that in a “worst case” year, adequate budget will be available to cover those excess costs. In a normal year, these accounts will have excess budget which is then utilized to purchase textbooks and instructional supplies for departments that have a new curriculum adoption in that year. Fiscal year 2012 was a reasonably normal year in terms of having some excess budget available to allow for the purchase of those curriculum adoption materials, which is how the District utilized those excess funds. The amount of these available excess funds is normally in the range of \$250,000 to \$400,000 and the District always has more needs to utilize these funds for the benefit of its students than funds available to be utilized. The above situation is the main cause for significant budget transfers, though the transfers are relatively insignificant in relation to the general fund budget.

**THE DISTRICT AS A WHOLE**

Over time, net assets may serve over time as a useful indicator of a district’s financial position. In the case of the District, assets exceeded liabilities by approximately \$38.4 million at the close of the most recent fiscal year. Table 1 illustrates the District’s summarized financial position.

*Table 1*

	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>Variance</b></u>
<b>ASSETS</b>			
Current assets	\$ <b>26,139,402</b>	\$ 26,824,242	\$ (684,840)
Noncurrent assets	<u><b>40,655,757</b></u>	<u>41,554,579</u>	<u>(898,822)</u>
Total assets	<u><b>66,795,159</b></u>	<u>68,378,821</u>	<u>(1,583,662)</u>
<b>LIABILITIES</b>			
Current liabilities	<b>5,220,600</b>	5,473,821	(253,221)
Noncurrent liabilities	<u><b>23,114,777</b></u>	<u>23,830,164</u>	<u>(715,387)</u>
Total liabilities	<u><b>28,335,377</b></u>	<u>29,303,985</u>	<u>(968,608)</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	<b>29,288,602</b>	28,717,428	571,174
Restricted	<b>7,085,981</b>	8,180,878	(1,094,897)
Unrestricted	<u><b>2,085,199</b></u>	<u>2,176,530</u>	<u>(91,331)</u>
Total net assets	<u><b>\$ 38,459,782</b></u>	<u>\$ 39,074,836</u>	<u>\$ (615,054)</u>

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2012

Total assets consist of current and noncurrent assets. Current assets are comprised mostly of cash and property taxes receivable. Noncurrent assets are comprised of all land owned by the District and buildings and equipment costing \$5,000 or more. Current assets decreased by approximately \$685,000 primarily the result of building reserve expenditures for the construction of the modular classrooms mentioned previously. Noncurrent assets decreased by nearly \$900,000. This change was the net result of depreciation expense totaling nearly \$1,500,000 and equipment purchases and land and building improvements totaling only \$640,000.

Total liabilities consist of current liabilities and non-current liabilities. Current liabilities consist of non-bond items that are owed as of the financial statement date and are expected to be paid within the next twelve months. Non-current liabilities consist of all bond liabilities, the compensated absences expected to be paid in more than twelve months, and notes payable.

Current liabilities remained approximately the same in fiscal year 2012 as compared to the prior year. Non-current liabilities decreased by \$715,000 in the 2012 fiscal year. This reduction was the result of several factors. One of the most significant factors was the payment of bond principal of \$1,470,000. This reduction of non-current liabilities was offset by an increase in the Other Post-Employment Benefits (OPEB) liability of approximately \$400,000. The change in the OPEB liability is discussed in a latter section.

Net assets could be viewed as taxpayer's equity in a government. It is the amount by which assets exceed liabilities. Within net assets there are further breakdowns that are related to how the net assets are to be used. Some net assets are restricted for capital projects while other net assets are restricted for debt service. The District has many special revenue funds where the funds are raised from tax revenues for a specific purpose. Finally, there is a portion of net assets that are also used for a specific purpose but are not considered restricted. These unrestricted net assets are usually found in non-budgeted funds. There is specific statutory authorization for these non-budgeted funds and the revenue in these funds.

The District's net assets decreased by \$615,000 as a result of operations for the fiscal year ended June 30, 2012. There were several reasons for this decrease. The primary cause was the required recognition of a greater liability for what is called Other Post-Employment Benefits. OPEB, in this case, represents insurance benefits accruing to retirees and future retirees based upon an actuarial study of the District's insurance plan. As discussed previously, the increase in this liability amounted to approximately \$400,000 and there was no offsetting income stream designated or raised to cover this liability as it becomes recognized.

The Invested in Capital Assets portion of Net Assets increased by \$571,000 compared to the prior year. This was due to principal payments on bonds plus the purchase of capital assets exceeding depreciation expense on fixed assets. Capital Assets purchased during the fiscal year are described in a later section titled 'Capital Asset and Debt Administration'.

Restricted net assets decreased by \$1,095,000 primarily the result of a couple items. One item was the spend down of reserves in the District's building reserve funds of approximately \$800,000. Much of this spend down was temporary. Each district passed levy elections in May

MISSOULA COUNTY PUBLIC SCHOOLS  
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MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2012

2011. To initiate some of the needed projects before the levy monies were available, the new projects informally borrowed funds from the already established building reserve fund balance reserves. The upfront expenditure is not typically how new levies are handled, but in this case there were pressing needs including construction of modular classrooms for the next school year.

Another cause for the decrease in restricted net assets was the final bond debt service payments in the elementary district. Because these payments were the final payments, there was no need to levy additional revenue for the next year. Instead, the elementary debt service fund paid the final payment out of the reserves in that fund, resulting in a decrease in restricted net assets of approximately \$246,000.

*Governmental Activities*

In Montana, school districts must seek voter approval for any additional levy authority needed to operate the school district over what was approved in prior years and what will be received from the state. Property taxes collected and retained at the local level made up 41 percent of revenues for governmental activities for the Missoula County Public Schools for fiscal year 2012 and 2011.

The major categories of expenses are presented on page 11. Of these expenses, the largest function is instruction, which comprises 57 percent of district expenses.

*Spending Levels Compared to Resource Levels*

As shown on page 19 of this report, expenditures for governmental activities exceeded the total governmental activities revenues for the District by approximately \$1,018,000 in the 2012 fiscal year.

As shown in Table 3, total general revenue increased in fiscal year 2012 by approximately \$4,637,000 or 7%. The most significant reason for the increase was caused by the state's utilization of Federal Education Jobs revenue instead of state sources to fund a portion of the general fund in FY11. This federal revenue amounted to \$3.7 million in FY11 and was classified as program revenue – operating grants, rather than as general revenue. In FY12, the source of this revenue reverted back to the normal source or state revenue and is classified as general revenue rather than program revenue. As a result, general fund revenue from state sources increased by \$3.3 million in FY12.

A second significant cause for the increase in general revenue was related to the decline in enrollment at the high school district. Generally, a Montana school district can maintain the prior year's budget level if it is greater than the Maximum budget level. Depending on various budgetary factors, however, if the amount of Base Budget goes down, then the district may be compelled to ask the taxpayers of the district to approve an increase in the over-base levy. For FY12, the high school district needed a voted levy of \$710,000 to maintain essentially the same budget level as the prior year. That levy was approved. Since tax levy revenue is classified as

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**MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2012**

general revenue, that source (general revenue) increased due to the increased local levy. In the prior year, much of this revenue had been funded through federal revenue as mentioned above.

Table 2

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
REVENUES			
General revenues	\$ 70,449,953	\$ 65,812,809	\$ 4,637,144
Program revenues	<u>19,478,430</u>	<u>25,027,923</u>	<u>(5,549,493)</u>
Total revenues	<u>89,928,383</u>	<u>90,840,732</u>	<u>(912,349)</u>
EXPENSES			
Governmental activities	<u>90,543,437</u>	<u>91,223,582</u>	<u>(680,145)</u>
CHANGE IN NET ASSETS	(615,054)	(382,850)	(232,204)
BEGINNING NET ASSETS	<u>39,074,836</u>	<u>41,837,769</u>	<u>(2,762,933)</u>
ENDING NET ASSETS	<u>\$ 38,459,782</u>	<u>\$ 41,454,919</u>	<u>\$ (2,995,137)</u>

As shown in Table 2, total revenue decreased by approximately \$900,000 as the result of the revenue changes both in program revenues and general revenues which were discussed previously in this section.

As shown in Table 2, program revenue decreased by \$5.5 million in FY12. The primary reason for this decline was the decrease in the federal revenue used to support the general fund in FY12. As mentioned previously, this revenue amounted to \$3.7 million in FY11 and was not available in FY12. The second reason for the decline in program revenue was the loss or reduction of the federal ARRA stimulus funds. These other sources were in support of the federal programs put in place for educationally deprived or disadvantaged students (Title 1 funds) and the federal program for students with disabilities (IDEA-B funds). This ARRA revenue went away in FY12, with the exception of some small amounts that were carried over and spent in the 2011-2012 fiscal year. As a result of these reductions, overall Title I funds used in FY12 was down nearly \$900,000 and IDEA-B funds were down approximately \$400,000.

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**MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2012**

Table 3

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
District tax-levies	\$ 28,785,615	\$ 27,192,824	\$ 1,592,791
Missoula County	7,211,952	7,480,436	(268,484)
State of Montana	34,425,291	31,054,231	3,371,060
Investment earnings	14,083	75,734	(61,651)
Other revenues	<u>13,012</u>	<u>9,584</u>	<u>3,428</u>
Total general revenues	<u>\$ 70,449,953</u>	<u>\$ 65,812,809</u>	<u>\$ 4,637,144</u>

**ANALYSIS OF FINANCIAL INFORMATION**

The following analysis is provided to help the reader understand the major operations of the District, where the resources come from, what the resources are used for, and trends, decisions and events that are expected to affect the District's financial situation in the future.

*What does the District do?* The District provides education for children in grades kindergarten through 12<sup>th</sup> grade, transportation to and from school, hot lunches, athletic and extracurricular activities, and participates in various federal programs.

*Where do the resources come from?* The majority of resources utilized by the District come from local property taxes, state aid and state and federal grants. Table 3 shows the components of the general resources (revenues) of the District.

*What does it cost?* The major expenditure functions of the district include instructional, support services, operations, administration, capital outlay, transportation and debt service. Table 4 illustrates the costs of major functions as components of total expenditures.

Instructional programs decreased by approximately \$1.2 million, or nearly 2.5% for fiscal year 2012. This decrease was primarily the result of the loss of federal ARRA funds (Title I ARRA and IDEA-B ARRA) totaling approximately \$1,300,000. Those funds were not replaced by any other funding source. Most of these funds were expended for educational services – very little was expended for support services. Because the general funds remained relatively stable (increasing in total by less than \$300,000), instructional services provided within the general fund also remained stable.

Operations and Maintenance (O & M) expense increased by \$194,000 or 2.19% primarily due to the new FY12 building reserve levies approved by the voters of the district. Though these new building reserve fund levies replaced expiring levies, some needed projects were front loaded, borrowing against reserves in those building reserve funds. Some of the projects were capital projects – construction of the new modular classrooms – while other projects were maintenance projects – rewiring and reroofing projects.

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**MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)**  
**Year Ended June 30, 2012**

General Administration expense increased in FY12 by approximately \$470,000 or 6.6%. The primary cause for this increase was the severance of two long time school administrators. General administrative salaries were very flat – administrator salaries did not increase in FY12 and the increase for support staff was only 0.5%.

Another function with a noteworthy expense variation was Interest and Fiscal Charges. The expenses in this area decreased by approximately \$230,000 or 35%. This reduction was the result, in part, of lower interest cost with the reduction of outstanding bonds payable due to normal principal payments. However, more significantly, the reduction was the result of a bond refunding that the District accomplished at the beginning of the 2011 fiscal year. The interest payments were approximately \$125,000 less than the interest payments would have been under the original bond amortization schedule. Interest expense decreased on the elementary bonds by \$15,000 due to the bonds actually being paid off in FY12. The final payment was made on July1, 2011.

The 38% decrease (approximately \$100,000) in Other Expenses in FY12 compared to FY11 was primarily the result of additional indirect cost funds available and used as part of the various federal stimulus grants, excluding the federal stimulus revenue which became a part of the general fund revenue. When expensing each grant for its share of indirect costs, a charge is made to the grant and the amount of that charge is put into the District's indirect cost pool. The charge to the grant is classified as "other" expenses.

Transportation costs increased by approximately \$105,000 due primarily to additional routes that were added for the second half of the 2010-2011 year, but then in place for the full 2011-2012 year. Route costs were fairly flat in the 2011-2012 year.

Table 4

	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>Variance</b></u>
Instruction	\$ <b>51,365,471</b>	\$ 52,632,615	\$ (1,267,144)
Support services	<b>11,737,010</b>	11,685,779	51,231
General administration	<b>7,596,070</b>	7,126,048	470,022
Operations and maintenance	<b>9,056,092</b>	8,861,760	194,332
Student transportation	<b>4,915,819</b>	4,810,281	105,538
Food services	<b>3,135,799</b>	3,100,524	35,275
Extracurricular activities	<b>2,145,696</b>	2,088,775	56,921
Other	<b>160,933</b>	259,286	(98,353)
Interest and fiscal charges	<b>430,548</b>	658,515	(227,967)
	<u><b>\$ 90,543,437</b></u>	<u><b>\$ 91,223,583</b></u>	<u><b>\$ (680,146)</b></u>



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**Year Ended June 30, 2012**

Overall, expenses decreased by approximately \$680,000. This change was the result of the combination of increases and decreases in different functional areas as discussed previously in this section. The fact that overall expenses decreased reflects the general environment of less government spending due to the economy as well as flat to slightly decreasing enrollments.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets

*What are Capital Assets of the District?* Capital Assets of the District are assets costing \$5,000 or more and having a useful life of more than one year. The majority of capital assets are buildings and building improvements, vehicles and equipment. Technology purchases are mainly funded by the technology fund. Because of the \$5,000 capitalization threshold for the District, these purchases are rarely considered capital assets. Please refer to Note 3 for further information on the District's capital assets.

Table 5

	<u>2012</u>	<u>2011</u>
Land	\$ 1,755,697	\$ 1,755,697
Land improvements	1,216,896	1,191,638
Buildings and improvements	69,414,323	69,385,459
Construction in progress	272,119	-
Equipment and other	<u>3,007,752</u>	<u>2,732,818</u>
Total capital assets	75,666,787	75,065,612
Less accumulated depreciation	<u>(35,011,030)</u>	<u>(33,511,032)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 40,655,757</u>	<u>\$ 41,554,580</u>

Relative to the total value of capital assets, the additional increase in capital assets in 2012 was relatively modest. The asset additions include the construction in progress on the two new modular classroom buildings, three new large copiers and a duplicator for the District's print shop, two new floor scrubber machines, two new hard cab mowers, a copier/print/fax machine, a copier with finisher, a universal bender, a four burner range for the family and consumer sciences department, a maintenance truck, a large mixer for the central kitchen, an agriculture pump, a heat pump, and new lights for the Seeley Swan High School football field.

Debt Administration

In the process of a February 2013 high school district bond refunding, the high school district received a bond rating of "Aa3." In February 2002, the elementary district refunded its 1993 and 1994 bond issues and received the rating of "A2" – only a slightly lower rating than the "Aa3" rating of the high school district. The reason for the slightly lower rating was the fact that the

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2012

elementary district is mainly restricted to the City of Missoula and has substantially lower taxable value than the high school district, which encompasses nearly the entire County of Missoula at a much greater taxable value. The purpose of these refunds was to take advantage of lower interest rates. Both ratings are considered excellent, providing the District with the ability to issue general obligation bonds at some of the lowest bond interest rates available to any government. Please refer to Note 4 for further information on the District's debts.

### **THE FUTURE OF THE DISTRICT**

In spite of the tough economic environment and very meager increases in school funding, the District continues to advance its initiatives of creating a new 21<sup>st</sup> Century learning environment and becoming a leader in K-12 education. The District has officially added an International Baccalaureate program and a Health Sciences Academy at one of its high schools for the 2012-2013 fiscal year. The District, in conjunction with the University of Montana, was recently awarded a \$1.6 million private donation to help further the Districts' 21<sup>st</sup> Century programs. The donation was intended for those programs as well as for ensuring college readiness for students graduating from Missoula County Public Schools.

As illustrated on pages 51 and 52, the number of students enrolled in the District's schools has steadily declined in the past several years, though a demographic study has predicted that the enrollment decline will taper off and enrollments may modestly increase in future years. The elementary (K-8) Average Number Belonging (ANB), which is directly related to enrollment, has increased by approximately 120 or 2.36%, while the high school enrollment has declined by a similar total number. These changes relate to the enrollment counts taken in FY 13. Those enrollments are part of what will drive the FY14 budget.

The FY13 elementary general fund budget increased approximately \$930,000 or 3%, while the high school general fund budget remained at the same approximate level as the prior year. The increase in the elementary was primarily due to the increase in enrollment.

The Montana Legislature began its' 2013 session in January 2013 and school funding is again a hot topic. One newly introduced bill would provide a reasonably healthy increase to school funding, though the legislature is far from convening and it is really too soon to predict an outcome for schools.

The District is currently in the process of refunding the Series 2001 High School bonds. These bonds were previously refunded in 2005. However, as bond interest rates have significantly decreased again, it was prudent to refund these bonds again. The net present value savings from this reissue totals \$589,807, or 10.82%.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
MANAGEMENTS DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2012

The District will be running elementary and secondary tech levies in May 2013. If approved, these levies will be used to continue the investment in technology to further the ability of the District as a whole to prepare its students the future. The District hopes to continue to enjoy the taxpayer support it has had in recent years.

**CONTACT FOR FURTHER INFORMATION**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Executive Director of Business Services, at the District, 915 South Avenue West, Missoula, Montana, 59801.

## FINANCIAL STATEMENTS

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET ASSETS**  
June 30, 2012

	<u><b>2012</b></u>	<u><b>2011</b></u>
<u><b>ASSETS</b></u>		
Current assets:		
Cash and cash equivalents	\$ 20,174,981	\$ 20,099,167
Property taxes receivable (net of allowance for uncollectibles)	3,054,156	3,062,589
Due from other governments	2,013,684	3,206,650
Inventory	377,672	379,849
Prepaid expenses	-	50
Other current assets	518,909	75,937
Total current assets	<u>26,139,402</u>	<u>26,824,242</u>
Noncurrent assets:		
Land	1,755,697	1,755,697
Land improvements	1,216,896	1,191,638
Buildings and improvements	69,414,323	69,385,459
Construction in progress	272,119	-
Machinery and equipment	3,007,752	2,732,817
Less accumulated depreciation	(35,011,030)	(33,511,032)
Total noncurrent assets	<u>40,655,757</u>	<u>41,554,579</u>
Total assets	<u>66,795,159</u>	<u>68,378,821</u>
<u><b>LIABILITIES</b></u>		
Current liabilities:		
Accounts payable	1,744,165	1,673,077
Deferred revenue	1,489,632	1,501,842
Bonds payable - due within one year	1,140,000	1,470,000
SID and other notes payable - due within one year	2,059	2,659
Compensated absences - due within one year	844,744	826,243
Total current liabilities	<u>5,220,600</u>	<u>5,473,821</u>
Noncurrent liabilities:		
Bonds payable	10,035,000	11,175,000
SID and other notes payable	190,093	189,493
OPEB liability	3,625,575	3,234,282
Compensated absences	9,264,109	9,231,389
Total noncurrent liabilities	<u>23,114,777</u>	<u>23,830,164</u>
Total liabilities	<u>28,335,377</u>	<u>29,303,985</u>
<u><b>NET ASSETS</b></u>		
Invested in capital assets, net of related debt	29,288,602	28,717,428
Restricted	7,085,981	8,180,878
Unrestricted	2,085,199	2,176,530
Total net assets	<u>\$ 38,459,782</u>	<u>\$ 39,074,836</u>

The Notes to Financial Statements are an integral part of this statement.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>	
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>	<u>Changes in Net Assets</u>
		<u>Services</u>	<u>Grants and</u>	<u>2012</u>	<u>2011</u>
			<u>Contributions</u>		
Governmental activities:					
Instruction	\$ 51,365,471	\$ 816,519	\$ 11,165,372	\$ (39,383,580)	\$ (35,590,657)
Support services	11,737,010	2,152,652	1,111,379	(8,472,979)	(8,131,351)
General administration	7,596,070	-	-	(7,596,070)	(7,119,691)
Operations and maintenance	9,056,092	78,256	4,150	(8,973,686)	(8,550,863)
Student transportation	4,915,819	-	757,983	(4,157,836)	(4,053,906)
Food services	3,135,799	972,845	2,088,963	(73,991)	(185,504)
Extracurricular activities	2,145,696	-	155,354	(1,990,342)	(1,905,176)
Other	160,933	-	174,957	14,024	3
Interest and fiscal charges	<u>430,548</u>	<u>-</u>	<u>-</u>	<u>(430,548)</u>	<u>(658,517)</u>
Total governmental activities	<u>\$ 90,543,437</u>	<u>\$ 4,020,272</u>	<u>\$ 15,458,158</u>	<u>(71,065,007)</u>	<u>(66,195,662)</u>
General revenues:					
District tax-levies				28,785,615	27,192,824
Missoula County				7,211,952	7,480,436
State of Montana				34,425,291	31,054,231
Investment earnings				14,083	75,734
Other				<u>13,012</u>	<u>9,584</u>
Total general revenues				<u>70,449,953</u>	<u>65,812,809</u>
Changes in net assets				(615,054)	(382,853)
Net assets, beginning of year				<u>39,074,836</u>	<u>39,457,689</u>
Net assets, end of year				<u>\$ 38,459,782</u>	<u>\$ 39,074,836</u>

The Notes to Financial Statements are an integral part of this statement.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2012**

	<u>General Fund</u>	<u>Elementary Miscellaneous Programs</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,981,085	\$ 1,862,861	\$ 8,321,267	\$ 13,165,213
Property taxes receivable	2,222,029	-	832,127	3,054,156
Due from other governments	138,751	1,366,599	508,334	2,013,684
Inventory	-	-	45,074	45,074
Other current assets	<u>58,842</u>	<u>44,954</u>	<u>28,430</u>	<u>132,226</u>
Total assets	<u>\$ 5,400,707</u>	<u>\$ 3,274,414</u>	<u>\$ 9,735,232</u>	<u>\$ 18,410,353</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Due to other governments	\$ -	\$ -	\$ 9,012	\$ 9,012
Other current liabilities	343,563	99,978	210,781	654,322
Deferred revenue	<u>2,222,030</u>	<u>12,175</u>	<u>867,231</u>	<u>3,101,436</u>
Total liabilities	<u>2,565,593</u>	<u>112,153</u>	<u>1,087,024</u>	<u>3,764,770</u>
Fund balances:				
Non-spendable	-	-	45,074	45,074
Restricted	-	-	7,085,981	7,085,981
Assigned	437,436	3,162,261	1,484,117	5,083,814
Unassigned	<u>2,397,678</u>	<u>-</u>	<u>33,036</u>	<u>2,430,714</u>
Total fund balances	<u>2,835,114</u>	<u>3,162,261</u>	<u>8,648,208</u>	<u>14,645,583</u>
Total liabilities and fund balances	<u>\$ 5,400,707</u>	<u>\$ 3,274,414</u>	<u>\$ 9,735,232</u>	<u>\$ 18,410,353</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2012

Total fund balances - governmental funds	\$ 14,645,583
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Amounts reported for governmental activities in the statement of net assets are different because:

Add internal service funds net assets not reported in the governmental funds statements, including net capital assets of \$189,277, inventory of \$332,598 and other receivables of \$386,683.	5,294,827
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$75,415,800 and the accumulated depreciation is \$34,949,320.	40,466,480
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Property tax revenue is recognized when earned (and the claim to resources is established) rather than when "available." All of the deferred property tax revenue reported in the governmental funds is not available.	3,101,436
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Long-term liabilities, including bonds payable and compensated absences, and other post employment benefits are not due and payable in the current period and therefore are not reported in the funds.	<u>(25,048,544)</u>
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Total net assets - governmental activities	<u>\$ 38,459,782</u>
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**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Elementary Miscellaneous Programs</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
District levies	\$ 20,950,327	\$ -	\$ 7,874,419	\$ 28,824,746
Investment interest	5,989	-	8,094	14,083
Tuition and fees	92,170	-	1,603,851	1,696,021
County sources	-	-	7,586,457	7,586,457
State sources	36,850,751	155,991	3,820,516	40,827,258
Federal sources	25,222	4,599,756	4,916,553	9,541,531
Other	<u>24,473</u>	<u>681,917</u>	<u>771,028</u>	<u>1,477,418</u>
Total revenue	<u>57,948,932</u>	<u>5,437,664</u>	<u>26,580,918</u>	<u>89,967,514</u>
Expenditures:				
Current:				
Instruction	35,186,179	4,548,812	10,548,625	50,283,616
Support services	7,496,592	590,008	3,560,738	11,647,338
Administration	6,477,754	150,656	906,813	7,535,223
Operations and maintenance	6,940,662	1,246	1,946,902	8,888,810
Student transportation	53,740	8,973	4,875,148	4,937,861
Food service	-	-	3,113,027	3,113,027
Extracurricular	1,713,124	-	363,346	2,076,470
Other	-	129,500	41,904	171,404
Capital outlay	-	-	431,433	431,433
Debt service				
Special assessments	-	-	6,242	6,242
Principal retirement	-	-	1,470,000	1,470,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>424,306</u>	<u>424,306</u>
Total expenditures	<u>57,868,051</u>	<u>5,429,195</u>	<u>27,688,484</u>	<u>90,985,730</u>
Revenues over (under) expenditures	80,881	8,469	(1,107,566)	(1,018,216)
Other Financing Sources:				
Transfers in (out)	<u>(86,208)</u>	<u>-</u>	<u>86,208</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	(5,327)	8,469	(1,021,358)	(1,018,216)
Fund balances, beginning of year	2,840,441	3,153,792	9,671,578	15,665,811
Change in inventory	<u>-</u>	<u>-</u>	<u>(2,012)</u>	<u>(2,012)</u>
Fund balances, end of year	<u>\$ 2,835,114</u>	<u>\$ 3,162,261</u>	<u>\$ 8,648,208</u>	<u>\$ 14,645,583</u>

The Notes to Financial Statements are an integral part of this statement.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2012**

Net change in fund balances - total governmental funds	\$ (1,018,216)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,047,878)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(39,132)
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Governmental funds report purchases of inventory as expenditures. However, in the statement of activities the cost of inventory is expensed as used.	(2,012)
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The governmental funds report increases in notes payable as revenues and repayment of bond principal as an expenditure. These have no effect on net assets and are therefore not shown on the statement of activities.	1,470,000
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The current period net increase in compensated absences and other post employment benefits payable did not require the use of current financial resources and, therefore, generated no expenditure to be reported in the governmental funds.	(440,721)
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Change in net assets of internal service funds	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">462,905</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ (615,054)</div>
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**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET – INTERNAL SERVICE FUNDS**  
 June 30, 2012

**ASSETS AND OTHER DEBITS**

Cash and investments	\$ 7,009,768
Other current assets	386,683
Inventory	<u>332,598</u>
Total current assets	<u>7,729,049</u>
Capital assets	250,986
Less accumulated depreciation	<u>(61,709)</u>
Capital assets, net	<u>189,277</u>
Total assets	<u><u>\$ 7,918,326</u></u>

**LIABILITIES**

Payable to other funds	\$ 10,572
Capital lease payable - current portion	32,181
Other current liabilities	922,861
Deferred revenue	1,489,632
Compensated absences	<u>53,036</u>
Total current liabilities	<u>2,508,282</u>
Capital lease payable - long term portion	<u>115,217</u>
Total liabilities	<u>2,623,499</u>

**NET ASSETS**

Investment in capital assets, net of debt	189,274
Unrestricted	<u>5,105,553</u>
Total net assets	<u>5,294,827</u>
Total liabilities and net assets	<u><u>\$ 7,918,326</u></u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS – INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2012

Operating revenues:	
Charges for services	\$ 1,322,940
Health insurance premiums	6,579,936
Donations by employees	<u>4,322,375</u>
 Total operating revenue	 <u>12,225,251</u>
 Operating expenses:	
Medical claims	10,198,790
Personnel	756,566
Operations	563,949
Administration	212,302
Depreciation	<u>26,924</u>
 Total operating expenses	 <u>11,758,531</u>
 Operating income	 466,720
 Non-operating revenues (expenses):	
Investment interest	5,932
Interest expense	<u>(9,747)</u>
 Change in net assets	 462,905
 Net assets, beginning of year	 <u>4,831,922</u>
 Net assets, end of year	 <u><u>\$ 5,294,827</u></u>

The Notes to Financial Statements are an integral part of this statement.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2012**

Cash flows from operating activities:	
Health insurance premiums received	\$ 10,097,787
Cash received for internal services	1,322,940
Medical claims paid	(9,713,894)
Cash paid to employees	(754,774)
Cash paid to suppliers for goods and services	<u>(844,860)</u>
Net cash provided by operating activities	<u>107,199</u>
Cash flows from capital and related financing activities:	
Principle payments on capital lease	(28,583)
Interest payments on capital lease	<u>(9,747)</u>
Net cash used in capital and related financing activities	<u>(38,330)</u>
Cash flows from investing activities:	
Interest earnings	<u>5,932</u>
Net cash provided by investing activities	<u>5,932</u>
Net increase in cash and cash equivalents	74,801
Cash and cash equivalents, beginning of year	<u>6,934,967</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,009,768</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 466,720
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	26,924
Change in other assets	(68,774)
Change in receivables	(312,891)
Change in inventory	165
Change in payables	5,473
Change in compensated absences	1,792
Change in deferred revenue	<u>(12,210)</u>
Net cash provided by operating activities	<u><u>\$ 107,199</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets with capital lease	<u><u>\$ 175,979</u></u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 STATEMENT OF NET ASSETS – FIDUCIARY FUNDS  
 June 30, 2012

	Private-Purpose <u>Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments	\$ 1,305,380	\$ 4,124,440
Total assets	<u>\$ 1,305,380</u>	<u>\$ 4,124,440</u>
<u>LIABILITIES</u>		
Warrants payable	\$ -	\$ 1,441,818
Other current liabilities	<u>5,060</u>	<u>2,682,622</u>
Total liabilities	<u>5,060</u>	<u>4,124,440</u>
<u>NET ASSETS</u>		
Restricted for endowment	256,064	-
Restricted for extracurricular	1,037,356	-
Restricted for interlocal	<u>6,900</u>	<u>-</u>
Total net assets	<u>1,300,320</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 1,305,380</u>	<u>\$ 4,124,440</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
Year Ended June 30, 2012

	Private-Purpose <u>Trust Funds</u>
Additions:	
Investment interest	\$ 1,527
Contributions	18,534
Student receipts	<u>1,896,386</u>
Total additions	<u>1,916,447</u>
Deductions:	
Community	32,190
Extracurricular	<u>1,844,372</u>
Total deductions	<u>1,876,562</u>
Change in net assets	39,885
Net assets, beginning of year	<u>1,260,435</u>
Net assets, end of year	<u><u>\$ 1,300,320</u></u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and practices of the Missoula County Public School District No. 1 (the District), as reflected in the accompanying financial statements for the fiscal year ended June 30, 2012, conform to accounting principles generally accepted in the United States of America (GAAP) for local government units as prescribed by the Governmental Accounting Standards Board (GASB).

**Reporting Entity:**

The District operates under a district-wide elected eleven-member Board of Trustees and provides educational services to approximately 8,500 students in seventeen (K-12) schools throughout Missoula, Montana.

GAAP requires that these financial statements present the District (the primary government) and all component units. Component units, as established by GASB Statement No. 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations for which the District is financially accountable have been considered for inclusion in the basic financial statements. As a result of applying the component unit definition criteria above, it has been determined that the District does not have any component units.

The District consists of two separate legal entities: (1) the high school district, and (2) the elementary district. The high school district includes all of the area covered by the elementary district plus several other elementary districts in Missoula County. The elementary district provides education from kindergarten through eighth grade; the high school district provides education from grades nine through twelve. The District also provides programs for preschoolers and adult and continuing education. Due to differences in funding and the associated tax base, separate accounting records of both entities must be maintained. Both entities are managed by the central Board of Trustees as noted above and by a central administration appointed by and responsible to the Board. Seven of the Board members have voting authority over all District operations; four have voting authority over high school issues only.

**Prior Period Comparative Amounts:**

The basic financial statements include certain prior year comparative amounts but the notes to the financial statements do not contain the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2011, from which the comparative information was derived.

**Government-Wide and Fund Financial Statements:**

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



MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued):**

Government-Wide Financial Statements – The statement of net assets and statement of activities report information on all of the non-fiduciary activities of the primary government and distinguish between the governmental and business-type activities of the District. All internal activity has been eliminated.

The statement of net assets presents the financial condition of the governmental and business-type activities of 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 activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include: (1) charges paid by the recipient of the goods or services provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, State and County aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The general fund accounts for all revenues and expenditures related to instruction, administration, and other activities, except those required to be accounted for in another fund.

The elementary miscellaneous programs fund accounts for local, state or federal grants and reimbursements.

Additionally, the government also reports the following fund types:

Internal Service Funds – Used to account for health insurance coverage provided to District employees. They also account for the data processing services, purchasing services, and instructional materials services, which provide services on a cost reimbursement basis.

Fiduciary Funds – The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for student extracurricular activities and student scholarships. All resources of the funds, including any earnings on invested resources, may be used to support the purpose of the fund. *Agency funds* are custodial in nature and do not involve measurement of results of operations.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):**

Pursuant to GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to Proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements and has elected not to follow FASB pronouncements issued after that date.

**Other Postemployment Benefits:**

The District recognizes and reports its postemployment health care benefits in accordance with GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

**Governmental Fund Balance Classifications:**

The District has adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds.

GASB 54 requires, among other things, that all state and local governmental entities adopt a policy regarding spending priorities of fund balance in governmental funds. The fund balance resources of the District's governmental funds have been categorized as follows:

**RESOURCE CATEGORIES**

- **Nonspendable:** Resources not in spendable form (i.e. inventory) or those legally required to be maintained intact (i.e., principal portion of permanent trust funds)
- **Restricted:** Constraint is externally imposed by a third party (grantor, contributor, etc.), State Constitution or by enabling legislation by the State Legislature
- **Committed:** Constraint is internally imposed by local government through a resolution
- **Assigned:** Constraint is internally expressed intent by government body or authorized official through a budget approval process or express assignment
- **Unassigned:** No constraints and negative fund balance in non-general fund funds.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):**

**Governmental Fund Balance Classifications (Continued):**

**EXPENDITURE ORDER FOR RESOURCE CATEGORIES**

**GENERAL FUND AND SPECIAL REVENUE FUNDS:**

First: Restricted  
 Second: Committed  
 Third: Assigned  
 Fourth: Unassigned

**DEBT SERVICE AND CAPITAL PROJECTS FUNDS:**

First: Assigned  
 Second: Committed  
 Third: Restricted  
 Fourth: Unassigned

**Budgets:**

State law requires that the District adopt budgets for certain funds, generally those supported by property taxes. Budgeted and non-budgeted funds are as follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Non-Budgeted</u>
General	X	
Special Revenue:		
Transportation	X	
School Food		X
Tuition	X	
Retirement	X	
Miscellaneous Programs		X
Comprehensive Insurance		X
Adult Education	X	
Traffic Education		X
Lease Rental Agreement		X
Compensated Absences		X
Technology	X	
Flexibility	X	
Debt Service	X	
Capital Projects:		
Building		X
Building Reserve	X	
Trust and Agency:		
Endowment Trust		X
Interlocal Agreement		X
Extracurricular Activities		X
Claims Clearing		X
Payroll Clearing		X

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets (Continued):**

The General Fund budget is formulated on basic and per student entitlement amounts and enrollment. Budgets for other funds are based primarily on expected revenues and expenditures. Budgeted fund expenditures are limited by State law to budgeted amounts. However, budgets may be amended for emergencies as defined by State law.

Budget authority may be transferred between expenditure classifications within the same fund. Budgeted amounts shown are the original budgeted amounts and do not reflect line item budget transfers within the funds during the year.

The budget policy is as follows:

- 1) On the second Monday in August, the Board of Trustees must meet to legally adopt the final budget. This budget is adopted consistent with the basis of accounting described in Note 1.
- 2) Upon adoption of the final budget, expenditures are limited to the total fund budget. The District has the right to transfer budgetary authority among the various line items of a fund, but not between funds. Unencumbered appropriations lapse at year end.

**Property Taxes:**

Property taxes are levied in August of each fiscal year, based on assessments as of the prior January 1. Taxes are normally billed in October and payable 50% by November 30 and 50% by May 31. Property taxes are maintained and collected by the County Treasurer; the District records such receipts when reported by the Treasurer. After those dates taxes are considered to be delinquent and a lien is placed upon the property. After three years the County exercises the lien and takes title to the property. Personal property taxes (other than those billed with real estate) are generally due thirty days after billing. Because of the above described collection procedures, estimated uncollectible taxes are minimal and therefore not recorded.

Taxes paid under protest are placed in an escrow fund by the County pending settlement of the protest. Under State law (MCA 15-1-402), the School District may demand payment from the protested tax escrow fund of all or part of the protested taxes from the second and subsequent years of the protest. No demand for payment has been made by the District.

**Cash and Investments:**

Except for certain student activity funds, petty cash, interim accounts, and endowment funds maintained in separate bank accounts, the District's cash and investments are held in either the investment pool managed by the Missoula County Treasurer or the municipal investment account. The County Treasurer invests the pooled cash pursuant to State law (MCA 20-9-213[4]). Allowable investments include eligible securities as authorized by MCA 7-6-202; savings or time deposits in a state or national bank; building and loan association, savings and loan association, or credit union insured by the Federal Deposit Insurance Corporation (FDIC)

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Investments (Continued):**

or NCUA located in the State; repurchase agreements; and the State Short-Term Investment Pool (STIP) as provided in MCA 17-6-204. Investments are valued at cost, which is immaterially different from fair value.

For purposes of the statement of cash flows, the Internal Service Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Warrants Payable:**

The District makes expenditures by means of warrants. These warrants are orders to the County Treasurer to pay a specified sum to the person named or to the bearer. State law requires that warrants be paid and registered if presented for a budgeted fund with insufficient cash and refused for payment for a non-budgeted fund with insufficient cash. Registered warrants become a liability of the District. Interest accrues thereon until publication of the call for payment. The District has no registered warrants as of June 30, 2012.

**Inventories:**

Supplies obtained through the governmental funds are recorded as expenditures at the time of purchase. Inventory is valued at cost. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net current assets.

**Liability for Compensated Absences:**

Compensated absences for vacation and sick leave are recorded as expenditures in the government funds when taken. Vacation leave, within certain limitations, may be payable to employees upon termination. Sick leave is accumulated for administrative, certified (teaching) and classified (non-teaching) employees at the rate of 12 working days for each year of service. Part-time employees are entitled to prorated benefits upon fulfillment of the qualifying period of time.

Upon termination, classified employees are eligible for compensation at one-fourth of the accumulated sick leave amount. Certified and administrative employees are eligible for compensation at one-half of the accumulated sick leave amount.

Liabilities incurred because of vacation and sick leave accumulated by employees are reported in the long-term debt account group and proprietary fund type to the extent they are vested. Expenditures for unused leave are recorded when paid.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include land, land improvements, building and improvements, and machinery and equipment is reported in the government-wide financial statements. It is the policy of the District to capitalize all assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year.

Capital assets are stated on the basis of historical cost or estimated historical costs when actual costs are not available. Major fixed asset additions are financed primarily through bond proceeds.

Assets acquired through gifts or donations are recorded at their estimated fair market value at the date of acquisition.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15–25 years
Buildings and improvements	25–60 years
Machinery and equipment	5–20 years

**Due from Other Governments:**

Due from Other Government balances are composed primarily of: (1) revenue accruals in the General Fund for the state entitlement payment, and (2) revenue accruals for the various reimbursable type grants for which revenue is recognized when expenditures are made. If receipts exceed expenditures, the excess is generally deferred until expenditure of funds, but may be recognized as revenue depending on the terms of the particular grant agreement.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 2. CASH AND CASH EQUIVALENTS**

The District participates in the Missoula County treasurer's investment program. All funds deposited with the County Treasurer are pooled and invested in certificates of deposit, U.S. Treasury bills and other short-term bank investments and STIP and are reported with cash at market value. Interest earnings are allocated to the individual funds of the District based on average month-end cash balances.

Short-term investments of the pool consist of the State of Montana Unified Investment Program, a daily repurchase agreement with a local bank, United States agencies, and certificates of deposit account for the management of cash temporarily idle during the year. The pool is valued at cost, which approximates fair value. There is no material difference between the value of the pool shares and the fair value. The pool is not SEC registered.

Montana law allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the District invests in a cooperative pool, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer. Montana Code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; and 100% if the ratio is less than 6%.

Information as to the types and amounts of fully insured deposits and collateral for deposit with securities including derivative type investments held in STIP can be obtained from the Missoula County Treasurer. Risk in the event of loss is unclear in State law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, the risk classification according to GASB 40 is impracticable.

	<u>Credit Risk</u>	<u>Interest Rate Risk</u>
Missoula County Treasurer		
External Investment Pool	Not Rated	No Maturity

The District also has a municipal investment account (MIA) with a financial institution. The District directs the County Treasurer as to the amount of money to be invested with the MIA on a periodic basis. All deposits are collateralized 100% with U.S. Government securities pledged to the District but held in the institution's name. The interest rate was 0.02% at June 30, 2012, and the balance was \$3,437,303.

The District has a community benefit account that is noninterest bearing and fully FDIC insured with a financial institution. The balance in this account at June 30, 2012, was \$1,261,793.



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2012

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

At June 30, the District's balances were:

	Governmental Activities	Fiduciary Funds	Total
Cash in county treasury	\$ 15,475,885	\$ 5,403,632	\$ 20,879,517
Cash in municipal investment account	3,437,303	-	3,437,303
Cash in certificate of deposit	1,261,793	-	1,261,793
Cash on hand and in banks	-	26,188	26,188
	<u>\$ 20,174,981</u>	<u>\$ 5,429,820</u>	<u>\$ 25,604,801</u>

Certain student activity, petty cash, interim accounts, and endowment funds are deposited in interest-bearing checking and savings accounts covered by FDIC insurance.

**NOTE 3. CAPITAL ASSETS**

A summary of capital asset activity for the year ended June 30, 2012, follows:

<u>Governmental activities</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Capital assets not subject to depreciation:				
Land	\$ 1,755,697	\$ -	\$ -	\$ 1,755,697
Capital assets subject to depreciation:				
Land improvements	1,191,638	25,258	-	1,216,896
Buildings and improvements	69,385,459	28,864	-	69,414,323
Construction in progress	-	272,119	-	272,119
Equipment and other	<u>2,641,101</u>	<u>115,664</u>	-	<u>2,756,765</u>
Total capital assets	<u>74,973,895</u>	<u>441,905</u>	-	<u>75,415,800</u>
Less accumulated depreciation for:				
Land improvements	(447,993)	(44,354)	-	(492,347)
Buildings and improvements	(31,014,123)	(1,324,422)	-	(32,338,545)
Equipment and other	<u>(1,997,421)</u>	<u>(121,007)</u>	-	<u>(2,118,428)</u>
Total accumulated depreciation	<u>(33,459,537)</u>	<u>(1,489,783)</u>	-	<u>(34,949,320)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 41,514,358</u>	<u>\$(1,047,878)</u>	<u>\$ -</u>	<u>\$40,466,480</u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 3. CAPITAL ASSETS (CONTINUED)**

<u>Business-type activities</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
Capital assets subject to depreciation:				
Equipment and other	\$ 91,716	\$ 198,488	\$ (39,217)	\$ 250,987
Less accumulated depreciation	<u>(51,495)</u>	<u>(26,924)</u>	<u>16,709</u>	<u>(61,710)</u>
Total capital assets,				
net of accumulated depreciation	<u>\$ 40,221</u>	<u>\$ 171,564</u>	<u>\$ (22,508)</u>	<u>\$ 189,277</u>

Depreciation expense has been charged to functions of the primary government, as follows:

Instruction	\$ 1,041,257
Support services	98,205
General administration	57,474
Operations and maintenance	187,826
Student transportation	1,323
Food services	24,177
Extracurricular activities	<u>79,521</u>
	<u>\$ 1,489,783</u>

The District leases two of its elementary school buildings to different educational institutions. The Mount Jumbo Elementary school building is leased to Walla Walla University at a rate of \$4,380 per month. The term of the agreement is five years and ends on June 8, 2015, and the monthly rent is \$4,748, adjusted each year by 3%–5% for inflation.

The District also leases the Prescott Elementary school building to the Missoula International School. In August 2011, the lease was renewed for an additional five years until July 31, 2017, at a monthly rate of \$4,583, which increases approximately \$208 per month each year for the first three years. Beginning August 1, 2015, the rate will be adjusted each year up to 3% for inflation.

Both of the lessors also reimburse the District for the cost of utilities and insurance.

The District acquired office equipment costing \$198,488 under a capital lease. Accumulated depreciation totaled \$24,811.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 4. LONG-TERM DEBT**

Changes in general long-term debt during 2012 were as follows:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2012</u>	Due Within <u>One Year</u>
General obligation bonds:					
2010 Refunding issue	\$ 6,270,000	\$ -	\$ (545,000)	\$ 5,725,000	\$ 560,000
2005 Refunding issue	6,005,000	-	(555,000)	5,450,000	580,000
1998 Refunding issue	370,000	-	(370,000)	-	-
Special improvements	29,647	-	-	29,647	2,059
Homevale settlement	162,505	-	-	162,505	-
Capital lease	-	175,979	(28,581)	147,398	32,181
Compensated absences	<u>10,006,389</u>	<u>49,428</u>	<u>-</u>	<u>10,055,817</u>	<u>791,708</u>
Total	<u>\$22,843,541</u>	<u>\$ 225,407</u>	<u>\$ (1,498,581)</u>	<u>\$21,570,367</u>	<u>\$1,965,948</u>

At June 30, 2012, internal service fund liabilities consisted of compensated absences totaling \$53,036, all of which is considered to be due within one year.

**General Obligation Bonds:**

*2010 Refunding Bonds*

In July 2010, the District issued \$6,810,000 of general obligation refunding bonds, Series 2010, to advance refund the outstanding Series 2001 General Obligation Bonds and to pay costs associated with the refunding. The Series 2010 Bonds bear interest ranging from 2.5% to 3.0% and mature in years through 2018. Proceeds from the sale of the 2010 bonds of \$7,000,106, including an original issue premium of \$190,106 together with \$100,000 from the 2001 debt service reserve were deposited in an irrevocable escrow to call the outstanding 2001 bonds on July 1, 2011. The result of the advance refunding was a reduction in total debt service payments of \$655,112 and an economic gain of \$565,364. The difference between the amount placed into escrow and the outstanding refunded bonds was charged to interest expense in the statement of activities.

*2005 Refunding Bonds*

In August 2005, the District issued \$6,770,000 of general obligation refunding bonds, Series 2005. The purpose of this issue was to advance refund \$6,375,000 of the District's general obligation school building bonds Series 2000. The District deposited funds in a bond escrow account to ensure that a sufficient amount is present to pay off the refunded bonds as they come due. The debt service savings resulting from the refunding of the refunded bonds is \$288,072, calculated on a net present-value basis, using an annual discount rate of 3.97%. The bonds bear an average interest rate of 4.011% and are due in varying amounts through July 2020. Bonds maturing on or after July 1, 2013, are subject to early redemption on July 1, 2013, or thereafter, at a price equal to the unpaid principal plus accrued interest.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 4. LONG-TERM DEBT (CONTINUED)**

*1998 Refunding Bonds*

The original principal amount of the bonds was \$3,830,000. The bonds bear interest at 3.35% to 4.25% with an average interest rate of 4.05% and are due in varying amounts through July 2011. Bonds maturing on or after July 2006 are subject to early redemption on July 1, 2005, or thereafter at a price equal to the unpaid principle plus accrued interest.

**Notes Payable:**

The District agreed to pay \$162,505 to the University of Montana for its portion of the proceeds from the City of Missoula for easements across the Homevale property when the City realigned the South Avenue and Brooks intersection.

The Elementary District issued special improvement obligations with interest rates of 7.5% to 8.25% due in varying amounts through June 2024.

Debt service principal and interest payments required on the bonds and notes payable are as follows:

Year Ended	<u>General Obligation Bonds</u>		<u>SID Payable and HomeVale</u>		<u>Total</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,140,000	\$ 380,018	\$ 2,059	\$ 680	\$ 1,142,059	\$ 380,698
2014	1,180,000	344,558	2,059	623	1,182,059	345,181
2015	1,220,000	307,193	2,059	565	1,222,059	307,758
2016	1,275,000	261,973	2,059	507	1,277,059	262,480
2017	1,325,000	220,198	2,059	450	1,327,059	220,648
2018	1,380,000	173,548	2,059	392	1,382,059	173,940
2019	1,435,000	124,173	2,059	334	1,437,059	124,507
2020	1,500,000	74,450	2,059	277	1,502,059	74,727
2021	720,000	21,600	2,059	219	722,059	21,819
2022	-	-	2,059	161	2,059	161
2023-2025	-	-	<u>171,562</u>	<u>150</u>	<u>171,562</u>	<u>150</u>
Total	<u>\$11,175,000</u>	<u>\$ 1,907,711</u>	<u>\$ 192,152</u>	<u>\$ 4,358</u>	<u>\$11,367,152</u>	<u>\$ 1,912,069</u>

Compensated absence payments can be made by the compensated absences fund or by the affected fund, usually the general fund. The District records an estimate of compensated absences due within one year based on prior three year history of payments made to retirees.

The District is authorized by state law to issue general obligation bonds up to an amount equal to the greater of (1) 50% of the taxable value of the property within the District or (2) 50% of the statewide average taxable valuation per student times the number of student's in the District (calculated separately for the elementary and high school districts).

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 4. LONG-TERM DEBT (CONTINUED)**

The District leased office equipment in 2012 at a cost of \$198,488. The capital lease matures in July 2017. Minimum monthly payments are \$3,484. The following schedule presents future minimum lease payments as of June 30, 2012:

	Year Ended	Capital Lease
	<u>June 30,</u>	<u>Payments</u>
	2013	\$ 41,813
	2014	41,813
	2015	41,813
	2016	41,813
	2017	<u>3,484</u>
Total		170,736
Less interest		<u>(23,338)</u>
Present value of minimum lease payments		<u>\$ 147,398</u>

**NOTE 5. RESERVED FUND BALANCES AND RESTRICTED NET ASSETS**

**Reserved Fund Balances:**

State law permits a reserve for operations in certain budgeted funds. The maximum reserve for operations permitted for the School, which is a percentage of the subsequent year's budgeted expenditures, are as follows:

General Fund	10%
Transportation Fund	20%
Retirement Fund	35%
Adult Education Fund	35%

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 5. RESERVED FUND BALANCES AND RESTRICTED NET ASSETS**  
**(CONTINUED)**

**Restricted Fund Balance:**

Restricted fund balance under GASB 54 at June 30, 2012, are as follows:

	<u>Elementary</u>	<u>High School</u>	<u>Total</u>
Transportation	\$ 287,458	\$ 225,450	\$ 512,908
Food services	-	93,564	93,564
Tuition	106,608	73,704	180,312
Retirement	1,089,836	1,107,243	2,197,079
Insurance fund	-	8,303	8,303
Adult education	22,449	172,878	195,327
Traffic education	-	177,217	177,217
Compensated absences	127,884	69,163	197,047
Technology acquisition	85,133	238,975	324,108
Debt service	149,859	489,255	639,114
Building reserve	<u>1,855,937</u>	<u>705,065</u>	<u>2,561,002</u>
Total	<u>\$ 3,725,164</u>	<u>\$ 3,360,817</u>	<u>\$ 7,085,981</u>

State law also permits a reserve for operations in the bond debt service funds equal to the payments required within 17 months after year-end. State law also permits the District to reserve collections of prior year's delinquent and protested property taxes.

**Assigned Fund Balance:**

Assigned fund balance under GASB 54 at June 30, 2012, are as follows:

	<u>Elementary</u>	<u>High School</u>	<u>Total</u>
Encumbrances	\$ 216,403	\$ 221,033	\$ 437,436
Program and instruction	<u>3,162,261</u>	<u>1,484,117</u>	<u>4,646,378</u>
Total	<u>\$ 3,378,664</u>	<u>\$ 1,705,150</u>	<u>\$ 5,083,814</u>

**Restricted Net Assets:**

Restricted net assets at June 30, 2012, consist of the following:

Capital projects	\$ 2,561,002
Debt service	639,114
Program	<u>3,885,865</u>
Total	<u>\$ 7,085,981</u>

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 6. RETIREMENT PLANS**

The District participates in two statewide mandatory cost-sharing multi-employer defined benefit retirement plans which cover all employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers teaching employees, including principals and superintendents. The Public Employees' Retirement System (PERS) covers other non-teaching employees.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from the following:

Teachers Retirement System  
P.O. Box 200139  
1500 East Sixth Avenue  
Helena, MT 59620-0139

Public Employees Retirement System  
P.O. Box 200131  
100 N Park Avenue Suite 200  
Helena, MT 59620-0131

**Public Employees' Retirement System (PERS)**

PERS is a statewide retirement plan established in 1945 and is governed by Title 19, Chapters 2 and 3 of the Montana Code Annotated providing retirement services for substantially all public employees. PERS is a mandatory multiple-employer, cost sharing plan administered by the Montana Public Employees' Retirement Administration (MPERA).

PERS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times the final average salary. A guaranteed annual benefit adjustment (GABA) of 1.5% is provided each January for benefit recipients if they have been receiving a benefit for at least 36 months. Members' rights become vested after five years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature.

The State legislature has the authority to establish and amend contribution rates to the plan. Plan members are required to contribute 6.90% of monthly compensation. Local government entities are required to contribute 6.8% of members' compensation. The state of Montana contributes 0.1% of members' compensation on behalf of local government entities.

**Teachers Retirement System (TRS)**

TRS is a statewide retirement plan established in 1937 and is governed by Title 19, Chapters 20 of the Montana Code Annotated providing retirement services to persons in Montana employed as teachers or professional staff of any public elementary or secondary school. TRS is a mandatory multiple-employer, cost sharing plan administered by the Teachers' Retirement Board.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 6. RETIREMENT PLANS (CONTINUED)**

TRS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 25 years of service regardless of age. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times the final average salary. A guaranteed annual benefit adjustment (GABA) of 1.5% is provided each January for benefit recipients if they have been receiving a benefit for at least 36 months. Members' rights become vested after five years of service.

The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the State legislature. TRS covered employees are required by State statute to contribute 7.15 percent of their salary to the plan. The District is also required by State law to contribute 7.47 percent of covered payroll. Additionally, they must contribute to the retirement plans of the Special Ed coop on a pro-rata basis depending on usage. The state of Montana contributes an additional 2.49%.

The amounts contributed to TRS and PERS during the year ended June 30, 2012, was equal to the required contribution. The amounts contributed by both the District and its employees were as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
TRS	\$ 6,505,886	\$ 6,587,332	\$ 6,561,703
PERS	<u>1,119,901</u>	<u>1,144,129</u>	<u>1,154,939</u>
Total	<u>\$ 7,625,787</u>	<u>\$ 7,731,461</u>	<u>\$ 7,716,642</u>

**NOTE 7. RISK MANAGEMENT**

The District faces a number of risks of loss including (a) loss or damage to property, (b) general liability, (c) workers' compensation, and (d) employee medical insurance. There were no significant changes in how the District covered its risks in fiscal year 2012.

The District has established two internal service funds (one for elementary and one for high school employees) to account for and finance its employee medical claims risks. Medical claims are self-insured up to \$100,000 per employee and approximately \$1,000,000 in the aggregate. Claims in excess of these amounts are insured by commercial carriers. Dental claims are also self-insured. The internal service funds charge premiums to the other District funds based on employees in those funds and their respective coverage.



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 7. RISK MANAGEMENT (CONTINUED)**

Change in medical claims liabilities were as follows:

	Elementary School	High School	Total
Claims liability, June 30, 2010	\$ 590,811	\$ 483,390	\$ 1,074,201
Claims incurred in 2011	5,299,598	4,336,036	9,635,634
Claims paid in 2011	<u>(5,395,409)</u>	<u>(4,414,426)</u>	<u>(9,809,835)</u>
Claims liability, June 30, 2011	495,000	405,000	900,000
Claims incurred in 2012	6,311,152	5,163,669	11,474,821
Claims paid in 2012	<u>(6,311,152)</u>	<u>(5,163,669)</u>	<u>(11,474,821)</u>
Claims liability, June 30, 2012	<u><u>\$ 495,000</u></u>	<u><u>\$ 405,000</u></u>	<u><u>\$ 900,000</u></u>

Commercial insurance policies are purchased for loss or damage to property and for general liability. The District participates in one statewide public risk pool, the Montana Schools Group Workers' Compensation Risk Retention Program (WCRRP) for workers' compensation coverage.

GASB Statement No. 45 sets the accounting and financial reporting requirements for local governments that provide health care benefits to their retirees. Montana law (MCA 2-18-704) requires local governments to permit retired employees with at least five years of service and at least age 50 to remain in the government's medical insurance plan until they become eligible for Medicare. The law requires retirees to pay 100% of the employee premium amount.

The District's medical benefit plans have standard insurance premium amounts that are charged to all members, including retirees. The District pays the premium for the employee and the employee pays the premium for his or her family. Retirees pay their own premium.

**NOTE 8. VOLUNTARY TERMINATION BENEFITS**

The District has established an early notification of retirement benefit. If an employee submits a letter of retirement between January 1 and February 27 that results in a retirement from the District and the State retirement system effective on or before June 30, they will receive a one-time payment of \$500, less appropriate deductions, to be paid upon retirement. During the year ended June 30, 2012, twenty employees qualified for this benefit resulting in an expense of \$10,000.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS**

The District has adopted the provisions of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension Plans*. GASB 45 requires employers to calculate the actuarial liability for future retiree benefits and the annual required contribution (ARC) for retirees. Information on the District's health benefit plan is included below.

**Plan Description:**

The District has a single-employer medical plan that provides medical and dental benefits to eligible employees, retirees, spouses and dependents. Participation is elected by the retiree at the time of retirement. Benefit provisions are set annually by the Board of Trustees and may be revoked or altered at any time. Missoula County Public Schools is not required to issue a separate financial report for the plan.

**Funding Policy:**

The District provides no direct subsidy to the health insurance premiums for retirees. Retirees pay for the entire cost of the health insurance premium. Eligible retired employees include former full-time and certain other employees. As of July 2012, there are 300 retirees and/or survivors enrolled for the employer's sponsored health insurance plan.

**Annual OPEB Cost Obligation and Net OPEB Obligation:**

The District's other postemployment benefit (OPEB) cost (expense) is calculated based on the projected unit credit cost method as of June 30, 2012. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the District's net OPEB obligation:

Annual required contribution (ARC)	\$ 361,645
Interest on net OPEB obligation	137,457
Adjustment to annual required contribution	<u>(107,809)</u>
Annual OPEB cost	391,293
Contributions made	<u>-</u>
Change in net OPEB obligation	391,293
Net OPEB obligation - beginning of year	<u>3,234,282</u>
Net OPEB obligation - end of year	<u><u>\$ 3,625,575</u></u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2012

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011, and 2010 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>% of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2010	\$ 1,364,485	0.00%	\$ 2,741,799
June 30, 2011	492,483	0.00%	3,234,282
June 30, 2012	391,293	0.00%	3,625,575

**Funded Status and Funding Progress:**

Because the plan has more than 200 members, the District is required to obtain an actuarial valuation at least every two years. The most recent actuarial valuation was performed on July 1, 2010. As of July 1, 2010, the actuarial accrued liability (AAL) for benefits was \$5,621,548, all of which was unfunded. There are no assets set aside to fund these benefits as the District funds post-retirement health insurance benefits on a pay-as-you-go basis.

**Annual Valuation - June 30, 2012**

Actuarial Accrued Liability (AAL)	\$ 5,621,548
Actuarial Value of Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,621,548</u>
Funded Ratio (actuarial value of assets / UAAL)	0.00%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Funded Status and Funding Progress (Continued):**

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

- Retirement rates for the Public Employees' Retirement System (PERS) are assumed to follow the RP2000 Healthy Combined Mortality Table projected to 2015 using Scale AA with no collar adjustment for males or females. Retirement rates for the Teacher's Retirement System (TRS) are assumed to follow the RP2000 Combined Mortality Table set back three years for males, set back two years for females, with mortality improvements projected by Scale AA to 2008.
- The UUAL is being amortized using a level of percentage pay on an open basis of 30 years. The discount used is 4.25% along with a 2.50% payroll growth assumption.
- The healthcare cost trend rate (HCCTR) was based on projections from historical rates of the District. The medical trend starts at 19.6% for 2010 with a decrease of 10.6% and then decreases in 0.5% increments until 2019 where it levels off to 5.0% into the future. The prescription drug trend starts at 19.6% for 2010 with a decrease of 10.6% and then decreases in 1.0% increments until 2019 where it levels off to 5.0% into the future.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2012

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

The District is party to certain litigation under which it may be required to pay monies upon the decision of the courts. It is the opinion of management and legal counsel that the District's liability in cases not covered by insurance will not be material to the financial statements. Accordingly, no provision has been made in the financial statements for these contingencies.

Subsequent to June 30, 2012, the District became involved in a collective bargaining matter that ended in arbitration. The matter was resolved in January 2013 and resulted in the District being liable for lost wages and benefits. The District determined the amount was not material to the financial statements taken as a whole. Accordingly, no provision has been recorded.

At June 30, 2012, the District had encumbered approximately \$1.5 million against its 2012 budget, representing the estimated amount of unperformed purchase orders or contracts in process at year end.

**NOTE 11. SUBSEQUENT EVENTS**

The District refunded its Series 2000 High School Bonds (previously refunded in 2005) subsequent to June 30, 2012 taking advantage of lower interest rates. The net present value savings from this refunding was over \$570,000.

REQUIRED  
SUPPLEMENTAL INFORMATION

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**EMPLOYEE GROUP BENEFITS PLAN –**  
**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**June 30, 2012**

<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio (%)</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll (%)</u>
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
July 1, 2012	\$ -	\$ 5,621,548	\$ 5,621,548	0.00%	\$ 48,635,501	11.56%
July 1, 2011	-	5,621,548	5,621,548	0.00%	44,282,636	12.69%
July 1, 2010	-	20,521,351	20,521,351	0.00%	45,857,026	44.75%
July 1, 2009	-	19,736,638	19,736,638	0.00%	45,857,026	43.04%

Information for years prior to 2009 is not available.

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 SCHEDULE OF BUDGETARY COMPARISON –  
 GENERAL FUNDS-BUDGET BASIS  
 Year Ended June 30, 2012

	<u>Elementary General Fund</u>	
	Original and	
	Final	
	<u>Budget</u>	<u>Actual</u>
Revenues:		
District levies	\$ 10,894,508	\$ 10,800,328
Investment interest	12,590	3,993
Tuition and fees	25,000	38,614
Federal sources	1,320,604	13,206
State sources	18,828,705	20,154,509
Other	<u>8,297</u>	<u>4,281</u>
Total revenue	<u>31,089,704</u>	<u>31,014,931</u>
Expenditures:		
Current:		
Instruction	19,191,999	19,343,438
Support services	4,594,668	4,630,923
Administration	3,454,098	3,481,353
Operations and maintenance	3,371,880	3,398,487
Student transportation	7,621	7,681
Extracurricular	<u>56,893</u>	<u>57,342</u>
Total expenditures	<u>31,089,704</u>	<u>30,919,224</u>
Revenues over (under)		
expenditures	<u>\$ -</u>	95,707
Other financing sources		
Transfers out		<u>(36,208)</u>
Revenues and other financing		
sources over (under) expenditures		59,499
Budget basis fund balances, June 30, 2011		<u>1,720,656</u>
Budget basis fund balances, June 30, 2012		<u>\$ 1,780,155</u>
GAAP Basis fund balances, June 30, 2012		<u>\$ 1,780,155</u>



<u>High School General Fund</u>		<u>Combined Totals</u>	
Original and		Original and	
Final		Final	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 10,136,591	\$ 10,149,999	\$ 21,031,099	\$ 20,950,327
7,852	1,996	20,442	5,989
57,000	53,556	82,000	92,170
1,082,338	12,016	2,402,942	25,222
15,611,074	16,696,242	34,439,779	36,850,751
<u>20,199</u>	<u>20,192</u>	<u>28,496</u>	<u>24,473</u>
<u>26,915,054</u>	<u>26,934,001</u>	<u>58,004,758</u>	<u>57,948,932</u>
15,735,069	15,842,741	34,927,068	35,186,179
2,846,193	2,865,669	7,440,861	7,496,592
2,976,037	2,996,401	6,430,134	6,477,754
3,518,101	3,542,175	6,889,982	6,940,662
45,746	46,059	53,367	53,740
<u>1,644,529</u>	<u>1,655,782</u>	<u>1,701,422</u>	<u>1,713,124</u>
<u>26,915,054</u>	<u>26,948,827</u>	<u>58,004,758</u>	<u>57,868,051</u>
<u>\$ -</u>	(14,826)	<u>\$ -</u>	80,881
	<u>(50,000)</u>		<u>(86,208)</u>
	<u>(64,826)</u>		<u>(5,327)</u>
	<u>1,119,785</u>		<u>2,840,441</u>
<u>\$ 1,054,959</u>		<u>\$ 2,835,114</u>	
<u>\$ 1,054,959</u>		<u>\$ 2,835,114</u>	

SUPPLEMENTAL INFORMATION  
REQUIRED BY THE  
MONTANA OFFICE OF PUBLIC INSTRUCTION

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
SCHEDULE OF ENROLLMENT  
Year Ended June 30, 2012

**Fall Enrollment**

**Elementary School District**

- a. Pre-Kindergarten
- b. Kindergarten Full
- c. Kindergarten Part
- d. Grades 1 - 6
- d. Grades 7 - 8

Per Enrollment Reports	Audit Per District Records	Difference
-	-	-
1,300	1,300	-
-	-	-
2,586	2,586	-
<u>1,015</u>	<u>1,015</u>	-
<u><u>4,901</u></u>	<u><u>4,901</u></u>	-

f. Total Elementary (add lines a thru e)

**Part-time students:**

Grade	Per Enrollment Reports				Audit Per District Records				Difference
	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	
K-Full	-	-	-	-	-	-	-	-	-
K-Part	-	-	-	-	-	-	-	-	-
1 - 6	-	-	2	-	-	-	2	-	-
7 - 8	-	4	-	-	-	4	-	-	-

**Fall Enrollment**

**High School District**

- a. Grades 9 - 12
- b. 19 Year-olds included on line (f)
- c. Job Corps students included on line (f)

Per Enrollment Reports	Audit Per District Records	Difference
3,665	3,665	-
3	3	-
6	6	-

**Part-time students:**

Grade	Per Enrollment Reports				Audit Per District Records				Difference
	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	
9 - 12	30	14	12	42	30	14	12	42	-

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
SCHEDULE OF ENROLLMENT (CONTINUED)  
Year Ended June 30, 2012

**Spring Enrollment**

**Elementary School District**

- a. Pre-Kindergarten
- b. Kindergarten Full
- c. Kindergarten Part
- d. Grades 1 - 6
- d. Grades 7 - 8

Per Enrollment Reports	Audit Per District Records	Difference
-	-	-
1,292	1,292	-
-	-	-
2,575	2,575	-
<u>1,002</u>	<u>1,002</u>	<u>-</u>
<u>4,869</u>	<u>4,869</u>	<u>-</u>

f. Total Elementary (add lines a thru e)

**Part-time students:**

Grade	Per Enrollment Reports				Audit Per District Records				Difference
	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	
K-Full	-	-	-	-	-	-	-	-	-
K-Part	-	-	-	-	-	-	-	-	-
1 - 6	-	-	-	-	-	-	-	-	-
7 - 8	-	4	-	-	-	-	4	-	-

**Spring Enrollment**

**High School District**

- a. Grades 9 - 12
- b. 19 Year-olds included on line (f)
- c. Early graduates
- d. Job Corps students included on line (f)

Per Enrollment Reports	Audit Per District Records	Difference
3,568	3,568	-
1	1	-
1	1	-
4	4	-

**Part-time students:**

Grade	Per Enrollment Reports				Audit Per District Records				Difference
	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	< 180 hrs/yr	180-359 hrs/year	360-539 hrs/yr	540-719 hrs/yr	
9 - 12	42	24	38	46	42	24	38	46	-

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**ELEMENTARY EXTRACURRICULAR FUNDS**  
**Year Ended June 30, 2012**

	Balance June 30, 2011	Revenue	Expenditures	Balance June 30, 2012
<b>DISTRICT WIDE</b>				
COATS FOR KIDS	\$ 23	\$ 1	\$ -	\$ 24
ELEMENTARY PARTICIPATION	20	16,963	16,976	7
<b>HAWTHORNE</b>				
1ST GRADE	7	280	50	237
3RD GRADE	9	-	-	9
4TH GRADE	146	953	347	752
KINDERGARTEN	27	-	-	27
FLAGSHIP	977	100	491	586
STUDENT COUNCIL	326	-	-	326
STUDENT ACTIVITY	6,815	7,680	6,896	7,599
FAMILY RESOURCE CENTER	287	404	588	103
5TH GRADE	145	-	140	5
2ND GRADE	775	660	1,097	338
<b>JEFFERSON</b>				
EXTRACURRIC FINE ART	3,789	16,848	20,946	(309)
MONTANA HMONG YOUTH LEADE	191	1	-	192
MEADOW HILL BANDS	318	14,552	12,457	2,413
MEADOW HILL CHOIRS	5,789	5,382	9,379	1,792
MEADOW HILL ORCHESTRAS	886	4,908	5,345	449
C.S. PORTER BANDS	5,694	10,993	8,515	8,172
C.S. PORTER CHOIRS	3,373	4,660	5,945	2,088
C.S. PORTER ORCHESTRAS	2,247	4,125	5,508	864
WASHINGTON MS BANDS	2,926	8,205	9,510	1,621
WASHINGTON MS CHOIRS	11,235	9,157	7,979	12,413
WASHINGTON MS ORCHESTRAS	11,013	15,038	13,176	12,875
WASHINGTON MS GENERAL MUS	-	3,173	3,172	1
<b>LOWELL</b>				
STUDENT ACTIVITY	16	1	-	17
P.E. ENHANCEMENT	90	1	-	91
<b>PAXSON</b>				
FOURTH GRADE	230	1,058	1,181	107
SECOND GRADE	39	-	-	39
BASKETBALL	4	1	-	5
Subtotal	<u>57,397</u>	<u>125,144</u>	<u>129,698</u>	<u>52,843</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**ELEMENTARY EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue <u>                    </u>	Expenditures <u>                    </u>	Balance <u>June 30, 2012</u>
(Continued from previous page)	57,397	125,144	129,698	52,843
Subtotal				
<b>PORTER</b>				
8TH GRADE	361	4,357	5,112	(394)
7TH GRADE	437	5,364	4,723	1,078
STUDENT COUNCIL	3,455	5,305	6,292	2,468
6TH GRADE	892	2,844	2,652	1,084
ROBOTICS CLUB	213	2	-	215
MISC STUDENT ACTIVITIES	<u>1,456</u>	<u>4,805</u>	<u>5,793</u>	<u>468</u>
Subtotal	<u>64,211</u>	<u>147,821</u>	<u>154,270</u>	<u>57,762</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**ELEMENTARY EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue	Expenditures	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	64,211	147,821	154,270	57,762
<b>RUSSELL</b>				
MAGAZINE MONEY	1,151	527	525	1,153
GIFT WRAP SALES	11,030	15,629	10,997	15,662
<b>WASHINGTON</b>				
IN/OUT	10	-	1	9
LIFE SKILLS	530	1	267	264
ROBERTS-ELAM-RUSSELL	1,694	179	372	1,501
BOOK FAIR - LIBRARY	2,355	3,967	5,186	1,136
LOWER-IRELAND-TOLLER	423	4,767	4,272	918
STUDENT COUNCIL	506	5,202	5,656	52
YEARBOOK	3,196	6,592	6,260	3,528
MC ATEE	13	17,011	15,800	1,224
MCNEIL	2,579	43	1,005	1,617
FIFIELD-FISHER	126	38	148	16
BUILDERS' CLUB	65	-	-	65
BAKER/GREY-GILLHOUSE/MOE/	387	1,126	1,050	463
GILLHOUSE/KEILMAN/SOMERSE	1,361	5,766	6,079	1,048
BOUCHR-PICKOL-SCHOWEN-THR	341	5,852	5,717	476
TECHNOLOGY	28	1	-	29
COOKBOOK SALES	1,666	11,140	11,605	1,201
BASKETBALL	1,410	2	-	1,412
WASHINGTON SCHOOL	<u>201</u>	<u>2,002</u>	<u>1,502</u>	<u>701</u>
Subtotal	<u>93,283</u>	<u>227,666</u>	<u>230,712</u>	<u>90,237</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**ELEMENTARY EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue <u></u>	Expenditures <u></u>	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	93,283	227,666	230,712	90,237
<b>MEADOW HILL</b>				
8TH GRADE	195	4,362	4,070	487
VOLLEYBALL	140	1,169	1,205	104
CHOIR CLUB	127	-	127	-
PARK	329	2,031	1,593	767
SCHOLARSHIPS/CLOTHES	1	2,644	2,517	128
OFFICE VARIOUS STUDENT PR	1,069	5,675	5,975	769
FLAGSHIP	1,649	412	330	1,731
LIFE SKILLS	957	474	365	1,066
VISUAL ART	613	1,610	1,939	284
YEARBOOK	5,091	4,354	4,924	4,521
6TH GRADE	3,196	4,899	5,264	2,831
RESOURCE	122	-	-	122
7TH GRADE	804	8,293	9,626	(529)
RENAISSANCE	1,299	2,497	2,361	1,435
STUDENT COUNCIL	790	2,872	2,727	935
LIBRARY	327	1,454	1,479	302
<b>ALT HS</b>				
ALT HS STUDENT ACTIVITIES	<u>3,924</u>	<u>3,621</u>	<u>4,056</u>	<u>3,489</u>
<b>TOTAL ELEMENTARY</b>	<u>\$ 113,916</u>	<u>\$ 274,033</u>	<u>\$ 279,270</u>	<u>\$ 108,679</u>



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**HELLGATE HIGH SCHOOL EXTRACURRICULAR FUNDS**  
**Year Ended June 30, 2012**

	Balance June 30, 2011	Revenue	Expenditures	Balance June 30, 2012
NATIVE AMERCN MSLA YOUTH	\$ 1,588	\$ 6,658	\$ 5,547	\$ 2,699
ROBOTICS	-	21,270	10,989	10,281
BSHS FUND RAISING FINE AR	148	-	-	148
HS FESTIVALS	-	150	120	30
BSHS FUND RAISING F/A ORC	916	1	-	917
STUDENTS AGAINST MALNUTRI	2,433	394	2,628	199
GOLF CLUB	2	-	-	2
MODEL UNITED NATIONS	170	886	870	186
AMNESTY	550	108	139	519
SPANISH CLASS	3	-	-	3
NATIVE AMERICAN	98	499	398	199
ART	3,013	1,531	4,434	110
BAND	5,393	9,482	8,844	6,031
CHORAL	10,957	15,678	14,916	11,719
HOME EC	5,256	3,868	2,589	6,535
IE METALS	7,853	771	678	7,946
ORCHESTRA	4,649	8,617	11,468	1,798
SCIENCE	642	502	187	957
SPEECH	17	1	-	18
DRAMA	1,318	8,647	8,223	1,742
TESTING	1,406	24,292	22,472	3,226
LIBRARY FINES	1,923	329	109	2,143
CHEERLEADERS	1,039	2	50	991
CLASS OF 2014	2	267	-	269
CLASS OF 2015	2	-	-	2
CLASS OF 2011	2,500	619	3,105	14
CLASS OF 2012	627	301	411	517
BPA	267	14,818	13,131	1,954
GERMAN CLUB	132	-	-	132
ACT PROGRAMS/REPORTS	46,820	112,706	97,643	61,883
LETTERMAN	297	10	-	307
CLASS OF 2013	7	590	-	597
Subtotal	<u>100,028</u>	<u>232,997</u>	<u>208,951</u>	<u>124,074</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**HELLGATE HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	<u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	100,028	232,997	208,951	124,074
KEY CLUB	1,000	3,059	2,782	1,277
BOOK CLUB	24	1	-	25
N.F.L.	25	180	165	40
NATH'L HONOR SOCIETY	178	981	442	717
S.A.V.E.--G.R.E.E.N.	156	77	-	233
FLAGSHIP SKI	1,323	1,008	1,162	1,169
COURTYARD (WAS DRILL TEAM	1,135	3,313	2,638	1,810
THROUBADOUR ENCORE	326	203	523	6
STUDENT GOVERNMENT	744	793	381	1,156
STUDENT FINES	3,623	819	180	4,262
YEARBOOK	1,551	28,760	30,154	157
NEWSPAPER	1,822	3,428	2,468	2,782
LOCK FINES	1,243	168	11	1,400
JAPAN SISTER CITY	341	1	-	342
CONCESSIONS	7,892	6,171	5,638	8,425
RESPECT	213	1	-	214
CAPS/GOWNS	619	562	638	543
IN/OUT	6,578	8,437	9,483	5,532
OTHER ACTIVITY	68	440	-	508
MISSOULA GAAP	515	39,257	39,767	5
P.E./ACTIVITY	664	1,476	869	1,271
FUTURE PRBLM SOLVERS	38	1	-	39
HELLGATE CARES	3,075	3,173	2,525	3,723
STUDENT ATHLETIC SCHOLARS	1,324	527	-	1,851
PE/SKI	1,658	2,278	2,534	1,402
HELLGATE LEGACY	<u>16,400</u>	<u>7,825</u>	<u>7,361</u>	<u>16,864</u>
Subtotal	<u>152,563</u>	<u>345,936</u>	<u>318,672</u>	<u>179,827</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**HELLGATE HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue	Expenditures	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	152,563	345,936	318,672	179,827
 HOMECOMING	1,144	1	1,123	22
US FIRST ROBOTICS	4,110	5,004	9,111	3
AUDITORIUM	380	1	-	381
FLAGSHIP	871	410	740	541
US/CHINA INITIATIVE	1,231	1	-	1,232
LATIN CLUB	-	5	-	5
CLASS OF 2016	3	1	-	4
BAND FUND RAISING	18,646	26,534	25,532	19,648
SUNSHINE FUND	1,033	155	1,187	1
HELLGATE BOY'S SOCCER PAR	2,555	5	2,555	5
ADVANCED PROBLEMS IN SCIE	4,843	-	130	4,713
BEZOS FAMILY FOUNDATAION	932	1	-	933
AMERICAN INDIAN BUSINESS	181	60	241	-
HELLGATE POETRY	55	1,202	-	1,257
PERU TRIPPERS	(1)	1	-	-
SPECIAL ED CANDY	153	36	-	189
US/CHINA INITIATIVE II	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Subtotal	<u>188,706</u>	<u>379,353</u>	<u>359,291</u>	<u>208,768</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**HELLGATE HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue	Expenditures	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	188,706	379,353	359,291	208,768
SCIENCE TRAVEL	2	1	-	3
HELLGATE DANCE TEAM	811	4,712	4,697	826
BAND STUDENT TRAVEL	6,102	15,997	-	22,099
LIFETIME ACTIVITIES	349	680	989	40
GIRLS SOCCER CONCESSIONS	1	-	-	1
PROM	3,472	5,349	4,575	4,246
SENIOR PROJECT - SENIOR PRO	-	784	-	784
ATHLETIC GENERAL	77,074	39,116	24,123	92,067
ACTIVITY CARD	43	15,270	100	15,213
PARTICIPATION FEE	170	40,588	40,540	218
SEASON TICKETS	23	8,687	134	8,576
BOYS BASKETBALL	1,004	1	1,004	1
GIRLS BASKETBALL	1,004	1	1,004	1
CROSS COUNTRY	1,686	2	-	1,688
FOOTBALL	2,850	3	1,627	1,226
GOLF	5,019	2	4,703	318
SOCCER/BOYS	1,177	1	916	262
SOFTBALL	1,102	762	1,499	365
SWIMMING	1,221	1,316	2,383	154
TENNIS	1,005	602	1,601	6
TRACK	1,268	2	640	630
VOLLEYBALL	1,467	336	1,800	3
WRESTLING	1,094	701	1,785	10
TRAINING ROOM	4,037	52	3,780	309
UNIFORMS	659	402	60	1,001
SOCCER/GIRLS	1,925	2	-	1,927
TOTAL	<u>\$ 303,271</u>	<u>\$ 514,722</u>	<u>\$ 457,251</u>	<u>\$ 360,742</u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**SEELEY SWAN HIGH SCHOOL EXTRACURRICULAR FUNDS**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	Balance <u>June 30, 2012</u>
BUSINESS	\$ -	\$ 100	\$ 20	\$ 80
ART	355	1	-	356
BAND	901	199	746	354
CHORAL	1	-	-	1
HOME EC	31	1,119	719	431
IE WOODS	282	6	15	273
MATH	928	333	512	749
SCIENCE	-	2,219	1,306	913
DRAMA	2,688	881	871	2,698
TESTING	126	337	427	36
POP FUND	6,735	412	320	6,827
CHEERLEADERS	495	103	95	503
CLASS OF 2014	1,056	7	-	1,063
CLASS OF 2015	1	514	116	399
CLASS OF 2011	228	1	209	20
CLASS OF 2012	1,624	533	1,642	515
CLASS OF 2013	1,624	2,112	2,492	1,244
KEY CLUB	191	189	-	380
LEADERSHIP GROUP	1,731	202	74	1,859
NATH'L HONOR SOCIETY	603	2	-	605
SPANISH	1,724	8,222	9,371	575
STUDENT GOVERNMENT	790	2	253	539
STUDENT FINES	327	1	-	328
YEARBOOK	269	5,291	4,736	824
LIBRARY	2,427	307	153	2,581
CONCESSIONS	15,061	9,128	7,315	16,874
IN/OUT	5,264	118	277	5,105
OTHER ACTIVITY	5,837	7	-	5,844
STUDENT STORE/BUSINESS	2,465	23	-	2,488
CLASS OF 2016	391	-	-	391
ATHLETIC GENERAL	16,652	2,459	1,341	17,770
PARTICIPATION FEE	46	5,644	-	5,690
BASKETBALL BOYS	5,908	1,484	911	6,481
BASKETBALL GIRLS	6,185	1,481	5,235	2,431
FOOTBALL	1,601	9,391	10,846	146
GOLF	307	1	200	108
TRACK/GIRLS	2	1	-	3
TRACK	9,117	11,534	11,494	9,157
VOLLEYBALL	2,872	1,471	2,714	1,629
OTHER ATHLETICS	9,972	11	570	9,413
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	\$ 106,817	\$ 65,846	\$ 64,980	\$ 107,683

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**SENTINEL HIGH SCHOOL EXTRACURRICULAR FUNDS**  
**Year Ended June 30, 2012**

	Balance June 30, 2011	Revenue	Expenditures	Balance June 30, 2012
GOLF CLUB	\$ 889	\$ 6,511	\$ 6,831	\$ 569
SOCCER CLUB	849	5,963	5,967	845
SOFTBALL CLUB	11,191	10,391	10,954	10,628
SWIM CLUB	390	1,587	1,771	206
SCIENCE CLUB	781	226	625	382
VOLLEYBALL CLUB	26	18,101	13,966	4,161
ROCKY MTN WRESTLING	16,346	12,933	4,267	25,012
MODEL UN	1	-	-	1
AMNESTY INTERNATIONAL	33	-	-	33
WRESTLING CLUB	308	600	323	585
NATIVE AMERICAN	57	-	-	57
BUS. PROF OF AMERICA	101	12	113	-
ART	485	353	227	611
BAND	31,415	8,532	22,273	17,674
CHORAL	5,571	15,602	11,765	9,408
COUNSELING	2,928	26,814	24,555	5,187
FAMILY & CONSUMER SCIENCE	564	381	430	515
IE METALS	1	166	167	-
IE WOODS	1,135	1,385	1,343	1,177
MATH	1,173	1	358	816
ORCHESTRA	9,135	11,736	20,423	448
SCIENCE	2,192	527	582	2,137
SPECIAL ED	1,095	1	464	632
SPEECH	3,772	21,820	25,468	124
SOCIOLOGY	1,376	2	20	1,358
LITERARY CLUB	17	307	39	285
CHEERLEADERS	12,112	6,819	16,635	2,296
CLASS OF 2011	11	-	-	11
CLASS OF 2012	5	-	-	5
COMPUTER CLUB	-	5,320	4,819	501
DECA	2,618	86,143	82,100	6,661
FRENCH CLUB	9	243	223	29
LETTERMAN	45	-	-	45
Subtotal	<u>106,631</u>	<u>242,476</u>	<u>256,708</u>	<u>92,399</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**SENTINEL HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	106,631	242,476	256,708	92,399
CLASS OF 2013	503	7,765	6,615	1,653
KEY CLUB	648	4,854	4,988	514
KOPEE	153	-	-	153
NATH'L HONOR SOCIETY	305	2,732	2,445	592
HANDBOOK FUND	7,199	10,610	12,102	5,707
SKI CLUB	213	-	50	163
SPANISH	10	991	991	10
THESPIANS	10,058	9,220	11,163	8,115
THROUBADOUR ENCORE	4,128	760	1,891	2,997
TRACK CLUB	505	1,850	1,198	1,157
STUDENT GOVERNMENT	384	564	330	618
S.A.V.E.	232	-	-	232
SOCCER GIRLS	292	1,163	1,449	6
STUDENT FINES	9,185	583	6,338	3,430
YEARBOOK	(1,336)	58,260	50,174	6,750
LIBRARY	2,643	1,928	861	3,710
NEWSPAPER	4,909	4,829	5,741	3,997
LOCK FINES	2	(1)	-	1
VENDING MACHINE/SPED	4,749	20,600	20,812	4,537
STUDENTS AT RISK	1,291	1	782	510
TENNIS CLUB	3,569	29	1,099	2,499
MCPS INDIAN CLUB	17	-	-	17
SENTINEL LEGACY ACCOUNT	7,965	4,194	491	11,668
SMALL ENGINES	1	362	299	64
GAY/STRAIGHT ALLIANCE	527	711	668	570
INTERACT	94	-	-	94
JAPAN TRAVEL	725	501	500	726
Subtotal	<u>165,602</u>	<u>374,982</u>	<u>387,695</u>	<u>152,889</u>

(Continued on next page)

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –  
 SENTINEL HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)  
 Year Ended June 30, 2012

	Balance <u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	165,602	374,982	387,695	152,889
HEALTH OCC STUDENTS OF AM	1,354	2,950	4,081	223
ENVIROMENTAL CLUB	264	5,501	-	5,765
SKILLS USA	679	12	691	-
ATHLETIC GENERAL	38,203	77,501	86,440	29,264
ACTIVITY CARDS	30	-	-	30
PARTICIPATION FEE	1,408	37,179	37,129	1,458
BOYS BASKETBALL	121	655	649	127
GIRLS BASKETBALL	781	4,282	3,658	1,405
CROSS COUNTRY - BOYS	157	2,730	2,685	202
FOOTBALL	2,060	29,680	31,040	700
CROSS COUNTRY - GIRLS	2,022	2,230	2,838	1,414
NATIVE AMERICAN - ALT HS	59	-	-	59
INDIAN EDUCATION-TITLE VI	1,111	813	1,452	472
WILLARD A.I.B.L CHAPTER	<u>88</u>	<u>423</u>	<u>420</u>	<u>91</u>
TOTAL	<u>\$ 213,939</u>	<u>\$ 538,938</u>	<u>\$ 558,778</u>	<u>\$ 194,099</u>



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**BIG SKY HIGH SCHOOL EXTRACURRICULAR FUNDS**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	Revenue	Expenditures	Balance <u>June 30, 2012</u>
BASKETBALL CLUB	\$ 951	\$ 1	\$ 100	\$ 852
CROSS COUNTRY CLUB	1,212	358	1,273	297
FOOTBALL CAMP	5,075	17,116	15,997	6,194
GOLF CLUB	4,297	8,149	8,926	3,520
SOCCER CLUB	256	6,884	7,143	(3)
SOFTBALL CLUB	362	4,939	4,642	659
VOLLEYBALL CLUB	9,092	5,011	8,690	5,413
ROCKY MTN WRESTLING	849	84	10	923
NATIVE AMERICAN	37	1	30	8
AG PROJECT	291	-	-	291
HALL OF FAME	17	1	-	18
SG VENDING MACHINE	761	3,713	4,304	170
BAND	1,060	3,055	3,900	215
CHORAL	3	217	220	-
DRAFTING	654	(1)	-	653
IE METALS	320	-	-	320
IE WOODS	1,152	4,075	2,712	2,515
ORCHESTRA	1,639	934	1,224	1,349
SCIENCE	8,816	5,807	5,503	9,120
SPECIAL ED	1,492	2,989	1,809	2,672
SPEECH	1,780	482	2,143	119
DRAMA	555	16,672	17,227	-
FFA	1,867	23,564	20,648	4,783
TESTING	9,962	6,320	7,328	8,954
POP FUND	2,620	3,797	2,800	3,617
TRACK CLUB	12,584	5,162	12,489	5,257
AERIE BIG SKY	2,644	6,010	6,744	1,910
LIBRARY FINES	194	746	806	134
CHEERLEADERS	9,130	13,780	17,879	5,031
Subtotal	<u>79,672</u>	<u>139,866</u>	<u>154,547</u>	<u>64,991</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**BIG SKY HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	<u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	79,672	139,866	154,547	64,991
CLASS OF 2014	9	1	-	10
CLASS OF 2011	2	-	-	2
CLASS OF 2012	-	19	19	-
DECA	26,025	49,793	41,816	34,002
FRENCH CLUB	73	35	-	108
GERMAN CLUB	171	-	-	171
CLASS OF 2013	50	4,592	3,862	780
KEY CLUB	629	1,414	2,011	32
NATH'L HONOR SOCIETY	283	34	145	172
SKI	94	1	-	95
THESPIANS	1,130	10,505	11,635	-
ST. GOV EQUIP/REPAIR	887	935	1,317	505
STUDENT GOVERNMENT	317	3,319	3,035	601
GIRLS SOCCER	4,722	7,159	9,678	2,203
STUDENT FINES	172	4,391	3,460	1,103
YEARBOOK	2,298	16,797	19,091	4
LIBRARY	2,118	1	319	1,800
NEWSPAPER	1,381	1,785	2,075	1,091
LOCK FINES	175	165	290	50
CONCESSIONS	988	5,616	6,604	-
CAPS/GOWNS	315	552	383	484
IN/OUT	4,219	1,495	872	4,842
OTHER ACTIVITY	510	-	-	510
FARM	8,213	7,324	5,031	10,506
CART SALES	6,043	3,185	2,250	6,978
PARKING PASSES	39	-	-	39
ART CLUB	952	880	199	1,633
Subtotal	<u>141,487</u>	<u>259,864</u>	<u>268,639</u>	<u>132,712</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**BIG SKY HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	141,487	259,864	268,639	132,712
FHA SCHOLARSHIP	696	1	-	697
SOCIAL COMMITTEE	21	76	15	82
TENNIS CLUB	4	286	290	-
FFA-GREENHOUSE	2,752	870	-	3,622
ADVENTURE CLUB	-	1	1	-
PE/SKI	4,883	3,730	6,323	2,290
BEE ALERT IN SCHOOL	1,091	1	108	984
STUDENT CHOIR	68	13,486	8,124	5,430
GRADUATING CLASS DONATION	3,191	651	3,000	842
ENVIROTHON	1	1	-	2
SCIENCE CIRCUS	4,882	5,860	3,883	6,859
SPED VOC	278	-	-	278
ENGLISH PLAYS	340	1	-	341
SOS CRISIS FUND	201	950	811	340
SENIOR PROJECTS	1,901	3	657	1,247
POWER TECHNOLOGY	1,558	352	-	1,910
CULINARY ARTS	2,142	3	57	2,088
COASTA RICA TURTLE CLUB	910	1	-	911
DIVERSITY SCHOLARSHIP	121	1	-	122
STATE TOURNAMENTS	2,630	7,220	9,712	138
ECOLOGY CLUB	423	34	311	146
MENTAL HEALTH EVALUATIONS	(1)	1	-	-
GAY/STRAIGHT ALLIANCE	(1)	1	-	-
GIRLS STATE	1	-	1	-
G.U.T.S.	-	1	1	-
Subtotal	<u>169,579</u>	<u>293,395</u>	<u>301,933</u>	<u>161,041</u>

(Continued on next page)

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF REVENUE COLLECTED AND EXPENDITURES PAID –**  
**BIG SKY HIGH SCHOOL EXTRACURRICULAR FUNDS (CONTINUED)**  
**Year Ended June 30, 2012**

	Balance <u>June 30, 2011</u>	<u>Revenue</u>	<u>Expenditures</u>	Balance <u>June 30, 2012</u>
(Continued from previous page)				
Subtotal	169,579	293,395	301,933	161,041
B.I.T.E	120	74	140	54
BIG SKY STUDENT ACHIEVEME	16	14	30	-
AMERICAN INDIAN BUS LEADE	241	7,516	8,713	(956)
SSEEJ	297	-	53	244
ACADEMIC TROPHY CASE	24	-	-	24
AERIE INTERNATIONAL	4,638	6,585	6,233	4,990
STUDENT BAND	48,771	36,122	37,622	47,271
STUDENT SENATE PAINTING	1,104	-	333	771
GAPP	6	1	-	7
ROBOTICS CLUB	289	-	289	-
SMALLER LEARNING COMMITTEE	1	-	1	-
WELDING CLUB	219	752	570	401
AG SWINE	570	12,929	11,019	2,480
THRIFT SHOP	250	2,249	1,491	1,008
STUDENT DRAMA	-	364	-	364
ATHLETIC GENERAL	903	18,431	14,343	4,991
ACTIVITY CARD	3	9,681	9,683	1
PARTICIPATION FEE	549	36,515	37,060	4
SEASON TICKETS	4	6,921	6,924	1
BASKETBALL BOYS	4,564	7,013	4,305	7,272
BASKETBALL GIRLS	15,591	5,109	3,663	17,037
CROSS COUNTRY	-	72	72	-
FOOTBALL	-	10,385	9,860	525
GOLF	151	17	-	168
SOCCER/BOYS	92	5,146	5,160	78
SOFTBALL	493	3,000	3,493	-
SWIMMING	-	1,745	1,661	84
TENNIS	-	1,526	1,430	96
TRACK	216	9,216	7,730	1,702
VOLLYEBALL	3,136	11,479	2,880	11,735
WRESTLING	6,651	6,252	6,619	6,284
TRAINING ROOM	-	6,209	5,909	300
SOCCER/GIRLS	529	5,283	4,215	1,597
TOTAL	<u>\$ 259,007</u>	<u>\$ 504,001</u>	<u>\$ 493,434</u>	<u>\$ 269,574</u>

## OTHER INFORMATION

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION**  
 June 30, 2012

**DESCRIPTION OF THE DISTRICT**

School District Number 1 is comprised of two districts, an elementary and a high school district. The Districts provide public education for students in grades preschool through grade twelve and adults. The public education provided includes services for handicapped, basic education, special needs, gifted, vocational, and traffic education. There are 9 elementary schools, 3 middle schools, 4 high schools, and an adult education school. The estimated population of the Elementary District is 68,000 and 100,000 for the High School District. The county-wide population is estimated at 109,000. The fall enrollment of students attending the District's schools is as follows:

	Average Fall Enrollment Year Ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Grades 9-12	3,965	3,884	3,894	3,858	3,659	3,603	3,619	3,634
Grades 6-8	1,627	1,652	1,589	1,576	1,526	1,523	1,504	1,504
Grades K-5	<u>3,339</u>	<u>3,238</u>	<u>3,270</u>	<u>3,199</u>	<u>3,233</u>	<u>3,255</u>	<u>3,289</u>	<u>3,395</u>
Total	8,931	8,774	8,753	8,633	8,418	8,381	8,412	8,533
Increase (decrease)	(112)	(157)	(21)	(120)	(215)	(37)	31	121
Percentage change from prior year	<u>-1.24%</u>	<u>-1.76%</u>	<u>-0.24%</u>	<u>-1.37%</u>	<u>-2.49%</u>	<u>-0.44%</u>	<u>0.37%</u>	<u>1.44%</u>

**SCHOOL DISTRICT VALUATIONS**

	As of January 1,				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>ELEMENTARY</b>					
Assessed Valuation	\$ 3,158,197,355	\$ 3,448,279,533	\$ 3,643,197,241	\$ 3,824,539,620	\$ 3,805,884,721
Taxable Valuation	99,749,479	99,902,302	102,153,308	104,678,227	104,678,227
Taxable Valuation as a Percent of Assessed Valuations	<u>3.16%</u>	<u>2.90%</u>	<u>2.80%</u>	<u>2.74%</u>	<u>2.75%</u>
<b>HIGH SCHOOL</b>					
Assessed Valuation	\$ 5,718,094,806	\$ 6,284,562,081	\$ 6,615,004,127	\$ 6,915,125,062	\$ 6,806,202,585
Taxable Valuation	171,713,775	173,495,955	176,553,912	179,486,017	179,950,510
Taxable Valuation as a Percent of Assessed Valuations	<u>3.00%</u>	<u>2.76%</u>	<u>2.67%</u>	<u>2.60%</u>	<u>2.64%</u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION (CONTINUED)**  
 June 30, 2012

**SCHOOL DISTRICT TAX LEVIES (in mills)**

	Year Ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>ELEMENTARY:</b>								
General	104.96	103.04	103.74	101.47	102.13	103.73	103.48	104.07
Transportation	23.42	23.50	24.10	22.32	24.01	24.12	24.53	28.58
Debt Service	15.60	10.94	9.47	8.80	1.21	1.92	-	-
Adult Education	1.00	1.03	1.03	1.00	1.08	1.19	0.92	1.27
Technology	3.44	3.21	3.13	3.04	3.03	3.02	2.96	2.89
Flex	-	-	-	-	-	-	1.03	-
Building Reserve	<u>9.87</u>	<u>9.38</u>	<u>9.07</u>	<u>8.82</u>	<u>8.78</u>	<u>8.77</u>	<u>8.58</u>	<u>8.37</u>
Total Elementary Levies	<u>158.29</u>	<u>151.10</u>	<u>150.54</u>	<u>145.45</u>	<u>140.24</u>	<u>142.75</u>	<u>141.50</u>	<u>145.18</u>
<b>HIGH SCHOOL:</b>								
General	62.08	62.41	61.59	57.65	55.94	56.03	54.48	56.34
Transportation	5.99	5.83	6.15	6.03	8.32	6.71	6.70	7.27
Debt Service	6.41	6.91	6.52	5.80	6.87	6.17	0.27	5.75
Adult Education	2.20	2.27	2.18	2.08	2.61	2.07	2.01	1.97
Tuition	0.32	0.40	0.39	0.13	0.17	0.30	2.54	0.11
Technology	3.08	2.90	2.79	2.68	2.61	2.59	6.09	2.50
Building Reserve	<u>3.08</u>	<u>2.90</u>	<u>2.79</u>	<u>2.68</u>	<u>2.61</u>	<u>2.59</u>	<u>2.54</u>	<u>2.50</u>
Total High School Levies	<u>83.16</u>	<u>83.62</u>	<u>82.41</u>	<u>77.05</u>	<u>79.13</u>	<u>76.46</u>	<u>74.63</u>	<u>76.44</u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION (CONTINUED)**  
 June 30, 2012

OTHER TAX LEVIES (in mills)

The following table shows the mill rates per \$1,000 of taxable value for property located in the City of Missoula Elementary District No. 1 and the Missoula County High School district for the year ended:

	Year ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Missoula County	127.12	129.11	133.64	136.19	140.35	140.60	139.80	142.47
University Levy	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
State School Equalization	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
County-wide School Levy	101.59	102.35	104.26	104.04	105.61	104.62	103.45	100.94
Urban Transportation	12.23	12.38	13.91	14.62	14.86	16.30	16.45	17.69
Missoula School District No. 1	158.29	151.11	150.26	145.45	140.24	142.75	141.50	145.18
MCHS	83.16	83.63	82.21	77.05	79.13	76.46	74.63	76.44
Missoula Rural Fire	78.26	79.64	80.89	91.13	88.59	94.13	97.98	97.97
East Missoula Fire	14.71	14.98	22.48	22.61	23.36	23.77	24.65	25.01
City of Missoula	182.57	196.39	204.73	212.23	222.45	222.45	225.56	233.24
Road/Health	30.31	28.38	31.06	32.41	32.72	32.36	32.36	32.39
Animal Control	1.20	1.22	1.27	1.33	1.62	1.60	1.60	1.60
Medical Levy	1.67	2.23	2.17	1.94	1.88	1.84	1.82	2.19
Emergency	<u>0.79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Levies	<u>837.90</u>	<u>847.42</u>	<u>872.88</u>	<u>885.00</u>	<u>896.81</u>	<u>902.88</u>	<u>905.80</u>	<u>921.12</u>



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION (CONTINUED)**  
 June 30, 2012

**TAX COLLECTIONS**

The following tables demonstrate the tax collection history for taxes levied by the High School District's general fund only for the period of July 1, 1999 through June 30, 2012, and all funds with tax levies for the period July 1, 1999 through June 30, 2012, and by all budgeted funds for the Elementary District.

Year Ended <u>June 30,</u>	Total Tax <u>Levy</u>	Current Tax <u>Collections</u>	Current Collections as a Percent <u>of Levy</u>	Total Tax <u>Collections</u>	Total Collections as a Percent <u>of Levy</u>
<b>HIGH SCHOOL</b>					
2012	\$ 13,753,713	\$ 13,780,310	100.19%	\$ 13,780,310	100.19%
2011	13,206,990	13,273,846	100.51%	13,273,846	100.51%
2010	13,298,245	13,231,109	99.50%	13,231,109	99.50%
2009	13,622,509	13,675,788	100.39%	13,675,788	100.39%
2008	12,941,490	12,302,123	95.06%	12,302,123	95.06%
2007	13,242,712	12,110,597	91.45%	12,110,597	91.45%
2006	12,983,689	12,434,729	95.77%	12,434,729	95.77%
2005	12,131,996	11,746,574	96.82%	11,746,574	96.82%
2004	11,801,126	11,397,890	96.58%	11,697,730	99.12%
2003	11,482,393	10,887,086	94.82%	11,434,007	99.58%
2002	8,199,091	8,110,978	98.93%	8,110,978	98.93%
2001	7,168,543	7,010,185	97.79%	7,030,219	98.07%
2000	7,468,144	7,214,225	96.60%	7,214,225	96.60%
<b>ELEMENTARY</b>					
2012	\$ 15,196,651	\$ 15,044,436	99.00%	\$ 15,044,436	99.00%
2011	14,453,531	14,619,640	101.15%	14,619,640	101.15%
2010	14,262,263	14,120,564	99.01%	14,120,564	99.01%
2009	13,989,910	14,316,672	102.34%	14,316,672	102.34%
2008	14,436,513	13,646,623	94.53%	13,646,623	94.53%
2007	14,506,205	13,246,171	91.31%	13,246,171	91.31%
2006	14,206,876	13,676,060	96.26%	13,676,060	96.26%
2005	13,886,741	13,596,914	97.91%	13,596,914	97.91%
2004	13,472,647	13,046,624	96.84%	13,352,390	99.11%
2003	12,616,641	11,959,000	94.79%	12,559,152	99.54%
2002	11,960,569	11,878,551	99.31%	11,878,551	99.31%
2001	10,901,241	10,689,489	98.06%	10,918,671	100.16%
2000	11,180,991	10,997,289	98.36%	11,299,691	101.06%

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION (CONTINUED)**  
 June 30, 2012

**MAJOR TAXPAYERS**

The following table lists the major taxpayers within the Elementary School District for the year ended June 30, 2012, listed in declining order of taxable value.

<u>Taxpayer</u>	<u>Business</u>	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Northwestern Corporation	Utility	\$ 10,656,865	10.05%
Qwest	Communications	2,127,787	2.01%
Bresnan Communications	Communications	1,561,082	1.47%
Mountain Water	Water Utility	1,225,285	1.16%
Verizon Wireles	Communications	1,007,390	0.95%
Southgate Mall	Retail Shopping Mall	903,217	0.85%
St. Patrick Hospital	Hospital	575,687	0.54%
MT Rail Link	Railroad	509,488	0.48%
First Interstate Bank	Bank	425,190	0.40%
Bresnan Broadband	Communications	<u>323,148</u>	<u>0.30%</u>
	Total	<u>\$ 19,315,139</u>	<u>18.21%</u>

The following table lists the major taxpayers within the High School District for the year ended June 30, 2012, listed in declining order of taxable value.

<u>Taxpayer</u>	<u>Business</u>	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>
Northwestern Corporation	Utility	\$ 13,703,736	7.53%
Qwest	Communications	2,629,902	1.45%
Bresnan Communications	Communications	2,272,868	1.25%
MT Rail Link	Railroad	1,554,111	0.85%
Mountain Water	Water Utility	1,299,020	0.71%
Verizon	Communications	1,265,082	0.70%
Missoula Electric Coop	Utility	915,876	0.50%
Southgate Mall	Retail Shopping Mall	903,217	0.50%
Gateway Ltd Partnership	Retail Shopping Mall	713,867	0.39%
Puget Sound Energy, Inc.	Utility	<u>621,333</u>	<u>0.34%</u>
	Total	<u>\$ 25,879,012</u>	<u>14.22%</u>

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 OTHER INFORMATION (CONTINUED)  
 June 30, 2012

MAXIMUM BONDED INDEBTEDNESS

State statutes limit the maximum bonded indebtedness to 50% of the District's taxable valuation. For the Elementary district, that is \$52,339,114 and for the high school district that is \$89,975,255. For school districts that qualify for guaranteed tax base aid, the law permits maximum bonded indebtedness equal to 50% of the statewide taxable valuation per student (average number belonging). Maximum bonded indebtedness under this exception is as follows:

	Statewide Taxable Value <u>Per Student</u>	Average Number Belonging <u>June 30, 2012</u>	Percent <u>Allowed</u>	Maximum Bonded <u>Indebtedness</u>	Less: Bonds <u>Outstanding</u>	Remaining Bonding Capacity <u>June 30, 2012</u>
School District:						
High School	72,210	3,737	50%	\$ 134,924,385	\$ 11,484,900	\$ 123,439,485
Elementary	32,170	5,074	50%	<u>81,615,290</u>	<u>-</u>	<u>81,615,290</u>
Total				<u>\$ 216,539,675</u>	<u>\$ 11,484,900</u>	<u>\$ 205,054,775</u>

MISSOULA COUNTY PUBLIC SCHOOLS  
 SCHOOL DISTRICT NO. 1  
 OTHER INFORMATION (CONTINUED)  
 COMBINING BALANCE SHEETS – GENERAL FUNDS  
 June 30, 2012

	<u>Elementary</u> <u>General Fund</u>	<u>High School</u> <u>General Fund</u>	<u>Total General</u> <u>Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,807,640	\$ 1,173,445	\$ 2,981,085
Property taxes receivable	1,113,716	1,108,313	2,222,029
Due from other governments	94,623	44,128	138,751
Other current assets	<u>19,681</u>	<u>39,161</u>	<u>58,842</u>
Total assets	<u>\$ 3,035,660</u>	<u>\$ 2,365,047</u>	<u>\$ 5,400,707</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Other current liabilities	\$ 141,788	\$ 201,775	\$ 343,563
Deferred revenue	<u>1,113,717</u>	<u>1,108,313</u>	<u>2,222,030</u>
Total liabilities	<u>1,255,505</u>	<u>1,310,088</u>	<u>2,565,593</u>
Fund balances:			
Spendable			
Assigned	216,403	221,033	437,436
Unassigned	<u>1,563,752</u>	<u>833,926</u>	<u>2,397,678</u>
Total fund balances	<u>1,780,155</u>	<u>1,054,959</u>	<u>2,835,114</u>
Total liabilities and fund balances	<u>\$ 3,035,660</u>	<u>\$ 2,365,047</u>	<u>\$ 5,400,707</u>

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**OTHER INFORMATION (CONTINUED)**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – GENERAL FUNDS**  
**FOR THE YEAR ENDED June 30, 2012**

	Elementary <u>General Fund</u>	High School <u>General Fund</u>	Total General <u>Fund</u>
Revenues:			
District levies	\$ 10,800,328	\$ 10,149,999	\$ 20,950,327
Investment interest	3,993	1,996	5,989
Tuition and fees	38,614	53,556	92,170
Federal sources	13,206	12,016	25,222
State sources	20,154,509	16,696,242	36,850,751
Other	<u>4,281</u>	<u>20,192</u>	<u>24,473</u>
Total revenue	<u>31,014,931</u>	<u>26,934,001</u>	<u>57,948,932</u>
Expenditures:			
Current:			
Instruction	19,343,438	15,842,741	35,186,179
Support services	4,630,923	2,865,669	7,496,592
Administration	3,481,353	2,996,401	6,477,754
Operations and maintenance	3,398,487	3,542,175	6,940,662
Student transportation	7,681	46,059	53,740
Extracurricular	<u>57,342</u>	<u>1,655,782</u>	<u>1,713,124</u>
Capital outlay			
Total expenditures	<u>30,919,224</u>	<u>26,948,827</u>	<u>57,868,051</u>
Revenues over (under) expenditures	95,707	(14,826)	80,881
Other financing uses			
Transfers out	<u>(36,208)</u>	<u>(50,000)</u>	<u>(86,208)</u>
	<u>(36,208)</u>	<u>(50,000)</u>	<u>(86,208)</u>
Revenues and other financing sources over(under) expenditures	59,499	(64,826)	(5,327)
Fund balances, beginning of year	<u>1,720,656</u>	<u>1,119,785</u>	<u>2,840,441</u>
Fund balances, end of year	<u><u>\$ 1,780,155</u></u>	<u><u>\$ 1,054,959</u></u>	<u><u>\$ 2,835,114</u></u>

SINGLE AUDIT SECTION

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Project Number	Federal Awards Revenues	Federal Awards Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>				
State Administered - Office of Public Instruction				
<i>Child Nutrition Cluster</i>				
Food Distribution (Commodities)	10.555	N/A	\$ 174,854	\$ 174,854
School Lunch Program	10.555	N/A	<u>1,823,789</u>	<u>1,823,789</u>
Total CFDA 10.555			1,998,643	1,998,643
School Lunch Summer Program	10.559	N/A	<u>74,139</u>	<u>74,139</u>
Total Department of Agriculture <i>Child Nutrition Cluster</i>			<u>2,072,782</u>	<u>2,072,782</u>
<b>DEPARTMENT OF EDUCATION</b>				
<i>Passed through the Office of Public Instruction:</i>				
Adult Ed. St. Admin	84.002	32-0584-5611BG	1,332	1,332
Adult Ed. St. Admin	84.002	32-0584-5612BG	151,870	151,870
Adult Ed. EL Civics	84.002	32-0584-56-12-EL	<u>9,458</u>	<u>9,458</u>
Total CFDA 84.002			<u>162,660</u>	<u>162,660</u>
<i>Title I Part A Cluster</i>				
Title I - Part A	84.010	N/A	7,794	296
Title I - Part A	84.010A	32-0583-3211	128,555	128,555
Title I - Part A	84.010A	032-0584-3111	95,354	95,354
Title I - Part A	84.010A	32-0584-3112	694,844	694,844
Title I - Part A	84.010A	32-0584-3112B	16,137	16,137
Title I - Part A	84.010A	032-0584-3212	53,053	53,053
Title I - Part A	84.010A	32-0583-3111	143,799	143,799
Title I - Part A	84.010A	32-0584-3111B	41,075	41,075
Title I - Part A	84.010A	32-0583-3212	1,592,548	1,592,548
Title I - Part A	84.010A	32-0583-3112	<u>63,492</u>	<u>63,492</u>
Total CFDA 84.010 and 84.010A			<u>2,836,651</u>	<u>2,829,153</u>
Title I - Part A - ARRA	84.389	N/A	<u>794</u>	<u>794</u>
<i>Total Title I Part A Cluster</i>			<u>2,837,445</u>	<u>2,829,947</u>
Title I - Migrant Part C	84.011A	32-0583-3612	39,129	39,129
Title I - Migrant Part C	84.011	32-0583-3611	<u>44,492</u>	<u>44,492</u>
Total CFDA 84.011			<u>83,621</u>	<u>83,621</u>
<i>Special Education Cluster (IDEA)</i>				
IDEA - Part B - Elementary	84.027	32-0584-7711	1,001,723	1,001,723
IDEA Federal Handicapped	84.027	32-0584-7712INST	108,150	108,150
IDEA - Part B - High School	84.027	32-0584-7712	802,316	802,316
IDEA - Part B - CSPD Region V	84.027A	32-0584-7711-INST	4,001	4,001
IDEA Federal Handicapped	84.027A	N/A	<u>22,640</u>	<u>22,640</u>
Total CFDA 84.027			<u>1,938,830</u>	<u>1,938,830</u>

See Note to Schedule of Expenditures of Federal Awards.

**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**June 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Project Number	Federal Awards Revenues	Federal Awards Expenditures
ARRA-IDEA, Part B	84.391	N/A	414,709	414,709
ARRA-IDEA, Preschool	84.392	N/A	4,318	4,318
IDEA - Preschool Sec 619	84.173A	32-0584-7912	49,521	49,521
CSPD Grant	84.323A	32-0584-7811	14,631	14,631
SPDG 2011-12	84.323A	32-0584-7812	12,612	12,612
<i>Total Special Education Cluster (IDEA)</i>			2,434,621	2,434,621
Carl Perkins Vocational Education	84.048A	32-0584-8111	6,832	6,832
Carl Perkins Vocational Education	84.048A	32-0584-8112	235,092	235,092
Total CFDA 84.048			241,924	241,924
21st Century Community Learning	84.287	32-0583-1711	10,101	10,101
21st Century Community Learning	84.287	32-0583-1711	6,565	6,565
21st Century Community Learning	84.287	32-0583-1712	73,393	73,393
21st Century Community Learning	84.287	32-0583-1712	112,122	112,122
Total CFDA 84.287			202,181	202,181
Title II Part D, Ed Technology	84.318	32-0583-6011	995	995
Title II Part D, Ed Technology	84.318	32-0584-6011	179	179
Total CFDA 84.318			1,174	1,174
Title II Part A, Teacher/Principal Training/Recruitment	84.367	32-0584-1411	8,017	8,017
Title II Part A, Teacher/Principal Training/Recruitment	84.367	32-0583-1411	23,853	23,853
Title II Part A, Teacher/Principal Training/Recruitment	84.367A	32-0583-1412	506,775	506,775
Title II Part A, Teacher/Principal Training/Recruitment	84.367A	32-0584-1412	174,187	174,187
Title II Part A, Teacher/Principal Training/Recruitment	84.367A	32-0584-1411SLA	9,003	9,003
Title II Part A, Teacher/Principal Training/Recruitment	84.367A	32-0584-1412SLA	23,846	23,846
Total CFDA 84.367			745,681	745,681
Title III Part A, English Language Acquisition	84.365A	32-0583-4112	37,163	37,163
Title III Part A, English Language Acquisition	84.365A	32-0583-4112	10,015	10,015
Title III Part A, English Language Acquisition	84.365A	32-0583-4111	2,587	2,587
Title III Part A, English Language Acquisition	84.365A	32-0583-4111	1,911	1,911
Total CFDA 84.365			51,676	51,676
McKinney Vento	84.196A	32-0583-5712	55,373	55,373
Ed. Of Homeless Children	84.196	32-0583-1711	25,154	25,154
Total CFDA 84.196			80,527	80,527
ESEA Title I - Even Start LEA	84.213	32-0583-3811	18,660	18,660
ARRA - Slate Grant	84.386A	41-0740-9310-CMP	18,919	18,919
ARRA - PCTI	84.386A	45-0807-6011	51,519	51,519
Total CFDA 84.386A			70,438	70,438
Education Jobs Funds	84.410	N/A	13,206	13,206
Education Jobs Funds	84.410	N/A	12,016	12,016
Total CFDA 84.410			25,222	25,222
<i>Total State Administered - Office of Public Instruction</i>			6,955,830	6,948,332

See Note to Schedule of Expenditures of Federal Awards.



**MISSOULA COUNTY PUBLIC SCHOOLS**  
**SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**June 30, 2012**

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Awards Revenues</u>	<u>Awards Expenditures</u>
<i>Direct:</i>				
Title VII Indian Education	84.060	S060A110873	<u>93,888</u>	<u>93,888</u>
SBMH Grant - Fund for the Improvement of Education	84.215E	Q-125E-110133	<u>249,977</u>	<u>249,977</u>
<i>Passed through the University of Montana:</i>				
Arabic Language & Culture Program	84.293A	T293A090054	<u>141,986</u>	<u>141,986</u>
Smaller Learning Communities	84.027	N/A	<u>14,701</u>	<u>14,701</u>
Total Department of Education			<u>7,456,382</u>	<u>7,448,884</u>
DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES				
<i>Federally Administered:</i>				
TANF	93.558	12-022-61005-0	<u>27,570</u>	<u>27,070</u>
Total Department of Health & Human Services			<u>27,570</u>	<u>27,070</u>
Total Federal Awards			<u>\$ 9,556,734</u>	<u>\$ 9,548,736</u>

See Note to Schedule of Expenditures of Federal Awards.

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Missoula County Public Schools, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

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  
Missoula County Public Schools  
School District No. 1  
Missoula, Montana

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Missoula County Public Schools (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Missoula County Public Schools in a separate letter dated March 7, 2013.

This report is intended solely for the information and use of the Board of Trustees, Missoula County Public Schools management, the Montana Department of Administration, the Montana Office of Public Instruction and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana  
March 7, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Missoula County Public Schools  
School District No. 1  
Missoula, Montana

**Compliance**

We have audited Missoula County Public Schools' (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.



### Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the District's major federal programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the District's compliance but not to provide an opinion on the effectiveness of the District's internal control over compliance. This report is an integral part of an audit performed in accordance with Government auditing Standards in considering the District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana  
March 7, 2013

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

**Section I – Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal Control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

**Identification of Major Programs**

Child Nutrition Cluster	
10.555	National School Lunch Program
10.559	Summer food Service Program for Children
Title I Part A Cluster	
84.010A	Title I, Part A
84.389	ARRA-Title I, Part A
84.002	Adult Education Basic Grants to States
84.215E	Fund for the Improvement of Education

MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2012

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**Financial Statement Findings:**

None reported

**Federal Award Finding and Questioned Costs:**

None reported



MISSOULA COUNTY PUBLIC SCHOOLS  
SCHOOL DISTRICT NO. 1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2012

**Financial Statement Findings:**

None reported

**Federal Award Findings and Questioned Costs:**

None reported