



CPAs & BUSINESS ADVISORS

**CITY OF MISSOULA COUNCIL
PRESENTATION - FY2024 FINANCIAL
STATEMENT AND SINGLE AUDIT**

Presented by Janeen Hathcock

AGENDA



Financial Statement Audit



Single Audit Reporting Package



Required Communications

INDEPENDENT AUDITOR'S REPORT

- **Clean “unmodified” opinion**
 - The best you can receive
- **First page of the opinion**
 - Indicates what was audited – 1st paragraph
 - Opinions – 2nd paragraph
 - Basis for Opinions – 3rd paragraph
- **First and Second page of the opinion**
 - Management’s responsibilities
 - Auditor’s responsibilities

INDEPENDENT AUDITOR'S REPORT

- **Third and Fourth Pages of the opinion**
 - **Other Matters**
 - **Required Supplementary Information (unaudited)**
 - Management's Discussion & Analysis
 - Pension and OPEB Schedules
 - Budget to Actual Schedules (General Fund and Major Special Revenue Funds)
 - **Other Information (in-relation to opinion)**
 - Combining and Individual Nonmajor Fund Statements
 - Other Budgetary schedules
 - SEFA (included in compliance section)
 - **Other Information (unaudited)**
 - Introductory and Statistical Information
 - **Other reporting required by GAAS**

FINANCIAL POSITION

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the year by \$330M (net position) for the calendar year reported, which is up \$17.8M (net position) from prior year.

The City's business-type activities, net position increased by \$9.5M, or 14.3%.

Overall governmental fund balances at end of 2024 decreased by \$3.2M from prior year to \$21.5M, down from \$24.7M in 2023.

Of the total governmental funds ending fund balance amount, -\$11.8M is deemed unassigned vs. -\$5.3M in 2023

SCHEDULE OF NET POSITION

CITY OF MISSOULA'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current & Other Assets	\$ 40,720,312	\$ 46,924,068	\$ 20,279,762	\$ 15,653,171	\$ 61,000,074	\$ 62,577,239
Capital Assets	311,640,290	289,845,365	212,534,817	205,126,273	524,175,107	494,971,638
Non-Current Assets	2,065,913	2,295,067	3,799,175	2,510,965	5,865,088	4,806,032
Total Assets	<u>354,426,515</u>	<u>339,064,500</u>	<u>236,613,754</u>	<u>223,290,409</u>	<u>591,040,269</u>	<u>562,354,909</u>
Deferred Outflows	<u>15,908,930</u>	<u>17,557,543</u>	<u>1,828,811</u>	<u>2,202,551</u>	<u>17,737,741</u>	<u>19,760,094</u>
Current Liabilities	18,421,724	18,460,217	9,570,605	9,646,915	27,992,329	28,107,132
Non-Current Liabilities	85,491,316	84,644,295	150,191,075	146,903,752	235,682,391	231,548,047
Total Liabilities	<u>103,913,040</u>	<u>103,104,512</u>	<u>159,761,680</u>	<u>156,550,667</u>	<u>263,674,720</u>	<u>259,655,179</u>
Deferred Inflows	12,556,788	7,944,900	2,633,792	2,400,116	15,190,580	10,345,016
Net Position:						
Net Investment in						
Capital Assets	280,245,449	261,555,148	81,476,250	80,751,189	361,721,700	342,306,337
Restricted	9,685,659	13,947,015	2,655,416	1,111,430	12,341,075	15,058,445
Unrestricted	<u>(36,065,491)</u>	<u>(29,929,532)</u>	<u>(8,084,573)</u>	<u>(15,320,442)</u>	<u>(44,150,065)</u>	<u>(45,249,974)</u>
Total Net Position	<u>\$ 253,865,617</u>	<u>\$ 245,572,631</u>	<u>\$ 76,047,093</u>	<u>\$ 66,542,177</u>	<u>\$ 329,912,710</u>	<u>\$ 312,114,808</u>

CHANGES IN NET POSITION

	CITY OF MISSOULA'S CHANGE IN NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for Services	\$ 38,686,838	\$ 33,115,875	\$ 35,775,917	\$ 33,660,958	\$ 74,462,755	\$ 66,776,833
Operating Grants & Contributions	4,557,779	5,283,587	3,323,265	3,845,387	7,881,044	9,128,974
Capital Grants & Contributions	4,403,343	4,105,915	2,901,695	797,298	7,305,038	4,903,213
General Revenues						
Property taxes for general purposes	42,691,737	41,015,202	—	—	42,691,737	41,015,202
Intergovernmental revenue, unrestricted	32,371,358	26,615,296	—	—	32,371,358	26,615,296
Miscellaneous	55,507	15,176	89,166	476,474	144,673	491,650
Gain or Loss on Sale of Capital Assets	64,644	—	9,568	—	74,212	—
Investment Earnings	37,427	6,702	42,356	23,726	79,783	30,428
Total Revenues	<u>122,868,633</u>	<u>110,157,752</u>	<u>42,141,967</u>	<u>38,803,843</u>	<u>165,010,600</u>	<u>148,961,596</u>
Expenses						
General government	18,442,640	18,171,688	—	—	18,442,640	18,171,688
Public safety	45,174,198	43,879,159	—	—	45,174,198	43,879,159
Public works	26,897,173	26,157,174	32,622,122	31,875,069	59,519,295	58,032,243
Public health	2,493,380	3,412,635	—	—	2,493,380	3,412,635
Social and economic services	3,818,171	4,388,998	—	—	3,818,171	4,388,998
Culture and recreation	11,762,819	10,429,914	249,655	(347,915)	12,012,474	10,081,999
Housing and community development	2,503,894	3,300,118	—	—	2,503,894	3,300,118
Conservation of natural resources	—	—	—	—	—	—
Miscellaneous	1,809,305	1,751,062	—	—	1,809,305	1,751,062
Debt service interest expense	1,439,341	861,562	—	—	1,439,341	861,562
Total Expenses	<u>114,340,921</u>	<u>112,352,311</u>	<u>32,871,777</u>	<u>31,527,154</u>	<u>147,212,698</u>	<u>143,879,464</u>
Increase (decrease) in net position before transfers	<u>8,527,712</u>	<u>(2,194,559)</u>	<u>9,270,190</u>	<u>7,276,689</u>	<u>17,797,902</u>	<u>5,082,132</u>
Interfund Transactions	(234,726)	384,109	234,726	(384,109)	—	—
Increase (decrease) in net position	<u>8,292,986</u>	<u>(1,810,450)</u>	<u>9,504,916</u>	<u>6,892,580</u>	<u>17,797,902</u>	<u>5,082,130</u>
Net Position - Beginning	245,572,631	240,207,570	66,542,177	65,368,970	312,114,808	305,576,540
Fund Reclassifications	—	7,297,137	—	(7,297,137)	—	—
Restatements	—	(121,626)	—	1,577,763	—	1,456,137
Net Position - Ending	<u>\$ 253,865,617</u>	<u>\$ 245,572,631</u>	<u>\$ 76,047,093</u>	<u>\$ 66,542,177</u>	<u>\$ 329,912,710</u>	<u>\$ 312,114,808</u>

NET POSITION TRENDS

	2020	2021	2022	2023	2024
Primary Government					
Net Investment in capital assets	\$412,340,435	\$421,354,407	\$415,506,832	\$426,722,405	\$361,721,699
Restricted for:					
Cemetery Memorial	48,525	69,743	19,282	21,282	26,701
Title I Program & Revolving Loan Program	150,213	79,522	79,521	79,521	79,603
Cable contract restricted for CAT & PEG Access	—	37,623	22,445	—	—
Law Enforcement	396,093	474,186	473,159	443,024	483,679
Building construction inspections	2,372,509	2,398,523	2,271,749	1,780,580	785,386
Public Works safety & maintenance expenditures	207,568	249,982	347,107	285,267	288,665
Grant restrictions for program expenditure	2,260,369	2,407,373	1,674,840	1,811,459	1,835,865
Debt Service	8,854,947	7,993,778	7,333,342	6,512,096	6,786,064
Capital Projects	1,885,491	922,254	1,508,759	4,875,849	2,055,112
Unrestricted	(133,407,110)	(130,176,593)	(123,660,496)	(131,589,882)	(44,150,064)
Total primary government net position	\$295,109,040	\$305,810,798	\$305,576,540	\$310,941,601	\$329,912,710

Source: City of Missoula

SIGNIFICANT NOTE DISCLOSURES

Significant
Accounting
Policies in Note
I

Employee
Benefits II - F

Risk
Management
Note II - K

Commitments
Note II - M

RESULTS

No Findings to Report



State of Montana Compliance

UPCOMING GASB IMPLEMENTATIONS

GASB No.	Statement	New Dates: Reporting Periods Ending 6/30
GASB-101	Compensated Absences	2025
GASB-102	Certain Risk Disclosures	2025
GASB-103	Financial Reporting Model Improvements	2026
GASB-104	Disclosures of Certain Capital Assets	2026



SINGLE AUDIT

REPORT ON FINANCIAL STATEMENT INTERNAL CONTROLS

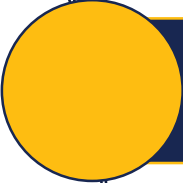
Government Auditing Standards require us to consider internal controls for planning and performing our audit and communicate any significant deficiencies or material weaknesses in internal controls that were identified during our audit

One Material Weakness identified as finding 2024-001.

UNIFORM GUIDANCE REPORT



We audited the City's compliance with the *OMB Compliance Supplement*



Major programs are identified in the summary of auditor's result section



Unmodified opinion on compliance for major program tested



No deficiencies or compliance findings were identified

SEFA

- **PURPOSE**
 - Summary of annual federal expenditures
- **Single audit required if over \$750k**
 - 2024 – 12.5M
 - 2023 – 19.2M
 - 2022 – 13.8M

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Capitalizing Grants for Drinking Water State Revolving Fund	66.468
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

COMMUNICATION WITH GOVERNANCE



We complied with professional standards, including all ethical requirements.



Significant Risks Identified.



The financial statements include sensitive disclosures because of their importance to users of the financial statements.



We have identified corrected misstatements during our audit.



There were no disagreements or significant difficulties with management.

THANK YOU



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