

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

**MISSOULA URBAN
TRANSPORTATION DISTRICT**

JUNE 30, 2024 AND 2023



MISSOULA URBAN TRANSPORTATION DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
ORGANIZATION	1
INDEPENDENT AUDITORS' REPORT	2 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
AUDITED FINANCIAL STATEMENTS	
Statements of net position.....	10
Statements of revenues, expenses and changes in net position.....	11
Statements of cash flows.....	12
Notes to financial statements.....	13 - 21
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
Schedule of changes in net OPEB liability and related ratios	22
SUPPLEMENTARY INFORMATION	
Schedule of expenditures of federal awards	23
Note to schedule of expenditures of federal awards	24
Schedules of functional expenses	25 - 26
SINGLE AUDIT SECTION	
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 <i>Government Auditing Standards</i>	27 - 28
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	29 - 31
Schedule of findings and questioned costs.....	32

**MISSOULA URBAN TRANSPORTATION DISTRICT
MISSOULA, MONTANA**

ORGANIZATION

Board of Directors

Chair Don MacArthur
Vice-Chair Jesse Dodson
Treasurer Sebastian Strauss
Secretary Amy Cilimburg
Director Jason Wiener
Director Sam Oliver
Director Josephine Hazelton-Boyle

Officials

General Manager (7/1/2023 - 4/13/2024) Corey Aldridge
Interim General Manager (4/14/2024 - 6/30/2024) Jennifer Sweten
Director of Operations Jennifer Sweten
Finance Manager Allison Segal



INDEPENDENT AUDITORS' REPORT

Board of Directors
Missoula Urban Transportation District
Missoula, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Missoula Urban Transportation District, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missoula Urban Transportation District, as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Missoula Urban Transportation District 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Missoula Urban Transportation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 - 9 and the schedule of changes in net OPEB liability and related ratios on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 November 29, 2024, on our consideration of Missoula Urban Transportation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Missoula Urban Transportation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Missoula Urban Transportation District's internal control over financial reporting and compliance.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
November 29, 2024

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024**

This report is intended to provide a recap of accomplishments and challenges that occurred during fiscal year 2024 (FY2024) and to provide insight into events that will impact the fiscal year 2025 (FY2025) budget. Additional discussion is provided regarding factors that will influence planning decisions for the FY2025 budget and help recognize economic trends that will impact Missoula Urban Transportation District’s (MUTD) financial condition beyond FY2025.

Financial Highlights

The following tables summarize the financial condition and operating results for FY2024 compared to FY2023 and FY2023 compared to FY2022:

Statement of Net Position

	2024	2023	Increase (Decrease)	2023	2022	Increase (Decrease)
Current & other assets	34,210,685	30,351,037	3,859,648	30,351,037	27,342,289	3,008,748
Capital assets	14,483,978	14,632,148	(148,170)	14,632,148	15,296,267	(664,119)
Total assets	<u>48,694,663</u>	<u>44,983,185</u>	<u>3,711,478</u>	<u>44,983,185</u>	<u>42,638,556</u>	<u>2,344,629</u>
Current liabilities	1,579,560	1,249,416	330,144	1,249,416	706,556	541,860
Noncurrent liabilities	837,082	823,663	13,419	823,663	736,412	87,251
Total liabilities	<u>2,416,642</u>	<u>2,073,079</u>	<u>343,563</u>	<u>2,073,079</u>	<u>1,442,968</u>	<u>630,111</u>
Net Position:						
Net investment in capital assets	14,483,978	14,632,148	(148,170)	14,632,148	15,296,267	(664,119)
Unrestricted	31,794,043	28,277,958	3,516,085	28,277,958	25,899,321	2,378,637
Total net position	<u><u>46,278,021</u></u>	<u><u>42,910,106</u></u>	<u><u>3,367,915</u></u>	<u><u>42,910,106</u></u>	<u><u>41,195,588</u></u>	<u><u>1,714,518</u></u>

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024**

FY2024 compared to FY2023:

The current and other assets include cash of \$32,430,301 which will fund fleet replacement capital purchases (local match) through FY2029, facilities capital purchases (local match) through FY2026 and a portion of future operating expenses and liabilities. The remaining current and other assets of \$1,780,384 are receivables for capital and planning reimbursement and property taxes as well as supplies inventory, prepaid expenses, and lease right-to-use assets. The capital assets are \$148,170 less than FY2023.

The net position of \$46,278,021 has increased by \$3,367,915. The unrestricted net position of \$31,794,043 includes facilities capital projects reserve of \$13,000,000, fleet replacement reserve of \$6,500,000, and a five-month operating reserve of \$6,850,000.

FY2023 compared to FY2022:

The current and other assets include cash of \$28,997,208 which will fund fleet replacement capital purchases (local match) through FY2026, facilities capital purchases (local match) through FY2026 and a portion of future operating expenses and liabilities. The remaining current and other assets of \$1,353,829 are receivables for capital and planning reimbursement and property taxes as well as supplies inventory, prepaid expenses, and lease right-to-use assets. The capital assets are \$664,119 less than FY2022.

The net position of \$42,910,106 has increased by \$1,714,518. The unrestricted net position of \$28,277,958 includes facilities capital projects reserve of \$12,000,000, fleet replacement reserve of \$6,500,000, and a four-month operating reserve of \$5,000,000.

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024**

Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues:						
Operating revenues	65,594	92,800	(27,206)	92,800	295,563	(202,763)
Non-operating revenues	18,714,746	15,289,240	3,425,506	15,289,240	16,539,109	(1,249,869)
Pass-through grants	(462,296)	(112,913)	(349,383)	(112,913)	-	(112,913)
Total revenues	<u>18,318,044</u>	<u>15,269,127</u>	<u>3,048,917</u>	<u>15,269,127</u>	<u>16,834,672</u>	<u>(1,565,545)</u>
Expenses:						
Operating	13,140,962	11,805,947	1,335,015	11,805,947	9,357,592	2,448,355
General and administrative	2,958,008	2,376,828	581,180	2,376,828	2,292,398	84,430
Total expenses	<u>16,098,970</u>	<u>14,182,775</u>	<u>1,916,195</u>	<u>14,182,775</u>	<u>11,649,990</u>	<u>2,532,785</u>
Income before capital contributions	2,219,074	1,086,352	1,132,722	1,086,352	5,184,682	(4,098,330)
Capital contributions	1,148,841	669,516	479,325	669,516	6,927,550	(6,258,034)
Pass-through grants	-	(41,350)	41,350	(41,350)	(1,458,650)	1,417,300
Change in net position	3,367,915	1,714,518	1,653,397	1,714,518	10,653,582	(8,939,064)
Net Position, Beginning of Year	<u>42,910,106</u>	<u>41,195,588</u>	<u>1,714,518</u>	<u>41,195,588</u>	<u>30,542,006</u>	<u>10,653,582</u>
Net Position, End of Year	<u><u>46,278,021</u></u>	<u><u>42,910,106</u></u>	<u><u>3,367,915</u></u>	<u><u>42,910,106</u></u>	<u><u>41,195,588</u></u>	<u><u>1,714,518</u></u>

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024**

Revenues:

Operating revenues include Missoula County financial assistance and advertising.

In FY2024, non-operating revenue increased by \$3,076,123 due to property tax revenue and interest income being greater than FY2023.

In FY2023, non-operating revenue decreased by \$1,362,782 largely due to an ARPA grant received in FY2022.

The non-operating revenues include the following sources:

	2024	2023	Increase (Decrease)	2023	2022	Increase (Decrease)
Property and other taxes	12,806,108	10,535,569	2,270,539	10,535,569	10,106,253	429,316
Federal operating assistance	3,624,131	3,554,671	69,460	3,554,671	5,983,559	(2,428,888)
Federal planning assistance	227,011	181,505	45,506	181,505	179,641	1,864
Interest income	1,169,746	751,431	418,315	751,431	52,993	698,438
Other revenues	425,454	153,151	272,303	153,151	216,663	(63,512)
Total non-operating revenues	<u>18,252,450</u>	<u>15,176,327</u>	<u>3,076,123</u>	<u>15,176,327</u>	<u>16,539,109</u>	<u>(1,362,782)</u>

In FY2024, operating expenses increased by \$1,335,015, which includes a combination of increases in departments.

In FY2023, operating expenses increased by \$2,448,355, which includes a combination of increases in departments.

See the Schedule of Functional Expenses later in this report for more details.

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024**

	2024	2023	Increase (Decrease)	2023	2022	Increase (Decrease)
Operations	10,827,829	9,772,156	1,055,673	9,772,156	7,885,969	1,886,187
Maintenance	2,313,133	2,033,791	279,342	2,033,791	1,537,500	496,291
General and administrative	2,958,008	2,376,828	581,180	2,376,828	2,226,521	150,307
Total expenses	<u>16,098,970</u>	<u>14,182,775</u>	<u>1,916,195</u>	<u>14,182,775</u>	<u>11,649,990</u>	<u>2,532,785</u>

Capital contributions are purchases that are funded by federal grants for approximately 80% - 85% of the total cost. The FY2024 capital contribution is \$1,148,141, the FY2023 capital contribution is \$669,516, and the FY2022 capital contribution is \$6,927,550.

	Federal, State and Local Funds		Increase (Decrease)	Federal, State, and Local Funds		Increase (Decrease)
	2023	2023		2023	2022	
Buildings and improvements	367,783	247,200	120,583	247,200	448,878	(201,678)
Transportation equipment	662,892	138,833	524,059	138,833	4,992,904	(4,854,071)
Furniture and fixtures and planning	117,466	242,133	(124,667)	242,133	27,118	215,015
Pass-through grant	-	41,350	(41,350)	41,350	1,458,650	(1,417,300)
Total	<u>1,148,141</u>	<u>669,516</u>	<u>478,625</u>	<u>669,516</u>	<u>6,927,550</u>	<u>(6,258,034)</u>

Budget Comparisons

The FY2024 expenses are 9% less than budget due to multiple capital projects being delayed another fiscal year. Operations expenses are 10% less than budget, maintenance expenses are 14% less than budget, and general & administrative expenses are 1% less than budget.

The FY2023 expenses are 11% less than budget due to a labor shortage and reduced service for part of the fiscal year. Operations expenses are 9% less than budget, maintenance expenses are 9% less than budget, and general and administrative expenses are 23% less than budget.

**MISSOULA URBAN TRANSPORTATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

FY2024 Ridership and Service Levels

FY2024 saw ridership and service increase steadily. Fixed-route ridership was over 1,200,000, a 12% increase over FY2023. Paratransit ridership continued to rapidly increase, with over 75,000 rides in FY2024, a 22% increase over FY2023.

Enhancements / Planning / Capital Projects

MUTD was a finalist for the CTAA Small Urban System of the Year given our progress in electrification and zero fare.

MUTD successfully negotiated the purchase of the parcel we identified in FY23. The purchase agreement was finalized and executed at the start of FY25. The purchase agreement is contingent on the land coming out of a floodplain which will happen as a result of a Letter of Map Revision made possible by the Grant Creek Realignment project which the City is managing and matching ARPA funds to complete that construction in early FY26. MUTD procured A&E and selected CMAR as our delivery method. The remodel of the current MOAB was finally completed in FY2023. All furniture was purchased and installed.

In coordination with the Missoula Metropolitan Planning Organization, MUTD commenced a strategic planning process in FY24. The strategic plan establishes goals, timelines, and preliminary financial elements in accordance with values and vision of MUTD and responds to the context defined by background analyses. As part of the process, MUTD will gather data on current practices, policies, and community context to create a strategy that is tailored to the unique characteristics of MUTD operating environment. Strategic plans are considered best practices for institutions, helping guide growth and decision-making.

Montana Department of Transportation (MDT) and Other Partnerships

The Bus Stop Master Plan was completed in the spring of 2024.

MUTD did a full audit of U-Dash, the University of Montana's bus system, to ensure compliance with FTA regulations.

Key Economic Factors Impacting MUTD Future Budgets

MUTD continues to face a labor shortage and high attrition for bus operators and maintenance technicians. This is the same issue facing transit agencies across the country.

Shortages of paratransit vehicles continue to plague the transit industry, but it is improving slightly. A bigger barrier now is the cost escalations of these vehicles.

Supply chain issues continued to be problematic, as well as skyrocketed prices for necessary products. This is causing higher vehicle down time.

We now have three bus manufacturers, Gillig, New Flyer, and Phoenix. Cost escalations and lead times of 18-36 months are the new normal now for these companies.

**MISSOULA URBAN TRANSPORTATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,080,301	\$ 5,497,208
Capital cash reserves	19,500,000	18,500,000
Operating reserves	6,850,000	5,000,000
Receivables, net	1,093,191	730,058
Supplies inventory	382,194	325,129
Prepaid expenses	256,782	231,760
Total current assets	34,162,468	30,284,155
CAPITAL ASSETS AT COST		
Land	80,909	80,909
Buildings and improvements	7,703,145	7,335,361
Transportation equipment	23,032,316	21,952,223
Shop equipment	203,818	219,418
Furniture and fixtures	437,129	430,919
Construction in progress	1,018,288	647,841
	32,475,605	30,666,671
Less: Accumulated depreciation	(17,991,627)	(16,034,523)
Net capital assets	14,483,978	14,632,148
OTHER ASSETS		
Right-to-use leased asset, net	48,217	66,882
TOTAL ASSETS	\$ 48,694,663	\$ 44,983,185
<u>LIABILITIES AND NET POSITION</u>		
CURRENT LIABILITIES		
Accounts and warrants payable	\$ 1,159,068	\$ 1,079,701
Accrued liabilities	339,136	151,835
Unearned revenue	62,197	-
Short-term lease liabilities	19,159	17,880
Total current liabilities	1,579,560	1,249,416
NONCURRENT LIABILITIES		
Compensated absences	478,143	467,766
Other postemployment benefits	326,073	303,873
Long-term lease liabilities	32,866	52,024
Total noncurrent liabilities	837,082	823,663
TOTAL LIABILITIES	2,416,642	2,073,079
NET POSITION		
Net investment in capital assets	14,483,978	14,632,148
Unrestricted	31,794,043	28,277,958
Total net position	46,278,021	42,910,106
TOTAL LIABILITIES AND NET POSITION	\$ 48,694,663	\$ 44,983,185

See accompanying independent auditors' report and notes to audited financial statements

**MISSOULA URBAN TRANSPORTATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Missoula County financial assistance	\$ 40,000	\$ 40,000
Advertising	25,594	52,800
Total operating revenues	<u>65,594</u>	<u>92,800</u>
OPERATING EXPENSES		
Operations	10,827,829	9,772,156
Maintenance	2,313,133	2,033,791
General and administrative	2,958,008	2,376,828
Total operating expenses	<u>16,098,970</u>	<u>14,182,775</u>
 Loss from operations	 <u>(16,033,376)</u>	 <u>(14,089,975)</u>
NON-OPERATING REVENUES		
Property and other taxes	12,806,108	10,535,569
Federal operating assistance	3,624,131	3,554,671
Federal planning assistance	689,307	294,418
Pass-through grants	(462,296)	(112,913)
State operating assistance	264,145	130,638
Interest income	1,169,746	751,431
Other revenues	161,309	22,513
Total non-operating revenues	<u>18,252,450</u>	<u>15,176,327</u>
 Income before capital contributions	 2,219,074	 1,086,352
Capital contributions	1,148,841	669,516
Pass-through grants	<u>-</u>	<u>(41,350)</u>
 Change in net position	 3,367,915	 1,714,518
Net position, beginning of year	<u>42,910,106</u>	<u>41,195,588</u>
Net position, end of year	<u>\$ 46,278,021</u>	<u>\$ 42,910,106</u>

See accompanying independent auditors' report and notes to audited financial statements

**MISSOULA URBAN TRANSPORTATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Missoula County financial assistance	\$ 40,000	\$ 40,000
Receipts from contract services	25,594	52,800
Payments to suppliers	(3,127,299)	(2,235,177)
Payments to employees	(10,750,678)	(9,361,726)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(13,812,383)	(11,504,103)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from property and other taxes	12,817,736	10,438,257
Receipts from Federal and State operating grants	4,666,413	6,966,917
Pass-through grants disbursed	(462,296)	(112,913)
Other receipts	161,309	22,513
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	17,183,162	17,314,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,854,879)	(1,429,578)
Receipts from Federal capital grants	747,447	891,207
Pass-through grants disbursed	-	(41,350)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,107,432)	(579,721)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,169,746	751,431
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,433,093	5,982,381
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,997,208	23,014,827
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 32,430,301	\$ 28,997,208
CASH AND CASH EQUIVALENTS ARE PRESENTED IN THE ACCOMPANYING STATEMENT OF NET POSITION AS:		
Cash and cash equivalents	\$ 6,080,301	\$ 5,497,208
Capital cash reserves	19,500,000	18,500,000
Operating reserves	6,850,000	5,000,000
	\$ 32,430,301	\$ 28,997,208
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES:		
Loss from operations	\$ (16,033,376)	\$ (14,089,975)
Adjustments to reconcile loss from operations to cash flows from operating activities:		
Depreciation	2,003,049	2,093,697
(Increase) decrease in operating assets:		
Receivables, net	-	-
Supplies inventory	(57,065)	(21,482)
Prepaid expenses	(25,022)	(135,119)
Right-to-use leased asset	18,665	18,665
Increase (decrease) in operating liabilities:		
Accounts and warrants payable	79,367	700,448
Accrued liabilities	187,301	(158,845)
Compensated absences	10,377	46,787
Other postemployment benefits	22,200	58,344
Lease liabilities	(17,879)	(16,623)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (13,812,383)	\$ (11,504,103)

See accompanying independent auditors' report and notes to audited financial statements

MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1. Summary of Significant Accounting Policies

Organization

The Missoula Urban Transportation District (the District) was organized under the laws of the state of Montana in 1976 to provide public transportation to the Missoula area. The District operates under the name “Mountain Line” and is authorized to levy taxes and charge fares to pay for the operations of the District.

The District is governed by a seven-member Board of Directors appointed by Missoula County (the County) and the City of Missoula (the City). The Board of Directors sets District policy, levies taxes, appropriates funds, adopts budgets, and performs other duties required by state and federal law.

Financial Reporting Entity

The District is considered a separate legal entity since neither the County nor the City appoints a controlling majority of the governing board, and the District is not financially accountable or fiscally dependent on either the County or the City. Furthermore, the District is not considered a component unit of either the City or the County.

Basis of Accounting

The District’s financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, and follow proprietary fund reporting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The District’s financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The District’s financial statements are presented using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized when incurred.

Operating revenues consist primarily of contracted services and transit advertising revenue. Operating expenses comprise the costs of operating the District, including depreciation on capital assets. Capital contributions include grant revenue and other contributions related to capital acquisitions or construction. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1. Summary of Significant Accounting Policies (continued)

Restricted Assets

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements. Where both restricted and unrestricted resources are available for use, restricted resources are used first, and then unrestricted resources as they are needed.

Budgets and Property Taxes

The District is required to submit an annual budget to the Board of County Commissioners for the purpose of certifying the amount of taxes to be levied for the subsequent fiscal year. Property tax levies are set on the second Monday in August in connection with the budget process and are assessed and collected by the County Treasurer on behalf of the District. Real property taxes are billed in October, and are payable in two equal installments on November 30 and May 31. Personal property taxes, which are based on prior year levies, are billed in July and due thirty days after billing. After these dates, they become delinquent and a lien is placed upon the property. Uncollected property taxes are shown on the statement of net position as receivables.

The taxable value of property in the District's taxing jurisdiction as of June 30, 2024 and 2023 was \$244,785,437 and \$190,775,047, respectively. The District levied 17.07 and 20.64 mills, with the value of one mill within the District's boundaries equating to \$216,404 and \$169,761 as of June 30, 2024 and 2023, respectively.

Legal Debt Margin

The District is authorized by law to incur bonded indebtedness of up to 28% of the District's taxable valuation. The District does not intend to issue bonded debt.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of funds on deposit with the Missoula County Treasurer. Such funds consist of demand and time deposits that are commingled with funds of other taxing districts. Information regarding credit risk, insurance, and collateral relating to cash equivalents can be found in Missoula County's annual financial reports for the years ended June 30, 2024 and 2023. For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash funds designated by the board for capital improvements and operating reserves amounted to \$19,500,000 and \$6,850,000 at June 30, 2024, respectively. Cash funds designated by the board for capital improvements and operating reserves amounted to \$18,500,000 and \$5,000,000 at June 30, 2023, respectively. Interest revenue consists of allocations of income on funds held by the Missoula County Treasurer and bank account interest.

Receivables

Receivables consist mainly of amounts due for federal grant reimbursements and property taxes owed to the District. At June 30, 2024 and 2023, the District did not record an allowance for doubtful accounts. The allowance is based on historical trends, emphasizing collection history at Missoula County.

Prepaid Expenses

Prepaid expenses include amounts paid to vendors for services to be received in future months.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Property and equipment are recorded at cost and depreciated on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	40 years
Transportation Equipment	4-14 years
Shop Equipment	5 years
Furniture and Fixtures	5 years

Repairs and maintenance are expensed when incurred and betterments, which are expected to extend an asset's useful life, are capitalized in excess of \$5,000. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenue and expenses. Projects in progress are not depreciated until placed in service.

Unearned Revenue

At June 30, 2024, unearned revenue consists of grant revenue received in advance of the related expenditures.

Compensated Absences

All employees of the District receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated in the various categories of absence is based generally on length of service. Upon termination, all employees are paid 100 percent of any unused vacation benefits and 25 to 50 percent of their accrued sick leave. At the beginning of each fiscal year, employees are allowed to cash out up to 25% of accrued vacation, provided eighty (80) hours remain after all commitments and the cash out. Upon termination, non-union employees are entitled to additional severance pay equal to 25 percent of the value of unused sick leave. Vacation leave that has been earned but not yet paid has been accrued in the accompanying financial statements.

Supplies Inventory

Supplies inventory consists of maintenance parts and supplies, including fuel, used in the ordinary course of operations. Materials and supplies are stated at the lower of average cost or market.

Other Postemployment Benefits

The District recognizes and reports its postemployment healthcare benefits in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1. Summary of Significant Accounting Policies (continued)

Classification of Net Position

The District classifies its net position as follows:

Net Investment In Capital Assets reflects the net position of the District that are invested in capital assets, including restricted capital assets, net of accumulated depreciation and related debt.

Restricted Net Position represents resources that are not accessible for general use because their use is subject to restrictions enforceable by creditors, grantors, contributors, laws and regulations, or enabling legislation. As of June 30, 2024 and 2023, the District had no restricted net position.

Unrestricted Net Position represents resources that do not meet the definition of restricted or invested in capital assets, and are available for general use.

Estimates

The preparation of financial statements in conformity with GAAP involves the use of management's estimates. These estimates are based upon management's judgments after considering past and current events and assumptions about future events. Actual results may differ from estimates.

Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net position or change in net position.

NOTE 2. Receivables

Receivables at June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Grant reimbursements	\$ 712,769	338,008
Property taxes, net	380,422	392,050
Total receivables	<u>\$ 1,093,191</u>	<u>\$ 730,058</u>

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3. Capital Assets

Substantially all property and equipment has been acquired under capital assistance grants administered by the U.S. Department of Transportation, Federal Transit Administration, whereby a percentage (usually 80 percent) of the cost of capital additions is reimbursed by the grantor, and the remaining portion is funded by the District. Under the terms of the grants, title to the assets rests with the District; however, the District is prohibited from disposing of grant-related assets without prior approval of the grantor prior to the end of its useful life, and a portion of the proceeds from such disposition may be payable to the grantor in proportion to the grantor's original contribution under certain conditions. A schedule of capital asset activity follows:

	Capital Assets Not Being Depreciated		Capital Assets Being Depreciated		
	Land and CIP	Buildings and Improvements	Transportation	Shop	Furniture and
			Equipment	Equipment	Fixtures
Balance, June 30, 2022	\$ 116,671	\$ 7,006,654	\$ 22,537,040	\$ 219,754	\$ 779,189
Additions	647,841	328,707	384,295	-	116,362
Deletions	(35,762)	-	(969,112)	(336)	(464,632)
Balance, June 30, 2023	728,750	7,335,361	21,952,223	219,418	430,919
Additions	1,077,618	367,784	1,084,501	-	33,386
Deletions	(707,171)	-	(4,408)	(15,600)	(27,176)
Balance, June 30, 2024	<u>\$ 1,099,197</u>	<u>\$ 7,703,145</u>	<u>\$ 23,032,316</u>	<u>\$ 203,818</u>	<u>\$ 437,129</u>
Accumulated Depreciation					
Balance, June 30, 2022	\$ -	\$ 4,586,679	\$ 9,977,055	\$ 171,000	\$ 628,307
Depreciation	-	286,297	1,739,703	22,327	45,370
Deletions	-	-	(958,185)	(336)	(463,694)
Balance, June 30, 2023	-	4,872,976	10,758,573	192,991	209,983
Depreciation	-	305,721	1,620,117	16,270	60,941
Deletions	-	-	(4,408)	(15,473)	(26,064)
Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 5,178,697</u>	<u>\$ 12,374,282</u>	<u>\$ 193,788</u>	<u>\$ 244,860</u>
Total Net Capital Assets					
June 30, 2023	<u>\$ 728,750</u>	<u>\$ 2,462,385</u>	<u>\$ 11,193,650</u>	<u>\$ 26,427</u>	<u>\$ 220,936</u>
June 30, 2024	<u>\$ 1,099,197</u>	<u>\$ 2,524,448</u>	<u>\$ 10,658,034</u>	<u>\$ 10,030</u>	<u>\$ 192,269</u>

NOTE 4. Commitments

The Urban Mass Transportation Act of 1964 provides for the funding of a portion of the District's operating costs and capital needs based upon a defined formula grant program. Generally, funds may be utilized for 80 to 86 percent of project costs for capital assistance or 50 to 80 percent for operating assistance depending on the funding source. Funds are apportioned to the District annually and generally are available until expended.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5. Pension Plans

The District has a defined contribution retirement plan, which covers essentially all union personnel. The District contributed \$5.20 per hour for operators/paratransit and \$5.61 per hour for the maintenance department for the year ended June 30, 2024, for union employees under the Teamsters Union retirement plan. For the year ended June 30, 2023, the District contributed \$4.90 per hour for operators/paratransit and \$5.11 per hour for the maintenance department for union employees under the Teamsters Union retirement plan. The District's contributions totaled \$913,636 for the year ended June 30, 2024, and \$869,061 for the year ended June 30, 2023. Covered union payroll was \$4,941,986 in 2024 and \$4,560,012 in 2023.

The District has an Internal Revenue Code (IRC) Section 401(a) pension plan arrangement for non-union employees. The District contributed 10.0 percent of non-union employees' gross salary under the 401(a) plan for the years ended June 30, 2024 and 2023. The District's contributions totaled \$221,483 for the year ended June 30, 2024, and \$185,837 for the year ended June 30, 2023. Covered non-union payroll was \$2,509,095 in 2024 and \$1,984,487 in 2023.

All employees may participate in elective salary deferrals under an IRC Section 457 plan up to the maximum amount allowed by law. Union and non-union employees are eligible to participate in the plan from the date of employment.

NOTE 6. Uncertainties, Contingencies, and Risks

The District faces a number of risks including (a) loss or damage to property, (b) general liability, (c) workers' compensation, and (d) employee medical insurance. Commercial insurance policies are purchased for loss or damage to property and general liability.

The District is a member of the Missoula County Workers' Compensation Plan (Plan). The Plan self-insures for workers' compensation coverage. Workers' compensation is covered up to \$250,000 per individual occurrence. Losses in excess of the self-insured limit are covered by reinsurance with a commercial carrier. Settled claims did not exceed the commercial coverage for the years ended June 30, 2024 and 2023. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No liability accrual was required at June 30, 2024 and 2023.

The District's workers' compensation rates are based upon state rates, currently ranging from \$4.26 to \$11.88 per \$100 of covered payroll. Contributions for 2024 and 2023 were \$449,955 and \$437,230, respectively. As of June 30, 2024 and 2023, there were no claims in excess of insured coverage under the Plan.

The District participates in the County's employee benefit plan which is a self-insured health plan providing medical and dental benefits to all employees electing to be covered. The Plan is self-insured up to \$450,000 per individual. Losses in excess of the individual self-insured limit are covered by reinsurance with a commercial carrier. During 2024 and 2023, the District paid \$936,168 and \$744,424 for the coverage while employees contributed \$141,544 and \$126,842, respectively.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7. Other Postemployment Benefits

The District has adopted the provisions of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. GASB 75 requires employers to calculate the actuarial liability for future retiree benefits. Information on the District’s health benefit plan for retirees is included below.

The District participates in the Missoula County Employee Benefits Plan (MCEBP) – a Defined Benefit Multiple Employer Plan that provides for varying amounts of health insurance for eligible retired employees. The benefit is offered to all employees who, (1) retire on or after attaining age 65, (2) retire at age 60 with at least five years of service, or (3) employees who have completed at least thirty years of service. An employee may qualify for early retirement upon completion of five years of service and attained the age of 50 or completed at least 25 years of service. These benefits are established and may be amended by Missoula County. The plan issues stand-alone financial statements, which can be obtained, from Missoula County Risk & Benefits, 200 West Broadway, Missoula, Montana 59802.

Retirees are able to purchase health benefits for themselves and their family at two different rates: the Medical Standard Plan or the Medical High Deductible Plan. Both Plans are self-funded through MCEBP, and the trust pays claim costs plus administrative expenses. Retirees may also elect optional dental or vision coverage.

Retirees pay a monthly premium based on their plan election and level of dependent coverage. The premiums effective for the year ending June 30, 2023, are shown below.

Level of Coverage	Medical (Standard Plan)	Medical (High Deductible Plan)
Single	\$ 719.00	\$ 504.00
EE + Child	1,205.00	844.00
EE + Spouse	1,350.00	909.00
Family	1,837.00	1,287.00

As of June 30, 2024, the number of active and inactive employees covered by the MCEBP plan was as follows:

	<u>Medical</u>
Active employees	1,188
Retirees	<u>52</u>
Total	<u><u>1,240</u></u>

The District’s annual other postemployment benefit (OPEB) expense is calculated based on the annual change in the employer's net OPEB liability with deferred recognition for certain items, which is an amount actuarially determined in accordance with the parameters of GASB Statement 75. The net OPEB liability is the total OPEB liability, net of the OPEB plan's fiduciary net position. And the total OPEB liability represents the portion of the actuarial present value of projected benefits payments that is attributed to past periods of employee service. A schedule of changes in the plan's net OPEB liability is presented as required supplementary information. Since the District participates in the MCEBP Plan, its share of the total OPEB liability was calculated by multiplying the collective total OPEB liability by the District's proportionate share, which is 3.70% as of June 30, 2024.

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7. Other Postemployment Benefits (continued)

As of June 30, 2024, the District's portion of the plan's net OPEB liability was \$326,073. This liability is not funded under GASB 75 since there are no assets allocated to an irrevocable trust for the plan and as such the funded status of the plan is 0%. In the year ended June 30, 2024 and 2023, the District recognized OPEB expense of \$22,200 and \$58,344, respectively, in which deferred inflows and outflows of resources are not applicable.

The measurement date of the total OPEB liability is as of June 30, 2024. For the actuarial valuation dated June 30, 2024 on which the total OPEB liability is based, the health care trend rate was 6.50% and the assumed discount rate was 3.97%.

Payroll growth was 2.5%, and general inflation was 2.4% per year. Mortality rates were based on the MTPERS and MTSRS Tables.

The following table presents the total OPEB liability of the plan at the selected discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the selected discount rate.

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ 376,493	\$ 328,891	\$ 289,747

The following table presents the total OPEB liability of the plan at the selected medical trend rate, as well as what the total OPEB liability would be if it were calculated using a medical trend rate that is 1-percentage point lower or higher than the selected medical trend rate.

	1% Decrease (5.50%)	Medical Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	\$ 281,678	\$ 328,891	\$ 388,061

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results compare to the past expectations and new estimates are made about the future. Projections of benefits for the plan are based on types of benefits provided under the substantive plan members to that point. Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

A schedule of changes in total OPEB liability for the years ended June 30, 2023 and 2024 is as follows:

	2023	2024
Net OPEB liability - beginning of year	\$ 245,529	\$ 303,873
Service cost	7,117	17,199
Interest	10,262	13,377
Difference between expected and actual experience	(65,837)	(14,579)
Changes in assumptions	110,311	6,203
Benefit payments	(3,509)	-
Net OPEB liability - end of year	\$ 303,873	\$ 326,073

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8. Lease Agreements

On January 27, 2022, the District signed a five-year agreement to lease property located at 2291 West Broadway in Missoula to be used as a training center. The lease ends January 31, 2027 with the option to renew on a yearly basis for five additional years, which the District is not reasonably certain to renew. Monthly base lease payments range from \$1,442 to \$1,781 over the term of the lease. Base lease payments for the years ended June 30, 2024 and 2023 were \$17,730 and \$7,211, respectively. The District also paid operating expenses that are not included in the measurement of the lease liability as they are variable in nature. Variable lease costs for the years ended June 30, 2024 and 2023 were \$5,718 and \$7,317, respectively. The interest rate was not specified in the contract and as such the mid-term applicable federal rate has been used.

Details for the assets and liabilities are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Right-of-use assets	\$ 93,324	\$ 93,324
Less: accumulated amortization	<u>(45,107)</u>	<u>(26,442)</u>
Net right-of-use assets	<u>\$ 48,217</u>	<u>\$ 66,882</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 19,158	\$ 608
2026	20,453	331
2027	<u>12,414</u>	<u>58</u>
	<u>\$ 52,025</u>	<u>\$ 997</u>

NOTE 9. Subsequent Events

Subsequent to yearend on August 26, 2024, the District executed a purchase and sale agreement for a land parcel in the amount of \$4,500,000. This land will be utilized to build a new Maintenance, Operations, and Administration Building. The purchase is contingent upon a conditional letter of map revision to remove the property from the floodplain as a result of the realignment of Grant Creek.

Management has evaluated subsequent events through November 29, 2024, the date through which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**MISSOULA URBAN TRANSPORTATION DISTRICT
SCHEDULE OF CHANGES IN NET OPEB
LIABILITY AND RELATED RATIOS
JUNE 30, 2017 THROUGH 2024**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Service cost	\$ 15,149	\$ 11,755	\$ 9,339	\$ 8,141	\$ 10,323	\$ 12,916	\$ 7,117	\$ 17,199
Interest	5,254	5,928	3,909	3,331	3,446	7,431	10,262	13,377
Difference between expected and actual experience	(14,125)	(9,874)	(8,535)	(23,920)	(8,249)	121,335	(65,837)	(14,579)
Changes in assumptions	(2,307)	(14,912)	(46,116)	30,401	18,067	(61,015)	110,311	6,203
Employer contributions	(7,598)	(10,166)	-	-	-	-	-	-
Employee contributions	(28,945)	(25,943)	-	-	-	-	-	-
Benefit payments	32,049	32,418	-	-	-	-	(3,509)	-
Administrative expense	4,495	3,691	-	-	-	-	-	-
Net change	3,972	(7,103)	(41,403)	17,953	23,587	80,667	58,344	22,200
Net OPEB liability - beginning of year	<u>167,856</u>	<u>171,828</u>	<u>164,725</u>	<u>123,322</u>	<u>141,275</u>	<u>164,862</u>	<u>245,529</u>	<u>303,873</u>
Net OPEB liability - end of year	<u>\$ 171,828</u>	<u>\$ 164,725</u>	<u>\$ 123,322</u>	<u>\$ 141,275</u>	<u>\$ 164,862</u>	<u>\$ 245,529</u>	<u>\$ 303,873</u>	<u>\$ 326,073</u>
Plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	- %	- %	- %	- %	- %	- %	- %	- %
Covered employee payroll	\$ 2,959,453	\$ 3,035,372	\$ 3,368,295	\$ 3,003,699	\$ 3,078,792	\$ 3,950,315	\$ 5,263,025	\$ 3,064,959
Total OPEB liability as a percentage of covered employee payroll	5.81 %	5.43 %	3.66 %	4.70 %	5.35 %	6.22 %	5.77 %	10.64 %
Notes to Schedule:								
<u>Major Assumptions</u>								
Discount rate	3.13 %	3.45 %	3.36 %	2.66 %	2.18 %	4.09 %	4.13 %	3.97 %
Medical trend	6.80 %	6.20 %	6.20 %	6.10 %	6.10 %	6.02 %	7.00 %	6.50 %

This schedule will be presented for 10-years, as information becomes available.

**MISSOULA URBAN TRANSPORTATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL SOURCE PASS-THROUGH SOURCE PROGRAM TITLE Type of Assistance	GRANTOR CONTRACT NUMBER	ALN NUMBER	GRANT AWARD AMOUNT	FUNDS EXPENDED CURRENT YEAR
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Urbanized Area Formula Grants	MT-2024-002	20.507	\$ 3,332,131	\$ 3,332,131
Urbanized Area Formula Grants	MT-2024-006	20.507	<u>292,000</u>	<u>292,000</u>
Subtotal by ALN Number			<u>3,624,131</u>	<u>3,624,131</u>
Urbanized Area Formula Grants	MT-2019-008-003	20.526	2,726,888	323,825
Urbanized Area Formula Grants	MT-2022-027-001	20.526	4,333,083	314,960
Urbanized Area Formula Grants	MT-2024-019	20.526	<u>1,931,223</u>	<u>229,331</u>
Subtotal by ALN Number			<u>8,991,194</u>	<u>868,116</u>
Subtotal Federal Transit Cluster			<u>12,615,325</u>	<u>4,492,247</u>
Formula Grants for Rural Areas	MT-2022-012-001	20.509	<u>1,381,183</u>	<u>63,664</u>
Transit Services Programs Cluster				
<i>Passed Through State of Montana</i>				
Enhanced Mobility of Seniors & Individuals with Disabilities	MT-2022-019	20.513	94,524	94,524
Enhanced Mobility of Seniors & Individuals with Disabilities	MT-2022-028	20.513	71,651	71,651
Enhanced Mobility of Seniors & Individuals with Disabilities	1144-2024-1	20.513	<u>50,886</u>	<u>50,886</u>
Subtotal Transit Services Programs Cluster			<u>217,061</u>	<u>217,061</u>
<i>Passed Through Missoula County, Montana</i>				
Transit Technical Studies Grants FY23	112676	20.505	190,760	31,268
Transit Technical Studies Grants FY24	113182	20.505	209,102	135,783
Metropolitan Transportation Planning	111629	20.505	<u>60,000</u>	<u>59,960</u>
Subtotal by ALN Number			<u>459,862</u>	<u>227,011</u>
National Infrastructure Investments				
RAISE Grants	MT-2023-002-001	20.933	<u>847,000</u>	<u>462,296</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u><u>\$ 5,462,279</u></u>

**MISSOULA URBAN TRANSPORTATION DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District and is presented on the same basis of accounting as described in Note 1 of the Notes to the Financial Statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

The District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

Missoula Redevelopment Association was a subrecipient for National Infrastructure RAISE Grant MT-2023-002-001 and received \$462,296 in subrecipient funds. No other subrecipients were used.

**MISSOULA URBAN TRANSPORTATION DISTRICT
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Fixed Route</u>	<u>ADA Comparable Paratransit</u>	<u>General and Administrative</u>	<u>Total</u>
Wages and fringe:				
Operations	\$ 5,638,070	\$ 2,127,914	\$ -	\$ 7,765,984
Maintenance	1,150,452	387,640	-	1,538,092
Administration	-	-	1,644,280	1,644,280
Other postemployment benefit	14,629	4,237	3,334	22,200
Training	5,718	-	55,348	61,066
Professional/technical	1,056	-	217,276	218,332
Maintenance	294,053	56,897	80,409	431,359
Fuel/tires/lubricants	554,386	159,885	-	714,271
Materials/supplies	318,028	51,601	31,655	401,284
Utilities	305,057	10,627	18,672	334,356
Insurance	455,060	27,906	10,297	493,263
Promotion	-	-	192,703	192,703
Travel	8,840	-	140,494	149,334
Taxes/dues/subscriptions	-	-	65,771	65,771
Amortization	18,665	-	-	18,665
Depreciation	1,346,170	166,182	490,697	2,003,049
Miscellaneous	37,889	-	7,072	44,961
	<u>\$ 10,148,073</u>	<u>\$ 2,992,889</u>	<u>\$ 2,958,008</u>	<u>\$ 16,098,970</u>
	63.04 %	18.59 %	18.37 %	-

**MISSOULA URBAN TRANSPORTATION DISTRICT
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Fixed Route</u>	<u>ADA Comparable Paratransit</u>	<u>General and Administrative</u>	<u>Total</u>
Wages and fringe:				
Operations	\$ 5,033,793	\$ 1,663,657	\$ -	\$ 6,697,450
Maintenance	987,793	341,000	-	1,328,793
Administration	-	-	1,223,425	1,223,425
Other postemployment benefit	39,867	10,102	8,375	58,344
Training	7,317	-	44,951	52,268
Professional/technical	3,912	-	155,029	158,941
Maintenance	327,241	10,748	142,414	480,403
Fuel/tires/lubricants	559,118	142,135	-	701,253
Materials/supplies	326,481	37,422	38,689	402,592
Utilities	269,510	10,518	16,986	297,014
Insurance	348,649	24,333	12,250	385,232
Promotion	-	-	143,516	143,516
Travel	185	-	60,082	60,267
Taxes/dues/subscriptions	-	7	40,934	40,941
Amortization	18,665	-	-	18,665
Depreciation	1,491,329	123,871	478,497	2,093,697
Miscellaneous	28,294	-	11,680	39,974
	<u>\$ 9,442,154</u>	<u>\$ 2,363,793</u>	<u>\$ 2,376,828</u>	<u>\$ 14,182,775</u>
	66.57 %	16.67 %	16.75 %	



INDEPENDENT AUDITORS' 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 Directors
Missoula Urban Transportation District
Missoula, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Missoula Urban Transportation District, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2024.

Report on Internal Control Over Financial Reporting

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

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



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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Missoula Urban Transportation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
November 29, 2024



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

Board of Directors
Missoula Urban Transportation District
Missoula, Montana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Missoula Urban Transportation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Missoula Urban Transportation District's major federal programs for the year ended June 30, 2024. Missoula Urban Transportation District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Missoula Urban Transportation District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Missoula Urban Transportation District 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 Urban Transportation District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditors' 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.

Junkermier, Clark, Campanella, Stevens, P.C.

Kalispell, Montana
November 29, 2024

**MISSOULA URBAN TRANSPORTATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

I. Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Missoula Urban Transportation District were prepared in accordance with U.S. GAAP.
2. No material weakness or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Missoula Urban Transportation District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for Missoula Urban Transportation District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Missoula Urban Transportation District.
7. The program tested as major programs: Federal Transit Cluster, Department of Transportation, ALNs 20.507 and 20.526.
8. The threshold for distinguishing Type A and B Programs was \$750,000 in expenditures.
9. Missoula Urban Transportation District was not determined to be a low-risk auditee.

II. Findings - Financial Statements Audit

No matters were reported.

III. Findings and Questioned Costs - Major Federal Award Programs

No matters were reported.

IV. Status of Prior Year Findings

No matters were reported.