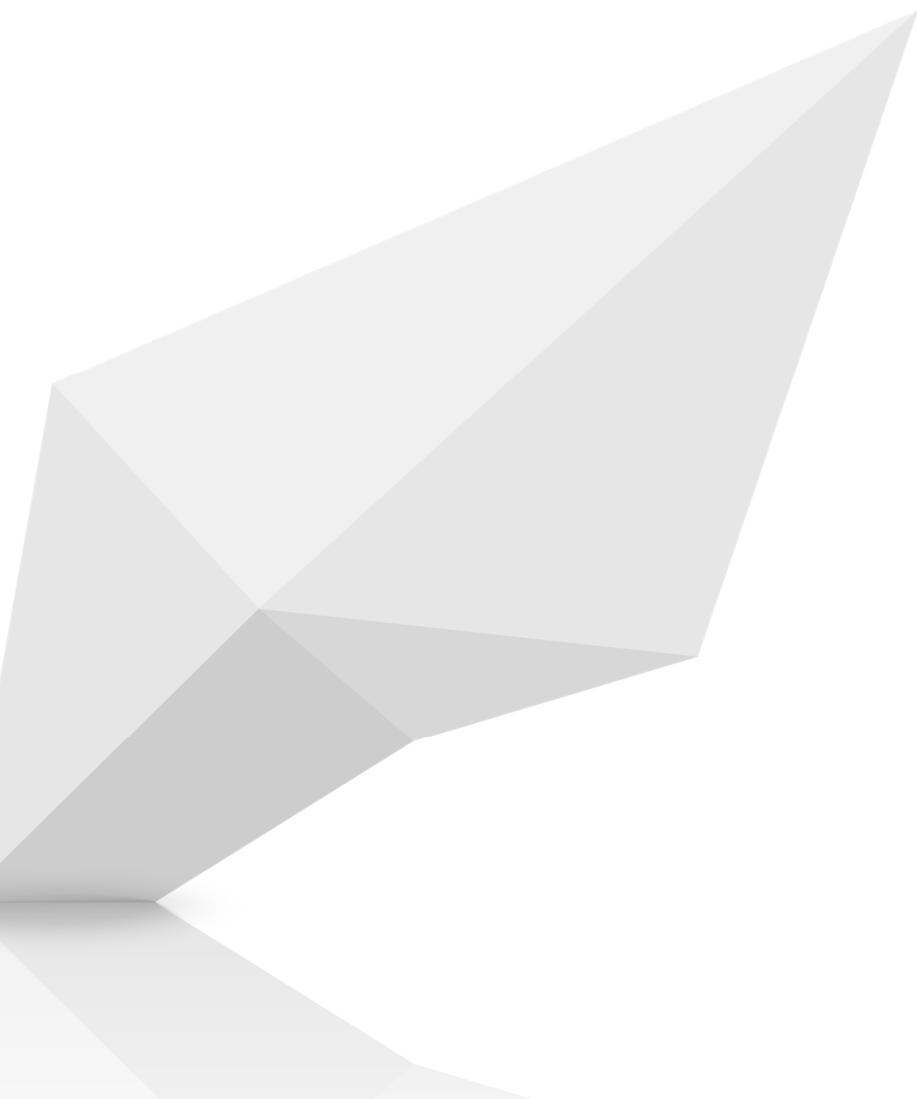


Missoula Public Schools

Independent Auditor's Report and
Financial Statements

Year Ended June 30, 2022



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Missoula Public Schools

Year Ended June 30, 2022

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Missoula Public Schools

Year Ended June 30, 2022

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Missoula Public Schools

Organization Board of Trustees and Officials

BOARD OF TRUSTEES

Wilena Old Person	Chair
Jeffrey Avgeris	Trustee
Grace Decker	Trustee
Michael Gehl	Trustee
Nancy Hobbins	Trustee
Diane Lornezen	Trustee
Vicki McDonald	Trustee
Koan Mercer	Trustee
Jennifer Vogel	Trustee
Ann Wake	Trustee
Arlene Walker-Andrews	Trustee

OFFICIALS

Robert Watson	District Superintendent
Pat McHugh	Director, Business Services/Clerk of Board
Kirsten Pabst	County Attorney
Erin Lipkind	County Superintendent of Schools

Independent Auditor's Report

Board of Trustees
Missoula Public Schools
Missoula, MT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Missoula Public Schools (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Missoula Public Schools as of June 30, 2022, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 87 - *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of the net pension liability, schedules of contributions, and schedule of changes in total liability and related ratios - other postemployment benefits as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The extracurricular funds— schedule of cash receipts, disbursements and changes in fund balance, schedule of reported enrollment and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Missoula Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Wipfli LLP

Billings, Montana
May 7, 2024

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

This discussion and analysis provide an overall review of the financial performance of Missoula Public School District, School District No. 1 (the "District") for the fiscal year ended June 30, 2022. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The 2021-22 fiscal year, similar to the prior year, saw some relatively major changes in the operation of the District in response to the COVID 19 pandemic. The District continued to operate its online academy, though far fewer students enrolled than the 1,700 from the prior year. A significant amount of federal funds were allocated to the District to respond to COVID 19. These funds were primarily used to continue funding positions that were added to address learning loss and social and emotional well-being. Some federal funds supported positions normally funded through the District's general fund. Absent these federal dollars, elementary positions would have been reduced due to declining enrollment.

The District continued to expend bond proceeds to design, construct, improve, renovate, equip, and furnish schools in accordance with the District's Smart Schools 2020 Strategic Facilities Plan. As part of a \$158m voter approved bond election in November 2015, the District issued bonds in January 2016 and October 2017. The proceeds of those two issues, including bond premium, was \$175,197,990. By the end of fiscal year 2022, \$174,684,000 (99%) was expended, including \$500,000 expended during fiscal year 2022.

The Elementary District's general fund budget decreased by \$642,000 or 1.53% in fiscal year 2022. This decrease was due to a drop in Average Number Belonging (ANB) of 378 or 6.5% from the prior year. ANB is the sum of the two enrollment counts from the prior year multiplied by a factor provided in state statute. The significant decline in enrollment would have caused an even larger decrease in budget if the District was not able to use a three-year average of ANB. An inflationary increase of 1.5% to the school funding components also mitigated the reduction in budget. The District did not ask voters for approval of a \$810,542 levy increase, given the economic impact of the pandemic.

The High School District experienced a general fund budget increase of \$492,892 or 1.6% as a result of the 1.5% inflationary increase and ANB growth of 20. The growth of 20 ANB was much less than projected. The District did not ask voters to approve a levy of \$123,977.

With the budgetary changes discussed above, the Board of Trustees adopted fiscal year 2022 general fund budgets of \$41,641,638 in the Elementary District and \$31,244,575 in the High School District.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

USING THIS FINANCIAL REPORT

Reporting the District as a Whole

This report includes two District-wide statements: Statement of Net Position and Statement of Activities. These statements focus on operations of the District as a whole. They measure inflows 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 allows for all of the current year's revenues and expenses regardless of when the cash was received or paid. The *Statement of Net Position* (page 15) presents the "assets" (what is owned), "liabilities" (what is owed), deferred outflows and inflows, and the "net position" (the resources that would remain if all obligations were settled) of the District. The statement categorizes assets. 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 position 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 position of the District changed during the most recent fiscal year.

The Statement of Net Position and the Statement of Activities provide information about the District's school functions, such as instruction, student services, and administration. Property taxes, state revenue, and federal revenue 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 specific funds used by the District. State law and Generally Accepted Accounting Principles (GAAP) establish the fund structure for school districts. State law generally requires school districts to segregate money generated for certain specific purposes, i.e. transportation, retirement, and debt service, into separate funds.

The financial statements report balances and activities of the "major" funds separately and combine activities of less significant funds under a single category. Significance of funds is determined by the proportional size of the fund, the relative importance of the activities of the fund to the school district's operations, and the existence of legal budget requirements. For FY22, the general fund, miscellaneous programs fund and the interlocal fund are considered major funds.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are presented for governmental funds, such as the general fund, special revenue funds, debt service fund, and capital projects fund. 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. Most differences between the two statements result from the use of a different presentation basis. The District-wide statements are presented using the accrual basis of accounting and the fund statements for governmental funds are presented using the modified accrual basis. In addition, the District-wide statements report general capital assets and general long-term debt but the fund statements do not.

Reporting the District's Trust and Fiduciary Responsibilities

The District is the trustee, or fiduciary, for reporting the elementary and high school endowment funds and the elementary and high school student extracurricular funds. This report includes these activities in a separate Statement of Net Position-Fiduciary Funds and Statement of Changes in Fiduciary Net Position (page 24). These activities are reported in this statement because the District cannot use these assets to fund operations. The District is responsible for ensuring these assets are used for their limited purpose.

GENERAL FUND BUDGET

ANB has a significant impact on the calculation of a school district's general fund budget. ANB is calculated from two enrollment counts taken in the prior fiscal year. Traditionally, if a district experiences an "unanticipated" enrollment increase compared to the counts taken the prior year, the district can apply to OPI for a budget amendment in the general fund. The state legislature suspended this provision. Instead, committing to provide "financial support" to districts that experience an unanticipated enrollment increase as computed by the Office of Public Instruction (OPI). In FY22, OPI transferred nearly \$600,000 to the High School District's miscellaneous programs fund as financial support associated with an increase in enrollment.

The District budgets certain variable expenditures, like utilities, at a higher than average level so that, in a "worst case" year, an adequate budget will be available to cover excess costs. In a normal year, excess budget is typically used to fund instructional materials and new curriculum adoptions. Expenditures in FY22, like the prior year, were lower than usual due to the COVID 19 pandemic. As a result, the District had enough year end funds to: transfer \$160k to the interlocal fund; cover indirect and Medicaid direct billing expenses totaling \$1.123m; cover building reserve fund expenses of \$230k; and transfer \$70k to the compensated absences fund to help cover future termination pay for classified and administrative staff. The above transfers are relatively insignificant in relation to the total general fund budgets and allow the District to make efficient use of its resources.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

THE DISTRICT AS A WHOLE

Net position is the amount by which assets exceed or (are less than) liabilities. Table 1 summarizes the District's financial position.

Table 1 Statement of Net Position			
	2022	2021	Variance
Current assets	\$ 54,129,218	\$ 49,203,266	\$ 4,925,952
Capital assets	193,628,657	197,764,758	(4,136,101)
Total assets	247,757,875	246,968,024	789,851
Deferred outflows of resources	21,323,544	21,693,998	(370,454)
Total assets and deferred outflows	269,081,419	268,662,022	419,397
Current liabilities	13,694,652	18,354,019	(4,659,367)
Noncurrent debt payable	129,989,923	136,629,818	(6,639,895)
Other noncurrent liabilities	14,635,825	13,489,494	1,146,331
Pension liability	75,486,708	97,898,119	(22,411,411)
Total liabilities	233,807,108	266,371,450	(32,564,342)
Deferred inflows of resources	26,557,570	2,835,799	23,721,771
Total liabilities and deferred inflows	260,364,678	269,207,249	(8,842,571)
NET POSITION			
Net investment in capital assets	56,946,747	59,458,248	(2,511,501)
Restricted	7,330,362	14,714,605	(7,384,243)
Unrestricted	(55,560,368)	(74,718,080)	19,157,712
Total net position	\$ 8,716,741	\$ (545,227)	\$ 9,261,968

The District's net position increased by \$4.1m over the restated beginning balance in net position as a result of the following: bond principal and premium payments exceeded depreciation by approximately \$1.8m; total net assets grew by \$1.1m because federal food service reimbursements were significantly larger during COVID 19; and the \$600k financial support payment to the High School miscellaneous programs fund was unexpended as of June 30, 2022.

The decrease in *invested in capital assets* of approximately \$2.5 m is most significantly explained by the depreciation on fixed assets. The effect was mitigated by the addition of fixed assets purchased or constructed as well as reclassification of bond debt from noncurrent to current.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

Current assets are comprised mostly of cash and property taxes receivable. Current assets increased by \$5.2m. One contributing factor was the \$1m increase in federal reimbursement in the school food service fund. A second contributing factor was the \$600,000 of additional financial support received in the High School miscellaneous programs fund. Other smaller factors, particularly in the District's miscellaneous programs fund were revenue that came from various

sources and was just not expended, but was also not of the type that the revenue recognition should be considered deferred. For example, the District received insurance proceeds of nearly \$400,000 which was not expended until the following year. Other sources of revenue include things like rental, indirect cost and Medicaid direct billing.

Capital assets include all land owned by the District and buildings and equipment costing \$5,000 or more. Capital assets decreased by \$4.1m. This change was the result of capital asset additions of almost \$1.7m, offset by depreciation expense of \$5.8m. The largest addition to capital assets resulted from bond construction.

Current liabilities consist of items owed as of the financial statement date that are expected to be paid within the next twelve months. Current liabilities decreased by \$4.6m in FY22. This change is primarily due to a change in how the cash held in the District's clearing funds are recognized in the financial statements. The cash and the corresponding warrants (checks) payable and other payroll liabilities are now treated as offsetting and do not appear on the government wide financial statements. Had those amounts been included, current assets and current liabilities would have each increased by \$5.1m.

Noncurrent debt consists of all bond liabilities, capital leases, and notes payable due in more than one year. Noncurrent debt decreased by \$6.6m in fiscal year 2022. This decrease was the result of the reclassification of bonds payable and bond premium due to be paid or recognized within the next twelve months. The reclassification was from noncurrent debt to current debt.

The District's pension liability decreased by more than \$22m as a result of the actuarial update to the State of Montana retirement systems (PERS and TRS). The change in liability is affected by actuarial assumptions and the differences between estimates and actual experience. For FY22, as noted in the actuary's report, there was \$21m of Deferred Inflow of Resources which was in the category of the 'difference between projected and actual investment earnings.' The pension liability is explained in greater detail in the Notes to the Financial Statements.

Net position is the difference between assets and deferred outflows, and liabilities and deferred inflows. Some net position is restricted for capital projects and some is restricted for debt service. Net Investment in Capital Assets portion of net position decreased by \$2.5m during FY2022. This decrease is primarily the result of the depreciation of fixed assets in excess of the increase in fixed assets during the fiscal year.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

Restricted net position decreased by \$7.4m. The largest contributor to this change was a change in the recognition of fund balance in the District's miscellaneous programs fund as unrestricted. Without this change, the District's restricted net asset balance would have been about \$8.2m more. Unrestricted net assets increased by nearly \$19.2m or 26%. This increase is primarily due to the decrease in the net pension liability as well as the change in recognition of fund balance as unrestricted in the miscellaneous programs fund.

Governmental Activities

In Montana, school districts must seek voter approval for additional levy authority above the base budget in order to operate at or near the state funding cap (max budget). The state funding law dictates the amount a school district can levy for operating expenses in the general fund. Overall, local property tax collections made up 32% of District revenues for governmental activities for FY22, which is slightly lower than the 34% in the prior year. This slight decrease occurred because of the reduction in the Elementary District's general fund budget and levy reductions in other budgeted funds, local tax levies decreased by just short of \$1m.

	Table 2		
	2022	2021	Variance
REVENUES			
General revenues	\$ 109,181,826	\$ 106,867,857	\$ 2,313,969
Program revenues	31,583,169	29,964,918	1,618,251
Total revenues	140,764,995	136,832,775	3,932,220
EXPENSES			
Governmental activities	136,674,079	138,289,296	(1,615,217)
Change in net position	4,090,916	(1,456,521)	5,547,437
Net Position, beginning of year (restated)	4,625,825	911,294	3,714,531
Net position, end of year	\$ 8,716,741	\$ (545,227)	\$ 9,261,968

Table 2 reflects a total revenue increase of \$3.9m or 2.87%. This increase is primarily the result of a \$2.3m prior period adjustment for student fundraising revenue, which is now reported as program income. This adjustment is shown in the financial statements and described in the notes to the financial statements. The major categories of expenses and changes in expenditures are covered in Table 4 of this analysis.

ANALYSIS OF FINANCIAL INFORMATION

The following analysis is intended to help the reader understand the following: 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.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

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 and program revenues of the District.

	Table 3		
	2022	2021	Variance
General Revenues			
District tax levies	\$ 44,025,767	\$ 46,785,224	\$ (2,759,457)
Missoula County	9,949,005	10,401,087	(452,082)
State of Montana	53,206,917	52,635,278	571,639
Investment earnings	62,886	95,579	(32,693)
Transfer		(3,060,898)	3,060,898
Misc	1,528,569		1,528,569
Other revenues	408,682	11,587	397,095
Total general revenues	109,181,826	106,867,857	2,313,969
Program Revenues			
Charges for services	3,673,755	1,646,906	2,026,849
Operating grants and contributions	27,909,414	28,318,012	(408,598)
Total program revenues	\$ 31,583,169	\$ 29,964,918	\$ 1,618,251

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

	Table 4					
EXPENDITURES	2022		2021		Variance	
Instruction	\$ 80,588,917	59%	\$ 83,203,206	60%	\$ (2,614,289)	
Support services	24,319,473	18%	26,389,952	19%	(2,070,479)	
Operations and maintenance	10,926,758	8%	11,678,036	8%	(751,278)	
Student transportation	7,705,937	6%	6,948,324	5%	757,613	
Food services	3,540,172	3%	3,064,012	2%	476,160	
Extracurricular activities	4,467,150	3%	2,499,144	2%	1,968,006	
Other	6,840	0%	342,967	0%	(336,127)	
Interest and fiscal charges	5,118,832	4%	4,162,195	3%	956,637	
Total expenditures	\$ 136,674,079	100%	\$ 138,287,836	100%	\$ (1,613,757)	

Note: Enterprise activities were removed from the original FY22 numbers on the Statement of Activities.

Overall, expenses decreased by approximately \$1.6m or 1.17%. The decreases in instructional services, support services, and operations and maintenance were primarily caused by the District returning to traditional in-classroom teaching after the COVID19 restrictions were lifted. In the prior year, the District hired an entire staff to operate an online learning academy to remotely serve 1,700 students while simultaneously running a hybrid learning environment for all other students. Operations and maintenance costs were down due to staff vacancies and a reduction in the cost of sterilizing buildings.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets of the District are assets purchased for \$5,000 or more and having a useful life of more than one year. The majority of capital assets include buildings, building improvements, and equipment. Technology purchases are mainly funded by the technology fund. These purchases are rarely considered capital assets due to the \$5,000 capitalization threshold.

	Table 5		
	2022	2021	CHANGE
Land	\$ 2,506,208	\$ 2,506,208	\$ -
Construction in progress	-	-	-
Land improvements	4,340,056	4,184,833	155,223
Buildings and improvements	236,281,662	235,096,272	1,185,390
Equipment and other	16,699,318	16,951,340	(252,022)
Right of use assets	105,960	-	105,960
Total capital assets	259,933,204	258,738,653	1,194,551
Less accumulated depreciation-owned assets	(66,530,307)	(60,972,435)	(5,557,872)
Less accumulated depreciation-right of use assets	(52,980)	-	(52,980)
Capital assets, net of depreciation	\$ 193,349,917	\$ 197,766,218	\$ (4,416,301)

As shown in Table 5, total capital assets decreased by \$4.4m after depreciation. The actual cost of additions before depreciation was \$1.2m, down significantly from recent years. During fiscal year 2022, the District completed \$322,000 of renovation/addition projects at Big Sky High School. At Hellgate High School, other resources funded the \$201,000 welding shop dust collection system and the \$174,000 roof repair/replacement. At Seeley Swan High School, \$208,000 was spent on pipe replacement, electrical installation/upgrades, fire alarm system, walk-in cooler, water trenching and field improvements. At Sentinel High School, improvements were made in the industrial arts classrooms, new side hoops in the main gym, improvements/construction of a softball dugout and garden installation/upgrades. The adult education facility received a \$23,000 upgrade to the ventilation system. From an equipment standpoint, the following was purchased: a \$59,000 truck for the aged department; a \$12,000 floor scrubber for Hellgate High School; two floor scrubbers for the Elementary District; a used grounds truck was purchased for \$10,000; more than \$21,000 was expended for new modules to the District's student records management system; more than \$88,000 was expended installing and/or upgrading heating and cooling systems in some of the K-5 elementary buildings; and more than \$80,000 was expended upgrading or adding alarms/fire suppression/surveillance systems in the elementary and middle school buildings.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

Debt Administration

In August of 2017, the Elementary and High School Districts each went through the bond rating process in anticipation of issuing bonds. Each District received a rating of "Aa3". This rating is considered excellent and gives each District the ability to issue general obligation bonds at some of the lowest bond interest rates available to any government. The new bond rates in the Elementary District ranged from 2.0% to 5.0%, and had an average coupon rate of 4.1%. The High School District rates also ranged from 2.0% to 5.0%, and have an average coupon rate of 4.0%. Please refer to Note 5 for further information on the District's debt. D.A. Davidson & Co. was the underwriter of the 2017 bond issue, and reported true interest cost of 2.9% associated with the Elementary and High School District bond issues. In the spring of 2021, each district underwent a rating review and each maintained their Aa3 rating.

THE FUTURE OF THE DISTRICT

The COVID 19 pandemic created a new landscape for the District's delivery of educational services. During the 2022 school year, the District returned to the traditional in-class learning environment, while a few hundred students continued their learning in the online academy. The District will expend most of its federal COVID 19 funds by the end of the 2023-24 school year. The funds continue to be utilized to address learning loss, provide social and emotional support for students, retain staff, support student safety and provide other services in response to COVID 19. The District has continued to foster the development of an inspired 21st century educational culture that improves student achievement, develops educational leaders and engages the Missoula community. The District adopted a new strategic plan and recently completed a curriculum review of K-12 science. The core ideology of the District is to engage all students in a high-quality education that empowers, inspires, and prepares each student for their future.

In the 2023 fiscal year, the elementary general fund budget increased by \$809,000 and high school general fund budget increased by \$2.165m. The high school increase was due to an increase of 221 ANB. The additional funds were used to hire six additional teaching staff and fund pay increases. The base pay of the certified salary matrix increased by 1.75% and the classified staff salary matrix increased by \$1.10 per cell. The projected cost of the pay increases was \$2,720,000.

The 2024 general fund budgets increased by \$2.2m. This increase was primarily in the High School District where enrollment continued to increase. The state funding components also increased by 2.7%. Budget increases are primarily being utilized to cover salary increases and staffing. The FY24 projected salary increases total \$1.9 million. The District has close to 100 positions funded directly with the federal Covid-19 relief funds. These funds will not be available in FY25. The FY25 general fund budgets are projected to increase by a total of \$2,046,000, with only \$430k attributable to the Elementary district.

MISSOULA COUNTY PUBLIC SCHOOLS
SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022

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 Accounting Supervisor or the Executive Director of Business and Operations for Missoula County Public Schools, at 909 South Avenue West, Missoula, Montana 59801.

Missoula Public Schools

Statement of Net Position

June 30, 2022

Assets:

Cash and cash equivalents	\$ 30,625,168
Property taxes	1,644,878
Due from other funds	641,421
Due from other governments	20,002,037
Other receivables	324,193
Lease receivable	160,502
Other assets	3,215
Inventories	593,646
Prepaid expenses	134,158
Total current assets	54,129,218

Capital and right of use assets:

Land	2,506,208
Depreciable assets, net	191,069,469
Right of use asset, net	52,980

Total capital and right of uses assets **193,628,657**

Total assets **247,757,875**

Deferred outflows of resources:

Changes of assumptions and other inputs - OPEB	414,583
Pension contributions and related differences and changes	20,908,961
Total deferred outflows of resources	21,323,544

Liabilities:

Accounts payable	2,004,268
Accrued liabilities	445,677
Advances from grantors	261,240
Due to other governments	51,800
Unearned revenue - health insurance premiums	1,913,991
Claims payable	2,325,689

Long-term liabilities:

Due within one year:

Lease liability	52,092
Bonds payable	7,790,586
Notes payable	3,395
Compensated absences	1,219,932

Due in more than one year:

Bonds payable, plus unamortized bond premium	128,816,060
Notes payable	19,777
Compensated absences	10,185,787
Net pension liability	75,486,708
OPEB Liability	3,230,106

Total liabilities **233,807,108**

Deferred inflows of resources:

Unearned lease receivable	160,502
Differences between expected and actual experience - OPEB	1,319,898
Pension related differences and changes	25,077,170
Total deferred inflows of resources	26,557,570

Net position:

Net investment in capital assets	56,946,747
Restricted for:	
Compensated absences	793,992
Other fund activities	21,545,082
Debt service	995,890
Capital projects	3,715,398
Unrestricted deficit	(75,280,368)
Total net position	\$ 8,716,741

Missoula Public Schools

Statement of Activities

For the Year Ended June 30, 2022	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants	Capital Grants and Contributions		
Primary Government:						
Instruction:						
Regular programs	\$ 63,422,847	\$ 370,312	\$ 15,255,673	\$ -	\$ (47,796,862)	
Special programs	12,912,677	377,417	7,038,718	-	(5,496,542)	
Vocational programs	3,057,839	-	-	-	(3,057,839)	
Adult education	1,003,809	390,647	268,397	-	(344,765)	
Traffic education	191,745	217,096	-	-	25,351	
Supporting services	24,319,473	-	194,329	-	(24,125,144)	
Operations and maintenance	10,926,758	-	45,000	277,507	(10,604,251)	
Student transportation	7,705,937	-	532,108	-	(7,173,829)	
Food services	3,540,172	43,598	4,297,682	-	801,108	
Extracurricular	4,467,150	2,274,685	-	-	(2,192,465)	
Interest on long-term debt	5,112,428	-	-	-	(5,112,428)	
Debt issuance costs	6,404	-	-	-	(6,404)	
Other enterprise services	6,840	-	-	-	(6,840)	
Total governmental activities	\$ 136,674,079	\$ 3,673,755	\$ 27,631,907	\$ 277,507	(105,090,910)	
General revenues:						
Property taxes, levied for general purposes					44,025,767	
County retirement distribution					9,949,005	
State aid					53,206,917	
Interest					62,886	
Miscellaneous					1,528,569	
Compensation for loss of assets					408,682	
Total general revenues					109,181,826	
Change in net position					4,090,916	
Net position, beginning of year					(545,227)	
Prior period adjustment					5,171,052	
Net position, beginning of year, restated					4,625,825	
Net position, end of year					\$ 8,716,741	

Missoula Public Schools

Balance Sheet - Governmental Funds

June 30, 2022	General Fund	Elementary Miscellaneous Fund	High School Miscellaneous Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,435,125	\$ -	\$ -	\$ 17,798,443	\$ 22,233,568
Taxes receivable	916,791	-	-	728,087	1,644,878
Due from other governments	-	12,969,502	6,337,791	694,744	20,002,037
Other receivables	206,373	64,799	52,075	115	323,362
Lease receivable	-	160,502	-	-	160,502
Prepaid items	4,100	-	-	47,058	51,158
Inventories	-	-	-	74,498	74,498
Other assets	-	-	-	3,215	3,215
Total assets	\$ 5,562,389	\$ 13,194,803	\$ 6,389,866	\$ 19,346,160	\$ 44,493,218
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Cash overdraft	\$ -	\$ 8,650,039	\$ 1,214,634	\$ -	\$ 9,864,673
Accounts payable	443,174	371,897	144,190	909,642	1,868,903
Accrued liabilities	300,224	9,446	22,504	84,573	416,747
Due to other governments	-	9,560	13,103	29,137	51,800
Advance from grantors	-	261,240	-	-	261,240
Total liabilities	743,398	9,302,182	1,394,431	1,023,352	12,463,363
Deferred inflows of resources:					
Unavailable tax revenue	916,791	-	-	728,087	1,644,878
Unearned lease revenue	-	160,502	-	-	160,502
Total deferred inflows of resources	916,791	160,502	-	728,087	1,805,380
Fund balances:					
Nonspendable:					
Nonspendable - Inventory	-	-	-	74,498	74,498
Nonspendable - Prepaid items	4,100	-	-	47,058	51,158
Restricted for:					
Compensated absences	-	-	-	793,992	793,992
Other fund activities	-	3,732,119	4,995,435	12,350,948	21,078,502
Debt service	-	-	-	638,786	638,786
Capital projects	-	-	-	3,689,439	3,689,439
Unassigned	3,898,100	-	-	-	3,898,100
Total fund balances	3,902,200	3,732,119	4,995,435	17,594,721	30,224,475
Total liabilities, deferred inflows of resources and fund balances	\$ 5,562,389	\$ 13,194,803	\$ 6,389,866	\$ 19,346,160	\$ 44,493,218

See accompanying notes to financial statements.

Missoula Public Schools

Reconciliation of the Balance Sheet - Governmental Funds to the Government-Wide Statement of Net Position

June 30, 2022

Total fund balances, governmental funds \$ 30,224,475

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 193,296,937

Leased assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 52,980

Property taxes receivable that are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 1,644,878

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities are included in the governmental activities in the statement of net position. 15,287,260

Deferred outflows and deferred inflows of resources are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.

Deferred outflow of resources - Pension contributions and related differences and changes	20,908,961
Deferred outflow of resources - Changes of assumptions and other inputs OPEB	414,583
Deferred inflow of resources - Pension related differences and changes	(25,077,170)
Deferred inflow of resources - differences between expected and actual experience - OPEB	(1,319,898)

Some liabilities are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.

Compensated absences	(11,317,541)
Bonds payable, plus unamortized bond premium	(136,606,646)
Notes payable	(23,172)
Lease liability	(52,092)
Net pension liability	(75,486,708)
Other postemployment benefits	(3,230,106)

Net position of governmental activities in the statement of net position \$ 8,716,741

Missoula Public Schools

Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds

<i>For the Year Ended June 30, 2022</i>	General Fund	Elementary Miscellaneous	High School Miscellaneous	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes for general purposes	\$ 23,403,124	\$ -	\$ -	21,509,155	\$ 44,912,279
Tuition	39,576	334,501	(3,765)	607,743	978,055
Intergovernmental:					
County	-	-	-	10,384,330	10,384,330
State	49,343,016	1,152,786	1,511,712	1,566,011	53,573,525
Federal	-	11,356,209	7,489,924	4,220,812	23,066,945
Interest on investments	10,735	110	1,009	51,032	62,886
Food services	-	-	-	43,598	43,598
Extracurricular	-	380	11,802	2,262,503	2,274,685
Other	-	542,947	898,881	86,741	1,528,569
Total revenues	72,796,451	13,386,933	9,909,563	40,731,925	136,824,872
Expenditures:					
Current:					
Instruction	42,889,052	11,230,453	7,529,231	10,839,666	72,488,402
Support services	17,548,514	1,382,550	718,064	3,108,715	22,757,843
Operations and maintenance	8,800,408	84,819	53,646	800,226	9,739,099
Student transportation	572,773	-	2,180	7,079,013	7,653,966
Food services	-	-	15,889	3,321,661	3,337,550
Other enterprise services	-	-	-	6,840	6,840
Extracurricular	1,989,241	-	33,754	2,195,446	4,218,441
Capital outlay	74,485	5,719	205,960	1,287,767	1,573,931
Debt service	59,424	-	-	11,511,604	11,571,028
Total expenditures	71,933,897	12,703,541	8,558,724	40,150,938	133,347,100
Excess (deficiency) of revenues over expenditures	862,554	683,392	1,350,839	580,987	3,477,772
Other financing sources (uses):					
Compensation for loss of assets	-	370,878	37,501	303	408,682
Issuance of leases	-	-	-	105,960	105,960
Transfers in	-	-	-	228,238	228,238
Transfers out	(228,238)	-	-	-	(228,238)
Total other financing sources and uses	(228,238)	370,878	37,501	334,501	514,642
Net change in fund balances	634,316	1,054,270	1,388,340	915,488	3,992,414
Fund balances, beginning of year	3,267,884	2,944,442	3,607,095	11,241,588	21,061,009
Prior period adjustment	-	(266,593)	-	5,437,645	5,171,052
Fund balances, beginning of year, as restated	3,267,884	2,677,849	3,607,095	16,679,233	26,232,061
Fund balances, end of year	\$ 3,902,200	\$ 3,732,119	\$ 4,995,435	\$ 17,594,721	\$ 30,224,475

See accompanying notes to financial statements.

Missoula Public Schools

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds to Government-Wide Statement of Activities

For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds: \$ 3,992,414

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. (5,727,114)

Governmental funds do not report amortization on right of use assets because such expenditures are not current financial resources. In contrast, the statement of activities reports amortization of the right to use assets as an expense. The right of use assets are amortized over the life of the lease agreements. (52,980)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of the internal service funds is reported with in the governmental activities. (835,866)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (886,512)

Statement of activities report expenses that the governmental funds do not and are not reported as expenditures in the governmental funds:

Amortization of bond premium	1,181,042
Compensated absences expense	20,077
Other postemployment benefits	142,593
Pension expense, net of state on-behalf revenue	(1,662,905)

Governmental funds report proceeds (bonds, notes, leases) as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayments of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount of debt proceeds received during the current year. (105,960)

Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in statement of activities:

Capital outlays	1,573,931
Principal payments on leases	53,868
Principal payments on debt	6,398,328

Change in net position of governmental activities \$ 4,090,916

Missoula Public Schools

Statement of Net Position - Proprietary Funds

	Governmental Activities Internal Service Funds
<i>June 30, 2022</i>	
Assets:	
Cash	\$ 18,256,273
Other receivables	831
Due from other funds	676,096
Inventories	519,148
Prepaid expenses	83,000
Total current assets	19,535,348
Capital assets and right of use asset	
Depreciable assets, net	278,740
Total capital assets	278,740
Total assets	19,814,088
Liabilities:	
Accounts payable	135,365
Claims payable	2,325,689
Other liability	28,930
Unearned revenue - health insurance premiums	1,913,991
Due to other funds	34,675
Total current liabilities	4,438,650
Long-term liabilities:	
Compensated absences	88,178
Total long-term liabilities	88,178
Total liabilities	4,526,828
Net position:	
Unrestricted	15,287,260
Total net position	\$ 15,287,260

Missoula Public Schools

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

	Governmental Activities
	Internal Service Funds
<i>For the Year Ended June 30, 2022</i>	
Operating revenues:	
Miscellaneous revenues	\$ 14,910,237
Total operating revenues	14,910,237
Operating expenses:	
Personal services	14,610,023
Contractual services	415,325
Supplies	726,214
Depreciation expense	39,246
Total operating expenses	15,790,808
Operating income	(880,571)
Non-operating revenues (expenses)	
Interest on investments	44,705
Total non-operating revenues (expenses)	44,705
Increase in net position	(835,866)
Net position, beginning of year	16,123,126
Net position, end of year	\$ 15,287,260

Missoula Public Schools

Statement of Cash Flows - Proprietary Funds

	Governmental Activities Internal Service Funds
<i>For the Year Ended June 30, 2022</i>	
Cash flows from operating activities:	
Cash received from providing services	\$ 15,059,747
Cash paid for:	
Payment of claims	83,150
Payment to suppliers	(704,002)
Payment to employees	(14,593,616)
Net cash from operating activities	(154,721)
Cash flows from noncapital financing activities	
Cash paid on interfund loan	(676,096)
Cash received on interfund receivable	34,675
Net cash from noncapital financing activities	(641,421)
Cash flows from capital and related financing activities	
Cash paid for acquisition of capital assets	(109,311)
Net cash from capital and related financing activities	(109,311)
Cash flows from investing activities	
Interest income	44,705
Net cash from investing activities	44,705
Net change in cash	(860,748)
Cash, beginning of year	19,117,021
Cash, end of year	\$ 18,256,273

Reconciliation of operating income to net cash from operating activities

Operating income	\$ (880,571)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	39,246
Decrease (increase) in other receivables	(831)
Decrease (increase) in inventory	(86,467)
Decrease (increase) in prepaid expenses	2,071
Increase (decrease) in other liabilities	(44,321)
Increase (decrease) in accounts payable	106,608
Increase (decrease) in claims payable	542,796
Increase (decrease) in compensated absences	16,407
Increase (decrease) in unearned revenue	150,341
Net cash from operating activities	\$ (154,721)

Missoula Public Schools

Statement of Fiduciary Net Position and Changes in Fiduciary Net Position

<i>As of and for the Year Ended June 30, 2022</i>	Custodial Funds
FIDUCIARY NET POSITION	
Assets:	
Due from other funds	\$ 34,675
Total assets	34,675
Liabilities:	
Due to other funds	676,096
Total liabilities	676,096
Net position:	
Held in trust for retirement/cobra insurance	(641,421)
Total net position	(641,421)
Total liabilities and net position	\$ 34,675
CHANGES IN FIDUCIARY NET POSITION	
Additions:	
Contributions	733,105
Total additions	733,105
Deductions:	
Expenses	1,447,776
Total deductions	1,447,776
Change in net position held in trust	(714,671)
Net position, beginning of year	5,437,645
Prior period restatement	(5,364,395)
Net position, beginning restated	73,250
Net position, end of year	\$ (641,421)

Missoula Public Schools

Notes to Financial Statements

Note 1: Reporting Entity

Missoula Public Schools (the "District") was established under Montana law to provide educational services below the college and university level to residents of the District. The District actually consists of two separate legal entities, high school and elementary districts. Accounting records of both districts must be maintained separately per State Law because of differences in funding and tax base. Yet, both are managed by one central Board of Trustees elected by the citizens and by a central administration appointed by and responsible to the Board.

The criteria for including organizations within the District's reporting entity are set forth in Governmental Accounting Standards Board (GASB) Statement No. 39. This statement defines the financial reporting entity as the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such financial accountability that would result in the District being considered a component unit of the entity.

Missoula County provides services to the District; tax billings and cash collections all flow through the office of the County Treasurer. The County Commissioners have the legal obligation to set levy amounts to finance the budget of the District, as directed by the Board of Trustees. Despite the degree of services rendered, the District has determined that neither Missoula County nor any other outside agency meets the criteria set forth in the preceding paragraph and therefore, no other agency has been included as a component unit of the District's financial statements.

The District functions in a fiduciary capacity relating to the retirement/cobra insurance funds.

Note 2: Summary of Significant Accounting Policies

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

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Adoption of GASB Pronouncements

During the fiscal year ended June 30, 2022, the District implemented the following GASB Pronouncements:

GASB Statement No. 87, Leases: As of July 1, 2021, the District implemented GASB Statement No. 87. The statement enhances the relevance and consistency of reporting for the Missoula Public Schools' leasing activities by establishing requirements for lease accounting based on the principle that leases are financing of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year beginning July 1, 2021. The adoption of this guidance did not affect beginning net position for the year ended June 30, 2022 and, accordingly, restatement of beginning July 1, 2021 net position was not necessary.

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

GASB Statement No. 91, Conduit Debt Obligations: Issued May 2019, the objective of this statement is to provide for a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This statement is effective for the fiscal year ending June 30, 2023.

GASB Statement No. 92 – Omnibus 2020: Issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature relative to certain GASB Statements. Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 94 – Public/Private and Public/Public Partnership Arrangements: Issued to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements: Issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Effective for the fiscal year ending June 30, 2023.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities show information about the overall financial position and activities of the District with the exception of the retirement/cobra insurance fund. The retirement/cobra insurance fund, which accounts for the receipt and disbursement of premium payments received from former District employees who have retired or terminated employment and elected to continue to participate in the District's health insurance program, is reported as a custodial fund in the statement of fiduciary net position and changes in fiduciary net position.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or the public who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The District uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types".

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category) for the determination of major funds.

Governmental Funds

The District reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the District. It accounts for resources traditionally associated with government operations which are not required to be accounted for in another fund. The District maintains the general fund to account for most of the instructional and administrative aspects of the District's operations and to account for repair and maintenance of District property.

Elementary Miscellaneous Programs Fund - Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of district programs are deposited in this fund.

High School Miscellaneous Programs Fund - Authorized by Section 20-9-507, MCA, for the purpose of accounting for local, state or federal grants and reimbursements. Donations that allow the expenditure of both principal and interest for support of district programs are deposited in this fund.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Proprietary Funds

The District maintains one type of proprietary fund. The internal service funds are a group of accounts used to accumulate and allocate costs internally among the various functions of the school district. The District uses internal service funds to account for the warehousing of its art, office, custodial and nursing supplies, for collecting health insurance premiums and costs for District employees, and to pay the liability premiums of the District. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee capacity for others and are therefore not available to support District programs. The reporting focus is on net position and changes in net position and are reported using generally accepted accounting principles similar to business in the private sector.

The District's fiduciary funds are presented in the statement of fiduciary net position and statement of changes in fiduciary net position by type (private purpose and custodial). Because by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements and proprietary fund 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 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 eligibility requirements imposed by the provider have been met. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Fund Financial Statements

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are 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 and claims and judgments, are recorded only when payment is due.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The District recognizes property taxes as a receivable at the time an enforceable legal claim is established and considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes, special assessments, grants, interest revenue, and charges for services. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports unavailable tax revenue as deferred inflows of resources and advances from grantors as liabilities on its government-wide statement of net position and on its balance sheet-governmental funds. Unavailable tax revenues and advances from grantors arise when potential revenue does not meet both the 'measurable' and 'available' criteria for recognition in the current period. Advances from grantors also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to resources, the liability for advances from grantors and the deferred inflow of resources for unavailable tax revenues are removed from the balance sheet and revenue is recognized.

Cash and Investments

Cash resources of the District for all funds other than extracurricular and scholarship funds are combined with cash resources of other districts within Missoula County to form a pool of cash that is managed by the Missoula County Treasurer. Investments of the pooled cash consist primarily of certificates of deposit and repurchase agreements. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Among the instruments which state statutes authorize the District to invest in are direct obligations of the United States government; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state; in a repurchase agreement or Montana short-term investment pool. Interest income received as a result of pooling is distributed to the appropriate district utilizing a formula based on the respective district's previous month's ending balance of cash and cash equivalents. The County Treasurer then distributes interest income to each fund utilizing a formula based on the fund's previous month's ending balance cash and cash equivalents.

The District issues warrants in payment of its obligations. When the warrants are presented to the County Treasurer, the District's cash balance is reduced to pay the warrant. The cash and warrants payable for the payroll and claims clearing agency funds are netted for reporting purposes.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

The cash and warrants payable in the payroll and claims clearing accounts are as follows:

<i>Year Ended June 30, 2022</i>	Payroll Clearing	Claims Clearing
Cash	\$ 138,388	\$ 5,099,396
Warrants payable	\$ -	\$ 5,099,396

Information regarding the collateral and security for cash and cash equivalents is not available to the District. Montana state statute requires that collateral to secure deposits of public funds be held in direct obligations of the United States government or its agencies.

At June 30, 2022, the District's carrying amount of cash and cash equivalents held in banks was \$46,885. These amounts are held in demand deposit accounts, a repurchase investment account and CDARS. The balances in these accounts may exceed the federally insured limit of \$250,000 by the Federal Deposit Insurance Corporation (FDIC) in case of bank failure.

Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from other funds' or 'due to other funds' on the balance sheet.

Capital Assets

Capital assets, which include land, buildings, buildings improvements, vehicles, equipment, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$25,000 and an estimated life in excess of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

Description	Estimated Life
Buildings and improvements	25-60 years
Land improvements	15-25 years
Machinery and equipment	5-20 years

Compensated Absences

All full-time District employees accumulate vacation and/or sick leave hours for later use or for payment upon termination, death or retirement. Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through paid time off or some other means. The compensated absences liability fund is used to pay the accumulated vacation and/or sick leave of a non-teaching employee upon termination, death or retirement. Such reserve may not exceed 30% of the District's recorded liability for accumulated sick leave and 30% of accumulated vacation leave for non-teaching or administrative employees.

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an expenditure of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until that time. The District has two types of items, which arise only under accrual basis of accounting that qualify for reporting in this category. Accordingly, the first item, pension contributions and related differences and changes, is reported in the government-wide statement of net position. This amount is deferred and recognized as an outflow of resources in the period that the plans recognize the contributions and related differences and changes. The second item, changes of assumptions and other inputs— OPEB, is reported in the government-wide statement of net position. This amount is deferred and recognized as an outflow of resources over the expected future working lifetime of participating employees.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items, one which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable tax revenue, is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to the differences and changes related to investment returns and assumptions in the Teachers Retirement System of Montana and the Montana Public Employee Retirement System is reported in the government-wide statement of net position. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The third item, differences between expected and actual experience – OPEB, is reported in the government-wide statement of net position. This amount is deferred and recognized as an inflow of resources over the expected working lifetime of participating employees. The fourth item, deferred lease revenue, is reported in the government-wide statement of net position and governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources over the life of lease.

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires the fund balance amounts to be reported within one of the fund balance categories listed below.

Nonspendable: Amounts that cannot be spent because they are either (1) not in spendable form (e.g. inventories and prepaid amounts) or (2) legally or contractually required to be maintained intact (e.g. the corpus or principal of a permanent fund).

Restricted: Amounts that can be spent only for a specific purpose pursuant to state law, enabling legislation, grant agreement, or donor agreement.

Committed: Amounts that can be used only for specific purposes determined by a formal action of the School District's Board of Trustees (the District's highest level of decision making authority).

Assigned: Amounts that are intended to be used by the government for specific purposes under the direction of the District Clerk by authority granted by the Board of Trustees.

Unassigned: This fund balance is the residual classification for the government's general fund. It is also used to report negative fund balances in other governmental funds.

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

It is the District's policy that for purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. All encumbrances are classified as either assigned fund balance or committed fund balance. At June 30, 2022, there were no encumbrances.

Net Position

Net position represents the residual of assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets represents net position in the form of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Missoula Public Schools

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are collected by Missoula County who remits to the District their respective share of the collections. The 2021 property tax levy, which was perfected and became a receivable in October 2021, was levied to finance District operations during the year ended June 30, 2022. The tax levy was collectible in November 2021 and May 2022. As of May 31, 2022, uncollected property taxes became delinquent. Property taxes are attached as an enforceable lien on the underlying property. After a period of three years, Missoula County, the collecting agent, may begin foreclosure proceedings and sell the property at auction. The District receives its share of the sale proceeds from Missoula County.

All property taxes are recognized in compliance with GASB interpretation "Property Tax Revenue Recognition in Government Funds," which states that such revenue is recorded when it becomes measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Subsequent Events

Management has evaluated the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2022. Management has performed this evaluation through May 7, 2024, the date the financial statements were available to be issued, and determined that no subsequent events requiring adjustment or disclosure have occurred.

Missoula Public Schools

Notes to Financial Statements

Note 3: Capital Assets

A summary of capital asset activity for the year ended June 30, 2022, is as follows:

<i>Governmental activities</i>	Balance 6/30/2021	Increases	Decreases	Balance 6/30/2022
Capital assets, not being depreciated:				
Land	\$ 2,506,208	\$ -	\$ -	\$ 2,506,208
Total capital assets, not being depreciated	2,506,208	-	-	2,506,208
Capital assets, being depreciated:				
Land improvements	4,184,834	155,222	-	4,340,056
Buildings and improvements	235,096,271	1,185,391	-	236,281,662
Machinery and equipment	16,571,961	127,357	-	16,699,318
Total capital assets, being depreciated	255,853,066	1,467,970	-	257,321,036
Accumulated depreciation:				
Land improvements	(2,065,334)	(333,688)	-	(2,399,022)
Buildings and improvements	(52,923,863)	(4,666,891)	-	(57,590,754)
Machinery and equipment	(5,813,996)	(726,535)	-	(6,540,531)
Total accumulated depreciation	(60,803,193)	(5,727,114)	-	(66,530,307)
Total capital assets, being depreciated, net	195,049,873	(4,259,144)	-	190,790,729
Right of use assets:				
Machinery and equipment	-	105,960	-	105,960
Total right of use assets, being amortized	-	105,960	-	105,960
Accumulated amortization:				
Machinery and equipment	-	(52,980)	-	(52,980)
Total accumulated amortization	-	(52,980)	-	(52,980)
Total right to use assets, being amortized, net	-	52,980	-	52,980
Governmental activities capital assets, net	\$ 197,556,081	\$ (4,206,164)	\$ -	\$ 193,349,917

Missoula Public Schools

Notes to Financial Statements

Note 3: Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities

Instruction	\$ 3,440,216
Support services	1,391,863
Operations and maintenance	714,876
Student transportation	51,971
Extracurricular	181,168
Total	\$ 5,780,094

Internal service fund capital asset balances and activity for the year ended June 30, 2022, were as follows:

	Balance 6/30/2021	Increases	Decreases	Balance 6/30/2022
<i>Internal Service Fund</i>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 379,379	\$ 109,311	\$ -	\$ 488,690
Total capital assets, being depreciated	379,379	109,311	-	488,690
Accumulated depreciation:				
Machinery and equipment	(170,704)	(39,246)	-	(209,950)
Total accumulated depreciation	(170,704)	(39,246)	-	(209,950)
Total capital assets, being depreciated, net	208,675	70,065	-	278,740
Internal service fund capital assets, net	\$ 208,675	\$ 70,065	\$ -	\$ 278,740

Depreciation expense for the internal service fund was \$39,246 for the year ended June 30, 2022.

Missoula Public Schools

Notes to Financial Statements

Note 4: Lease Receivable

The District leases building space to the Cancer Support Community Montana, Missoula Chapter. The lease, dated June 19, 2022, has an initial term of three years. Lease payments are \$1,599 due on the first day of each month starting in August of 2022. The implicit rate on the lease was 1.65%.

The District leases building space to the MSO Life Co., DBA Studio M.,. The lease, dated June 19, 2022, has an initial term of three years. Lease payments are \$2,967 due on the nineteenth day of each month starting in July of 2022. The implicit rate on the lease was 1.65%. Minimum future rentals on the initial lease as of June 30, 2022, are as follows:

	Principal		Interest		Total
2023	52,769	\$	2,028	\$	54,797
2024	53,422		1,375		54,797
2025	54,311		487		54,798
Totals	160,502	\$	3,890	\$	164,392

Note 5: Leases

Changes in leases payable consisted of the following for the year ended June 30, 2022:

	Balance 6/30/2021		Additions		Reductions		Balance 6/30/2022		Amounts due Within One Year
Copier lease	\$ -	\$	105,960	\$	(53,868)	\$	52,092	\$	52,092
Leases payable	\$ -	\$	105,960	\$	(53,868)	\$	52,092	\$	52,092

District as Lessee

The terms and expiration dates of the District's leases payable at June 30, 2022, follows:

Copier lease- Lease agreement dated July 1, 2021 in the original principal amount of \$105,960 (from implementation date), due in monthly installments of \$4,520 from July 2021 to June 2023 including imputed interest at 2.50%, through June 2023. Paid for and serviced by other governmental funds.

Future minimum lease payments as of June 30, 2022, are:

	Leases		
	Principal	Interest	Total
2023	\$ 52,092	\$ 727	\$ 52,819
Totals	\$ 52,092	\$ 727	\$ 52,819

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt

Long-term debt consisted of the following at June 30, 2022:

	Bonds Payable 7/1/2021	Debt Issued	Debt Retired	Bonds Payable 6/30/2022
General Obligation Bonds:				
Elementary - 2016 general obligation bond	\$ 41,710,000	\$ -	\$ (2,205,000)	\$ 39,505,000
High School - 2016 general obligation bond	18,265,000	-	(980,000)	17,285,000
Elementary - 2017 general obligation bond	31,405,000	-	(1,380,000)	30,025,000
High School - 2017 general obligation bond	40,605,000	-	(1,830,000)	38,775,000
Totals	\$ 131,985,000	\$ -	\$ (6,395,000)	125,590,000
Unamortized bond premium				11,016,646
Total bonds payable plus unamortized bond premium				\$ 136,606,646

At June 30, 2022, the annual cash flow requirements for all bonds payable were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 6,635,000	\$ 4,878,300	\$ 11,513,300
2024	6,865,000	4,644,350	11,509,350
2025	7,070,000	4,143,750	11,213,750
2026	7,395,000	4,111,250	11,506,250
2027	7,700,000	3,812,600	11,512,600
2028 - 2033	42,990,000	14,548,562	57,538,562
2034 - 2038	46,935,000	5,299,813	52,234,813
Totals	\$ 125,590,000	\$ 41,438,625	\$ 167,028,625

2016 General Obligation Bonds

In February 2016, the District issued \$74,425,000 of general obligation school building bonds, \$51,640,000 related to Elementary and \$22,785,000 related to High School. The Series 2016 Bonds bear interest ranging from 2.0% to 5.0% and mature in 2036. Proceeds from the sale of the 2016 bonds, including an initial bond premium of \$7,199,331 were deposited into an irrevocable escrow to call the outstanding bonds.

2017 General Obligation Bonds

In September 2017, the District issued \$83,575,000 of general obligation school building bonds, \$36,360,000 related to Elementary and \$47,215,000 related to High School. The Series 2017 Bonds bear interest ranging from 2.0% to 5.0% and mature in 2037. Proceeds from the sale of the 2017 bonds, including an initial bond premium of \$9,998,659 were deposited into an irrevocable escrow to call the outstanding bonds.

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

In February the District entered into an intercap loan through the Montana Board of Investments for \$25,000 for the purchase of a vehicle. The summary of activity in notes payable (including current maturities) is as follows as of June 30, 2022:

	Note Payable July 1, 2022	Debt Issued	Debt Retired	Note Payable June 30, 2023
Montana Board of Investments Intercap Loan; interest rate variable currently at 1.55%; final maturity June 2028	\$ 25,000	\$ -	\$ (3,328)	\$ 21,672
Totals	\$ 25,000	\$ -	\$ (3,328)	\$ 21,672

At June 30, 2023, the annual cash flow requirements for retirement of the note principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,395	\$ 774	\$ 4,169
2024	3,480	1,068	4,548
2025	3,568	866	4,434
2026	3,657	653	4,310
2027	3,750	427	4,177
2028	3,822	1,688	5,510
Totals	\$ 21,672	\$ 5,476	\$ 27,148

The District is subject to Montana Code Annotated which limits the amount of indebtedness by the issuance of bonds and notes to 100% of the taxable value of property subjected to taxation by the District as ascertained by the last assessment of property taxes.

As of June 30, 2022, the statutory debt limit for the District was as follows:

	Elementary	High School
Statutory debt limit	\$ 232,570,350	\$ 369,714,560
Outstanding debt	69,530,000	56,081,672
Remaining debt capacity	\$ 163,040,350	\$ 257,549,196

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

The following is a summary of changes in current and long-term debt obligations for the year ended June 30, 2022:

	7/1/2021	Additions	Reductions	6/30/2022	Due Within One Year	Due in More Than One Year
Compensated absences payable	\$ 11,409,387	\$ -	\$ (3,668)	\$ 11,405,719	\$ 1,219,932	\$ 10,185,787
Notes payable	25,000	-	(3,328)	21,672	3,395	18,277
Bonds payable, plus unamortized bond premium	144,182,688	-	(7,576,042)	136,606,646	7,790,586	128,816,060
Other postemployment benefit	3,230,106	-	-	3,230,106	-	3,230,106
Net pension liability	97,898,119	-	(22,411,411)	75,486,708	-	75,486,708
Special improvement	1,500	-	-	1,500	-	1,500
Totals	\$ 256,746,800	\$ -	\$ (29,994,449)	\$ 226,752,351	\$ 9,013,913	\$ 217,738,438

Payments on bonds payable are made by the debt service funds. The compensated absences liability will be liquidated by the general and compensated absences funds.

Summary of Information for Continuing Disclosure:

1 Future Financing

Other than the high school \$22,785,000 and \$47,215,000 General Obligation Bonds and the elementary school \$51,640,000 and \$36,360,000 General Obligation Bonds, that were issued in February 2016 and September 2017, the District currently has no formal plans to issue more bonds but reserves the right to seek further funding as necessary.

2 Trends in Property Valuation

The following table indicates the property valuation trends for the District for the current and eleven prior fiscal years. All class three and four property in each county is reappraised every two years. Class ten property remains on a six year reappraisal cycle. The last reappraisal was completed and effective January 1, 2019. Other property valuations are based on comprehensive appraisals of all taxable property performed by the Department of Revenue each year.

<i>Elementary District - Fiscal Year</i>	Taxable Market Valuation	Percent Change	Taxable Valuation	Percent Change
2021/2022	9,877,507,532	1.2 %	159,472,068	1.8 %
2020/2021	9,763,084,145	13.1 %	130,020,256	11.5 %
2019/2020	8,623,981,654	0.0 %	140,440,717	0.1 %
2018/2019	8,623,604,097	15.2 %	140,271,410	13.8 %
2017/2018	7,488,389,388	0.3 %	123,255,607	0.2 %
2016/2017	7,463,353,990	9.0 %	123,029,682	8.3 %
2015/2016	6,845,815,813	0.7 %	136,011,198	1.5 %
2014/2015	6,797,456,703	66.8 %	111,971,821	1.4 %
2013/2014	4,075,397,432	2.8 %	110,393,508	4.1 %
2012/2013	\$ 3,964,517,962	4.2 %	\$ 106,045,274	1.3 %

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

<i>High School District - Fiscal Year</i>	Taxable Market Valuation	Percent Change	Taxable Valuation	Percent Change
2021/2022	17,358,191,629	1.6 %	278,101,402	2.0 %
2020/2021	17,089,587,129	13.5 %	272,594,830	11.9 %
2019/2020	15,051,843,311	0.5 %	243,525,005	0.6 %
2018/2019	14,981,500,954	13.0 %	242,035,460	12.2 %
2017/2018	13,252,923,400	0.8 %	215,708,128	0.6 %
2016/2017	13,149,534,101	8.9 %	214,381,392	8.6 %
2015/2016	12,071,032,176	1.1 %	197,372,677	2.0 %
2014/2015	11,933,921,555	63.3 %	193,582,627	2.3 %
2013/2014	7,308,229,614	2.8 %	189,160,092	4.0 %
2012/2013	\$ 7,107,410,347	4.4 %	\$ 181,892,508	1.1 %

3 Tax Collection

The following table demonstrates the tax collection history for real property taxes levied by the District for all funds for fiscal years ending June 30, 2013 to June 30, 2022:

<i>Elementary District - Fiscal Years</i>	Total Tax Levy	First Year Total Tax Collections	Total Collections as Percent of Levy
2021/2022	\$ 25,227,784	\$ 25,514,201	101.1 %
2020/2021	25,886,324	26,170,814	101.1 %
2019/2020	26,118,440	25,884,149	99.1 %
2018/2019	24,748,226	25,184,354	101.8 %
2017/2018	24,748,266	24,583,499	99.3 %
2016/2017	19,708,214	19,218,043	97.5 %
2015/2016	16,175,807	16,401,325	101.4 %
2014/2015	16,044,238	1,680,003	104.7 %
2013/2014	15,879,897	15,613,032	98.3 %
2012/2013	15,044,770	15,021,928	99.8 %

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

<i>High School District - Fiscal Years</i>	Total Tax Levy	First Year Total Tax Collections	Total Collections as Percent of Levy
2021/2022	\$ 19,131,470	\$ 19,296,884	100.9 %
2020/2021	20,178,077	20,579,663	102.0 %
2019/2020	21,131,122	20,810,356	98.5 %
2018/2019	20,702,852	20,681,198	100.0 %
2017/2018	21,001,830	20,883,479	99.4 %
2016/2017	16,188,078	15,816,742	97.7 %
2015/2016	14,050,388	14,282,570	101.7 %
2014/2015	13,324,295	13,843,920	103.9 %
2013/2014	13,246,710	13,114,111	99.0 %
2012/2013	13,081,624	13,196,785	100.9 %

4 Enrollment and ANB Historical Data

<i>Fiscal Year</i>	K-8 ANB Enrollment	9-12 ANB Enrollment	ANB*
2021/2022	5,296	3,747	9,043
2020/2021	5,261	3,748	9,009
2019/2020	5,628	3,625	9,253
2018/2019	5,435	3,705	9,140
2017/2018	5,284	3,630	8,914
2016/2017	5,254	3,675	8,929
2015/2016	5,222	3,633	8,855
2014/2015	5,192	3,519	8,711
2013/2014	5,004	3,596	8,600
2012/2013	5,025	3,561	8,586

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

5 Tax Levies

The table below shows the mill rates per \$1,000 of taxable value for property located in the District for the tax years 2012/2013 through 2021/2022. The "Total" shown below is equal to the aggregate number of mills levied against most property in the District. Additionally, property may be responsible for other specific fire district levies and cemetery district levies, which are not shown below:

Taxing Entity	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Missoula County	207.810	189.320	188.890	183.630	179.260
Open Space Bond Levy	2.700	2.270	1.820	1.840	3.150
University Levy	6.000	6.000	6.000	6.000	6.000
State School Equalization	40.000	40.000	40.000	40.000	40.000
County-Wide School Levy	93.830	103.130	103.400	101.370	102.040
Urban Transportation	57.570	56.800	38.560	37.990	37.290
Missoula School District No. 1	175.930	199.090	201.690	216.040	212.540
MCHS	74.370	87.290	92.250	100.030	103.100
Missoula Rural Fire	137.220	134.940	143.350	141.940	113.690
East Missoula Fire	38.330	37.860	41.440	41.140	45.320
City of Missoula	240.380	234.240	236.590	237.240	242.170
Road/Health	36.980	35.080	33.740	32.900	33.430
Animal Control	2.440	2.390	1.560	1.440	1.420
Medical Levy	2.750	2.960	2.970	2.990	3.120
Totals	1,116.310	1,131.370	1,132.260	1,144.550	1,122.530

Taxing Entity	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Missoula County	174.440	172.320	160.090	150.320	145.010
Open Space Bond Levy	3.100	3.220	2.740	3.450	3.330
University Levy	6.000	6.000	6.000	6.000	6.000
State School Equalization	40.000	40.000	40.000	40.000	40.000
County-Wide School Levy	101.910	103.500	105.640	104.600	104.600
Urban Transportation	36.780	40.470	34.260	21.050	19.510
Missoula School District No. 1	177.040	149.710	150.340	148.940	141.880
MCHS	85.010	75.110	72.770	72.190	71.920
Missoula Rural Fire	110.380	114.330	112.590	102.390	100.330
East Missoula Fire	43.410	45.490	42.890	42.620	27.420
City of Missoula	252.270	260.080	245.620	243.520	240.900
Road/Health	33.110	34.580	32.580	32.580	32.580
Animal Control	1.540	1.610	1.610	1.610	1.610
Medical Levy	3.230	3.380	2.180	2.180	2.180
Totals	1,068.220	1,049.800	1,009.310	971.450	937.270

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

6 Major Taxpayers

The following table lists the major taxpayers within the Elementary School District for the year ended June 30, 2022, listed in declining order of taxable value.

<i>Taxpayer</i>	Business	Tax Value	Percent of Total Taxable Value
Northwestern Corporation	Utility	\$ 6,037,464	4.21 %
Charter Communications	Communications	911,405	0.64 %
MT Rail Link	Railroad	690,311	0.48 %
WINCO	Grocery Store	493,406	0.34 %
Lumen Technology Inc. DBA Lumen	Communications	443,058	0.31 %
Verizon Wireless	Communications	424,688	0.30 %
St. Patrick Hospital	Hospital	336,439	0.23 %
Edgewater Properties	Real Estate Agency	294,952	0.21 %
Walmart Corporation	Retail Shopping	285,264	0.20 %
Stone Place Mall Investors LTD	Real Estate Investors	276,470	0.19 %
Totals		\$ 10,193,457	7.11 %

The following table lists the major taxpayers within the High School District for the year ended June 30, 2022, listed in declining order of taxable value.

<i>Taxpayer</i>	Business	Tax Value	Percent of Total Taxable Value
Northwestern Corporation	Utility	\$ 10,485,754	4.08 %
MT Rail Link	Railroad	1,879,779	0.73 %
Verizon Wireless	Communications	1,315,107	0.51 %
Charter Communication	Communications	1,248,424	0.49 %
RCHP Billings Missoula LLC	Medical Facility	1,181,531	0.46 %
Yellowstone Pipeline	Utility	932,838	0.36 %
Gateway Limited Partnership	Real Estate Agency	887,357	0.34 %
Roseburg Forest Products Co.	Wood Products Industry	727,897	0.28 %
Missoula Electric Coop	Utilities	709,721	0.28 %
Tollefson Properties LLC	Real Estate Development	631,020	0.25 %
Totals		\$ 19,999,428	7.78 %

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

6 District Tax Levies (In Mills)

Elementary	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
General	88.410	100.290	101.600	109.900	112.640
Transportation	26.870	30.710	31.150	31.440	29.120
Debt Service	43.340	48.840	48.920	55.210	52.330
Adult Education	0.640	0.700	0.710	0.790	0.730
Tuition	8.080	9.070	8.970	8.740	8.620
Technology	5.930	6.540	6.560	7.300	7.300
Building Reserve	2.660	2.940	3.780	2.660	1.800
Totals	175.930	199.090	201.690	216.040	212.540

High School					
General	40.650	45.380	46.170	49.630	52.640
Transportation	7.130	7.930	8.000	7.920	7.230
Debt Service	19.070	25.190	28.530	31.790	30.150
Adult Education	1.730	1.920	1.940	2.140	2.150
Tuition	2.090	2.760	2.790	3.050	3.140
Technology	2.920	3.240	3.270	3.620	3.680
Building Reserve	0.780	0.870	1.550	1.880	4.110
Totals	74.370	87.290	92.250	100.030	103.100

Elementary	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
General	105.090	107.800	105.070	104.920	102.260
Transportation	25.220	28.540	27.870	26.600	27.220
Debt Service	34.010	0.000	0.000	0.000	0.000
Adult Education	0.780	0.870	1.230	1.230	1.290
Tuition	4.170	0.000	0.000	0.000	0.000
Technology	7.770	7.870	7.960	7.970	2.850
Building Reserve	0.000	4.630	8.210	8.220	8.260
Totals	177.040	149.710	150.340	148.940	141.880

Missoula Public Schools

Notes to Financial Statements

Note 6: Long-Term Debt (Continued)

High School

General	51.580	50.560	50.730	51.350	52.160
Transportation	7.230	7.840	7.540	7.450	7.310
Debt Service	14.930	5.800	4.730	4.540	5.280
Adult Education	2.160	2.250	2.050	2.000	2.000
Tuition	2.810	2.240	1.160	0.310	0.230
Technology	3.940	4.010	4.100	4.090	2.470
Building Reserve	2.360	2.410	2.460	2.450	2.470
Totals	85.010	75.110	72.770	72.190	71.920

Note 7: Retirement Plans

The District participates in two state-wide, cost-sharing multiple-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 certified teaching employees, including principals and other administrators. The Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established under state law with the TRS plan being administered by the Teachers' Retirement System and PERS administered by the Montana Public Employees Retirement Administration. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the state legislature. The following table presents the District's (Employer) proportion of TRS and PERS pension amounts.

	The District's Proportionate share associated with TRS	The District's Proportionate share associated with PERS	The District's Proportionate share associated with Pension Amounts
<i>Year Ended June 30, 2022</i>			
Net pension liability	\$ 66,299,380	\$ 9,187,328	\$ 75,486,708
Deferred outflows of resources	18,646,727	2,262,234	20,908,961
Deferred inflows of resources	20,983,714	4,093,456	25,077,170
Pension expense	12,222,383	693,748	12,916,131
Totals	\$ 118,152,204	\$ 16,236,766	\$ 134,388,970

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Teachers' Retirement System of Montana

a. Summary of Significant Accounting Policies

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

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

b. Plan Description

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

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

c. Summary of Benefits

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

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

d. Overview of Contributions

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

The tables below show the legislated contribution rates for TRS members, districts and the state.

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

e. TRS Stand-Alone Statements

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

f. Actuarial Assumptions

The total pension liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total wage increases* 3.25% - 7.76% for Non-University Members and 4.25% for University Members
- Investment return 7.06%
- Price inflation 2.40%
- Postretirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for the at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
 - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than .5%, but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table Projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

- For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
- For Females: RP 2000 Disabled Mortality Table, set back two years, with mortality improvements projected by Scale BB to 2022.

*Total wage increases include 3.25% general wage increase assumption

g. Discount Rate

The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the state general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

h. Target Allocations

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

The long term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yield a median real return of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustee Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

i. Sensitivity Analysis

	1% Decrease 6.06%	Current Discount Rate	1% Increase 8.06%
District's portion of net pension liability	\$ 98,507,964	\$ 66,299,380	\$ 39,421,835

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.06%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate.

j. Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015 and includes requirements to record and report their proportionate share of the collective net pension liability. In accordance with Statement 68, the System has a special funding situation in which the state of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the state of Montana's proportionate share of the collective net pension liability that is associated with the employer. The following table displays the amounts and the percentages of net pension liability for the fiscal years ended June 30, 2022 and June 30, 2021 (reporting dates).

	Net pension liability as of 6/30/2022	Net pension liability as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Change in Percent of Collective NPL
District proportionate share	\$ 66,299,380	\$ 84,110,894	4.0023 %	3.7392 %	0.2631 %
State of Montana proportionate share associated with the District	37,831,382	49,742,417	2.2838 %	2.2113 %	0.0725 %
Totals	\$ 104,130,762	\$ 133,853,311	6.2861 %	5.9505 %	0.3356 %

At June 30, 2022, the District recorded a liability of \$66,299,380 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The District's proportion of the net pension liability was based on the District's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2022, the District's proportion was 4.0023 percent.

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Changes in actuarial assumptions and other inputs: Since the previous measurement date the following changes to actuarial assumptions were made:

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

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

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

k. Pension Expense

	Pension Expense as of 6/30/2022
District proportionate share	\$ 8,536,745
State of Montana proportionate share associated with the District	3,685,638
Total	\$ 12,222,383

At June 30, 2022, the District recognized pension expense of \$12,222,383 for its proportionate share of the TRS' pension expense. The District also recognized grant revenue of \$3,685,638 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the District.

l. Deferred Inflows and Outflows

At June 30, 2022, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,041,260	\$ -
Changes in actuarial assumptions	7,549,212	34,050
Difference between projected and actual investment earnings	-	20,949,664
Changes in proportion and differences between actual and expected contributions	4,033,856	-
*Contributions paid to TRS subsequent to the measurement date - FY 2022 contributions	6,022,399	-
Totals	\$ 18,646,727	\$ 20,983,714

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

Year Ended June 30:	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
2023	\$ 1,100,441
2024	333,722
2025	(3,145,730)
2026	(6,647,819)
Thereafter	-

Montana Public Employee Retirement System

a. Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability (NPL); deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and, additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

b. General Information about the Pension Plan

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

Service retirement

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

Early Retirement

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

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

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

- Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service;
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's highest average compensation (HAC)

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

Compensation Cap

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

Monthly benefit formula

- Members hired prior to July 1, 2011
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
 - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and July 30, 2013
- Members hired on or after July 1, 2013
 - a. 1.5% each year PERS is funded at or above 90%;
 - b. 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%; and
 - c. 0% whenever the amortization period for PERS is 40 years or more.

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

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

Fiscal Year	Member		States & Universities	Local Government		School Districts	
	Hired <7/1/11	Hired >7/1/11	Employer	Employer	State	Employer	State
2022	7.900 %	7.900 %	8.970 %	8.870 %	0.100 %	8.600 %	0.370 %
2021	7.900 %	7.900 %	8.870 %	8.770	0.100 %	8.500 %	0.370 %
2020	7.900 %	7.900 %	8.770 %	8.670	0.100 %	8.400 %	0.370 %
2019	7.900 %	7.900 %	8.670 %	8.570 %	0.100 %	8.300 %	0.370 %
2018	7.900 %	7.900 %	8.570 %	8.470 %	0.100 %	8.200 %	0.370 %
2017	7.900 %	7.900 %	8.470 %	8.370 %	0.100 %	8.100 %	0.370 %
2016	7.900 %	7.900 %	8.370 %	8.270 %	0.100 %	8.000 %	0.370 %
2015	7.900 %	7.900 %	8.270 %	8.170 %	0.100 %	7.900 %	0.370 %
2014	7.900 %	7.900 %	8.170 %	7.170 %	- %	7.800 %	0.370 %
2012-2013	6.900 %	7.900 %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2010-2011	6.900 %	- %	7.170 %	7.070 %	0.100 %	6.800 %	0.370 %
2008-2009	6.900 %	- %	7.035 %	6.935 %	0.100 %	6.800 %	0.235 %
2000-2007	6.900 %	- %	6.900 %	6.800 %	0.100 %	6.800 %	0.100 %

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

3. Non-Employer Contributions:

a. Special Funding

- i. The State contributed 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a Statutory Appropriation from the General Fund of \$34,290,660.

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability (TPL). The basis for the TPL as of June 30, 2021, was determined by taking the results of the June 30, 2020, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The TPL minus the fiduciary net position equals the net pension liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2021 and 2020, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$9,187,328 and the employer's proportionate share was 0.506685 percent.

As of measurement date	Net pension liability as of 6/30/2021	Net pension liability as of 6/30/2020	Percent of Collective NPL 6/30/2021	Percent of Collective NPL 6/30/2020	Change in Percent of Collective NPL
District proportionate share	\$ 9,187,328	\$ 13,787,225	0.506685 %	0.522597 %	(0.015912)%
State of Montana proportionate share associated with the District	2,980,209	4,754,898	0.164360 %	0.180232 %	(0.015872)%
Totals	\$ 12,167,537	\$ 18,542,123	0.671045 %	0.702829 %	(0.031784)%

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

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

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Pension Expense: At June 30, 2021, the employer recognized \$(38,567) for its proportionate share of the Plan's pension expense and recognized grant revenue of \$732,315 for the state of Montana proportionate share of the pension expense associated with the employer.

As of measurement date	Pension Expense as of 6/30/2021
District proportionate share	\$ (38,567)
District grant revenue - state of Montana proportionate share for the District	732,315
Totals	\$ 693,748

Recognition of Deferred Inflows and Outflows: At June 30, 2021, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. actual experience	\$ 98,046	\$ 66,507
Projected investment earnings vs actual investment earnings	-	3,721,881
Changes in assumptions	1,360,814	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	305,068
District contributions subsequent to the measurement date	803,374	-
Totals	\$ 2,262,234	\$ 4,093,456

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) in pension expense
2022	\$ (142,042)
2023	(405,507)
2024	(898,930)
2025	(1,188,117)
Thereafter	-

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Investment return (net of admin expense)	7.06%
Admin expense as % of payroll	0.28%
General wage growth*	3.50%
*includes inflation at	2.40%
Merit increases	0% to 4.80%
Postretirement benefit increases <ol style="list-style-type: none"> 1. Guaranteed Annual Benefit Adjustment (GABA) each January <ul style="list-style-type: none"> • After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit. <ul style="list-style-type: none"> • Members hired prior to July 1, 2007 3.0% • Members hired between July 1, 2007 & June 30, 2013 1.5% • Members hired on or after July 1, 2013 1.5% <ul style="list-style-type: none"> • For each year PERS is funded at or above 90% <ul style="list-style-type: none"> • The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90% • 0% whenever the amortization period for PERS is 40 years or more 0% 	
Mortality <ul style="list-style-type: none"> • Contributing members, service retired members & beneficiaries 	RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males
<ul style="list-style-type: none"> • Disabled members 	RP-2000 Combined Mortality Tables, with no projections

Discount Rate: The discount rate used to measure the TPL was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

Target Allocations: The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the table below.

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

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.06%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1% Decrease (6.06%)	Current Discount Rate	1% Increase (8.06%)
District's net pension liability	\$ 14,583,451	\$ 9,187,328	\$ 4,661,234

d. PERS Disclosure for the Defined Contribution Plan

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

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

Missoula Public Schools

Notes to Financial Statements

Note 7: Employee Benefit Pension Plans (Continued)

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

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

At the plan level for the measurement period ended June 30, 2021, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the *defined contribution* plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$1,103,889.

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

Note 8: Other Postemployment Benefits

For purposes of measuring the total OPEB liability (TOL), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Plan Description

The District's Health Plan (the Health Plan) is a single-employer defined benefit healthcare plan administered by the District. The Health Plan provides medical and prescription drug expenses for retirees and their spouses. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

Benefits Provided

Participants are eligible for benefits upon retirement. Benefits are in the form of access to the District's medical plans. Retirement eligibility is the earlier of age 50 and five years of service or any age with 25 years of service. Benefits continue for the retirees and their spouses' lifetime.

Other benefit provisions apply.

Missoula Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Employees Covered by Benefit Terms

At the census date of July 1, 2021 (as an actuarial report is required every 2 years), the benefit terms covered the following employees:

Category	Count
Inactive employees or beneficiaries currently receiving benefit payments	\$ 99
Active employees	971
Total	\$ 1,070

Contributions

Benefit contributions are paid by the District as they come due

a. Total OPEB Liability (TOL)

The District's TOL was measured as of July 1, 2018, and the TOL was determined by an actuarial valuation as of July 1, 2020, with adjustments in arriving at the June 30, 2022 TOL.

Total OPEB liability	\$ 3,230,106
Covered employee payroll	56,442,249
Total OPEB liability as a percent of covered payroll	5.72 %

b. Discount Rate

The discount rate used to measure the TOL was 2.28%. The District's OPEB Plan is an unfunded plan, therefore the discount rate is based on S&P Municipal Bond 20-year high grade rate index at June 30, 2022.

c. Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of June 30, 2022 were based on the results of an actuarial experience study for the State of Montana Teachers' Retirement System (TRS) and State of Montana Public employees Retirement System (PERS).

Valuation date	July 1, 2020
Measurement date	July 1, 2020
Discount rate	2.28%
Salary increases for TRS	3.25%
Salary increase for PERS	3.50%
Mortality	PERS and TRS; see "Actuarial Assumptions" for details
Actuarial cost method	Entry Age Normal

Missoula Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

d. Changes in Total OPEB Liability

	June 30, 2022
Beginning of year balance, Restated	\$ 2,963,901
Changes for the year:	
Service cost	361,354
Interest on total OPEB liability	61,114
Difference in experience	-
Changes in assumptions and other inputs	(83,288)
Benefit payments	(72,975)
End of year balance	\$ 3,230,106

e. Sensitivity Analysis

The following presents the total OPEB liability of the District, as of the measurement date, calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
Total OPEB liability	\$ 3,429,265	\$ 3,230,106	\$ 3,035,282

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 2,821,826	\$ 3,230,106	\$ 3,713,161

f. OPEB Expense

	June 30, 2022
Service cost	\$ 361,354
Interest on total OPEB liability	61,114
Recognition of deferred inflows/outflows of resources:	
Difference in experience	(83,288)
Recognition of assumption changes or inputs	-
Benefit payments	(72,975)
OPEB expense	\$ 266,205

Missoula Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

g. Schedule of Deferred Inflows and Deferred Outflows of Resources

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized June 30, 2022	Deferred Outflows of Resources June 30, 2022	Deferred Inflows of Resources June 30, 2022
Differences between expected and actual experience	\$ 453,636	June 30, 2022	13.37	\$ (39,053)	\$ 414,583	\$ -
Changes in actuarial assumptions or other inputs	1,501,544	June 30, 2022	13.37	(181,676)	-	1,319,868
Totals	\$ 1,955,180				\$ 414,583	\$ 1,319,868

*Actual vs. expected differences and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

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

Year Ended June 30:	Amount recognized is an increase or (decrease) in OPEB expense
2023	\$ (142,593)
2024	(142,593)
2025	(142,593)
2026	(142,593)
2027	(142,593)
Thereafter	(192,320)

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

h. Actuarial Assumptions

The following actuarial assumptions were used in the development of the District's retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the State of Montana Teachers' Retirement System (MTRS) as provided in the July 1, 2018 Actuarial Valuation reports.

- 1) **Interest Discount Rate** 2.28%
- 2) **Projected Payroll Increases** 3.25% for TRS and 3.50% for PERS
- 3) **Participation**
 - 45% of future retirees are assumed to elected medical coverage.
 - 70% of the future retirees who elect coverage and are married are assumed to elect spousal coverage as well.

Missoula Public Schools

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

4) Marital Status - at retirement

- Actual spouse information is used for current retirees.
- Future retired members who elect to participate in the plan are assumed to be married at a rate of 20%.
- Males are assumed to be 2 years older than females.

5) Mortality

- PubT-2021 Headcount-Weighted Mortality table, including rates for contingent survivors
- Incorporated into the table are rates projected generational using Scale MP-20 to reflect mortality improvements

6) Withdrawal Rates: PERS for all classified employees; TRS for all certified employees.

7) Disability Rates: No disability was assumed.

8) Retirement Rates: PERS for all classified employees; TRS for all certified employees.

9) Per Capita Claim Costs: The Per capita claims cost for medical and prescription drug is based on the expected portion of the groups overall cost attributed to individuals in the specified age and gender brackets. Dental and vision cost are assumed to not vary with age or gender. The resulting cost are as follows:

Age	Males	Females
45-49	4,860	7,019
50-54	6,437	7,933
55-59	7,840	8,301
60-64	10,231	95,536

10) Retiree Contributions: The retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate

11) Actuarial Value of Assets: Equal to the Market Value of Assets

12) Health Care Cost Trend Rate: 5.50% in 2020 through 2023. Rates Gradually decrease from 5.40% to 4.00% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Missoula Public Schools

Notes to Financial Statements

Note 9: 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 2022.

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.

Change in medical claims liabilities were as follows:

	Elementary	High School	Total
Claims liability, June 30 2021	\$ 1,069,735	\$ 713,157	\$ 1,782,892
Add: claims incurred in 2022	8,623,993	5,749,329	14,373,322
Less: claims paid in 2022	(8,298,315)	(5,532,210)	(13,830,525)
Claims liability, June 30 2022	\$ 1,395,413	\$ 930,276	\$ 2,325,689

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. 75 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 10: 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, 2022, 22 employees qualified for this benefit resulting in an expense of \$16,500.

Missoula Public Schools

Notes to Financial Statements

Note 11: Commitments and Contingencies

The District is subject to various legal disputes and claims arising in the normal course of operations. Based on information currently available, it is the opinion of management that the ultimate resolution of pending matters will not have a material adverse effect on the District's financial condition. Accordingly, no provision has been made in the financial statements for these contingencies.

Note 12: Tax Abatements

The District's property tax revenue is subject to tax abatement agreements it enters into directly, as well as indirectly by those entered into by the County and the City. Tax abatement agreements are entered into on an individual basis with businesses under the Montana Code Annotated 2015, Title 15 Taxation (the Code). Under the Code, local governments may grant property tax abatements to business with qualifying improvements or modernized processes that represent new industry or expansion of an existing industry (15-24-1402).

In the first five years after a construction permit is issued, a business' property is taxed at 50 percent of taxable value with equal percentage increases taxed until the full taxable value is attained in the tenth year. In subsequent years, the property is taxed at its full taxable value (15-10-420). For the year ended June 30, 2022, the District has not entered into any tax abatement agreements, nor has the District received any information from the City or the County regarding any indirect effects to the District, if any, regarding tax abatement agreements entered into by those entities during the fiscal year.

Note 13: Interfund Transfers

For the year ended June 30, 2022, the District made resource transfers of \$43,013 and \$115,563 from the elementary and high school general funds, respectively, to the high school interlocal agreement fund pursuant to Montana Code Annotated Section 20-9-704. The interlocal agreement fund was established in order to pay for expenditures incurred for the general operation and maintenance across both the elementary and high school districts.

Additionally, during the year ended June 30, 2022, the District transferred \$66,131 and \$3,531 from the elementary and high school general funds, respectively, to the elementary and high school compensated absences funds, respectively, pursuant to Montana Code Annotated Section 20-9-437.

Missoula Public Schools

Notes to Financial Statements

Note 14: Prior Period Restatement

During the year ended June 30, 2022, it was determined that the District's extracurricular, interlocal, and endowment funds were incorrectly reported as fiduciary funds. It was also determined that the District's retirement/cobra insurance funds were not reported. In order to correctly present the extracurricular, interlocal and endowment funds as special revenue funds and the retirement/cobra insurance funds as custodial funds under GASB Statement No. 84 – Fiduciary Activities, a prior period adjustment was made. The overall effect of the adjustment was to remove \$5,437,645 from net position on the statement of net position and changes in fiduciary net position and add \$5,437,645 to fund balance on the statement of revenue, expenditures, and changes in fund balances – governmental funds and \$5,437,645 of net position on the government wide statement of activities related to the reporting of the extracurricular, interlocal and endowment funds and to add \$73,250 to net position on the statement of net position and changes in fiduciary net position related to the reporting of the retirement/cobra insurance funds.

Additionally, the District wrote off \$266,593 of receivables in the elementary miscellaneous programs fund that had been collected in prior years. The overall effect of the adjustment was to remove \$266,593 of fund balance on the statement of revenue, expenditures, and changes in fund balances – governmental funds and remove \$266,593 of net position on the government wide statement of activities.

Required Supplementary Information

Missoula Public Schools

Budgetary Comparison Schedule

<i>For the Year Ended June 30, 2022</i>		General Fund	
	Original Budget	Final Budget	Actual
Revenues:			
Property taxes	\$ 23,156,937	\$ 23,156,937	\$ 23,403,124
Tuition	60,000	60,000	39,576
Intergovernmental revenues:			
State	49,343,015	49,343,015	49,343,016
Interest on investments	26,261	26,261	10,735
 Total revenues before reappropriations	 72,586,213	 72,586,213	 72,796,451
Budgeted reappropriations	-	-	
 Total revenues and reappropriations	 72,586,213	 72,586,213	
Expenditures:			
Current:			
Instruction	72,586,213	72,586,213	42,889,052
Supporting services	-	-	17,548,514
Operations and maintenance	-	-	8,800,408
Student transportation	-	-	572,773
Extracurricular	-	-	1,989,241
Capital outlay	-	-	74,485
Debt service	-	-	59,424
 Total expenditures	 72,586,213	 72,586,213	 71,933,897
 Excess (deficiency) of revenues over expenditures	 \$ -	 \$ -	 862,554
Other Financing Sources (Uses):			
Operating transfers in (out)			(228,238)
 Total other financing sources (uses)			 (228,238)
 Excess (deficiency) of revenues and other sources over expenditures			 634,316
 Fund balance, beginning (Non-GAAP budgetary basis)			 3,267,884
 Fund balance, ending (Non-GAAP budgetary basis)			 3,902,200
Adjustments to generally accepted accounting principals			
Current year encumbrances included in expenditures			-
 Fund balance, ending (GAAP basis)			 \$ 3,902,200

See Independent Auditor's Report.
See accompanying notes to this schedule.

Missoula Public Schools

Notes to Budgetary Comparison Schedule

1) Budgetary Process

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:

Fund	Budgeted	Non-Budgeted
Governmental Funds:		
General Funds:		
General	X	
Metal Mines		X
Flex Fund	X	
Transportation	X	
Bus Depreciation	X	
School Food Services		X
Tuition	X	
Retirement	X	
Miscellaneous Programs		X
Adult Education	X	
Traffic Education		X
Compensated Absences		X
Impact Aid		X
Technology	X	
Interlocal		X
Debt Service	X	
Building		X
Building Reserve	X	
Extracurricular		X
Endowment		X
Scholarships		X
Fiduciary Funds:		
Retirement/Cobra Insurance		X

2) Budgets

The District's budget is prepared on the modified accrual basis of accounting, including encumbrances, which results in the accounting for certain transactions to be on a basis other than accounting principles generally accepted in the United States (modified accrual). The District's accounting records are maintained on the basis of cash receipts and disbursements during the year. At year end, certain adjustments are made to the District's accounting records to reflect the basis of accounting described above. Reported budget amounts represent the originally adopted budget. Total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each year. The results of operations, on the budget basis of accounting, described above, are presented in the budgetary comparison schedule to provide a meaningful comparison of actual results with the budget.

Missoula Public Schools

Notes to Budgetary Comparison Schedule

General fund budgets are based on the State of Montana's Foundation Program, which is based primarily on enrollment. Budgets of other funds are based on expected revenues and expenditures. Budgeted fund expenditures are limited by State Law to budgeted amounts which may be amended for emergencies as defined by State Law. Budget authority may be transferred between expenditure classifications within the same fund.

a. Budgetary policy follows:

1. By the second Monday in July, the County Assessor transmits a statement of the assessed valuation and taxable valuation of all property to the County Superintendent of Schools.
2. Before the second Monday in August, the County Superintendent estimates revenue by fund and provides this information to the Board of Trustees prior to the final budget meeting.
3. 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 District's basis of accounting, except for encumbrances discussed below.
4. Upon adoption of the final budget, expenditures and operating transfers are limited to the total fund budget. Unexpended and unencumbered appropriations lapse at year end. Under State Law and District Policy, management may amend the budget without seeking Board approval as long as the total individual fund budget is not exceeded.
5. Individual fund budgets may only be increased with Board approval, in a manner prescribed by State Law (MCA 20-9-161 through MCA 20-9-166).

Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if unperformed purchase orders or contracts in process at year-end were completed. They do not constitute expenditures or liabilities and will not until performance is essentially complete. The encumbrances have been reported as an assignment of fund balance of the balance sheet – governmental funds. Because inclusion of these obligations is required for budgetary purposes, they have been included in expenditures in the budgetary comparison schedule. The difference between this basis of presentation and GAAP basis is reconciled on the face of this statement.

Missoula Public Schools

Schedule of Proportionate Share of the Net Pension Liability Teacher's Retirement System of Montana

Determined as of the Measurement Date

	2022	2021	2020	2019	2018
District's proportion of the net pension liability	4.0023 %	3.7392 %	3.6774 %	3.5850 %	3.5713 %
District's proportionate share of the net pension liability associated with the District	\$ 66,299,380	\$ 84,110,894	\$ 70,910,054	\$ 66,542,036	\$60,215,694
State of Montana's proportionate share of the net pension liability associated with the District	37,831,382	49,742,417	42,928,628	41,327,128	38,222,304
Total	104,130,762	133,853,311	113,838,682	107,869,164	98,437,998
District's covered payroll	57,007,701	51,467,312	49,918,743	47,885,443	47,104,919
District's proportionate share of the net pension liability as a percentage of its covered payroll	116.30 %	163.43 %	142.05 %	138.96 %	127.83 %
Plan fiduciary net position as a percentage of the total pension liability	75.54 %	64.95 %	68.64 %	69.09 %	70.09 %

	2017	2016	2015
District's proportion of the net pension liability	3.5413 %	3.4519 %	3.4542 %
District's proportionate share of the net pension liability associated with the District	\$ 64,693,543	\$ 56,715,501	\$ 53,154,264
State of Montana's proportionate share of the net pension liability associated with the District	42,146,894	37,971,426	36,405,765
Total	106,840,437	94,686,927	89,560,029
District's covered payroll	45,711,129	44,058,840	43,559,708
District's proportionate share of the net pension liability as a percentage of its covered payroll	141.53 %	128.73 %	122.03 %
Plan fiduciary net position as a percentage of the total pension liability	66.69 %	69.30 %	70.36 %

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

Missoula Public Schools

Schedule of Contributions

Teacher's Retirement System of Montana

Determined as of the Reporting Date

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 6,022,399	\$ 5,650,172	\$ 5,372,575	\$ 5,163,459	\$ 4,749,929
Contributions in relation to the contractually required contributions	6,022,399	5,650,172	5,372,575	5,163,459	4,749,929
Contribution deficiency (excess)	0	0	0	0	0
District's covered payroll	59,706,811	57,007,701	51,467,312	49,918,743	47,885,443
Contributions as a percentage of covered payroll	10.09 %	9.91 %	10.44 %	10.34 %	9.92 %

	2017	2016	2015
Contractually required contributions	\$ 4,824,345	\$ 4,444,690	\$ 4,481,260
Contributions in relation to the contractually required contributions	4,824,345	4,444,690	4,481,260
Contribution deficiency (excess)	0	0	0
District's covered payroll	47,104,919	45,711,129	44,058,840
Contributions as a percentage of covered payroll	10.24 %	9.72 %	10.17 %

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

Missoula Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana

Changes of Benefit Terms:

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

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

The second-tier benefits structure for members hired on or after July 1, 2013 is summarized below.

- 1) **Final Average Compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
- 2) **Service Retirement:** eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55.
- 3) **Early Retirement:** eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55.
- 4) **Professional Retirement Option:** if the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- 5) **Annual Contribution:** 8.15% of member's earned compensation.
- 6) **Supplemental Contribution Rate:** on or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
 - a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. A state or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- 7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination.
- 8) **Guaranteed Annual Benefit Adjustment (GABA):**
 - a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

Missoula Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana (Continued)

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

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

Changes in actuarial assumptions and other inputs:

The following changes were adopted in 2021:

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

The following changes were adopted in 2020:

- The discount rate was lowered from 7.5% to 7.34%.
- The investment rate of return assumption was lowered 7.50% to 7.34%
- The inflation rate was reduced from 2.50% to 2.40%.

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

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%.
- Payroll growth assumption was reduced from 4.00% to 3.25%.
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table Projected to 2022 adjusted for partial credibility setback for two years.
 - The tables include margins for mortality improvement which is expected to occur in the future

Missoula Public Schools

Notes to Required Supplementary Information

Teachers Retirement System of Montana (Continued)

- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

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

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

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

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

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

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

Missoula Public Schools

Notes to Required Supplementary Information Teachers Retirement System of Montana (Continued)

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

Method and assumptions used in calculations of actuarially determined contributions:

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

Missoula Public Schools

Schedule of Proportionate Share of the Net Pension Liability Montana Public Employees Retirement System

Determined as of the Measurement Date

	2021	2020	2019	2018	2017
District's proportion of the net pension liability (percentage)	0.506685 %	0.522597 %	0.532525 %	0.528856 %	0.706968 %
District's net pension liability (amount)	\$ 9,187,328	\$ 13,787,225	\$ 11,131,417	\$ 11,037,979	\$ 13,769,093
State's net pension liability (amount)	2,980,209	4,754,898	3,966,637	4,066,575	648,571
Total	12,167,537	18,542,123	15,098,054	15,104,554	14,417,664
District's covered payroll	9,219,314	9,107,328	9,072,401	9,020,589	9,063,252
District's proportionate share as a percent of covered payroll	99.65 %	151.39 %	122.70 %	122.36 %	151.92 %
Plan fiduciary net position as a percent of total pension liability	79.91 %	68.90 %	73.85 %	73.47 %	73.75 %

	2016	2015	2014
District's proportion of the net pension liability (percentage)	0.701763 %	0.691860 %	0.704915 %
District's net pension liability (amount)	\$ 11,953,458	\$ 9,671,317	\$ 8,783,314
State's net pension liability (amount)	558,652	454,453	410,590
Total	12,512,110	10,125,770	9,193,904
District's covered payroll	8,689,595	8,348,017	8,272,571
District's proportionate share as a percent of covered payroll	137.56 %	115.85 %	106.17 %
Plan fiduciary net position as a percent of total pension liability	74.71 %	78.40 %	79.87 %

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

Missoula Public Schools

Schedule of Contributions

Montana Public Employees Retirement System

Determined as of the Reporting Date

	2022	2021	2020	2019	2018
Contractually required DB contributions	\$ 876,536	\$ 793,141	\$ 768,221	\$ 755,706	\$ 736,664
Contributions in relation to the contractually required contributions	876,536	793,141	768,221	755,706	736,664
Contribution deficiency (excess)	0	0	0	0	0
District's covered payroll	10,192,278	9,219,314	9,107,328	9,072,401	9,020,589
Contributions as a percent of covered payroll	8.60 %	8.60 %	8.44 %	8.33 %	8.17 %

	2017	2016	2015
Contractually required DB contributions	\$ 734,060	\$ 702,611	\$ 665,342
Plan choice rate required contributions	0	5,158	7,362
Contributions in relation to the contractually required contributions	734,060	707,769	672,704
Contribution deficiency (excess)	0	0	0
District's covered payroll	9,063,252	8,689,595	8,348,017
Contributions as a percent of covered payroll	8.10 %	8.15 %	8.06 %

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

Missoula Public Schools

Notes to Required Supplementary Information

Montana Public Employees Retirement System

Changes of Benefit Terms:

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

2017:

Working Retiree Limitations - for PERS

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

Refunds

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

Interest credited to member accounts

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

Lump-sum payouts

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

Disabled PERS Defined Contribution (DC) Members

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

Missoula Public Schools

Notes to Required Supplementary Information

Montana Public Employees Retirement System (Continued)

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculation of actuarially determined contributions

The following actuarial assumptions were adopted from the June 2019 actuarial valuation:

General wage growth*	3.50%
Investment rate of return*	7.65%
*Includes inflation at	2.75%
Merit salary increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (healthy members)	For males and females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (disabled members)	For males and females: RP 2000 Combined Mortality Table, with no projections
Admin expense as % of payroll	0.28%

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

Missoula Public Schools

Schedule of Changes in Total Liability and Related Ratios Other Postemployment Benefits

Total OPEB liability	2022	2021	2020	2019	2018
Service cost	\$ 361,354	\$ 411,670	381,448	360,173	366,973
Interest on total OPEB liability	61,114	123,451	100,063	111,261	84,670
Differences in experience	-	(1,203,824)	-	(529,651)	-
Changes of assumptions	(83,288)	429,578	(74,429)	(6,089)	(91,652)
Benefit payments	(72,975)	(129,720)	(110,668)	(204,801)	(191,988)
Net change in total OPEB liability	266,205	(368,845)	296,414	(269,107)	168,003
Total OPEB liability, beginning of year, restated	2,963,901	3,332,746	3,036,332	3,305,439	3,137,436
Total OPEB liability, end of year	\$ 3,230,106	\$ 2,963,901	3,332,746	3,036,332	3,305,439
Covered payroll	56,442,249	56,442,249	62,738,526	62,738,526	56,923,831
Total liability as a percentage of covered payroll	5.72 %	5.25 %	5.31 %	4.84 %	5.81 %

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

Supplementary Information

Missoula Public Schools

Elementary Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
COATS FOR KIDS	26	0	0	0	26
ROBOTICS	2,360	0	0	0	2,360
ELEMENTARY PARTICIPATION	12,698	29,590	29,490	0	12,798
CLASS EVENTS-DANIELSON-McTEE	22	0	0	0	22
CLASS EVENTS-JOHNSON-SHUMAKER	18	0	0	0	18
4TH GRADE	172	0	0	0	172
KINDERGARTEN	238	0	0	0	238
FLAGSHIP	145	0	0	0	145
STUDENT COUNCIL	59	0	0	0	59
STUDENT ACTIVITY	10,058	7,903	4,410	0	13,551
FAMILY RESOURCE CENTER	36	3,139	1,723	0	1,452
5TH GRADE	5	0	0	0	5
2ND GRADE	675	0	0	0	675
EXTRACURRIC FINE ART	12,153	27,807	19,435	0	20,525
WASHINGTON ART	254	0	43	0	211
MONTANA HMONG YOUTH LEADER	50	0	0	0	50
MEADOW HILL BANDS	7,319	11,707	8,789	0	10,237
MEADOW HILL CHOIRS	5,864	9,173	11,587	0	3,450
MEADOW HILL ORCHESTRAS	13,237	9,570	6,794	0	16,013
C. S. PORTER BANDS	6,573	20,251	19,468	0	7,356
C. S. PORTER CHOIRS	945	21,252	20,682	0	1,515
C. S. PORTER ORCHESTRAS	881	16,042	13,683	0	3,240
WASHINGTON MS BANDS	7,354	13,357	13,102	0	7,609
WASHINGTON MS CHOIRS	14,156	6,437	6,728	0	13,865
WASHINGTON MS ORCHESTRAS	15,989	7,054	5,794	0	17,249
WASHINGTON MS GENERAL MUSIC	2,191	734	763	0	2,162
SUTDENT ACTIVITY	18	0	0	0	18
P. E. ENHANCEMENT	98	0	0	0	98
4TH GRADE	136	0	0	0	136
BOX TOPS FOR EDUCATION	170	0	0	0	170
2ND GRADE	43	0	0	0	43
BASKETBALL	5	0	0	0	5
8TH GRADE PROMOTION	13	0	0	0	13
8TH GRADE	70	2,312	2,015	0	367
ATHLETIC WHITE FEE	274	0	0	0	274
WATER FOR SOUTH SUDAN	0	2,214	2,214	0	0
7TH GRADE	2,095	625	0	0	2,720
ROBOTICS	918	0	0	0	918
STUDENT COUNCIL	5,416	0	976	0	4,440
YEARBOOK	1,939	1,640	819	0	2,760
6TH GRADE	0	625	0	0	625
EXTRACURR/ENDOWMENTS	0	2,110	0	0	2,110
MISC STUDENT ACTIVITIES	1,835	2,404	1,241	0	2,998
MAGAZINE MONEY	520	0	0	0	520
GIFT WRAP SALES	878	0	0	0	878
SCIENCE OLYMPIAD	3,070	0	0	0	3,070
PATTON/VARLEY	0	0	85	0	(85)
SUBTOTAL	130,976	195,946	169,841	0	157,081

See Independent Auditor's Report.

Missoula Public Schools

Elementary Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	130,976	195,946	169,841	0	157,081
OLINGER-ARNTZEN	77	0	0	0	77
BOOK FAIR - LIBRARY	1,594	0	0	0	1,594
ROBOTICS	635	250	327	0	558
BOUCHER/BROWN/LOWER/STACK	3,738	5,680	237	0	9,181
STUDENT COUNCIL	6,894	630	2,899	0	4,625
YEARBOOK	2,484	1,883	884	0	3,483
6TH GRADE FUND	1,397	1,112	1,443	0	1,066
HERRON/LYNCH	206	0	0	0	206
ANDERSON-KEFFELER	31	0	0	0	31
BOX TOPS	1	98	0	0	99
FESS/FOX/NORTH/SMITH	1,508	661	794	0	1,375
GG/NEDER/ENSZ/BUCHMAN	1,957	796	1,268	0	1,485
JOHNSTON/MERC/NORTON/WILSON	1,898	5,205	177	0	6,926
TRACK	1,007	1,075	875	0	1,207
MBI	855	635	1,432	0	58
BASKETBALL	0	0	0	0	0
WASHINGTON SCHOOL	118	2,393	1,038	0	1,473
8TH GRADE	145	1,182	786	0	541
VOLLEYBALL	172	100	100	0	172
WATER FOR SOUTH SUDAN	0	2,400	0	0	2,400
SCHOLARSHIPS/CLOTHES	126	0	0	0	126
OFFICE VARIOUS STUDENT PR	1,227	1,516	1,100	0	1,643
FLAGSHIP	5	0	0	0	5
LIFE SKILLS	444	20	274	0	190
EXPLORATORIES/MUSIC	215	0	0	0	215
MBI	2,907	0	57	0	2,850
ROBOTICS	106	0	0	0	106
YEARBOOK	923	750	0	0	1,673
6TH GRADE	1,471	3,375	2,508	0	2,338
7TH GRADE	889	1,922	1,411	0	1,400
PLAYGROUND	3	0	0	0	3
STUDENT COUNCIL	1,455	0	0	0	1,455
LIBRARY	259	0	0	0	259
3rd GRADE THUNDER	13	0	0	0	13
ALT HS STUDENT ACTIVITIES	387	130	0	0	517
TOTAL	166,123	227,759	187,451	0	206,431

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Missoula Public Schools

High School Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
MCPS NATIVE YOUTH CONFERENCE	7	0	0	0	7
NATIVE YOUTH POWPOW-MCPS	1	0	0	0	1
BSHS FUND RAISING FINE ARTS	3	0	0	0	3
HS FESTIVALS	1	0	0	0	1
BSHS FUND RAISING F/A ORC	21	0	0	0	21
DANCE TEAM	0	4,808	4,808	0	0
STUDENTS AGAINST MALNUTIRITION	0	0	0	0	0
BOYS BASKETBALL CLUB	0	16,193	10,511	0	5,682
GIRLS BB CLUB	0	12,241	9,626	0	2,615
CROSS COUNTRY CLUB	0	6,440	6,235	0	205
FOOTBALL CLUB	0	24,026	17,129	0	6,897
GOLF CLUB	0	11,526	5,747	0	5,779
BOYS SOCCER CLUB	0	27,247	8,819	0	18,428
SOFTBALL CLUB	0	6,375	2,240	0	4,135
SWIM CLUB	0	8,697	6,003	0	2,694
PRINTSHOP	3,243	1,057	2,055	0	2,246
FRIDAY FOODS/SNACK PAK	15	0	0	0	15
VOLLEYABLL CLUB	0	20,078	7,449	0	12,629
MODEL UNITED NATIONS	218	960	1,100	0	78
AMNESTY	4	0	0	0	4
WRESTLING CLUB	0	4,809	4,073	0	736
NATIVE AMERICAN MSLA YOUTH	15	0	0	0	15
ART	3,866	0	0	0	3,866
BAND	5,837	10,750	8,952	0	7,635
CHORAL	9,951	19,903	23,394	0	6,460
FAMILY & CONSUMER SCIENCE	7,324	0	100	0	7,224
IE METALS	4,730	4,815	3,536	0	6,009
ORCHESTRA	5,771	488	25	0	6,235
SCIENCE	922	0	0	0	922
SPEECH	593	16,646	14,452	0	2,787
DRAMA	24,574	18,327	20,729	0	22,173
TESTING	7,510	38,925	34,502	0	11,932
CLASS OF 2025	9	0	0	0	9
LIBRARY FINES	4,044	988	300	0	4,733
CHEERLEADERS	1,487	20	822	0	685
CLASS OF 2020	0	0	0	0	0
CLASS OF 2021	0	0	0	0	0
CLASS OF 2022	261	0	261	0	0
CLASS OF 2024	5	0	0	0	5
BPA/DECA	1,098	8,869	7,982	0	1,986
GERMAN CLUB	43	234	0	0	277
ACT PROGRAMS/REPORTS	44,033	8,245	51,259	0	1,020
LETTERMAN	820	0	0	0	820
CLASS OF 2026	1	0	0	0	1
KEY CLUB	4,601	165	752	0	4,014
N.F.L.	28	0	0	0	28
NATH'L HONOR SOCIETY	2,211	3,351	5,451	0	110
SUBTOTAL	133,249	276,185	258,310	0	151,122

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Missoula Public Schools

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Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	133,249	276,185	258,310	0	151,122
S.A.V.E.-G.R.E.E.N.	201	109	0	0	310
FLAGSHIP SKI	2	0	0	0	2
COURTYARD (WAS DRILL TEAM)	458	0	0	0	458
TROUBADOUR ENCORE	1,699	0	77	0	1,622
TRACK CLUB	0	3,423	3,381	0	41
STUDENT GOVERNMENT	3,083	4,916	2,893	0	5,106
GIRLS SOCCER	0	15,786	10,587	0	5,199
STUDENT FINES	9,008	536	152	0	9,392
YEARBOOK	10,242	9,695	1,697	0	18,240
NEWSPAPER	2,726	0	0	0	2,726
LOCK FINES	1,675	49	0	0	1,724
JAPAN SISTER CITY	134	0	0	0	134
CONCESSIONS	8,562	7,617	6,608	0	9,571
CAPS/GOWNS	679	0	0	0	679
IN/OUT	2,500	310	0	0	2,810
OTHER ACTIVITY	8	68	75	0	0
MISSOULA GAAP	11	0	0	0	11
MUSICAL THEATRE	264	0	0	0	264
P.E./ACTIVITY	2,212	0	0	0	2,212
FRENCH FUND	7	0	0	0	7
HELLGATE CARES	2,044	1,941	3,000	0	985
STUDENT ATHLETIC SCHOLARS	1,506	0	0	0	1,506
TENNIS CLUB	0	3,958	1,080	0	2,878
HOSA CLUB	748	486	287	0	947
KNIGHTS FOR THE FIGHT	79	0	0	0	79
P.E./SKI	499	0	0	0	499
HELLGATE LEGACY	6,060	4,269	3,003	0	7,326
HOMECOMING	24	0	0	0	24
HELLGATE UNITED	517	1,143	1,249	0	411
AUDITORIUM	38	0	0	0	38
FLAGSHIP	0	0	0	0	0
US/CHINA INITIATIVE	1,332	0	0	0	1,332
LATIN CLUB	2,375	0	0	0	2,375
ATHLETIC FACILITIES IMPROVEMEN	441	0	243	0	198
GENERAL TOURNAMENT ACCOUNT	6	27,404	23,124	0	4,286
CLASS OF 2023	14	197	0	0	211
BAND FUND RAISING	3,612	11,126	3,967	0	10,771
INDIGENOUS STUDENT UNION	0	1,122	101	0	1,021
CHEER TEAM CLUB	0	23,015	21,000	0	2,015
ADVANCED PROBLEMS IN SCIENCE	5,724	0	0	0	5,724
BEXOS FAMILY FOUNDATION	0	0	0	0	0
HELLGATE POETRY	459	0	0	0	459
SPECIAL ED CANDY	20	0	0	0	20
ROBOTICS	0	0	0	0	0
HELLAGE DANCE TEAM	3,051	250	2,116	0	1,185
BAND STUDENT TRAVEL	26,802	95,896	99,360	0	23,338
LIFETIME ACTIVITIES	44	0	0	0	44
SUBTOTAL	232,117	489,499	442,310	0	279,302

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Missoula Public Schools

High School Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	232,117	489,499	442,310	0	279,302
GIRLS SOCCER CONCESSIONS	38	0	0	0	38
PROM	3,513	4,669	3,315	0	4,867
SENIOR PROJECT-SENIOR PRO	2	0	0	0	2
STUDENT ACADEMIC COMPETITION	342	0	0	0	342
IB TESTING FEES	5	10,889	8,646	0	2,248
CURLING CLUB	2,069	965	141	0	2,894
ATHLETIC GENERAL	43,332	56,996	45,808	0	54,520
ACTIVITY CARD	351	12,780	13,131	0	0
PARTICIPATION FEE	183	38,250	840	0	37,593
SEASON TICKETS	103	5,005	5,108	0	0
BOYS BASKETBALL	446	1,058	933	0	570
GIRLS BASKETBALL	2	4,340	4,342	0	0
CROSS COUNTRY	379	3,436	2,511	0	1,304
FOOTBALL	84	1,535	1,007	0	613
GOLF	210	3,849	4,014	0	46
SOCCER/BOYS	300	1,222	1,500	0	22
SOFTBALL	70	1,732	1,548	0	254
SWIMMING	402	1,102	728	0	776
TENNIS	1,533	578	1,662	0	449
TRACK	497	1,008	517	0	988
VOLLEYBALL	275	1,230	1,250	0	255
WRESTLING	3	1,500	599	0	904
TRAINING ROOM	2,344	1,128	1,834	0	1,638
UNIFORMS	2,412	0	0	0	2,412
SOCCER/GIRLS	26	3,538	2,448	0	1,116
GREENHOUSE FUND	390	10	119	0	281
TRACK CLUB	40,336	0	3,889	0	36,448
SCIENCE CLUB	526	3,000	3,000	0	526
BUS. PRO. OF AMERICA	549	741	226	0	1,065
ART	862	0	0	0	862
BAND	2,034	1,095	3,002	0	127
CHORAL	1	322	300	0	24
FAMILY & CONSUMER SCIENCE	0	0	0	0	0
IE WOODS	760	500	320	0	940
MATH	3,314	0	0	0	3,314
SCIENCE	1,200	1,500	63	0	2,637
DRAMA	1,531	234	0	0	1,765
TESTING	285	0	0	0	285
POP FUND	1,775	178	0	0	1,952
CLASS OF 2025	0	311	0	0	311
CHEERLEADERS	436	0	0	0	436
CLASS OF 2020	(50)	50	0	0	0
CLASS OF 2021	(530)	530	0	0	0
CLASS OF 2022	1,283	1,055	1,604	0	734
CLASS OF 2024	2,453	450	0	0	2,904
CLASS OF 2026	0	0	0	0	0
LEO'S CLUB	325	1,235	1,465	0	95
SUBTOTAL	348,522	657,520	558,179	0	447,859

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Missoula Public Schools

High School Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	348,522	657,520	558,179	0	447,859
LEADERSHIP GROUP	1,398	0	0	0	1,398
NATIONAL HONOR SOCIETY	293	0	0	0	293
SPANISH	26,890	0	956	0	25,934
STUDENT GOVERNMENT	3,473	255	2,346	0	1,382
STUDENT FINES	617	0	0	0	617
YEARBOOK	923	5,560	3,886	0	2,597
LIBRARY	2,123	0	40	0	2,083
CONCESSIONS	15,083	7,201	9,784	0	12,500
IN/OUT	7,717	3,999	4,063	0	7,653
OTHER ACTIVITY	1,089	0	0	0	1,089
ENGLISH-CREATIVE WRITING	1,376	26	0	0	1,402
STUDENT STORE	1,587	0	0	0	1,587
FAMILIES IN NEED	368	2,250	0	0	2,618
CLASS OF 2023	0	2,583	1,167	0	1,416
ATHLETIC GENERAL	21,468	8,976	8,541	0	21,903
PARTICIPATION FEE	31,133	0	0	0	31,133
BOYS BASKETBALL	3,653	3,957	2,487	0	5,122
GIRLS BASKETBALL	2,086	4,158	1,843	0	4,402
CROSS COUNTRY	4,716	240	455	0	4,501
FOOTBALL	561	12,517	11,128	0	1,950
GOLF	380	760	826	0	314
TRACK/GIRLS	3	0	0	0	3
TRACK	47,837	20,013	19,898	0	47,952
VOLLEYBALL	3,351	8,128	6,713	0	4,766
TRACK/GOLF RETURNED FEES	367	0	0	0	367
OTHER ATHLETICS	4,312	0	0	0	4,312
DANCE TEAM	69	7,251	6,942	0	378
GOLF CLUB	(1,076)	9,125	7,446	0	602
SOCCER CLUB	4	10,792	6,614	0	4,181
SOFTBALL CLUB	7,659	11,182	10,152	0	8,689
SWIM CLUB	45	2,524	1,788	0	781
SCIENCE CLUB	6	90	90	0	6
HALO	3	0	0	0	3
VOLLEYBALL CLUB	4,469	14,100	10,102	0	8,467
ROCKY MTN WRESTLING	8,774	12,124	10,347	0	10,551
CLIMATE/PLC	7	0	0	0	7
MODEL UNITED NATIONS	36	825	440	0	421
AMNESTY	125	505	350	0	280
WRESTLING CLUB	572	2,760	2,760	0	572
SPARTAN GUARD	5	0	0	0	5
NATIVE AMERICAN MSLA YOUTH	19	0	0	0	19
RECYCLING	1,897	244	0	0	2,141
BUS. PROF. OF AMERICA	0	0	0	0	0
ART	358	701	657	0	403
BAND	61,828	87,539	122,352	0	27,015
CHORAL	435	0	0	0	435
COUNSELING	0	100	9	0	91
SUBTOTAL	616,559	898,005	812,358	0	702,200

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Missoula Public Schools

High School Extracurricular Fund

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Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	616,559	898,005	812,358	0	702,200
FAMILY & CONSUMER SCIENCE	4,029	995	2,238	0	2,786
IE METALS	13	2,025	1,075	0	963
IE WOODS	944	677	939	0	682
MATH	2,012	51	51	0	2,012
ORCHESTRA	2,909	0	67	0	2,843
SCIENCE	214	333	333	0	214
SPECIAL ED	4,471	1,403	1,892	0	3,982
SPEECH	72	18,287	13,433	0	4,926
SOCIOLOGY	224	0	0	0	224
TESTING	4,399	33,180	34,912	0	2,667
LITERARY CLUB	666	0	0	0	666
CHEERLEADERS	821	1,035	1,821	0	34
CLASS OF 2020	2	0	0	0	2
CLASS OF 2021	93	0	0	0	93
COMPUTER CLUB	3,389	165	590	0	2,963
BPA/DECA	8,539	24,595	28,260	0	4,874
FRENCH CLUB	4	0	0	0	4
GERMAN CLUB	89	0	0	0	89
KEY CLUB	1,007	718	625	0	1,100
KOPEE	476	2,000	0	0	2,476
ENGINEERING-SHS	2	0	0	0	2
NATIONAL HONO SOCIETY	1,296	6,143	4,494	0	2,944
HANDBOOK FUND	8,025	151	8,176	0	0
SPARTAN AMBASSADOR	612	0	438	0	174
FLAGSHIP SKI	32	0	0	0	32
SPANISH	728	1,901	1,966	0	663
SPARTAN UNIFORMS	47	0	0	0	47
THESPIANS	59	0	0	0	59
TROUBADOUR ENCORE	5,256	7,610	6,112	0	6,754
WEIGHT ROOM CAPITAL CAMPAIGN	8,713	57,197	3,696	0	62,214
TRACK CLUB	(369)	26,912	21,263	0	5,280
STUDENT GOVERNMENT	418	5,475	2,601	0	3,293
S.A.V.E.	28	0	0	0	28
SOCCER GIRLS	8,599	20,744	20,625	0	8,718
STUDENT FINES	3,989	1,668	250	0	5,407
YEARBOOK	6,093	6,170	1,495	0	10,768
LIBRARY	3,033	1,809	150	0	4,692
NEWSPAPER	405	824	0	0	1,229
LOCK FINES	2	5	0	0	7
CONCESSION SALES	204	0	0	0	204
ECO CLUB	927	0	0	0	927
CHEMISTRY COMPETITIONS	1,220	0	0	0	1,220
MUSICAL THEATRE	46	250	0	0	296
COPTER CLUB	1	0	0	0	1
VENDING MACHINE/SPED	6,744	8,763	2,767	0	12,740
STUDENTS AT RISK	1,991	7,365	6,759	0	2,597
TENNIS CLUB	1,654	4,575	3,838	0	2,391
SUBTOTAL	710,689	1,141,029	983,224	0	868,487

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Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	710,689	1,141,029	983,224	0	868,487
MCPS INDIAN EDUCATION CLUB	18	0	0	0	18
YOUTH LEADERSHIP	(94)	94	0	0	0
SENTINEL LEGACY	823	0	0	0	823
SENTINEL DESIGN ACADEMY	1,512	0	0	0	1,512
SMALL ENGINES	4,546	3,594	5,337	0	2,804
COMPUTER BUILDING CLUB	71	95	95	0	71
STATE TOURNAMENTS	0	9,309	11,355	0	(2,046)
GAY/STRAIGHT ALLIANCE	2	0	0	0	2
SPECIAL ED CRAFT FAIR	2,637	2,739	2,643	0	2,733
JAPAN TRAVEL	5	0	0	0	5
HEALTH OCC STUDENTS OF AMERICA	498	72	434	0	136
ENVIRONMENTAL CLUB	307	0	0	0	307
WORLD QUEST	0	2,061	1,739	0	322
ROBOTICS	5,598	25,254	28,431	0	2,421
SKILLS USA	178	0	0	0	178
PROM	9,711	8,419	13,381	0	4,749
BRAIN BOWL	280	0	50	0	230
CAPSTONE	270	740	728	0	281
MCPS DIST AUTOMOTIVE	735	0	643	0	92
ATHLETIC GENERAL	14,795	82,536	55,416	0	41,915
ACTIVITY CARD	83	14,799	14,799	0	83
PARTICIPATION FEE	21,469	40,885	397	0	61,957
BOYS BASKETBALL	5,527	19,101	21,651	0	2,977
GIRLS BASKETBALL	3,733	10,976	10,772	0	3,937
CROSS COUNTRY	250	7,202	5,714	0	1,738
FOOTBALL	6,559	108,627	111,730	0	3,456
UNIFORMS	0	9,350	9,350	0	0
CROSS COUNTRY-GIRLS	7	0	0	0	7
NATIVE AMERICAN MSLA YOUTH	1	0	0	0	1
WILLARD YEARBOOK	399	0	0	0	399
WILLARD WIRE	3,580	0	0	0	3,580
INDIAN PARENT ADVISE COMMITTEE	969	0	0	0	969
CULINARY ARTS	781	0	0	0	781
ALT HS STUDENT ACTIVITIES	1,204	474	0	0	1,678
BASKETBALL CLUB - BOYS	5	15,216	10,476	0	4,745
GIRLS BASKETBALL CLUB	1,079	23,261	21,322	0	3,018
CROSS COUNTRY CLUB	4,698	1,308	612	0	5,394
FOOTBALL CLUB	7,455	14,115	7,732	0	13,837
GOLF CLUB	2,601	7,466	5,998	0	4,070
CUBA TRIP	3	0	0	0	3
SOCCER CLUB	2,135	1,550	502	0	3,184
SOFTBALL CLUB	859	28,606	25,211	0	4,254
LIFE SKILLS SHIRT PRESS	4,997	3,813	2,601	0	6,210
VOLLEY BALL CLUB	8,226	11,122	14,702	0	4,645
ROCKY MTN WRESTLING	49	7,877	5,417	0	2,509
MODEL UNITED NATIONS	0	700	680	0	20
AG PROJECT	1,152	212	0	0	1,364
SUBTOTAL	830,404	1,602,603	1,373,142	0	1,059,856

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Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	830,404	1,602,603	1,373,142	0	1,059,856
HALL OF FAME	19	0	0	0	19
SG VENDING MACHINE	12	0	0	0	12
BAND	7,448	14,615	13,910	0	8,153
DRAFTING	694	532	112	0	1,114
IE METALS	161	144	0	0	305
IE WOODS	595	1,492	1,157	0	931
ORCHESTRA	13,259	46,278	54,657	0	4,880
SCIENCE	10,404	1,500	2,741	0	9,163
SPECIAL ED	24,522	1,216	2,204	0	23,535
SPEECH	260	10,546	9,278	0	1,528
DRAMA	523	18,552	12,645	0	6,430
FFA	21,374	29,614	34,529	0	16,459
TESTING	261	1,469	1,388	0	342
POP FUND	114	0	0	0	114
TRACK CLUB	13,619	16,480	21,502	0	8,597
AERIE BIG SKY /INTERNATIONAL	42	500	0	0	542
LIBRARY FINES	1,913	556	0	0	2,470
CHEERLEADERS	0	16,186	16,186	0	0
CLASS OF 2021	0	0	0	0	0
CLASS OF 2022	0	0	0	0	0
BPA/DECA	27,496	58,599	56,414	0	29,680
FRENCH CLUB	1	0	0	0	1
KEY CLUB	223	892	660	0	455
IB SCHOLARSHIP FUND	11	2,500	150	0	2,361
NATIONAL HONOR SOCIETY	3	1,463	1,455	0	11
THESPIANS	694	2,861	1,237	0	2,318
ST. GOV EQUIP/REPAIR	94	0	0	0	94
WEIGHT ROOM	2,656	0	100	0	2,556
STUDENT GOVERNMENT	595	110	23	0	682
SOCCER GIRLS	4,009	7,222	5,366	0	5,866
STUDENT FINES	5,714	2,093	256	0	7,550
YEARBOOK	4,542	18,142	15,109	0	7,575
NEWSPAPER	974	0	280	0	694
LOCK FINES	22	0	0	0	22
CONCESSIONS	4,076	25	2,774	0	1,326
CAPS/GOWNS	836	312	225	0	923
IN/OUT	8,779	10,999	9,447	0	10,332
OTHER ACTIVITY	152	1,002	418	0	736
FARM	3,260	34,939	38,198	0	1
CART SALES	28	0	0	0	28
PARKING PASSES	271	35	0	0	306
ART CLUB	16	456	225	0	247
FHA SCHOLARSHIP	752	0	0	0	752
SOCIAL COMMITTEE	6	0	0	0	6
INTRAMURLA	224	0	0	0	224
VENDING MACHINE CONCESSIONS	1,719	9,078	8,610	0	2,187
TENNIS CLUB	845	3,045	2,643	0	1,247
SUBTOTAL	993,622	1,916,056	1,687,041	0	1,222,630

See Independent Auditor's Report.

Missoula Public Schools

High School Extracurricular Fund

Schedule of Cash Receipts, Disbursements and Changes in Fund Balance

Student Activity	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers	Fund Balance June 30, 2022
BALANCE FROM PREVIOUS PAGE	993,622	1,916,056	1,687,041	0	1,222,630
NFHS BROADCASTING	545	1,378	0	0	1,923
FFA-GREENHOUSE	7,604	15,131	17,756	0	4,979
PE/SKI	4,823	959	663	0	5,118
JMG - JOBS FOR MT GRADUATES	1,211	0	54	0	1,157
BEE ALERT IN SCHOOL	414	0	0	0	414
STUDENT CHOIR	6,446	73,945	77,934	0	2,457
GRADUATING CLASS DONATION	111	1,000	0	0	1,111
ENVIROTHON	25	0	0	0	25
SCIENCE CIRCUS	2,734	100	0	0	2,834
INTERNATIONAL CLUB	322	0	0	0	322
SPEC VOC	1,540	100	401	0	1,240
PROM	3,283	3,116	3,917	0	2,482
SOS CRISIS FUND	2,646	1,500	1,046	0	3,100
SENIOR PROJECTS	7	0	0	0	7
SMALL ENGINES	5	0	0	0	5
CULINARY ARTS	2,942	578	535	0	2,985
DIVERSITY SCHOLARSHIP	132	0	0	0	132
STATE TOURNAMENTS	276	22,723	22,490	0	509
ECOLOGY CLUB	320	0	0	0	320
B.I.T.E.	554	105	0	0	659
CLASS OF 2023	0	0	0	0	0
HEALTH SCIENCES ACADEMY	5,179	8,203	7,247	0	6,135
HEALTH OCC STUDENTS OF AM	782	658	618	0	822
ACADEMIC TROPHY CASE	0	0	0	0	0
STUDENT BAND	23,120	110,804	117,483	0	16,441
BPA STUDENT STORE	2,089	0	271	0	1,818
STUDENT SENATE PAINTING	6	0	0	0	6
ROBOTICS	1	0	0	0	1
WELDING CLUB	113	164	50	0	227
MEAT LAB	49	0	0	0	49
THRIFT SHOP	5,112	0	0	0	5,112
I B TESTING	1,456	15,550	16,985	0	21
ATHLETIC GENERAL	9,864	87,769	37,011	0	60,621
ACTIVITY CARD	1	12,555	12,556	0	0
PARTICIPATION FEE	83	38,490	570	0	38,003
SEASON TICKETS	0	8,850	8,850	0	0
BOYS BASKETBALL	0	0	0	0	0
FOOTBALL	0	30	30	0	0
GOLF	0	60	60	0	0
SWIMMING	1,737	3,185	2,925	0	1,996
ATHLETIC TRAINING SUPPLIES	146	2,900	2,930	0	116
TOTAL	1,079,300	2,325,906	2,019,423	0	1,385,777

See Independent Auditor's Report.

Missoula Public Schools

Schedule of Reported Enrollment

Students Grade K-8:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	635	635	0
Grades 1-6	3,492	3,492	0
Grades 7-8	1,186	1,186	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Kindergarten Half Day	0	0	0
Kindergarten Full Day	632	632	0
Grades 1-6	3,483	3,483	0
Grades 7-8	1,181	1,181	0

Part-Time Students:

Fall	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	2	0	1	3	2	0	1	3	0
Spring	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
K-Half	0	0	0	0	0	0	0	0	0
K-Full	0	0	0	0	0	0	0	0	0
1-6	0	0	0	0	0	0	0	0	0
7-8	1	1	3	7	1	1	3	7	0

Missoula Public Schools

Schedule of Reported Enrollment (Continued)

Students Grade 9-12:

Full-Time Students:

Fall Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9-12	3,853	3,853	0
19-year olds included	3	3	0
Job Corps	0	0	0
Youth challenge	2	2	0
Spring Enrollment-EI District	MAEFAIRS Reports	District Reports	Difference
Grade 9-12	3,747	3,747	0
19-year olds included	2	2	0
Job Corps	0	0	0
Youth challenge	0	0	0
Early Graduates	46	46	0

Part-Time Students:

Fall	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
9-12	4	7	8	45	4	7	8	45	0
Spring	Per MAEFAIRS Enrollment Reports				Per District Reports				
Grade	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	<180 hrs/yr	180-359 hrs/yr	360-539 hrs/yr	540-719 hrs/yr	Difference
9-12	6	10	11	31	6	10	11	31	0

Missoula Public Schools

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Disbursements or Expenditures
U.S. Department of Education			
Direct:			
Indian Education Grants to Local Educational Agencies	84.060		633
Indian Education Grants to Local Educational Agencies	84.060		99,658
Total Total Indian Education			<u>100,291</u>
Total Direct			<u>100,291</u>
<i>Passed through Montana Office of Public Instruction</i>			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	320583912020	268
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	320584912020	208,974
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	320584922021	4,896,668
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	320583932021	2,246,048
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	320584932021	3,141,484
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	320583972021	15,336
Total Education Stabilization Fund			<u>10,508,778</u>
Title 1 Grants to Local Educational Agencies	84.010	320583312022	12,799
Title 1 Grants to Local Educational Agencies	84.010	320583322021	459,009
Title 1 Grants to Local Educational Agencies	84.010	320583322022	1,317,613
Title 1 Grants to Local Educational Agencies	84.010	320584312021	196
Title 1 Grants to Local Educational Agencies	84.010	320584312022	1,541
Title 1 Grants to Local Educational Agencies	84.010	320584322022	646,525
Title 1 Grants to Local Educational Agencies	84.010	320584372021	3,266
Title 1 Grants to Local Educational Agencies	84.010	320584422021	6,914
Title 1 Grants to Local Educational Agencies	84.010	320584422022	65,516
Title 1 Grants to Local Educational Agencies	84.010	320584522021	166,867
Total Title I Grants to Local Educational Agencies			<u>2,680,246</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	320584772021	200,575
Special Education - Grants to States	84.027	320584772022	2,314,700
Special Education - Preschool Grants	84.173	320584792022	54,530
COVID-19 - American Rescue Plan - Special Education - Grants to States	84.027X	320584702022	155,043
Total Special Education Cluster			<u>2,724,848</u>

Missoula Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Supporting Effective Instruction State Grants	84.367	320583142021	11,065
Supporting Effective Instruction State Grants	84.367	320583142022	354,548
Supporting Effective Instruction State Grants	84.367	320584142021	2,124
Supporting Effective Instruction State Grants	84.367	320584142022	203,290
Total Supporting Effective Instruction State Grants			571,027
Comprehensive Literacy Development	84.371	320583392021	146,149
Special Education - State Personnel Development	84.323		16,074
Twenty-First Century Community Learning Center	84.287	320583172021	86,571
Twenty-First Century Community Learning Center	84.287	320583172022	299,173
Total Twenty-First Century Community Learning Center			385,744
Adult Education - Basic Grants to States	84.002	320584562021	2,600
Adult Education - Basic Grants to States	84.002	320584562022	238,478
Total Adult Education - Basic Grants to States			241,078
Education for Homeless Children and Youth	84.196	320583572021	5,103
Education for Homeless Children and Youth	84.196	320583322022	10,169
Education for Homeless Children and Youth	84.196	320583572022	17,436
Total Education for Homeless Children and Youth			32,708
Career and Technical Education - Basic Grants to States	84.048	320584812021	14,161
Career and Technical Education - Basic Grants to States	84.048	320584812022	244,959
Total Career and Technical Education - Basic Grants to States			259,120
English Language Acquisition State Grants	84.365	320583412021	8,036
English Language Acquisition State Grants	84.365	320583412022	20,058
Total English Language Acquisition State Grants			28,094
Student Support and Academic Enrichment	84.424A	320584522021	3,915
Student Support and Academic Enrichment	84.424A	320583522021	43,537
Student Support and Academic Enrichment	84.424A	320584522022	66,107
Student Support and Academic Enrichment	84.424A	320583522022	97,974
Total Student Support and Academic Enrichment			211,533
Total Passed through Montana Office of Public Instruction			17,805,399
<i>Passed through Montana Department of Public Health and Human Services</i>			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	H126A150028	64,004
Total Passed through Montana Department of Public Health and Human Services			64,004
Total Department of Education			17,969,694

See Independent Auditor's Report.

See accompanying notes to this schedule.

Missoula Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Disbursements or Expenditures
U.S. Department of Health and Human Services <i>Passed through Montana Department of Public Health and Human Services</i>			
Epidemiologist and Laboratory Capacity for Infectious Diseases (ELC)	94.323		\$ 133,158
Suicide Prevention	93.764		29,668
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Program	93.714		79,786
Refugee and Entrant Assistance State/Replacement Design Administered Programs	93.566		25,531
Total Department of Health and Human services			<u>268,143</u>
U.S. Department of Agriculture <i>Passed through Montana Office of Public Instruction</i>			
Child Nutrition Cluster			
Cash Assistance:			
National School Lunch Program	10.555		3,867,205
Noncash Assistance			
National School Lunch Program (Commodities)	10.555		257,180
Total National School Lunch Program			<u>4,124,385</u>
Summer Food Services Program for Children	10.559		96,426
Total Child Nutrition Cluster			<u>4,220,811</u>
Farm to School Grant Program	10.575		76,870
Total Department of Agriculture			<u>4,297,681</u>
Total Federal Financial Assistance			<u>\$ 22,535,518</u>

Missoula Public Schools

Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Missoula Public Schools and is presented on the modified accrual basis of accounting including encumbrances. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule differ from amounts presented in or used in the preparation of the financial statements.

Note 2: Nonmonetary Transactions

The District received \$257,180 in USDA Commodities during the 2021-2022 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as an expense of the Fund receiving the commodities.

Note 3: Indirect Cost Rate

The District has elected to not use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

Note 4: Subrecipients

The District does not have any subrecipients or subrecipient expenditures.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Missoula Public Schools
Missoula, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Missoula Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Missoula Public Schools' basic financial statements, and have issued our report thereon dated May 7, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Wipfli LLP

Billings, Montana

May 7, 2024

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

Board of Trustees
Missoula Public Schools
Missoula, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Missoula Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. Missoula Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Missoula Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Missoula Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Missoula Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Missoula Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Missoula Public Schools' compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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



Wipfli LLP

Billings, Montana
May 7, 2024

Missoula Public Schools

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
84.027, 84.173, 84.027X	Special Education Cluster
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425W	American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth

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

Auditee qualified as low-risk auditee? X Yes _____ No

Missoula Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section II - Financial Statement Findings - None

Missoula Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section III - Federal Award Findings and Questioned Costs

2022-001

Late Submission

Federal Program Information:

Funding agency: U.S Department of Education

Title: Elementary and Secondary School Emergency Relief (ESSER) Fund, American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER), American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth and Special Education Cluster

CFDA number: 84.425D, 84.425U, 84.425W, 84.027, 84.173

Award year and number: 32-0583-912020, 32-0584-922021, 32-0583-972021, 32-0583-932021, 32-0584-772021, 32-0584-772022, 32-0584-79-2022

Criteria or Specific Requirement: 2 CFR section 200.512(a) requires the reporting package and data collection form be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after the reports are received from auditors or nine months after the end of the audit period.

Condition: The fiscal year audit and reporting package is being submitted after the required due date.

Context: We reviewed the audit submission date in comparison to the required due date.

Questioned Costs: To be determined by grantor

Effect: There is a potential for suspension or cessation of federal and/or state funding.

Cause: The ongoing Covid-19 pandemic caused a delay in the audit and as such the required deadline could not be met.

Repeat: No

Auditor's Recommendations: The District should take steps to ensure that its financial records are maintained on a current basis, reconciled timely, and audited within nine months after year end.

View of Responsible Officials: Due to things beyond their control, the District's prior year auditors determined they could not complete our audit for fiscal year 2022. The District found this information out approximately five months after the end of the fiscal year. Due to the job market environment at that time, most auditing firms were booked very solid and unable to take the District on as a client. Thankfully, we did find our current firm, Wipfli, LLC, with the understanding that they would complete the audit, though it would likely not be by the deadline.

Missoula Public Schools

Schedule of Findings and Questioned Costs (Continued)

Section IV - Auditees Summary Schedule of Prior Year Audit Findings - None